Amakudari

Amakudari, which literally means “descent from heaven” is a system whereby retiring Japanese bureaucrats gain employment and executive positions from private firms. Although it began in the Meiji era, the amakudari phenomenon did not institutionalize until the high economic growth era in the 1960s (Mizoguchi and Van Quyen, 2012).

The Amakudari System

It is important to note it is not a system that is unique to Japan. In other “industrialized countries from the West”, the revolving door process of staff movement between the regulators and the regulated firms and industries is widespread. The primary differences lie in two factors: the responsibility of the ministry to find and obtain a new position for the retiring personnel and the long-term nature of the relationship between the ministry and the firms. The system may assume in several forms. Typically, the Japanese elite bureaucrats from “economic ministries” retire at a relatively young age. For instance, a retiring member of the Ministry of Finance may assume the position of president in a bank or lead a financial think-tank that receives funding from the Ministry of Finance. Consequently, bureaucrats may collaborate with ex-colleagues to “secure lucrative government contracts, avoid regulatory inspections, or obtain preferential treatment for their new employers”. Amakudari is also seen as an incentive tool to encourage young civil servants to maintain their jobs at a low pay for several years. At the end of their career in the ministry, civil servants will receive huge compensation in the form of executive roles in the private sector. It is like a form of “deferred compensation”.

Corruption and Controversy

The benefits of amakudari have always been challenged by popular media and opposition parties such as The Democratic Party of Japan. The scandalous practice of amakudari is often reported by the Japanese press. For instance, the Ministry of Land, Infrastructure and Transport issued massive subsidies to 29 public corporations in 2005 after employing 523 of the ministry’s former bureaucrats. After the 2011 Tohoku earthquake, the Japanese government came under intense scrutiny for its failure to regulate the practices of the nuclear firms. In the aftermath of the disaster, it was later revealed that an official from the Agency for Natural Resources and Energy took on an advisory role in the Tokyo Electric Power Corporation (TEPCO). This finding caused an outrage among the public and led to the resignation of the official.

Bibliography
