

# Politicians-Administrators Relations after Japan's 2009 Government Change: Conceptualization of the Dysfunctional Systems-Interfaces by the PSB Theory

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## Abstract

The Public Service Bargains (PSB) theory (Hood and Lodge 2006) illustrates the relations of politicians and senior bureaucrats as the cooperating or defecting game with exchanges of PSBs. This two-way exchange can be transformed by the systems-approach into the interfaces of two social systems.

Japan's 2009 Government change resulted in the radical politicization of the policy-making process and the new DPJ<sup>1</sup> Government declared to stop rewarding PSBs to senior bureaucrats. Many observe that this declaration disrupted traditionally smooth interfaces between the political system and the administrative system. This paper is by applying the PSB theory to conceptualize the dysfunctional interfaces of these two systems in Japan after the government change as the typical prisoners' dilemma games of the PSBs.

## Problem

The DPJ won the historic victory in the August 2009 lower house election and the Prime Minister Yukio Hatoyama formed the government with two other smaller coalition

partners. It meant the end of the LDP<sup>2</sup>-led government which lasted for over sixty years except for the brief reign by the Hosokawa non-LDP coalition government for 1993-94. It also represented the embankment from the conventional association with the ruling party politicians and the senior civil servant who monopolized the powers of 'core-executives' (Rhodes and Dunleavy 1995) in the government for years. Because the new DPJ Government raised the slogan of '*Seiji-Shudo*', namely the politicians-led policy decision process with excluding the influence from the senior civil servants, which used to be observed in the process.

At the same time, it is widely reported that the new government does not function well to decide streamlined policies. This dysfunctional policy decision process is allegedly due to the worsened relations between the DPJ political executives in the Government and the bureaucrats who had served for the LDP-led government for years. The approval ratio of the Hatoyama cabinet rapidly fell after the fifth month since its inaugural day (See Figure 1). According to the poll in April 23-25, 2010 conducted by the *Nihon Keizai Shimbun* (the Japan Economic Journal) plus the TV Tokyo, 41% of the respondents raised 'poor

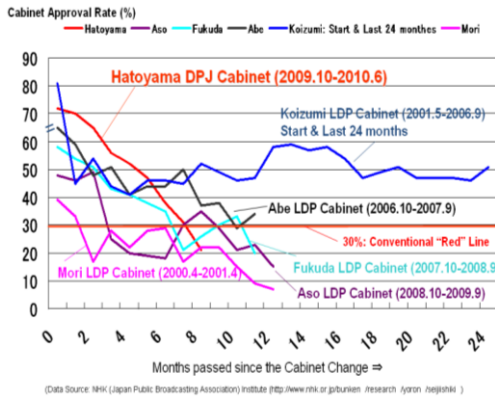
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<sup>1</sup> It stands for the Democratic Party of Japan. This party became the ruling party with two smaller parties in the Japan's parliament after the general election in August, 2009 for the first time as non-LDP government since 1994.

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<sup>2</sup> It stands for the Liberal Democratic Party of Japan. Until 2009, this Party had been the ruling party of the Japanese government except for 1993-94 since 1948

management of the government and of the DPJ party' as one of the top three reasons for disapproval of the Hatoyama cabinet. After relatively short reign for nine months, Prime Minister Hatoyama and his cabinet members resigned in early June of 2010.



**Figure 1. The Cabinet Approval Ratios of last six cabinets of Japan**

However, there has not been provided yet a rational explanation on why the politicians and the senior civil servants cannot create productive and forward-looking relations of cooperation to better perform the new government.

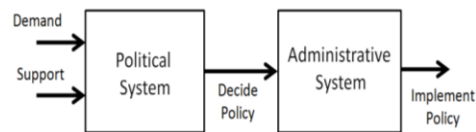
This paper is to provide the rationale for mutually cautious behaviours of the ruling party politicians and the senior civil servants in the DPJ Government of Japan by applying the game theory associated with the systems-approach.

### Conventional Models of P&A Systems

**The Wilsonian P&A Model.** The Wilsonian dichotomy theory, which is the conventional theory of the public policy to explain the relations between the politicians and the senior administrators (hereinafter called 'P-A relations'), describes the political system to represent the nation to make a policy decision for them; and the administrative

system to translate that political decision into practice. With this theory, the political system was the only system to transfer the input of demands and supports by voters to the output of policies (Easton 1967). The main elements of the political system were politicians and their behaviours. And the bureaucrats were understood as the dependant factor to the political system.

With this model, functions of two systems of politicians and administrators (hereinafter called 'P&A systems') are monotonous and unilateral. The interface of P&A systems is hierarchal (See Figure 2).



**Figure 2. The Wilsonian Model: Functional Diagram**

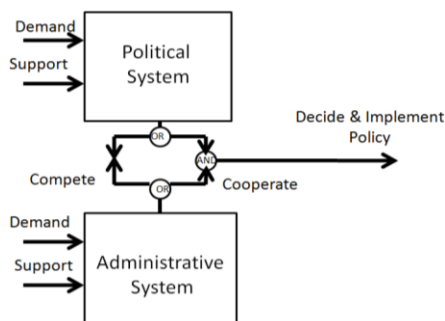
### The Two-Way Interactive P&A Model.

The above Wilsonian model has been seriously put the question mark for decades from the perspective of the political reality. For example, if the Wilsonian P&A model is valid for the Hatoyama DPJ government, the politician-led policy decision should go well to bear many policy outcomes. Because under this model politicians can monopolize policy decision process and to make bureaucrats translate their decisions into practice. But the reality was different. Dysfunction in policy delivery pushed down the approval ratio of the Hatoyama Cabinet.

The alternative explanation is that P&A systems are competing or cooperating with each other in the governments to create policies for different sets of objectives with corresponding to various interest groups as two separate but functionally-duplicate entities (Self 1977). Moreover, Page and Jenkins (2005) concluded through more than one hundred interviews with the junior officials of the UK central government that bureaucrats

even at middle level carry substantial responsibility and high discretion to develop and maintain policies in not hierarchal and detailed instructions from the politicians. This observation with Self's explanation is construed the model to separate the policy-making system of the bureaucrats from the policy-making system of the politicians.

With this model, functions of the P&A systems are interactive and conditional. This model explains why the P&A relations sometimes make the government work and the other times not. The interface of P&A systems is non-hierarchal and two-way (See Figure 3). The two systems may function for their interfaces in two ways; to compete or to cooperate. When the two systems compete with each other, they cannot deliver nor implement any policies. On the contrary, they can deliver and implement a policy when they cooperate to do so. According to this model, the cooperative P&A relations are the key to impact the flexibility of policy decisions in the government.



**Figure 3. The Two-Way Interactive P&A Model: Functional Diagram**

Nonetheless, this model cannot explain on what conditions two systems decide to choose competing or cooperating. We need the third model to explain what kind of games the politicians and the senior bureaucrats play.

## The PSBs Interface Model

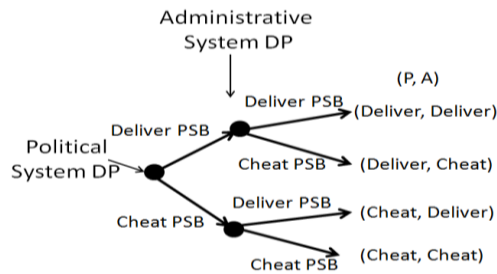
**The PSBs Theory.** The theory of Public Services Bargains (hereinafter called 'PSBs') is the theory which stands on the discipline of the public policy. The PSBs are defined as gains to be mutually exchanged between politicians and senior bureaucrats for fruits of their cooperation to make their executive government properly function; politicians offer rewards and/or entitlements to senior bureaucrats; in exchange senior bureaucrats offer political loyalty and competency to politicians (Hood 2006). Nonetheless this exchange does not always happen. Either side may choose two options; offering rewards or giving up the offering.

The study of the PSB theory started with Schaffer (1973) to study the government of the Victorian Britain. Schaffer's study on classical PSBs is developed to accommodate the new concept of the PSBs under the era of New Public Management (NPM) by Hood (2000 and 2006).

In short the PSBs are understood as any explicit or implicit bargaining between politicians and senior bureaucrats in the government system over their duties and entitlements relating responsibility, autonomy and political identity (Hood, 2000). The PSBs theory reiterated the P-A relations with the clear focus upon the interfaces and bargains between the P&A systems in the government.

**The P&A Relations Model as PSBs Game** The alternative theory on the P-A relations can be transformed the game matrix based upon the PSBs theory. According to this theory, the interface of P&A systems has two decision alternatives to choose in the strategic game; cooperation or defect. The outcome for cooperative strategy is to deliver PSBs. And the outcome for defective strategy is to cheat PSBs (Hood 2001). This theory can be developed for illustrating conditions to select two decision alternatives as actions and reactions of the non-cooperative strategic game

with unlimited times. We also consider the decision-tree of PSBs (See Figure 4).



**Figure 4. The PSBs Interface Model: Decision Tree**

The contents of PSBs may vary depending on each nation’s political circumstances and history. However, we can generalize the outcomes of the PSBs interface model as the matrix of the one-time strategic form game by adapting from (Hood 2001).

The matrix represents the non-cooperative and the trade-off game for the P&A systems (See Figure 5). If the P&A systems both deliver PSBs, the outcome is the cooperative equilibrium. Both systems build up trust in the government. If both systems cheat, the double-cross culture spreads. The ‘poker-game’ atmosphere with minimal trust is the outcome. If the politicians cheat and the bureaucrats deliver the PBS, it is resulted as either of emphasis on bureaucratic noblesse oblige, apathy or massive resignations. If the politicians deliver PSB and the bureaucrats cheat, it shows politicians’ self-restraint or weakness.

		Political system	
		Deliver	Cheat
Administrative System	Deliver	Cooperative equilibrium	Bureaucratic noblesse oblige, apathy or resignation
	Cheat	Politician self-restraint or weakness	Double-cross culture

**Figure 5. The Game Matrix of PSBs interfaces (Adapted from (Hood 2001) p.20)**

Ostrom (1990) illustrated the non-cooperative game of two players in the commons as the game-matrix with numerical rewards. Applying this model to the PSB game matrix described in the Figure 5, the matrix can also be expressed as the matrix with numerical rewards.

## The 2009 Government Change

**The PSBs of Japan’s P-A relations.** (Hood 2002) illustrated that Japan’s P&A systems valued moralistic variant of PSBs. In this PSBs exchanges game, the politicians get generalist-bureaucrats’ moral behaviours, and the bureaucrats get prestigious status and discretionary power to the Japanese society.

Nonetheless, the Japan’s PSBs exchange game has evolved since the Koizumi LDP government (2001-06) formally started the NPM reforms for his government. Under the NPM initiative, the Japan’s P&A systems shifted to play the PSBs games with the managerial/regulatory bargains. With this rule of the game, as PSBs politicians get bureaucrats who are accountable for agency-type management and bureaucrats get managerial discretion for agencies. In contrast, both may cheat each other with covert interference in politics and operations. The most dramatic cheating PSBs game was the privatization of the Japan Post and its retreat from the reform for this decade.

The Hotoyama government declared drastic politicization with the slogan of the ‘politicians-led policy-making’. Politicization is the political phenomena that were commonly observed in the Governments of developed countries over last twenty years. It replaces merit-based criteria in the government by the political criteria with the forms of selection, promotion, rewards and disciplining of the public service members (Peters and Pierre 2004). The attempts to control policy decision and its implementation with the hands of politicians, who should be accountable for voters, are the major motives for the Hotoyama

Government to promote the rapid politicization efforts.

The DPJ electoral party platform before the election stated allocating one hundred politicians in ministries to virtually replace core merit-based posts and to get back the stakes of policy-making with their hands. And it also promised to abolish the regular meetings of permanent secretaries, which was for the long time the symbol of bureaucrats' 'mutuality' (Hood 2004) over the policy-making process. The DPJ Government proposed to prohibit bureaucrats from re-employed in the private sector after early retirement with intermediary introduction by ministries personnel officials. These reforms were soon implemented in fall 2009.

### Prisoners' Dilemma of PSBs Game

**The PD situation of the PSBs Game Matrix.** Administrative reforms made by the new DPJ Government implied for senior bureaucrats to declare unilaterally the cheat strategy over the PSB game in the P&A systems of Japan. Because most of senior bureaucrats recognized these reforms as their exclusion from policy-decision process and therefore that they would be never rewarded the PSBs which used to be in the previous governments. This also means that Japan followed Westminster-type public sector reforms in 1980s-90s on the P-A structural relations from the 'village life' to the 'adversarial politics' between the two systems.

The game matrix currently working in the DPJ Government is described in Figure 6.

		The DPJ Government Political System of PSBs	
		Deliver	Cheat
The Japan's administrative System	Deliver	<b>'Cooperative equilibrium':</b> Public servants deliver to Politicians : moral & competent services to politicians Politicians delivers to Public servants: status & discretionary power	<b>'Public Servants Bashing' (Kanryo-Tataki):</b> Public servants deliver to Politicians : moral & competent services to politicians Politicians cheat Public Servants: distrust & blames bureaucrats
	Cheat	<b>'Public Servants Controls' (Kanryo-Shiha):</b> Politicians delivers to Public servants: status & discretionary power Public Servants cheat Politicians: covert disloyalty to politicians	<b>'Double-cross culture':</b> Politicians cheat Public Servants: distrust & blames bureaucrats Public Servants cheat Politicians: covert disloyalty to politicians

**Figure 6. The Japan's Current PSBs Game Matrix: Prisoners' Dilemma**

By the political system declaring in advance to activate the cheat PSB strategy, it is the only strategy for the administrative system to choose also the cheat strategy. These two activations settle the Nash Equilibrium and it means the prisoners' dilemma situation in the game.

The chosen strategies and the Nash Equilibrium can be expressed as the matrix with numerical rewards. The Figure 7 shows that the senior bureaucrats' side followed the Mini-Max strategy.

A \ B	Deliver	Cheat
Deliver	(1, 1)	(-1, 2)
Cheat	(2, -1)	(0, 0)

The Best Response Strategy. Leads to the Nash equilibrium of the (Cheat, Cheat) Strategy.

**Figure 7. The Pay-off Matrix of the PSBs Game: The PD Situation**

**The Repeated Games.** The Folk Theorem shows that even in the prisoners' dilemma situation fallen for one-time game players can reach to the cooperative equilibrium in the unlimited numbers of games with the strong proposition. That proposition is that two players' NPV discount factors are sufficiently large and near to 1.0 (Rubinstein 1979).

In the PSBs game, sufficiently large PSBs discount factor means that the P&A systems trust each other so that they can satisfy themselves with the future PSB delivers rather than ones at present. However, under the current relations of the two systems, they are not convinced that they will be able to maintain such a future-looking rewarding interaction. Thus the P&A systems cannot get out of the

prisoners' dilemma of the PSBs game and their interfaces are kept dysfunctional.

### Conclusion

The system of politicians and the system of senior civil servants play the deliver or cheat game inside their government to achieve their objectives.

The P&A relations is conceptualized as the interface of two systems which deliver or cheat the PSBs each other.

The new DPJ Government of Japan declared the politicians-led policy-making style. This implied that the DPJ Government unilaterally chose the cheat strategy in the PSB Game with the senior bureaucrats, which caused the game solution to fall into the prisoners' dilemma.

If the Japan's P&A systems can put their PSB discount factors sufficiently large (near to 1.0), there will be room for reaching to the cooperative equilibrium. However, either of the P&A systems is not convinced to have such discount factor and they cannot get rid of the dysfunctional delivers of PSBs. A more future looking trust from the two systems may change the status of the game to the better-off, which is not achieved at present.

### Further Research

The scope of this study is limited to conceptualize the PSBs theory in the gaming and systems interface. There are two domains for further research. One domain is to validate with quantitative data the equilibrium of the PSBs. Another domain is to implement the comparative study targeting governments' changes other than Japan's 2009 case to see both horizontal and unique features of the PSBs games.

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## **Bibliography**

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