THE POLITICS OF "POLICY TERMINATION";
STRUGGLING FOR EFFECTIVE
MANAGEMENT OF PUBLIC RESOURCES

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AN INITIAL QUESTION FOR MAKING THIS PRESENTATION

• Why can’t people or governments stop spending money even they know the certain policies or programs will cost too enormous and cannot make efficient use of public recourses?

• What is the impediments for terminating an non-functioning policy or programs?
LESS ATTENTION TO POLICY TERMINATION STAGE

• In the field of policy study, it was not getting attention much compared to “policy implementation” or “policy evaluation” stage. And it was pointed out since 1970’s.

• Due to the difficulty of observation of the process, ambiguity of the definition of the term and sensitiveness of the issue.
RECENT TREND OF THE STUDY ON POLICY TERMINATION

• Recently, some scholars are enlightening the topic.

• In Japan, “Public Policy Studies Association Japan” issued annual journal with the special topic on “Policy Termination” in Dec. 2012.

• due to financial deficit, aging society, less population…
“PDCA” CYCLE?

Plan

Check

Action

Do
“PDCA” CYCLE?

• On the one hand, in PDCA cycle, policies or programs are modified after the “Checking” stage.

• On the other hand, Policies and Programs will reach to their end at certain point.

• Then, at last Stage of a life of a policy, there might be observable features or behavioral patterns of actions taken by stakeholders.
ACTION TAKEN TO A POLICY WITH PROBLEMS

(1) Correction to an existing scheme/framework

A Policy with problems

(2) Creation of a new scheme/framework

(3) Neglect of a Policy

(4) Policy Termination
ISSUES OF POLICY TERMINATION

• A new policy creates new vested interests and stakeholders try to secure them as long as possible.

• Once a policy was set, it get “viscosity”.

• Then, even the necessity of the policy got less, the power of the stakeholders stronger.
POLICY TERMINATION AND “SUNK COST”

• Sunk Cost: Costs that have already been incurred and that cannot be recovered, should be ignored in decisions regarding future actions. Because they have already been incurred and are non-recoverable, they have no influence on future costs and benefits.

(by Paul Krugman)

• It’s no use crying over spilt milk, but people cannot accept the loss…
POLICY TERMINATION AND “SUNK COST”

• Concorde fallacy

• Pride or Vanity prevent from making a “rational decision”

POINT OF DISCUSSION

• Is there any mechanism, framework or “dicker” for smooth policy termination.

• Is it a only problem of the matured markets?
CASE 1: 2020 TOKYO OLYMPIC MAIN STADIUM

https://www.jpnsport.go.jp/newstadium/Portals/0/NNSJ/winners.html
CASE 1: 2020 TOKYO OLYMPIC MAIN STADIUM

• Due to aging equipment and bidding for 2020 Olympic, National Stadium was planned to be demolished and newly built.

• In 2012, the Design Competition was held for the new architecture with the conditions: (1) Completion by Sep. 2019 World Rugby Cup. (2) Capacity to be 80,000 audiences (3) Openable Roof (4) Total cost to be around 130 billion Japanese Yen.

• The proposal by Iraq-British Architect Zaha Haddid was selected.
CASE 1: 2020 TOKYO OLYMPIC MAIN STADIUM

• In Sep. 2013, Japan was selected as hosting country of 2020 Olympic.

• In 2014, demolition work of old national stadium was started.

• Due to the underestimated cost, scale down of the size & capacity of the new stadium was released continuously.

• In 2015, it turn out that even the downsized plan will cost 300 billion Japanese Yen.
CASE 1: 2020 TOKYO OLYMPIC MAIN STADIUM

• *In July 2015, P.M. Abe decided to cancel the whole plan* and conduct design competition again.

• New design will be decided by the end of 2015, and the stadium will be completed by April 2020.
CASE 1: 2020 TOKYO OLYMPIC MAIN STADIUM

• Problem: Enormous Expenditure

• Stakeholders: P.M., TMG, MEXT, Politician, Architects, Construction companies…

• Length of policy: Short-term

• Vested Interest: Huge, but in a limited circle

• Criticism: from the public and the media
CASE 2: YAMBA DAM PROJECT

http://www.ktr.mlit.go.jp/yanba/
CASE 2: YAMBA DAM PROJECT

• Yamba dam site is located 130 km northwest of Tokyo.
• In 1952, the first proposal was made mainly for the flood control.
• Later first plan was withdrawn due to the lack of civil engineering capacity.
• In 1965, New proposal was issued mainly for the water resource management for the metropolitan area.
CASE 2: YAMBA DAM PROJECT

• Protest Campaign got active since late 1960s.

• Since 1980s, central and local government started to deliver generous compensational plans to the residents.

• With those plans, resident started to relocate from the site in 1990s-2009.

• In Aug. 2009, Democratic Party of Japan (DPJ) won the national general election with the manifesto of cancellation of the dam project.
CASE 2: YAMBA DAM PROJECT

• In Sep. 2009, DPJ government was inaugurated and the cancellation of the project was officially announced in public.

• Local governments (Prefectural/ Municipal) involved in the project started the strong opposition campaign.

• In Dec. 2011, DPJ government retracted its manifesto, and officially approved the re-start of the construction.
CASE 2: YAMBA DAM PROJECT

• Problem: Long-term political strife & Enormous Expenditure

• Stakeholders: P.M., MILT, Local Governments, Local residents…

• Length of policy: Long-term

• Vested Interest: Huge

• Criticism: Political manifesto of DPJ, the public and the media
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IMPLICATION FOR EFFECTIVE ALLOCATION OF PUBLIC RESOURCES

• Plan with accurate information with long-range standpoint.
• Transparent discussion and rational compensation.
• Evaluation and feedback.
• Fixed-term policy?