

## **Institutional Determinants of Japan's Economic Growth Strategy**

The aim of this project is to analyze institutional determinants and decision-making processes behind economic growth strategies formulated by the Japanese government. It will be examined which institutional actors had the greatest impact on drafting and implementing Japan's economic growth strategies in the postwar period, and to what extent the strengthening of the prime minister's powers since the 1990s has influenced the coherence of these strategies.

Traditionally, formulation of economic growth strategies in Japan has been strongly influenced by the bureaucrats, especially from the Ministry of Economy, Trade and Industry and the Ministry of Finance. After the administrative reforms initiated in the 1990s, however, the position of prime ministers in the government was significantly strengthened. The main hypothesis of this project is that centralization of decision-making process has been a cause of greater dynamism, but also of unpredictability of Japan's economic growth strategy. In order to verify this hypothesis, the project will examine ten case studies on economic growth strategies promoted by different prime ministers from the 1960s up to the 2020s. Half of them were formulated before and another half after the administrative reforms.

While Japan's economic policy has been often analyzed by scholars, the proposed study is innovative in examining the evolution of the institutional determinants of Japan's economic growth strategies during the whole postwar period and focusing on the evolving role of prime ministers in this field. While hitherto research shed some light on the role of institutional, especially bureaucratic, actors participating in the formulation of Japan's economic growth strategies, insufficient attention has been paid to examining the impact of the administrative reforms started in the 1990s. Prime ministers tended to be perceived as passive policymakers, which translated into a limited academic interest in their role in shaping Japan's economic policies. The project will challenge this view.

The project authors argue that before the institutional reforms, the Japanese prime ministers' role in formulating economic growth strategies was more substantial than the one of mere passive observers. While the heads of government had to maintain the balance between various ministries and groups of politicians, they could use their connections with the political, bureaucratic, and corporate elites to push economic growth strategies forward. The reforms themselves, in turn, did not automatically enable prime ministers to become strong leaders. In an increasingly complex global economic environment, it became more difficult to achieve a compromise on economic growth strategy among the elites, which created greater room for policy maneuver by the heads of government. The administrative reforms provided the prime ministers with the tools necessary to shift from consensus-seeking mechanisms to top-down formulation of economic policies. Still, due to structural remains of the old system, to successfully formulate economic growth strategies, the heads of government had to skillfully counterbalance one ministry with another.

Research results will be published in an English-language monograph (approximately 200 pages), issued by one of internationally renowned publishing houses. The project will contribute to broadening knowledge of the complex factors influencing formulation and implementation of Japan's economic growth policy. It will show that as new institutional arrangements are often based on previous ones, institutional reforms may lead to unexpected results.