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PAPER No.1

ACCELERATION OF ECONOMIC REFORM IN JAPAN AND THE ROLE OF THE COUNCIL ON ECONOMIC AND FISCAL POLICY

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ABSTRACT:

Acceleration of Economic Reform in Japan and the Role of the Council on Economic and Fiscal Policy
Abstract: Creation of the Council on Economic and Fiscal Policy (CEFP) made Japan's economic and fiscal policy making more transparent, consistent and coherent. This new institutional arrangement accelerated structural reform and improved economic and fiscal policy making in general, thus contributing to the recent economic recovery. Success of this new institutional arrangement is, at least in part, attributable to a couple of virtues of CEFP's decision making process: transparency, an economy-wide view and an integrated approach. However, the CEFP is a new institutional setting and not deeply rooted in Japanese political system. In post-Koizumi era, further efforts should be made to make more use of the CEFP as a tool to improve policy making and an engine of economic reform.