

## 7 Neoliberal economic policy preferences of the 'New Left'

### Home-grown or an Anglo-American import?

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A political party supports the elimination of taxes on investment (such as the capital gains tax) and higher taxes on consumption. It favours aggressive deregulation aimed at introducing more competition into sheltered sectors of the economy. It supports free trade. It favors an aggressive approach to Japan's banking problems that would involve nationalizing most of the large banks, dividing them into 'good' and 'bad' parts, returning the good parts to the private sector, and disposing of the remaining assets at whatever price the market will bear. It favors the privatization of public corporations because of the role they play in propping up inefficient sectors of the economy. And it calls for the devolution of more powers to local governments, arguing that this will encourage localities to compete to make their communities attractive places to do business.

In any party system besides Japan's, a party that advocated positions like these would be considered a party of the Right. These are the policy positions of Thatcher, Reagan and Chirac. In Japan, however, they are advocated by the Democratic Party of Japan (DPJ), the leading opposition party competing with the long-ruling 'conservative' Liberal Democratic Party (LDP). Since the LDP is on the Right, the DPJ must be on the Left, right?

Once upon a time, during the extended period between 1955 and 1993 when the LDP faced the Japan Socialist Party (JSP) as its leading opponent, Left-Right labels based on economic policy made some sense. The LDP, like parties of the Right in most advanced industrialized countries, was in favor of capitalism and private ownership of the means of production. The JSP favored the nationalization of industry and redistribution of income from the rich to those in need. After the JSP imploded at the end of this period, however, Japan found itself with no party of significant size that fit the mould of a traditional party of the Left. After the Lower House election of 2000, the only parties that might have had a claim to this title, the Japan Communist Party (JCP) and Social Democratic Party of Japan (SDPJ), were left with only 20 and 19 seats, respectively. Only the DPJ, with 127 seats out of a total of 480 seats in the Lower House, was in any position to compete with the still-much-larger LDP. The Democrats were,