
WHY WOULD JAPAN NOT WANT THE ECONOMY TO FLOURISH?

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By Nicholas D Rosen, Arlington, VA, US

Sir, I entirely agree with your view ("A chance for Shinzo Abe to scrap a Self-defeating tax rise" editorial, March 31) that Japan's consumption tax is self-defeating, and that an increase in the tax should be scrapped. I only wish that you had paid more respect to your own (continued on page 11)

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sound arguments, and advised Prime Minister Shinzo Abe to end the tax altogether, instead of suggesting that consumption tax increases should be used as a break [*sic*] to slow the economy down once it is already running at full speed. Why would Japan ever not want the economy to flourish?

The Japanese government may need revenue, but given that the harm done by the consumption tax creates a demand for "stimulus" spending, the tax is self-defeating indeed. The Japanese might investigate the benefits of land value taxation, which does not crush economic activity, and surely does not reduce the production of land. <<