3
Retail Policy: A Law for Large Stores

Izumiya in Kyoto

In 1976, Izumiya announced its plans to open a store with a sales floor size of 10,415 square meters in Kyoto. Eighteen months later, the company managed to submit the developer’s report as required under the Large Store Law. It took two more years for the local Committee for the Early Regulation of Retail Activities to meet for the first time. The committee took seven years to reach a decision and only then could the official report be prepared and submitted to MITI. The store was finally opened with a sales floor of 8,250 square meters in November 1989 (Kusano 1992:56).

Daiei in Kumamoto

In March 1975, Daiei revealed plans to open a store with 44,000 square meters of sales floor in the city of Kumamoto in Kyushu. At this time, the space of large retail stores in the area already amounted to about 10 per cent of total retail space. After Daiei submitted the formal report it met with opposition from the local chamber of commerce, which was formerly in charge of organizing an assessment committee, supervising the necessary hearings and submitting a final report to MITI. It was thereby quite apparent from the beginning that even in the case of a positive outcome of the hearings no positive report would be submitted to MITI. In July 1975, supported by protest rallies of retailers, the commission eventually submitted a report that advised against Daiei opening a store above 1500 square meters, the threshold of the Large Store Law at that time. In the light of this decision, the representative of consumer interest resigned from the commission citing pressure and the impossibility of voicing opinions.
In March 1977, Daiei made a second attempt and applied for a store with 29,000 square meters. This and two further attempts in 1978 failed. In the meantime, Daiei carried the conflict from the local to the national stage and got diet representatives and the retail unions to lobby for its cause. In addition, Daiei announced that it had won over 30 local retailers as tenants but did not reveal their names.

In December 1978, after having received four negative reports from the local assessment committee, the National Advisory Council for Large Retail Stores that handled the final decision on the opening of stores for MITI finally approved of Daiei opening a store of only 13,000 square meters. Last efforts of the local opposition to convince the minister not to follow the advisory council did not succeed and Daiei finally opened its store in April 1980, nearly five years after its first application (Daiei 1992:247–54, Kusano 1992:69–83).

The above examples demonstrate how retail policy became a major factor influencing the development of Japanese retailing during the 1970s and 1980s. The existence of a law regulating the opening of large stores became important not only for the relationship between small and large businesses but also for the competition between operators of large stores. Owing to the importance of these regulations they are discussed in a separate chapter. This discussion will not just introduce the law but will look also at the underlying political economy.

The Large Store Law

The Large Store Law was passed in the Diet (Japanese parliament) on 1 October 1973 and enacted on 1 March 1974. In the first article of the law its objectives are stated as ‘providing for adequate business opportunities for small-and medium-sized retailers in the vicinity of large stores by regulating business activities in large retail stores’. Doing so were to be done under the ‘continuous consideration of the well-being of consumers’. The law aimed further to ‘secure the normal development of the retail sector’ and eventually to ‘contribute to the healthy development of the Japanese economy.’ From the very beginning the ambiguity of these objectives led to further conflict, with none of the parties involved satisfied with the way the law was implemented and the results it produced.

Before going deeper into the details of this law one point should be taken up in advance: the overall importance and thereby the relevance of the whole discussion in itself. The Large Store Law was introduced in the early 1970s, further strengthened during the 1970s and 1980s, gradually