

September 2013

NIRA Monograph Series No.38

## **What can we learn from the Experience of Regulatory Reform in Japan?"**

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### **Abstract**

Overall, regulatory reforms can be seen to be moving ahead in Japan, but reforms are lagging behind in certain areas. The research discussed in this paper considered the experience of past regulatory reforms in order to determine what should be done to stimulate progress in these lagging areas.

This paper analyzes impediments to reform based on sources including the minutes of government deliberative committees concerning regulatory reforms and interviews with individuals involved in advancing these reforms. The results indicated the existence of a variety of impediments to reform, including, in the political arena, a lack of leadership from the Prime Minister's Office, in the administrative sector, a lack of incentives for self-reform among bureaucracies, in the business world, the defense of vested interests, and, among the public/consumers, a weak sense of consumer sovereignty and a lack of personal responsibility towards regulatory reform.

However, there are areas in which these impediments have been overcome and reforms are proceeding. Taking the liberalization of the air transport sector and the sale of non-prescription pharmaceuticals in general retail stores as case studies, the research isolated the following factors in advancing reforms: The existence of reform-oriented groups within the relevant ministries, pressure from organizations responsible for reforms within the government, leadership from the Prime Minister's Office, and competition with other countries. These factors functioned to exert both internal and external pressure towards reform in opposition to the abovementioned lack of incentives for self-reform among bureaucracies.

Based on the above, we can point to the necessity of considering, as factors in advancing reforms, of the people involved in those reforms and the system design (creation of mechanisms) which represents the driving force of the reforms. Specifically,

the following three initiatives are effective in advancing reforms: 1) System design for government deliberative committees focusing on regulatory reforms under the leadership of the Prime Minister's Office, and the involvement of individuals possessing both drive and ability in these committees; 2) The creation by the Prime Minister's Office of mechanisms clarifying the direction for regulatory reforms; and 3) The functioning of the TPP Agreement as a mechanism exerting pressure from overseas. Consideration of these initiatives will be of use not only in advancing regulatory reforms, but also in proceeding with systemic reforms in areas including politics, economics, and administration

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The Japanese version of the full text: <http://www.nira.or.jp/pdf/monograph38.pdf>

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