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b. Administrative Law

1. Inauguration of the Ad Hoc Advisory Council on the Administrative Reform Act.

Promulgated on May 23, 1983.

[Background of the Legislation]

On March 14, with the submission of a concluding proposal to the Prime Minister, the Ad Hoc Commission on Administrative Reform completed two years of work. The wind-up report submitted by the Commission restated two goals. The first was to develop a society with a higher level of social welfare while retaining productive vigour. The second was to develop an ability to contribute actively to the well-being of the world community. The Commission urged that Japan's public administration should be reexamined from an internationalist viewpoint.

The underlying ideology for the Commission's reform proposals was in evidence in basic policies advocated for the reform of the central and local governments and special public corporations. The Commission supported "a rational sharing of roles" between the central and local governments as well as between the public and private sectors.

But the basic direction of change envisioned by reform planners focused on divesting the central government of some powers and transferring them to local units, plus similarly transferring functions from the public to the private sector.

As for the crisis in public finance, the Commission reaffirmed the basic policy of "fiscal reconstruction without a tax increase." It thus defied the government's known interest in the eventual introduction of a major new tax to boost revenues.

Bold expenditure cuts, the Commission pointed out, could be enforced through (1) keeping the growth of general account spending less than the nominal rate of economic growth, (2) progressively reducing deficit-covering bond issues and (3) laying down a mandatory procedure for fiscal reconstruction.

However, the Commission-authored reform measures primarily sought to cut wastefulness and raise efficiency in public administration. They were not conceived as a means of reducing budget expenditures. But hard restraint applied to the further growth of spending was thought to have the effect of spurring overall government reform.

Main target areas mentioned by the Commission for rationalization were agricultural policy, social insurance, education and taxation. Proposals for organizational reforms were directed at the central and local governments, government-run enterprises and special public corporations.

The Commission also advocated the reorganization and rationalization of eight central government agencies including the Foreign Ministry and the Defense Agency, the reduction and integration of local branches of central government departments, and the abolition and streamlining of 71 special public corporations.

[Outline of the Act]

In order to oversee the implementation of administrative reform plans recommended by the Commission, the government prepared a bill to inaugurate a seven-member panel which would supervise and promote projected administrative reforms over the following three years.

The 15-article Act passed by the Diet provides that the supervisory body shall serve the Prime Minister as an "advisory council" on such reform plans. Earlier, the body was expected to be set up as a powerful "committee" which was totally independent of the government and was able to force it to implement such plans faithfully. But bureaucrats opposed endowing the body with such privileges. The inauguration of the council was based

on recommendations by the Ad Hoc Commission on Administrative Reform.

According to the Act, the Prime Minister will appoint the members of the watchdog panel with the agreement of the Diet. The Prime Minister is required to respect opinions and advice from the panel. The panel will consist of two businessmen, two legal professionals, two labor representatives and one member from local government.

2. Japanese National Railways Reform Act.

Promulgated on May 20, 1983.

[Background of the Legislation]

The government submitted the bill to the Diet on the basis of a recommendation made by the Ad Hoc Commission on Administrative Reform. A major point of the recommendation was a suggestion that the Japanese National Railways should be transferred to the private sector within the following five years and be divided into seven regional companies so that it might operate more efficiently and improve its grave financial position.

The outstanding debts of JNR had amounted to ¥16.4 trillion. The JNR's deficits were increasing by ¥1–¥2 trillion a year, and its total debts were estimated to reach ¥24 trillion by the end of the financial year of 1985, according to the Commission.

[Outline of the Act]

The Act set up a high-powered committee to supervise all phases of the JNR rehabilitation. The Transport Minister will name the five members of the Surveillance Committee on Japanese National Railways Rehabilitation, which is authorized to present a recommendation to the Prime Minister on measures to reconstruct the JNR. All five members of the new committee are officially appointed by the Prime Minister.

Under the new law, the Prime Minister is obliged to listen to recommendations by the Surveillance Committee on Japanese National Railways Rehabilitation, in the process of working out

government policies on JNR financial rehabilitation.

On June 10, the Surveillance Committee on Japanese National Railways Rehabilitation held its first meeting at the Prime Minister's official residence with its chairman Masao Kamei of Sumitomo Electric Industries, Ltd. and the four other committee members attending. Prior to the first meeting, Prime Minister Yasuhiro Nakasone officially appointed the five committeemen: Kamei, Kan Kato, professor of Keio University, Shoji Sumita, director of the Japan Transport Economics Research Center, Mikio Sumiya, president of Tokyo Women's Christian College, and Shigeya Yoshise, president of the Japan Development Bank.

On August 2, proposals by the Surveillance Committee on Japanese National Railways Rehabilitation were presented to Prime Minister Yasuhiro Nakasone by the committee's chairman, Masao Kamei. The recommended measures included a halt to equipment investment by the JNR and to provision of baggage and other peripheral services, a reduction of the total number of JNR employees, discontinuance of 73 of JNR's money-losing local lines, and selling of 102 other unprofitable local lines to private firms or joint ventures of local governments and private concerns.

On August 5, the government decided to respect to the maximum degree the proposals made by the Surveillance Committee on Japanese National Railways Rehabilitation.

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