

Governing from the Centre: Core Executive Capacity in Britain and Japan*

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Abstract

The article contributes to debates about core executive capacity by analyzing the British and Japanese cases. First it examines the historical development, contemporary structures and current operations of the two cases. Then it compares their performance in five key areas: overseeing government policy in the domestic sphere; overseeing government policy in the external sphere; managing executive relations with the legislature; overseeing public finances; and managing public relations. It finds that the performance of the two systems is variable both internally across distinct areas of business and, to a lesser extent, comparatively across similar areas. Overall, however, the British core executive is shown to have considerably greater capacity for coordinating and managing policy flows through the system than the Japanese. Governing from the centre is more feasible in Britain than in Japan.

The ability of democratic governments actually to rule the societies for and by which they are elected has long been of interest to political scientists. In the Marxist tradition the autonomy of the state is a key concern. In other traditions parallel issues arise. Nested within general debates of these kinds are more precise explorations of

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policy capacity at the heart of government, which in recent years have focused on the core executive (Dunleavy and Rhodes, 1990). In this domain, many single-country studies have now been undertaken (Peters, Rhodes and Wright, 2000), but the extent of comparative work remains limited.

In this article we engage in comparative analysis of core executive capacity in Britain and Japan. In both countries, recent political events have directed attention, once again, to the ability of governments to rule from the centre. In Japan, Junichiro Koizumi's emergence as Liberal Democratic Party (LDP) Prime Minister in April 2001 was widely held to mark a decisive break with more than a decade of political, and economic, stagnation. At the same time, it was generally recognized that his ability actually to deliver change was heavily dependent on his success in controlling, galvanizing and directing the central state machine. In Britain, the re-election of Tony Blair's Labour government two months later, in June 2001, elicited promises from the Prime Minister to implement reform in key areas of public service, such as education and health, popularly believed to have been misgoverned for at least a quarter of a century. Here too, the critical issue was frequently held to be Blair's ability to harness central state capacity in pursuit of his ambitious agenda.

There are also deeper reasons for bringing these two cases together. The British and Japanese political systems have a great deal in common, notably in the core executive territory. In each a Prime Minister heads a Cabinet of roughly 20 ministers, and supporting offices such as a Prime Minister's Office and Cabinet Secretariat are present. Indeed, some of these common features are by design, for the Japanese political system is partly modeled on the British. More widely, the structure of the state is broadly similar in the two countries. In particular, and notwithstanding the devolution reforms enacted by the Blair government in the early months of its first term and the emergence of strong provincial politicians in Japan, neither political system is federal or quasi-federal. The coordination and management problems that are inevitably encountered in federal systems are therefore largely absent from our two cases. However, despite many clear similarities, the two systems are usually held to operate very differently. In Britain, the tone of much subsequent debate was set in the early 1960s, when Crossman (1963) argued in his introduction to Bagehot's *The English Constitution* that Britain had entered an era of prime ministerial power. This line of argument has subsequently been reinforced, notably in Foley's (1993) *The Rise of the British Presidency* and any number of studies of individual Prime Ministers. Against this, Burch and Holliday (1996) sought to detail the many constraints within which Prime Ministers and indeed all leading individuals operate, and to clarify the complex nature of the British Cabinet system. Smith (1999) also sought to emphasize limitations on individual action. Nevertheless, the predominant conception of the British system emphasizes prime ministerial power. The Japanese case is usually viewed very differently, with lack of leadership a recurrent theme. For Wolferen (1989), the 'enigma' of Japanese power was that its 'System' comprised a set of policymaking elites with no political center. In the first substantial analysis of the

core executive territory, Hayao (1993) stressed obstacles to prime ministerial leadership, such as the selection process for the LDP presidency, intraand inter-party politics, systems of sub-government, and the small size of the Prime Minister's support staff. Only recently did Shinoda (2000) argue that the Prime Minister plays a crucial role in the policy process by utilizing combinations of power sources to exercise leadership.

In what follows we begin by briefly describing our analytical framework. We then move in the next three sections to examine the historical development, contemporary structures, and current operations of the British and Japanese core executives. The latter two of these three sections present the two cases separately, as differences between them make side-by-side comparison inherently difficult. In the subsequent section we bring our cases together to see how they operate in five key domains of core executive activity. At the end we draw some comparative lessons.

Analytical framework

In analyzing the British and Japanese core executives we employ the functional definition proposed by Dunleavy and Rhodes more than a decade ago. For them, the core executive is 'all those organisations and structures which primarily serve to pull together and integrate central government policies, or act as final arbiters within the executive of conflicts between different elements of the government machine' (Dunleavy and Rhodes, 1990: 4). In this definition it is necessary to change 'serve' to 'seek' to make it clear that core executives are not always successful in the functions they attempt to perform (Holliday, 2000: 169). Otherwise, it is adequate for our purposes.

Taking a functional approach has significant consequences. The most notable is that Cabinet is excluded from analysis in both cases. Individual Cabinet members, such as most obviously the Prime Minister, are clearly highly important core executive actors in both Britain and Japan. However, in neither case is Cabinet itself a key player. If we look at the British case, Blair's Cabinet at the start of his second term in June 2001 contained 23 members, including the Prime Minister himself. However, it is not possible to identify all these individuals as members of the core executive, because Blair makes only very limited use of Cabinet for real political or policy debate. Often weekly meetings last an hour or less, with business taken under a series of broad headings. 'Cabinets,' wrote Hennessy (1998: 11) near the start of the Blair years, 'are now extraordinary affairs and not just because of their brevity.' Cabinet is not disappearing from the British political scene altogether, but only deeply divisive matters requiring real consensus across government now get properly debated and decided there. Cabinet, as an institution, is not part of the British core executive. Similarly, the first Koizumi Cabinet appointed in April 2001 had 18 members including the Prime Minister. However, in Japan Cabinet meetings, traditionally held every Tuesday and Friday, have long been chiefly ceremonial. Ministers seldom

speak, instead spending most of their time signing bills and other official documents. Any comments they do make are labeled ‘irregular statements’, and are not reflected in policy outcomes. Here, even Cabinet committees, which play an important coordinating role in Britain, are not substantial and powerful.

In this analysis, then, we move away from traditional accounts in which Cabinet and its committees are necessarily held to play a central role in policy-making, and seek to determine where core executive functions are actually undertaken. In Bagehotian terms, we look for the truly ‘efficient’ parts of the two systems.

Historical development

In Britain the core executive was first given a clear institutional character at the end of 1916 when, under pressure of war, incoming Prime Minister David Lloyd George and Cabinet Secretary Maurice Hankey imposed modern bureaucratic principles on a system hitherto marked by considerable informality. Drawing on his experience in the Committee for Imperial Defence, one of the few parts of the central state to have adopted efficient procedures (Roskill, 1970: 338), Hankey created a Cabinet Secretariat and a network of Cabinet committees to service Lloyd George’s five-man War Cabinet (Burch and Holliday, 1996: 16). Among several innovations made in the 1910s and 1920s, Hankey’s reforms proved to be enduring and key. Subsequently, as conditions of both war and peace saw the pressures on the heart of the state increase, sporadic attempts were made to increase central capacity. Indeed, enhancement of capacity at the core has been a persistent trend throughout the period since the Lloyd George–Hankey reforms (Burch and Holliday, 1999).

In Japan, core executive capacity emerged earlier than in Britain. Even before the Cabinet system was formally introduced in 1885, a Cabinet Research Bureau had been created in 1867, a Cabinet Legal Office in 1873, and a Cabinet Secretariat with five officers in 1879 (Naikaku-seido Hyakunenshi Hensan Iinkai, 1985: 30). For four years from 1885, the Japanese Prime Minister headed the Cabinet with direct authority to instruct each ministry, and Cabinet itself was a coordinating executive. However, the 1889 Meiji Constitution totally changed this situation, giving the Emperor executive power as Head of State. Moreover, the Constitution made no specific mention of the Prime Minister’s position, instead stating that all ministers were legally equal and appointed by the Emperor. Article 55 instructed each minister to advise the Emperor directly. In addition, because Cabinet operated under a unanimity rule, each member in effect held a veto power over decisions made, and disagreements often resulted in the resignation of the entire Cabinet. Cabinet’s role as a core executive was thus severely restricted.

By contrast, Japan’s postwar Constitution of 1947 specifically defines the role of the Prime Minister, who is elected by his peers in the Diet to form a Cabinet vested with all executive powers. The 1947 Constitution clearly intended Cabinet to act as a coordinating executive. However, the rise of powerful civil servants in each government agency in the immediate postwar period changed things. With weak control of

Cabinet, inter-agency rivalry developed within the government. One consequence is that strengthening the power of Cabinet has been a recurring theme of Japanese administrative reform efforts since the 1960s. For instance, Prime Minister Yasuhiro Nakasone (1982–1987) strengthened the Cabinet Secretariat and Prime Minister Ryutaro Hashimoto (1996–1998) created a Cabinet Office. The impacts of these sorts of changes are assessed in subsequent sections.

The structures and internal operations of the British core executive

In Britain, the contemporary core executive can be said to comprise the Prime Minister, Chancellor of the Exchequer, Foreign Secretary, other leading Cabinet ministers who chair Cabinet committees, plus top officials in the key supporting offices. Those offices are the Cabinet Office, Prime Minister's Office, Treasury, Foreign and Commonwealth Office (FCO), the major government law offices, and those central offices engaged in managing the governing party's parliamentary support base (Figure 1). Here, as in any core executive, the centrality of some individuals can vary. In particular, ministers and officials responsible for external affairs are not quite as central as those working on the domestic side. Nevertheless, they do undertake some coordination and management at the core, and are included for that reason. Similarly, some other actors get drawn into the core from time to time, but are not consistent members of it and are therefore excluded from this analysis.

Cabinet committees constitute a key forum for transaction of core executive business. It is this that makes the individuals who chair them significant figures. In February 2002 Blair had 38 standing ministerial committees and sub-committees of Cabinet, a high figure by recent standards, and eight *ad hoc* ministerial committees dealing with specific issues. All ministerial committees have a shadowing official counterpart on which civil servants sit and shape, sometimes decisively, the business that is to appear before ministers. Currently, the main chairs of Cabinet committees are the Prime Minister (who chairs 5, plus Cabinet itself), Deputy Prime Minister (6), Home Secretary (6), Chancellor of the Exchequer (4), Lord Chancellor (4), Leader of the House of Commons (3), and Foreign Secretary (3). If anything, merely citing the number of committees chaired understates the importance of these seven

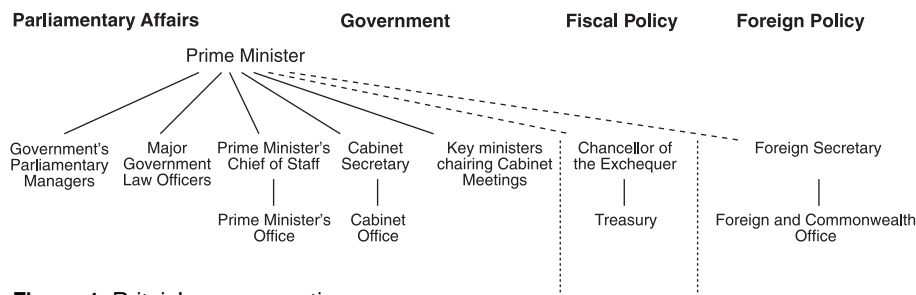


Figure 1 Britain's core executive

individuals. Some Cabinet committees are more important than others, and between them these individuals chair all of the leading committees. In addition, some committees not chaired by these ministers themselves are chaired by junior ministers from their departments. Between them, two Cabinet Office ministers chair three committees. The Chief Secretary to the Treasury chairs two. On top of all this, much core executive business is now handled in *ad hoc* forums focused on the Prime Minister. These include bilaterals with key figures such as the Chancellor, Deputy Prime Minister, and Lord Chancellor, strategic planning meetings bringing together key ministers and officials, task force reporting back sessions, and so on. Such meetings reinforce the position of leading ministers.

Turning to supporting offices, formally the Prime Minister's and Cabinet Offices perform the distinct functions to which their titles point. Informally, however, the two have become increasingly fused, such that in many ways what Britain now has is a single executive office in all but name (Burch and Holliday, 1999). The Prime Minister's Office, located in 10 Downing Street, is headed by the Prime Minister on the political side and by his Chief of Staff on the official side. The Chief of Staff seeks to pull together business within the Office, and to generate good links with the Cabinet Office. After the 2001 general election the Prime Minister's Office was given a tripartite structure with the explicit aim of strengthening the centre and generating more effective policy coordination from the core. The first section of the Office is a Policy Directorate headed by the Chief of Staff. The Prime Minister's Private Office and the Downing Street Policy Unit are integrated into this Directorate. The second section focuses in external communications and the media, and is headed by the Director of Communications and Strategy. The third section is led by the Head of Government Relations and focuses on links within government, for instance between ministers, or with the devolved administrations in Scotland, Wales, and Northern Ireland. The Prime Minister's Office also houses the head of a Delivery Unit charged with ensuring that the government achieves its priority objectives across four key areas of public service (health, education, crime, and transport). Currently, the Prime Minister's Office is more substantial than ever before.

The Cabinet Office, located chiefly at 70 Whitehall (with a connecting door to the Prime Minister's Office), is led on the political side by Blair. He is supported by the Deputy Prime Minister, and three junior ministers. On the official side the head is the Cabinet Secretary, who is also Head of the Home Civil Service. Here, the key part is the Cabinet Secretariat, which oversees business passing through Cabinet and its main committees. It is divided into five subsidiary secretariats: Central, Constitution, Defence and Overseas, Economic and Domestic, and European. A separate Intelligence Coordination Group, also located in the Cabinet Office, services the ministerial committee on the intelligence services (CSI). This realm of business has always been given special treatment because of the secrecy surrounding it. The senior staff in the parts of the Cabinet Secretariat described here total about 30 people. Together, they service Cabinet and its committees, brief committee chairs, check that

papers are in order, and so on. The Cabinet Office also houses a series of special units created to deal with important policy issues that cross departmental boundaries. After the 2001 general election two new units were created in the Cabinet Office. The Office of Public Service Reform focuses on the structure and management of public services. The Forward Strategy Unit engages in 'blue skies policy thinking' on specific projects identified by the Prime Minister. These two units build on the four units located in the Cabinet Office in Blair's first term: Social Exclusion, Performance and Innovation, Women's, and UK Anti-Drugs Coordination. It is unprecedented to have so many specialized units in the Cabinet Office. Each is also increasingly interventionist, and brings in expert outsiders to work alongside civil servants. In addition, the Cabinet Office has a section dealing with e-government issues under the Office of the E-envoy.

In recent years, the Prime Minister's and Cabinet Offices have become increasingly coordinated and integrated, giving them many of the attributes of a single executive office. The main aspects of this integration are a pro-active role for the Chief of Staff in drawing together the work of the two offices, a weekly planning meeting in 10 Downing Street chaired by Blair and attended by a small group of senior ministers and officials, and increasingly close policy links between the Policy Unit and the Cabinet Secretariat. Both offices have also become increasingly well resourced, reflecting Blair's stated belief that a strong core executive is necessary to effective policy coordination and delivery.

Beyond these two offices, but still part of the core executive, are parts of the Treasury, the major government law offices, and some central offices engaged in managing the governing party's parliamentary support base. Here the Treasury is particularly significant. It helps that the current Chancellor, Gordon Brown, is powerful even by the standards set by some of his predecessors. His personal authority, not to mention his forceful personality, make him a critical core executive actor. However, the character of the present Chancellor does not explain all of the Treasury's importance. Its traditional oversight of financial matters gives it a strategic role that has been reinforced in recent years by a Comprehensive Spending Review (CSR) introduced soon after Labour entered office in 1997. This is a three-year forward planning mechanism by means of which the Treasury requires departments to explain and defend their spending claims over a three-year period. The relevant Cabinet committee is PSX, chaired by the Chancellor. Today the Treasury plays a role in shaping departmental spending plans and priorities, and imposes clear delivery targets by obliging departments to sign a Public Service Agreement (PSA) detailing future performance. The Treasury has always been critical where the getting and spending of money is concerned (Pliatzky, 1984). The CSR and PSAs are important new weapons in its perennial battle with government departments. Government law officers form part of the core executive in advising on critical legal matters. Theirs is a less active coordinating role than that performed by others, but it is nevertheless significant. In managing parliamentary business, the key core execu-

tive figures are the government's business managers, the most important of whom are the Leaders of the two Houses and the government Chief Whips in both Houses. Under Blair the Chief Whip in the Commons is, unusually, a member of Cabinet. The staff and offices of the government's business managers are now closely integrated into the Cabinet Office.

The key figure in the British core executive is clearly the Prime Minister. However, others also play important parts as the central state seeks to coordinate its internal operations and manage its relationships with the wider world (including the media). Blair is very much an executive player. He rarely attends parliament, has a tightly focused core, and seeks to ensure that relations with other institutions both inside and outside the state are highly monitored and controlled. His core executive certainly has not solved all the problems that beset each and every one of its predecessors in coordinating and directing the vast range of business in which contemporary British governments are engaged. Much still slips through the net. Departmental and of course personal rivalries continue to abound. The core necessarily remains reactive to policy initiatives taken elsewhere, from the rest of the central state to the EU and yet more distant places. It also continues to provoke a reaction on the part of those elements of the state with most to lose from a centralization of power in and around Number 10. Nevertheless, the British core executive is now substantial, integrated, and arguably more capable than ever (Holliday, 2000).

The structures and internal operations of the Japanese core executive

In Japan, the core executive comprises the Prime Minister, the Chief Cabinet Secretary and his three deputies in the Cabinet Secretariat, the key leaders of the LDP, plus top officials in the supporting offices. Those offices are the Prime Minister's Office, the Ministry of Finance and the Ministry of Foreign Affairs (Figure 2).

The main part of Japan's core executive that assists the Prime Minister in managing the government machine comprises senior officials in the Cabinet Secretariat. Although the Secretariat is below the Cabinet in the government organizational chart, its actual job is to assist the statutory head, the Prime Minister, and not necessarily the Cabinet as a whole. In this sense, it fuses many of the tasks undertaken by the Prime Minister's and Cabinet Offices in Britain. The Cabinet Secretariat is located in the Prime Minister's official residence at 2-3-1 Nagata-cho. However, the size of the residence is very limited, and can only house the Prime Minister's 'inner staff'. That staff includes the Private Office, with six assistants, the Chief Cabinet Secretary and his four assistants, plus three deputy Chief Cabinet Secretaries and their assistants (four for each), the Director for Crisis Management (sub-Cabinet level), and the Chief Cabinet Counselor and his deputy. The rest of the Secretariat is located in the Cabinet Office Building. Among them, the Chief Cabinet Secretary (who is a Cabinet minister) and his three deputies (who are formally at

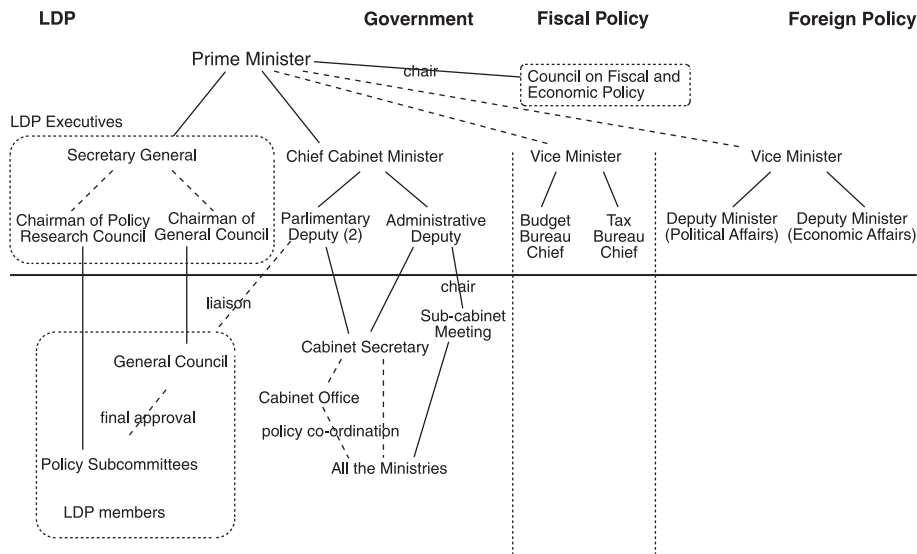


Figure 2 Japan's core executive

sub-Cabinet level, with two on the parliamentary side and one on the administrative side) are the most important members of the core executive.

The Secretariat's head, the Chief Cabinet Secretary, is a member of the Diet, and since 1966 has had the status of a Cabinet minister. He is expected to coordinate important policy and political affairs for the Prime Minister. The Chief Cabinet Secretary is therefore involved in most important policy decisions. Even when he is not directly involved, decisions must be reported to him. He often is portrayed as a 'deputy prime minister', and is usually chosen among faction members of the Prime Minister. He acts further as a spokesperson for the Prime Minister and Cabinet. In a sense, his job fuses those of the British Deputy Prime Minister, Chief of Staff, and the Press Secretary. To assist with this substantial portfolio, the Chief Cabinet Secretary has three deputies, two parliamentary (one from the upper house, the other from the lower house) and one administrative. With their help, the Chief Cabinet Secretary serves as the ears, mouth, and brain of the cabinet.

The Chief Cabinet Secretary and his deputies can call on staff support from the Cabinet Secretariat. Within it, the Prime Minister's Private Office works directly to the Prime Minister. One assistant is a political appointee, and four others are civil servants drawn from the Ministry of Finance, the Ministry of Foreign Affairs, the Ministry of Economy, Trade and Industry, and the National Policy Agency. This office also houses the Deputy Press Secretary from the Ministry of Foreign Affairs to handle publicity for foreign media. In addition, the revised Cabinet Law allows for up to five special advisers to the Prime Minister. The Office of Assistant Cabinet Secretaries is expected to provide institutional flexibility by pulling issues together at

the core. This office, which is comparable to Britain's Policy Unit, was created in January 2001 to replace three separate policy offices dealing with Internal Affairs, External Affairs, and National Security Affairs and Crisis Management. Three Assistant Cabinet Secretaries are political appointees who are typically chosen from the Ministries of Finance and Foreign Affairs, and from the Defense Agency. They are important core executive actors in the fiscal and foreign policy arenas. However, as they are drawn from the ranks of civil servants working in other ministries, they often retain a loyalty to their home ministry. The Information Research Office, with a staff of 500, coordinates information gathering from organizations within the government. Of the 500, 300 staff are employed by the Cabinet Satellite Information Center, which is located near to the Prime Minister's official residence. The Counselor's Office provides administrative support for Cabinet meetings, prepares draft speeches for the Prime Minister, and acts as a liaison to the Imperial Household. The Public Relations Office is also located in the Cabinet Secretariat. Its function is limited to coordinating the public relations activities of the entire government.

The Cabinet Office was created as part of a reorganization undertaken by Ryutaro Hashimoto in the late 1990s. Statutorily, this office is located within the Cabinet, and thus ranks above other ministries and agencies. It supports the Cabinet Secretariat in the task of formulating Cabinet's basic strategy and is responsible for planning and coordination of selected important national policies. In order to perform its role, which requires minister-level political judgments, the Chief Cabinet Secretaries and ministers for special missions directly assist the Prime Minister. In addition, six parliamentary positions (three state secretary and three parliamentary secretary positions) exist in the office to enhance political leadership in policy making. The creation of the Cabinet Office was portrayed as one of the most important elements in reinforcing the Cabinet's support system. With a higher legal status than other ministries, it was 'expected to consummate a strong coordinating function by providing prior proposals for policy directions rather than posterior coordination' (Japanese Government, 2001). However, in the process of further defining its role, its power was reduced. First, its relationship with the Cabinet Secretariat was defined as subordinate. The overall strategic function of national policy remains in the Cabinet Secretariat, with the Cabinet Office assisting it. Second, the Cabinet Office's power of policy coordination is limited. The guideline on policy coordination (approved by the Cabinet on 30 May 2000) recommends that related ministries resolve inter-agency policy coordination by themselves. The Cabinet Office can only become involved if one of the related ministries requests its mediation. Third, the Office's own policy initiative is, by and large, limited to the policy areas covered by four policy councils established within it: economic and fiscal policy; science and technology policy; disaster prevention; and gender equality. In short, the Cabinet Office is located above the other ministries but under the Cabinet Secretariat, and its policy coordination authority is limited to specific areas unless other ministries ask for assistance.

It is therefore difficult to identify the entire Cabinet Office as part of the core executive. Nevertheless, one of its policy councils, the Council on Economic and Fiscal Policy, does qualify. This Council is chaired by the Prime Minister and has ten other members, at least four of whom must be drawn from outside the government. The Council advises the Prime Minister on macroeconomic and fiscal policy issues, and on his recommendation initiates the budget process by proposing its total size and prioritizing major spending items. According to a former Deputy Chief Cabinet Secretary and member of the advisory council on administrative reform, this change should 'shift the essential function of budget formation from the Ministry of Finance to the Cabinet Secretariat' (Ishihara, 1998: 189). This Council therefore forms part of the core executive, acting as a countervailing power *vis-à-vis* the Ministry of Finance in fiscal policy.

On the political front, ruling LDP executives form part of the core executive. In the LDP's policy-making process, the President (who serves concurrently as Prime Minister) is empowered to 'take the supreme responsibility' for the party and to 'represent and control' it. This means that he has 'the power to reject or override whatever executive council decisions he may regard, for his own reasons, as undesirable' (Fukui, 1970: 95–96). In reality, however, the LDP President does not exercise these extensive powers. Although the Prime Minister is often involved in party decisions, it is rare that he exercises his veto power. Instead, he tries to form a consensus through the LDP Secretary General, and chairmen of the party's Policy Research Council (PRC) and Executive Council.

When forming a Cabinet, the Prime Minister also carefully appoints these three executive positions within the ruling party. The power of the LDP Secretary General, whose full-time responsibility is to assist the President in party affairs, is large because the President, busy with prime ministerial functions, tends to delegate much of the responsibility for day-to-day party affairs to him. He is also in charge of parliamentary affairs and relations with the opposition party. The Executive Council is the highest decision-making body of the ruling party, and has 30 members. Without its approval no program or policy has moved forward to the Diet. Its chairman, therefore, is instrumental in building a party consensus. The Chairman of LDP Policy Research Council is in charge of all policy affairs. Its sub-committees play a very important role in the policy network. These 'Big Three' in the ruling party are an important part of Japan's core executive.

In the area of fiscal policy, as well as for any policy involving government spending and revenue, the Budget and Tax Bureaus of the Ministry of Finance (MOF) play a very important role in the core executive. The Constitution does not give them the power to write the budget. In this domain it only recognizes the authority of the Cabinet to draft the budget and of the Diet to enact it. The Fiscal Law, however, gives the MOF authority to form the government budget. Throughout the postwar period, the Ministry has established a near monopoly on writing the budget. With the power of the purse, it has formulated basic macroeconomic and

fiscal policies, and enjoyed prestige over other ministries. In the budget process, the administrative vice minister of finance (equivalent of a British permanent secretary) and bureau chiefs of budget and tax clearly play the role of core executive actors. Whether to include in core executive the Finance Minister and other parliamentary members, who serve as deputy ministers and state secretaries in the ministry, is arguable. The Finance Minister is certainly one of the most powerful Cabinet members, and this position is considered an important step for ambitious politicians wanting to become Prime Minister. However, few powerful Finance Ministers tend to represent the Prime Minister's interest, and usually the Finance Minister merely sides with civil servants from the MOF. A recent addition to the core executive in the fiscal policy arena is the Council on Economic and Fiscal Policy. Under Koizumi, the first budget outline by the Council was announced in August 2001. It is generally believed that the Council has broken the MOF's monopoly and influence in the final result of forthcoming budgets.

The foreign policy process is similar. The administrative vice minister of foreign affairs and deputy ministers of political affairs and economic affairs form the core executive. As in the case of fiscal policy, the role of political leaders in the ministry depends on their political power, loyalty to the Prime Minister, political beliefs, and relationship with civil servants. The administrative vice minister is a key person to coordinate interests with other ministries, and the two deputy ministers assist him in the negotiation process with their ministries and foreign governments.

The key figure in the Japanese core executive is also the Prime Minister. But top officials in the Cabinet Secretariat and the ruling party play very important roles. Powerful Prime Ministers have relative freedom in appointing these officials, who can help their leadership role. Koizumi is a decisive decision maker, but he has limited policy expertise. Fortunately, he has competent assistants in his office. Chief Cabinet Secretary Yasuo Fukuda knows how the office works as he served as personal assistant to his father, Prime Minister Takeo Fukuda, in the mid 1970s. Fukuda's deputies, Shinzo Abe and Teijiro Furukawa, are also portrayed in the media as key players in decision making. They often provide necessary political advice and decisions when needed.

The British and Japanese core executives in action

Having described the basic structures of the British and Japanese core executives, we seek in this section to examine briefly how they operate in five key spheres. They are overseeing government policy in the domestic sphere, overseeing government policy in the external sphere, managing the government's relations with the legislature, overseeing public finances, and managing public relations. Both core executives get involved in more activities than this. However, in this article we cannot analyze all core executive functions. We have chosen these five because they are particularly central to core executive operations in our two polities.

Overseeing government policy in the domestic sphere

In Britain, a domestic policy network oversees management of the domestic business that flows from departments into the core executive. On the ministerial side, a formal division is made between two overarching Cabinet committees, Economic Affairs, Productivity and Competitiveness (EAPC) with 19 members chaired by the Chancellor, and Domestic Affairs (DA) with 21 members chaired by the Deputy Prime Minister. Sub-committees feed into both committees, and additional committees exist alongside them. DA, for instance, has nine sub-committees. The Cabinet Office's Economic and Domestic Secretariat services all these committees. Clearly, many government agencies and agents have an interest in the business overseen by this network, which is therefore rather large and unwieldy. Often core actors can do little more than react to initiatives taken elsewhere in the state. Nevertheless, they are not entirely at the mercy of non-core actors. A small number of leading ministers and key officials play dominant roles in drawing together business flowing up from departments, and also sometimes sponsor policy initiatives themselves. In this latter respect, the Policy Directorate in the Prime Minister's Office is increasingly important. However, the chief interest of core actors is coordination, not innovation. Their chief mechanism for attaining their goals is the Economic and Domestic Secretariat, which performs a critical servicing function.

In Japan, many domestic policy issues are handled without the core executive's involvement, flowing up to the centre from government departments. Masaharu Gotoda, a former Chief Cabinet Secretary, said his job was 'to mediate and settle disputes' among various government agencies in the policymaking process (Gotoda, 1989: 3). This is clearly a significant core executive function in the Japanese system, where careful negotiations must be undertaken with the bureaucracy and the governing party. However, not all policies are bottom-up. The core executive plays more important roles when the Prime Minister takes a policy initiative. There are typically four policy areas in which such initiative is possible. First are those that require the Prime Minister to coordinate conflicting interests inherent in ministerial sectionalism. Major economic issues and government reforms fall into this category. Second are issues that require international consideration. There are many cases in which the government needs to give foreign relations priority over domestic interests. In fact, the Prime Minister often shows his leadership on security issues most effectively and free-handedly. The third category involves cases that question the basic ideology of the nation. Frequent debates about revising the Constitution and Koizumi's August 2001 visit to Yasukuni Shrine, which memorializes war criminals from the Second World War, are examples from this category. Fourth are issues on which the Prime Minister chooses to impose his political will. Koizumi's economic structural reform falls into this category.

Overseeing government policy in the external sphere

In Britain, an overseas policy network operates as the external counterpart of the

domestic policy network, though it is more focused. Only five standing ministerial committees of Cabinet exist in this sphere. The number of ministers sitting on these committees ranges from four to seven. The most significant committees are chaired by the Prime Minister, and bring together similar groups of people. The Overseas and Defence Secretariat services this network. As the FCO is the dominant department within it, there can sometimes be problems linking with other core actors in the Prime Minister's and Cabinet Offices. On occasion, this network, like its internal counterpart, can therefore be difficult to manage. Britain's 30-year membership of the European Community and European Union means that it also has an important European policy network, dating from the early 1970s. It is focused on a ministerial sub-committee that feeds into the main Defence and Overseas Policy committee (DOP). However, European Policy (EP), chaired by the Foreign Secretary, is also important in its own right, and brings together 23 ministers. This network looks outwards to Brussels, and inwards to the many parts of the state implicated in EU business. It is serviced by a dedicated European Secretariat. The very size of the network makes it, like the domestic policy network, rather loose and difficult to manage. Tensions between the FCO, other departments, and core actors can lead to friction. On the whole, however, Britain is held to be an effective EU performer in large part because its domestic coordination works reasonably well.

In Japan, the Prime Minister's leadership is often sought in foreign affairs, especially when controversy arises. Although he is not head of state, as head of the Cabinet he is authorized by Article 73 of the Constitution to conduct foreign affairs. The Prime Minister represents the nation *vis-à-vis* foreign nations and attends annual summit meetings as Japan's chief diplomat. He is given relative freedom in foreign affairs, with the ruling party and the government recognizing his authority. As long as his foreign policy objectives do not conflict with domestic interests, the Prime Minister, in cooperation with the Ministry of Foreign Affairs, can be an effective leader in dealing with difficult and important foreign issues. Along with his role as chief diplomat, the Prime Minister is also in charge of military operations. Article 7 of the Self Defense Force (SDF) Law states that he is commander in chief of the SDF on behalf of the Cabinet. The Prime Minister can legally mobilize defense forces in case of external attack (Article 76) or when the public peace is disturbed (Article 78). Although their degree of interest and involvement in foreign affairs has varied, all of Japan's postwar Prime Ministers have recognized their responsibilities in this area. When a political decision to prioritize an international goal over domestic interests is required, it is the Prime Minister who must take the lead. Both the ruling party and the government call for this type of initiative. Gotoda writes that the government 'needs to make political decisions within the framework of the Constitution, considering external relations. Otherwise, [Japan] cannot survive in this severe international society. Needless to say, such political decisions are made by the prime minister' (Gotoda, 1988: 147–148).

Managing the executive's relations with the legislature

In Britain, two main networks manage the executive's relations with Parliament. The government legislation network is small, specialized, and relatively closed. It is serviced by the Economic and Domestic Secretariat. Its main Cabinet committee, Legislative Programme (LP) chaired by the Leader of the House of Commons, is quite distinct from others in the economic and domestic sphere. However, there is some overlap between the work of the government legislation and domestic policy networks, and conflict can spill over from one to the other. Nevertheless, most of the work undertaken by this network is fairly technical, and internal coordination is not usually problematic. A Parliamentary Business Support section shown on the Cabinet Office organization chart indicates that this function is getting increasingly drawn into the core executive. The government's political support base network is not focused on a Cabinet committee, but on the government's leading business managers, notably the Leaders and Chief Whips in both Houses of Parliament. Management of relations with the wider party in the country is also overseen by it. Again, the work is specialized and the network is quite tight and closed. Coordination can be problematic, as periodic rebellions and government defeats in both Houses show. But core effectiveness in this sphere is generally held to have improved over the years.

In Japan, many scholars described the policy process during the LDP's long reign as one in which non-elected civil servants played an influential role, while a gradual structural change took place. Some LDP Diet members accumulated knowledge and experience in specific policy areas and became identified as *zoku*, or policy tribes. Those who earned the *zoku* label became the ultimate arbiters of political power in a specific domain, and increased their influence over bureaucrats in the same policy field (Muramatsu and Krauss, 1987). As a result, members of the LDP's Policy Research Council and its sub-committees became instrumental in policymaking. However, this increase of the LDP's influence in policymaking did not increase the power of the core executive. On the contrary, that power declined with the emergence of bureaucratic sectionalism within the party organization. Many specific policy issues were handled by *zoku* members and ministries not only outside the Diet, but also often beyond the reach of the core executive. Even today, when a Prime Minister tries to introduce a major policy change that is not desired by one ministry, *zoku* members and their related ministry form an issue-specific alliance against him. On a broader issue involving several ministries, they form an alliance in each policy arena, and these groups compete with each other for their sectoral interests. With the growth of *zoku* members' influences, the core executive faces strong sectionalism. Nevertheless, on the political front, the LDP 'Big Three' play an important core executive role. When a disagreement among different policy sub-committees arises, the chairman of the LDP Policy Research Council offers political mediation. Also, the chairman of the General Council, the LDP's final decision-making organ, helps to

build consensus among LDP members. The Secretary General, with his political resources drawn largely from his authority over party finance and election campaigning, also serves as a political mediator in policy coordination. The LDP Secretary General, with assistance from the Diet Policy Chairman, is also responsible for Diet operations. Various constraints – time, filibusters, and a unanimous consent rule – have made the role of the ruling party’s Diet liaison post very important. The Diet calls on the Committee on Rules and Administration to formally manage legislative operations. However, in the late 1960s, the LDP moved the discussion forum with opposition parties outside the Diet when the Japan Communist Party, with a strong anti-government stance, gained enough Diet seats for its representative to serve on the executive committee. The role of the LDP Secretary General and Diet Policy Chairman, who handles relations with opposition parties outside the Diet, has therefore grown in importance since the 1970s (Iwai, 1988: 130–131).

Overseeing public finances

In Britain, two separate, but overlapping, networks oversee public finances (Burch and Holliday, 1996: 120–131). The tax budget network is focused almost entirely on the Treasury and is very closed and secretive. Even the Prime Minister is not fully drawn into its work. The budget is very much a Treasury matter, and its control of this network has always been considerable. The annual cycle by means of which a budget is produced is highly routinized, and only opens to non-Treasury figures at the very end. The public expenditure network also focuses on the Treasury. It is necessarily rather more open, because departments need to be drawn into its work to make claims for resources and to argue their cases. However, in the negotiations that take place during the public expenditure process, the Treasury is in a powerful position. Moreover, in recent years, creation of the Cabinet committee Public Services and Public Expenditure (PSX), chaired by the Chancellor with a membership of nine senior ministers (none of whom represents a major spending department), has reinforced its centrality to this network. The CSR and associated PSAs also increase the Treasury’s leverage over departmental spending plans.

In Japan, budget making is a very decentralized and cumulative process. Playing a central role in the process are 11 budget examiners of the MOF’s Budget Bureau, who are assigned to each spending ministry, plus their assistants or sub-examiners. Their final proposal must go through political-level negotiation between the Minister of Finance and other ministers, and must be approved by the LDP’s ‘Big Three.’ However, at this level there is very little room for negotiation. In the budget process, political influence, especially through the LDP policy sub-committees, increased after the two oil shocks of the 1970s. In the rapid growth that symbolized the 1950s and the 1960s, government revenue increased significantly each year. A majority of policy decisions involved the allocation of extra revenues to different programs. However, after the oil shocks lower economic growth slowed down government revenue increases and thus decreased the money available to programs. With funds limited,

bureaucratic officials became more dependent on the mediation and political decisions of the relevant policy sub-committee when reallocating funds among administrative programs (Nakamura, 1984: 3–63). It became part of the official budget process for spending ministries to seek approval from the relevant *zoku* members before submitting budget proposals. This change further enhanced the decentralized nature of the budget process. In 2001, changes in the budget process took place. During ten years of economic stagnation, Japanese people strongly expressed the need for vigorous political leadership. In response, Hashimoto's reform efforts created the new Cabinet Office Establishment Law (effective in January 2001) to identify fiscal and budget policies as important national issues, and established the Council on Economic and Fiscal Policy as an independent advisory organ from the bureaucracy. The Council advises the Prime Minister on macroeconomic and fiscal policy issues. Based on its recommendations, he initiates the budget process by proposing the total size of the budget and prioritizing major spending items. According to one of its proponents, this change will eventually 'shift the essential function of budget formation from the MOF to the Cabinet Secretariat' (Ishihara, 1998: 189).

Managing public relations

In Britain, the government presentation network centres on a small number of senior ministers, plus the Director of Communications and Strategy. No secretariat services it. In the mid 1990s a standing ministerial Cabinet committee was created to oversee the government's public relations, but this innovation did not last for long. Indeed, the key individuals with hands-on involvement in public relations are mainly not ministers, but government information officers scattered throughout Whitehall. The position of the Director of Communications and Strategy, aided by the Prime Minister's two Official Spokesmen, is crucial in pulling together and steering the work they do. This is a very tight and closed network that is becoming increasingly coordinated and centralized. Departmental press releases are now routinely checked with Downing Street, and considerable attempts are made to ensure not only that ministers are 'on message', but also that key announcements do not compete for media attention by being poorly timed for release. As a result, the public relations function is widely held to be very ably managed from Downing Street.

In Japan, public relations have become increasingly important in recent years. A high degree of public support has helped Prime Ministers to carry out reforms despite a relative lack of party support. On the other hand, a low popularity rating has forced out of office even Prime Ministers who command a stable power base within the ruling party. Now, the Prime Minister's public support affects his support within the party. His high popularity may add votes crucial to a ruling party candidate who runs in a close race. When public support for the Prime Minister and Cabinet is low, Diet members of the ruling party are uneasy in running an election campaign under his leadership. This causes internal pressure within the ruling party

and can erode the Prime Minister's leadership. In the sphere of public relations, Japan's core executive has very limited institutional support. The Cabinet has a Public Relations Office with 20 staff. However, its main task is to coordinate the public relations activities of different ministries, and not necessarily those of the Prime Minister. For the Cabinet, his main communication channel is the Chief Cabinet Secretary, who holds a daily press conference and informal chats with journalists. Several Prime Ministers have also employed journalists as their top personal assistant post to advise them on media relations. Koizumi's top personal assistant, Isao Iijima, has no journalistic experience, but often acts as media adviser to the Prime Minister. With limited institutional support, the Japanese core executive tends to rely on the abilities of individual Prime Ministers and Chief Cabinet Secretaries in the field of public relations.

Core executive capacity in Britain and Japan

Recent debates in the political science literature have stressed the problems that face core executive actors. In particular, the 'hollow state' thesis, applied forcefully to Britain in the mid 1990s, holds that government is becoming so fragmented that pulling business together at the centre is now an almost impossible task (Rhodes, 1994, 1997). In analyzing the British and Japanese core executives we have found that their performance is variable both internally across distinct areas of business and, to a lesser extent, comparatively across similar areas.

In overseeing government policy in the domestic sphere, the British system's extensive reliance on Cabinet committees as forums in which significant business crossing a number of departmental boundaries is transacted generates a centrifugal force that creates enhanced capacity at the core. This is usually reinforced by executive control of the legislature, though on occasion that relationship can be hard for the centre to manage. By contrast, the Japanese system is marked by a diffusion of power within the government hierarchy and also within the governing party. The result is that centripetal forces tend to characterize its policy process, and make pulling policy together at the core much more difficult.

In the external sphere Britain's EU membership makes drawing direct comparisons awkward. However, if we focus on traditional diplomatic activity in the foreign and defence spheres, the two systems begin to look more similar, with coordination problems limited by the small set of relevant actors. Tensions do exist, between the Prime Minister, Foreign Minister, and established bureaucrats, with the latter held to be notably powerful in Japan. Nevertheless, as the crisis following the 11 September terrorist attacks on the US show, it is possible in times of crisis for the Prime Minister to galvanize the system by providing a clear lead.

In managing the executive's relations with the legislature, the British system has increasingly brought the main liaison people into the core in recent years. The key political figures are members of Cabinet, and chair the relevant Cabinet committees. Their offices are now clearly integrated into the core executive territory. In Japan, by

contrast, the critical figures, the LDP Secretary General and Diet Policy Committee Chairman, operate independently from the Prime Minister, which makes for real coordination problems. The internal fragmentation and factionalization of the LDP merely reinforce those problems. Again, the decentralized nature of the Japanese system weakens the coordination capacity of the core.

The process of overseeing public finances is also distinct in the two systems. It is true that in each officials from the finance ministry play a critical and to some extent autonomous role. However, in Britain the role of leading officials is to reinforce the powers of the centre in imposing expenditure limits on spending departments. Over the years, the mechanisms of control at the centre have become increasingly sophisticated. In Japan, by contrast, MOF officials tend to operate in a decentralized manner, and the ability of core actors to impose some discipline is correspondingly reduced. The recent establishment of the Council on Economic and Fiscal Policy is intended to address this problem, but as yet it is largely untested.

Finally, in the domain of public relations, the British system looks considerably more substantial and effective than the Japanese. In Britain, the government's main media handlers are coordinated from the Prime Minister's Office, which seeks to impose a considerable degree of control on departmental relations with the media. In Japan little such coordination exists, and the image projected by individual Prime Ministers becomes key. The difference that can make was seen in 2001, when Koizumi took over the premiership.

Conclusion

Comparative analysis thus reveals significant differences, and some similarities, between the British and Japanese core executives. Moreover, both systems have their merits and demerits. The British system is becoming increasingly centralized around the core executive, with notable changes having taken place in the reorganizations made to the Prime Minister's and Cabinet Offices after the June 2001 general election. However, these continuing reforms at the centre are evidence as much of incapacity as capacity. At the same time as formal capacity is being increased through the creation of new units and the recruitment of additional personnel, so the centre is revealed still to be struggling to impose some measure of coherence and coordination on government policy. By contrast, Japan's system remains decentralized and takes time to reach decisions as it requires consultation with offices and politicians within the government and the ruling parties. The Prime Minister's weakness as a party leader is critical here. The consequence is that policy outcomes are usually the product of political compromise, and the original intentions of policymakers are often distorted or even lost. However, the upside is that once a decision is made it is supported by a consensus of all the relevant actors. The system does not require a strong leader to work effectively.

What is perhaps most clear is that the capacity for institutional change is greater in Britain than Japan. While Blair was implementing reforms at the heart of British

government in summer 2001, Koizumi was beginning to realize the extent of the task that would face him in seeking to take parallel action. In Japan, reform initiatives can often be circumvented by the protectors of vested interests. Hashimoto did succeed in introducing new institutions and positions such as the Council on Economic and Fiscal Policy and the State Minister for Administrative Reform, and Koizumi has fully utilized these institutions to spearhead recent government reform efforts. However, the considerable freedom of manoeuvre enjoyed by the British Prime Minister in restructuring the core executive is not matched in Japan.

This does not mean that policy change is possible in one country and not in the other. Koizumi's reform efforts have delivered concrete results in cutting the road construction budget and privatizing some government financial institutions. Furthermore, plans for more radical change are currently being debated. In December 2001, the National Strategy Headquarters, an LDP taskforce, submitted a proposal to Koizumi to create a more centralized decision-making system under the Cabinet by weakening the role of the ruling party. Such a change would address the fundamental problem of the Japanese system by strengthening the Prime Minister's control over the governing party. Our analysis suggests that such a reform will face many hurdles, but if it is enacted it will mark an important change to the current decentralized Japanese system, and will start to make it a little more similar to the increasingly centralized British system.

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