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### **Descending from Heaven (Kuchikomi, March 4<sup>th</sup>)**

On Feb 29, the Diet passed a bill mandating a 7.8% pay cut for national civil servants. The principal aim is to raise money for reconstruction of earthquake-ravaged Tohoku. Secondly, the hope is to convince the public to accept the tax increases widely seen as necessary given Japan's ballooning social welfare costs.

"Too little, too late", says Friday magazine. What incenses the magazine, apart from the fact that even after the cut, bureaucrats' salaries will remain enviably higher than those in the private sector, is the seemingly ineradicable practice known as amakudari – "descent from heaven" – an old and much maligned but stubbornly resistant custom whereby retiring bureaucrats parachute directly into lucrative sinecures they owe to connections forged while wielding, supposedly in the public interest, power and influence.

Amakudari has two standard patterns. In the first, a bureaucrat accepts a post-retirement position with a private company falling within his or her official jurisdiction. It's a win-win arrangement, with only the public losing. The company gains influence in official circles, the bureaucrat secures an enviable post-retirement income the prospect of which, critics say, is a perpetual temptation to selectively relax bureaucratic enforcement of regulations.

The second pattern involves an array of government-supported "foundations" whose *raison d'être* is often murky and which exist, some observers argue, less for their ostensible functions than to provide retiring bureaucrats with a dignified job title and easy money.

It is with these "foundations" that Friday is primarily concerned. Every year, it says, the government spends nearly 3 trillion yen on them.

The magazine lists 12 "zombie foundations" that continue to operate and consume budgetary resources even after the completion of the tasks for which they were supposedly set up. This would be dubious at any time; it is especially so, Friday says, in a time of desperate fiscal scarcity.

Exhibit A in its case against the "zombies" is the Digital Broadcast Promotion Agency (DPA), established in 2007 to help smooth the path from analog to digital broadcasting. The total budget earmarked for this purpose in fiscal 2012, more than 80% of it covered by government subsidies,

is 30.5 billion yen, with 20-odd billion yen going to DPA. These amounts are only a very little less than last year's – which is odd, says Friday, given that the transition to digital broadcasting was completed last July.

DPA board member Toshifumi Kitahara told Friday “It is true that digitalization is complete, but that doesn't mean our work is done. There remain matters still to be settled, and it all takes money.” Neither Kitahara nor Friday say what those matters are. What Friday does say is that the DPA is a hotbed of *amakudari*.

Regarding *amakudari* in general Kitahara observes noncommittally, “Well, different people hold different opinions, which I think is natural in a democracy.”

“Get rid of money-wasting foundations and *amakudari*,” Friday winds up, “and it won't be necessary to raise the consumption tax.”

## Questions

1. Do you agree that the practice *amakudari* should be stopped? Why? Why not?
2. The article focuses on the negative aspects of *amakudari*. Are there any positive points? If so, what are they?
3. Why do you think “zombie” companies continue to exist in a time of financial difficulty?
4. Friday magazine concludes that if Japan gets rid of money-wasting foundations then it won't be necessary to increase to consumption tax. Do you agree? Why? Why not?
5. What other strategies do you think the government should employ to reduce expenditure?
6. Do you think the government should raise taxes to deal with the national deficit? If so, which taxes should be raised?

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