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Title	Discourses on Neoliberalism in Japan
Author(s)	Hashimoto, Tsutomu
Citation	Eurasia Border Review, 5(2), 99-119
Issue Date	2014
Doc URL	https://hdl.handle.net/2115/57859
Type	departmental bulletin paper
File Information	EBR5_2_006.pdf

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Discourses on Neoliberalism in Japan

Tsutomu Hashimoto*

Abstract

How have people in Japan accepted or criticized neoliberal ideology in recent years? This paper analyzes various discourses on neoliberalism in Japan, especially the period 2007 to 2013. First, I will examine neoliberal discourses in the reconstruction discussion after the Great East Japan Earthquake. Second, I will focus on elements of Keynesianism in neoliberal discourses. Third, I will analyze neoliberal discourses in politics and government administrations. Fourth, I will explore various sociological analyses of neoliberal consciousness. Fifth, I will analyze the psychological strategies of neoliberal persuasion. Sixth, I will look at anti-neoliberals' argument on the wage system. Finally, I address when the starting point of neoliberalism in Japan was. This paper seeks to show that (1) the definition or understanding of neoliberalism have developed to include elements of Keynesianism, (2) people may have practical reasons for accepting the neoliberal ideology, and such acceptance does not necessarily depend on its theoretical power of persuasion, and (3) some leading anti-neoliberals accepted neoliberal policies.

Introduction

How have people in Japan accepted or criticized neoliberal ideology in recent years? This paper analyzes various discourses on neoliberalism in Japan especially the period 2007 to 2013. In previous works, I examined arguments on neoliberalism in western culture of economic thought. In this paper, I focus on discourses on neoliberalism in Japan, making complementary and updating examinations regarding neoliberalism in Japan.[1] In particular, my focus will be on how we understand this ideology. The findings presented in this paper include: (1) the definition or understanding of neoliberalism containing elements of Keynesianism, (2) practical reasons for the acceptance of neoliberal ideology that do not necessarily depend on its theoretical persuasiveness, and (3) how some leading anti-neoliberals have apparently accepted neoliberal policies.

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1 Tsutomo Hashimoto, *Teikoku no Jouken* [*Conditions of Empire*] (Tokyo: Kobundo, 2007); Tsutomo Hashimoto, *Losto Kindai* [*Lost Modernity*] (Tokyo: Kobundo, 2012). For recent analysis on neoliberalism in other Asian counties, see Aihwa Ong, *Neoliberalism as Exception: Mutations in Citizenship and Sovereignty* (Texas: Duke University Press, 2006).

Neoliberalism

There are three types of definitions of neoliberalism: (1) Systematic ideologies on policies that are represented especially by Hayek[2] and Friedman.[3] (2) Elements promoted by contemporary neoliberal leaders (mostly unsystematic). (3) Elements that are conceived by its contemporary critics (mostly unsystematic). In this paper, we focus on (2) and (3). Neoliberalism in (2) and (3) may differ from its original usage. However, our primary aim is to conceive the reality of its plural usages as they are. We are also interested in the transformation of neoliberalism: how it has been transformed from its original meaning to its contemporary one. Recent discourses on neoliberalism sometimes include, for example, an element of Keynesianism. Neoliberalism, especially in its version of the Ordo School in Germany, emphasizes market competition to be arranged by the government. Michael Foucault's criticism directed to the very point of this arrangement in terms of its act of micro-power to agents' autonomy formation as entrepreneur in the market.[4] As well as Keynesians, neoliberalism puts a high value on the role of government arrangement and its perspective overlaps with Keynesianism. Ideological identity of neoliberalism is now in a fluid situation.[5]

Theoretically, neoliberalism is compatible with Keynesianism in arranging conditions of the market competition and market opportunity. Keynes criticized laissez-faire libertarianism but the latter is not the same as neoliberalism. Hayek criticized Keynesianism especially in its justification of the arbitrary intervention by the government in the market order but he admitted market intervention based on the rule of law. Moreover, a certain type of Hayekian neoliberalism would admit several types of interventions: intervention to stabilize the market economy when the stability of market conventions leads

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2 Friedrich Hayek, *The Constitution of Liberty* (Chicago : The University of Chicago Press, 1960).

3 Milton & Rose Friedman, *Free to Choose: a Personal Statemen*t (New York : Harcourt Brace Jovanovich, 1980).

4 Michael Foucault, *Birth of Biopolitics: Lectures at the College de France 1978–79* (New York: Palgrave Macmillan, 2008).

5 On the view that neoliberalism requires Keynesian statism in financial regulation beyond the binary opposition between neoliberal market-fundamentalism and Keynesian statism, see Jeong, Seongjin, "The Korean Developmental State: From Dirigisme to Neoliberalism," *Historical Materialism-Research in Critical Marxist Theory* 17:3 (2009): 244–257. On the view that neoliberalism is compatible with state-corporatism through non-governmental organizations, see Roger Magazine, "An Innovative Combination of Neoliberalism and State Corporatism: The Case of a Locally-based NGO in Mexico City," *Annals of The American Academy of Political and Social Science* 590 (2003): 243–256. On the view that the actual form of neoliberalism with "shock doctrine" is a state-corporatism, see Naomi Klein, *The Shock Doctrine: The Rise of Disaster Capitalism* (New York: Metropolitan Books/Henry Holt, 2007). On the view that the actual form of neoliberalism in monetary policy adopts new-Keynesianism, see Shigeyuki Hattori, *Shinjiyushugi no Kiketsu* [*Consequences of Neoliberalism*] (Tokyo: Iwanami Shoten, 2013). On compatibility between Keynesianism and neoliberalism in the level of their basic ideologies on policies, see Tsutomo Hashimoto, "Keynes to Sinjiyushugi: Shijo to Kokka no Best Mix wa kanouka? [Keynes and Neoliberalism: Is the Best Mixture of Market and Government possible?]" in *Kiki no Nakade Keynes kara Manabu* [*Learning from Keynes in the Age of Crisis: Toward Restoration of Capitalism and its Vision*] ed. Keynes Gakkai [*Keynes Association in Japan*] (Tokyo: Sakuhinsha, 2011), 192–215; Tsutomu Hashimoto, "Keynes to Hayek wo Shiyo suru Chihei [A Horizon to Converge Keynes and Hayek]," in *Daikoukai; Shinshokan*, 61 (2006): 117–127. On the definition of "sophisticated neoliberalism," see Hashimoto, *Teikoku no Jouken*, 144.

toward disequilibrium of the market, intervention for promoting dynamic competition and growth of the market, intervention for job training in order to give market opportunities for workers, intervention to control monetary supply in order to stabilize the market order, intervention through constructing an artificial market in order to utilize the mechanism of market competition in non-market areas and so on. In short, a certain type of Hayekian would agree to those interventions that promote and utilize the act of market coordination (the act of spontaneous ordering of the market). Thus, the compatibility of Hayekian and Keynesian policies depends on the nature of intervention.

Neoliberalism in Earthquake Disaster Reconstruction

The Great East Japan Earthquake (March 11, 2011) and its subsequent destruction of Fukushima nuclear plants have brought tremendous damages to Japanese society. Roughly speaking, major social issues on which discourses on neoliberalism have concentrated shifted from the issue of social differentiation in the 2000s to the issue of reconstruction after the Great East Japan Earthquake in 2011. Although this paper does not examine the kinds of influences the destruction of Fukushima nuclear plants had on Japanese economic policies, what kind of responses to the accident the government gave, or what kind of modification for neoliberal policies the accident caused, it devotes itself exclusively to the study of the discourse of neoliberalism in the discussion of reconstruction support after the destruction of Fukushima nuclear plants, and how the ensuing political discussions about the earthquake disaster reconstruction have shown various characteristics of neoliberalism.

For instance, *Nippon Keidanren* [Japan Business Federation], *Keizai Doyukai* [Japan Association of Corporate Executives], *Nippon Shoko Kaigisho* [Japan Chamber of Commerce and Industry] and other think tanks have put together a number of shared policy proposals: namely, consolidation of agricultural land use, aggregation of agricultural businesses into large-scale operations, property rights of agricultural land for joint-stock companies, consolidation of fishing harbors, joint ownership of fishing rights, fishing rights for private companies, etc. The governmental Reconstruction Design Council has endorsed some of these proposals. In their understanding, Japan needs to adopt pioneering practices of agriculture and fishing in disaster areas for the sake of the area's creative reconstruction. However, such reconstruction based on consolidation and aggregation into large-scale operations might force people to abandon their conventional jobs in agriculture and fishing. Is it worthwhile to promote such a reconstruction plan?

Hidenobu Yokoyama points out that rash reconstruction without any thorough investigation would subject earthquake victims, i.e., farmers and those involved in the fishing industry, who are already suffering, to yet another ordeal. They would now become the victims of reconstruction. Although he does not necessarily deny the benefits of cooperative farming, Yokohama points out that cooperative

farming has already been realized in areas where such cooperation can bring about efficient production.[6] According to him, farmers and those involved in the fishing industry are the ones in a position to make a proper judgment as to whether cooperation is necessary. The idea of imposing "structural reform" in agriculture and fishing as a whole in Japan may be called "neoliberal totalitarianism,"[7] since it disregards the right of the agrarian and fishing people in disaster areas to make a determination for their own lives.

Nousan Gyoson Bunka Kyokai [Committee of Rural Culture Association] expressed similar criticism. It points out that a project initiated by Yoshihiro Murai, the Miyagi prefectural governor, on forming a special economic zone for fishing is one of the typical deregulation movements under process in post-earthquake disaster reconstruction. According to the draft of the basic plan of disaster reconstruction in Miyagi prefecture, "reconstruction" is not just to stimulate recovery in the disaster area but to undertake a drastic restructuring in agriculture, forestry, fishery, commerce, and production, including, for example, to reconstruct accumulation base to preserve fish stocks, to consolidate fishing harbors, or to make a resilient management body. Murai also proposed to incorporate the fishing industry into large scale joint-stock corporations. His proposal would consolidate and cut down the approximately 140 harbors in his prefecture to one-third or one-fifth of that number. He also proposed to deregulate fishing rights, and instead of giving regional fishing industries priorities in fishing rights, grant other fishermen or private corporations such rights.[8] Reducing the number of fishing harbors would inevitably lead to local fishermen losing or abandoning their jobs. The Committee of Rural Culture Association points out that alternative plans need to be explored in order to avoid situations in which people abandon their fishing or agricultural jobs in the reconstruction process.[9]

Reconstruction with consolidation and replacing small local operations in primary industries with large scale corporations has been perceived as a neoliberal policy. In other words, neoliberalism is seen as a strategic arrangement using "special economic zones" to revitalize market competition. It should be noted that here the definition of neoliberalism is expanded and includes strategic activation of market interaction by the government, while a conventional definition of neoliberalism does not include such positive revitalization of the market.

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6 Hidenobu Yokoyama "Hitori Hitori no Seizonken Shutaisei wo Tokanshi-shita Fukkoron wa Shinjiyushugi-kekientaishugi Dearu: Nourinsuisangyo no Souzo-teki Fukko ron-hihan [Reconstruction without each Person's Right to Life and Self-determination is "Neoliberal totalitarianism": Criticism on ''Creative Reconstruction in Industries of Agriculture and Fishing"]," in *Fukko no Taigi* [*Justice in Reconstruction: Criticism on neoliberal reconstruction which neglects human dignity of sufferers*] (Tokyo: Noubunkyo, 2011), 52.

7 Ibid., 53.

8 Noubunkyo Ronsetsu Iinkai [Editorial Committee of the Rural Culture Association], "Shinjiyushugi Teki Fukkouron wo Hihansuru [Criticism on Neoliberal Reconstruction]," *Gendai Nogyo*, Sept (2011): 44. See also a related article in *Nihon-Keizai Shinbun*, May 11, 2011

9 Ibid., 45.

Neoliberalism Includes Elements of Keynesianism

Neoliberalism sometimes brings emotional rejection of it. Typical criticisms of neoliberalism include the following:

> Neoliberalism has destroyed social rights for people in the world, making people responsible for their own poverty, weakening regulatory control of corporate activities and property rights, and guiding companies toward naked profit-seeking. Neoliberalism is an ideology that sees such a society as the best to help the strong and fight the weak. It tries to obtain social consent for such practice.[10]

According to this understanding of neoliberalism, developmental dictatorship that excludes any benefits for the weaker groups of a society would be regarded as a model of neoliberalism. However, when we take Milton Friedman's negative income tax or Hayek's reference to distributions for disabled people into account, we understand that neoliberalism is also one of the ideologies that pays attention to the weak people as well. The art of neoliberal governance would be to make the strong fight each other and to provide for the weak. Neoliberalism cannot be equated with a market fundamentalism or a naked struggle for survival.

On the other hand, many critics now seem to understand the difference between neoliberalism and market fundamentalism. For instance, Tomoyori Hidetaka points out that there are three characteristics of the neoliberal process of capital accumulation: (1) harsh accumulation based on a new form of exploitation through ICT (Information and Communication Technology) innovation, (2) speculative accumulation through money capital which becomes extraordinarily expanded, and (3) arbitrage accumulation by multi-national corporations in the global market economy.[11] This characterization of neoliberalism necessarily includes elements of Keynesianism since ICT innovation has been strongly guided by the government.

Other examples can be seen in recent criticism of Toru Hashimoto, mayor of Osaka city, who used to be the governor of Osaka prefecture. Hashimoto's political creed has been seen as neoliberal but *Osaka ishin no kai* [the Osaka Restoration Association (ORA)], an organization which Hashimoto represents, shows that Hashimoto's idea of social reform is a mixture of neoliberal deregulation and Keynesian public works: ORA advocates (1) infrastructure improvement, (2) creation and promotion of local specialties or famous sights, and (3) deregulation. Nonetheless, critics regard his policies as neolib-

10 Hiroyouki Kunishima, "Shakai to Kigyo no Keieigaju: Shinjiyushugi-teki Global-ka tono Kanren de [Business Administration of Society and Corporation: In Relation to Neoliberal Globalization]," in *"Shakai to Kigyo" no Keieigaku: Shinjiyushugi-teki Keiei kara Shakai-teki Keiei he* [*Business Administration of Society and Corporation: from Neoliberal Management to Socially Symbiotic Management*], eds. Hiroyouki Kunishima, Naotoshi Shigemoto, Toshio Yamazaki (Kyoto: Minerva-shobo, 2009), 3.

11 Hidetaka Tomoyori, "Sekai Shihonshugi no Genkyokumen wo Doumiruka [How to See the Contemporary Stage of World Capitalism]," *Keizai*, February (2013).

eral since they do not seem to take the problem of poverty seriously. His policies focus on enhancing test scores in school, and views spending public money on assisting activities in the fields of culture and art as wasteful.[12] It appears that recent understanding of neoliberalism includes some elements of Keynesian public works.

However, there is another understanding of the neoliberal ideology in the field of financial deregulation. Yoichi Torihata explains that neoliberal monetary theory is a trend in economic theories and advocates deregulation in finance since it sees the free market as being able to attain the most efficient and proper allocation of financial resources. In more concrete terms, it promotes (1) practical use of interest rates through deregulation of the interest on money, (2) practical use of "economies of scale" through deregulation of financial institutions or deregulation of monetary services, and (3) practical use of the international capital market through the deregulation of the foreign exchange market. When neoliberalism promotes these three policies, as Torihata points out, it reveals that the following three situations would occur: (i) capital market-centered financial system is more appropriate than bank-centered ones in providing private financing, (ii) public sector in finance that impedes private financing needs to be limited to a complementary role, and (iii) financial administration should limit its role to *ex post* control such as issuing rules on capital requirements in order to promote market competition in financing.[13]

Torihata points out that there are several problems with these policies: they assist large amounts of capital flow into the United States; they direct private financial assets to short-term profit maximization and deprive the vitality of businesses in the long term. He characterizes neoliberalism as an ideology that impedes sound and healthy production over the long-term. This understanding of neoliberalism seems not to include any Keynesian elements but such understanding would not be true. Keynesian intervention can also cause instability in a market economy. For example, the economic downturn precipitated by the Lehman Brothers bankruptcy in 2008 was brought forth by the U.S. government's promotion of the public policy of asset making in the housing market. The causal relationship between public policy and the 2008 economic crash is now understood by the Keynesians in Japan.

There is another similar criticism of neoliberalism from a (post-) Keynesian perspective. Sano Makoto points out that there is a business cycle which is inherent to contemporary capitalism. He calls it the "neoliberal cycle" and identifies three characteristics.[14]

(a) Policy and institutional transformation toward more economic freedom, i.e., deregulation and flexible arrangement in labor management.

(b) Subsequent instability in the real economy and monetary policies which causes ups and

12 Tomio Izao, "Shinjiyushugi Saikado no tameno Kusanome Dokusaiseiji [Grassroots Dictatorship for Restarting Neoliberalism]," *Kagakuteki Shakaishugi* [*Scientific Socialism*] 174, October (2012): 12.

13 Yoichi Torihata, *Ryakudatsu-teki Kinyu no Bouso* [*Reckless Driving in Plundering Finance*] (Tokyo: Gakushu no Tomosha, 2009), 129.

14 Makoto Sano, *99 parsento notameno Keizaigaku* [*Economics for 99 per cent: Theory*] (Tokyo: Shinhyoron, 2013), 18–19.

downs in business cycles and increases income inequality.

(c) Subsequent emergency measures for coping with negative outcomes in monetary and trade sectors, which keep business cycles successive.

Makoto Sano also pointed out that there has been four neoliberal cycles in the Japanese economy since the mid-1980s: (1) balance-sheet depression after the bursting of the asset bubble (1986–1991), (2) financing for excessive investments in the bubble economy, (3) general credit contraction and bankruptcy of small and medium-sized enterprises (1997–1998), (4) credit contraction or financial crisis as a result of the bursting of the housing market bubble in the United States (2008–2009).

To escape from the neoliberal cycle, Sano proposes placing restrictions on international trade, putting in place policies for the growth of domestic demand, establishing a self-sufficient economy in the food supply, energy, and medical care. In particular, he emphasizes the importance of club corporative society and the creation of a symbiotic economy. According to him, a self-sufficient or symbiotic economy does not impede the market economy as long as it runs within the market. Cooperation can exist along with competition and does not exclude competition.[15] Thus, Sano's proposal of a self-sufficient economy is compatible with the neoliberal market economy. In other words, Sano's last proposal represents a kind of reform within the neoliberal framework.

Neoliberalism in Politics

Let us now turn to neoliberal discourses in politics. In the beginning of the first decade of the twenty-first century, it was sometimes argued that since neoliberalism brings about social instability, it would require neoconservatism as a counterbalance for achieving national integration. However, the change of the Japanese government from the Liberal Democratic Party to the Democratic Party of Japan has revealed that neoliberalism can work without a neoconservative ideology.

According to Masaru Sato,[16] the Koizumi administration (2001-2006) combined both neoliberalism and neoconservatism. An example of neoconservatism can be identified with the prime minister's worshipping at the Yasukuni Shrine. This gesture is used as a symbol of conservative nationalism to stoke a sense of national solidarity and play down serious social issues, especially as people become more and more dissatisfied with increasing income disparity and social segmentation; although these topics remain serious issues in a *de facto* sense, their salience was able to be downplayed by distracting the populace with a neoconservatism focus on nationalist identity issues. Subsequently, the first Abe administration

15 Ibid., 161. Although Sano criticizes neoliberalism from a Keynesian point of view, one of the most important alternatives he proposed is a club cooperative activity within the realm of the market economy and it is compatible with neoliberalism since it does not require any governmental intervention. Here we observe that contemporary Keynesians differ from the conventional type and are compatible with neoliberalism in some aspects.

16 Masaru Sato, *Terorizumu no Wana, Sakan* [*Trap of Terrorism Left-volume: The Place of Neoliberalism*] (Tokyo: Kadokawa Gakugei Shuppan, 2009).

(September 2006 – August 2007), using neoconservative strategies, also tried to emphasis the significance of national integration. Abe sought to make an amendment to Article 9 of the Japanese Constitution (renouncing acts of war) in order to break out of the "post-war regime" pursuant to the U.S.-Japan Security Treaty. This undertaking caused rifts in the relationship between the United States and Japan, contributing to the life of the first Abe administration remaining relatively short. Sato concludes that the state has been weakened during the period of these two administrations:

> It is a stereotype to view the issue of Japanese abduction by North Korea as a right-wing matter and the issue relating to the Okinawa Islands as a left-wing matter. However, the general public has lost interest in both issues, an unavoidable consequence of neoliberalism which the government has promoted. Neoliberalism and its related world perspective of atomism have penetrated the public mind, and national integration in Japan now has collapsed. In terms of nationalism, the Japanese nation-state has been weakened by neoliberal reforms by both the Koizumi and Abe administrations.[17]

In Sato's understanding, national integration through neoconservatism was a necessary measure to cope with the segmentation among the public caused by neoliberalism, but this measure failed. The subsequent Fukuda administration (September 2007–August 2008) resigned shortly after coming into power, without exhibiting any strong will to integrate the nation-state. Sato also points out that the Fukuda cabinet lacked a philosophy and therefore risked evoking fascism because fascism grows out of political situations with an empty philosophy.[18]

In 2009, with the Liberal Democratic Party (which controlled the government from 1955 with one exception) stepping out of power and the Democratic Party of Japan taking over, people expected the new government to take political action to terminate neoliberalism. In his essay, "The End of Neoliberalism and the Choice of Administration," Jiro Yamaguchi, the intellectual force behind the Democratic Party, wrote as follows:

> The ideal that the Democratic Party holds for our society is one in which human dignity can be secured. In more concrete terms, as its main agenda, this society should provide social security even for part-time workers, allow equal opportunities to children regardless of their parents' economic background, and secure general public services in medicine and education in every local place. In addition, the basic idea for the Democratic Party must be to regain social solidarity which was destroyed by those policies that focus exclusively on economic efficiency.[19]

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17 Ibid., 165.

18 Ibid., 170–172.

19 Jiro Yamaguchi, "Neoliberalism no Shuen to Seiken Sentaku [The End of Neoliberalism and the Choice of Regime]," *Sekai*, November (2008): 118.

In practice, the Democratic Party adopted these political ideals. However, it remains a question as to whether this party actually terminated neoliberalism. *Tokyo Jichi Mondai Kenkyusho* [The Research Institute of Tokyo on Local Governments] pointed out that the Democratic Party first held up the idea of a welfare state under the slogan "*Kokumin no Seikatsu ga Daiichi* [People's Life First]," but its subsequent policies ran in the opposite direction.

According to this institute, there were three major powers which assisted the Democratic Party in Japan. The first is the radicals in the business world, such as the Japan Committee for Economic Development, who expected the succession and promotion of neoliberal structural reforms in the Liberal Democratic Party. The politicians who are known as "structural reformists" responded to this power: Katsuya Okada, the Secretary-General of the Democratic Party; Seiji Maeda, the Foreign Minister; Yoshihiko Noda, the Minister of Finance; Yoshito Sengoku, Chief Cabinet Secretary. One of the most striking examples of their project was "budget screening" (*Jigyo Shiwake*, or review and prioritization of government programs).

The second group of supporters includes people from various social strata who sympathize with the political idea of "People's Life First." This group exhibits a critical attitude toward the increase in consumer tax, they support the passing of the "Kodomo Teate" Law for establishing a child trust fund and making high school free of charge, revision of Temporary Staffing Services Law (regulation for part-time employment), reinstitution of additional support and social services for single-parent families, abolishing the restrictions on medical care for the later-stage elderly, getting rid of the limitations in the Act for Supporting the Independence of Persons with Disabilities, establishment of a pension system that secures minimum income, housing guarantee for the agricultural sector and so forth.[20] This group wanted to terminate neoliberalism.

The third group of supporters is the Democratic Party politician, Ichiro Ozawa, and his political group, supported by various industry groups, which used to be a conventional electorate base of the Liberal Democratic Party. Subsequently, the Democratic Party, in turn, promised various subsidies and public services, such as maintenance of highways, for such interest groups.

These three powers in the Democratic Party competed with each other, but eventually, after the confrontation between the two leading figures, Naoto Kan and Ichiro Ozawa, it was Kan who became its leader and ran the government (2010–2011). The Democratic Party pushed neoliberalism forward and Ozawa could not respond to his political supporters who expected Keynesian public services. It would be right to say that the neoliberal power in the Democratic Party did not reconcile with neoconservatism but combined it with the liberal ideals of the second group identified above. Despite the fact that the second group represents anti-neoliberalism, the combination of the two groups in Naoto Kan's administration was regarded as neoliberal politics.

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[20] Tokyo Jichi Mondai Kenkyusho [Research Institute of Tokyo Local Government], *Gyakuso suru Minshuto Seiken: Shinjiyushugi Kozokaikaku no Shindankai* [*Reverse Running in the Democratic Party in Japan: New Stage of Neoliberalism*] (Research Institute of Tokyo Local Government, 2011), 6.

However, the concept of neoliberalism was called into question. The point is that the second power base with its anti-neoliberal ideas caused the Democratic Party to be more or less impeded due to "decentralization of power," another one of the characteristics of neoliberal ideology. Neoliberalism is a way of governance that transfers sovereign power from the nation to the local region and changes the supplier of public services from the government to private sectors. Critics point out that the level/quality of public services should remain above a set national minimum, but, in reality, the central government did not fulfill its responsibility. The government was aware that a national minimum of public services in welfare, elderly care, nursery care and education cannot be secured, but nevertheless justified the decentralization. For example, the government explicitly admitted that the number of nursery schools in a region and its size for the number of infants do not necessarily satisfy the national minimum level. The government also admitted that the allowance for teachers in remote places, facilities for the mentally handicapped, intensive home care for the elderly, nursing homes, and public housing failed to meet the national minimum level. The Democratic Party also examined policies of decentralization such as transferring "Hello-work" (a free service for job introduction) from the central government to local governments, setting shared administrative agencies (such as the Board of Education or counseling support for inhabitants) among local governments.

Thus, we understand that there are two characteristics of neoliberalism in the Democratic Party. One is the decentralization of the government,[21] and the other is the limitation or reduction in Keynesian public services due to the intra-party political defeat of Ichiro Ozawa. After the end of its political power, the second Shinzo Abe administration (December 2012 –) of the Liberal Democratic Party started to increase the amount of public services, despite the ideas of neoliberalism. It is ironic to see that the Democratic Party became more or less led by the idea of neoliberalism in practice.

Background of Neoliberal Consciousness

However, why did the Democratic Party inherit the ideas of neoliberalism from the former government run by the Liberal Democratic Party? This was not just a consequence of the political struggles within the party but was also supported by ideological consciousness of the people at that time.

Yuriko Saito reported the following interesting data by analyzing the SSM (The National Survey of Social Stratification and Social Mobility in Japan) in 2005. She analyzed the answers to two questions. The first question asked people to give a yes-no response to whether they thought it is more important to remove social inequalities rather than protecting freedom of competition. If the answer was yes, it can be interpreted that the person supports "equality" and therefore exhibits anti-neoliberalism.

21 Policies of decentralization were proposed not only by the Democratic Party but also by the Liberal Democratic Party, Komeito (Clean Government Party), and Minna-no-to (Your Party). Criticism was mainly directed at the problem of undersupply of national minimum services under decentralization. What the government has to do when the supply for welfare or nursing services cannot keep up with the demand is controversial.

If the answer was no, it can be interpreted that the person supports "freedom" and therefore exhibits neoliberalism. As one can expect, the data shows that higher income groups were more likely than lower income groups to support neoliberalism.[22]

The second question focused on people's attitude toward "deregulation," and their answers were unexpected. The second questionnaire asked whether people support deregulation or not. The data shows that lower income groups supported it more than higher income groups. In addition, among lower income groups, people who support "equality" have a positive attitude toward deregulation. This seems to be twisted in ideology as Saito described because such answers would mean that lower income groups support neoliberalism and anti-neoliberalism at the same time.

The groups who support both equality and deregulation tend to have the following characteristics: they are less educated, blue-collar workers, female, and work full-time in non-managerial positions. Part-time workers tend not to support equality-deregulation as much as those employed full-time. In addition, workers in oligopolistic industries tend to support equality-deregulation more than workers in less oligopolistic industries. However, there is no visible difference in the numbers of workers supporting equality-deregulation in oligopolistic industries and in competitive industries. Lastly, workers in those companies that are declining rather than growing in their industries tend to support equality-deregulation instead of market freedom and deregulation. Rapid decline of their company's market share might make people support equality and deregulation at the same time.

This analysis of the survey shows that support of "equality" (the attitude against income differences) does not necessarily require government policies that restrain market competition. Instead of demanding Keynesian or Marxian policies, this attitude seems to call for the reinforcement of redistribution and neoliberal market competition at the same time. Such an attitude may support the idea of basic income redistribution along with free market competition. This ideological consciousness has spread to a certain degree in Japanese society in recent years. Why did people support this equality-deregulation ideology?

One reason is the weakening of community consciousness in corporations as corporations in Japan are obliged to decrease the quality of their welfare programs for their workers due to the recent economic stagnation. When corporations cannot be the provider of welfare services for workers, workers turn to the government. The attitude of equality-deregulation, which is seen as "twisted," can be a result of such needs. It would be proper to say that, with the deterioration of the corporate welfare systems, people have become more supportive of the ideas of wealth redistribution and welfare state, while at the same time supporting market competition and deregulation.

In another report from SSM (The National Survey of Social Stratification and Social Mobility)

22 Yuriko Saito, "Shinjiyushugi no Jyuyo wa Naniniyori Unagasaretaka [What Promoted the Acceptance of Neoliberalism?]" *Gendai no Kaiso Shakai 3: Ryudoka no nakano Shakaiishiki* [*Contemporary Stratificated Society III: Social Consciousness in Liquidation*], eds. Yuriko Saito and Kazuto Misumi (Tokyo: Tokyo University Press, 2011), 192.

in 2005, Norihiro Nihei made it clear that the neoliberal consciousness is not necessarily connected with the support of a "small government." In his analysis, neoliberal consciousness is measured by answers to the following questions: "Is reducing inequality more important than protecting freedom of competition? (answer = no)," "Can economic inequality be justified when chances are equally open to everybody? (answer = yes)," "Should the government enhance welfare for disadvantaged people with an increase in taxation? (answer = no)," "Is it better for us to have as little economic regulations by the government as possible? (answer = yes)," "Should the government take care of the destitute regardless of the causes of such destituteness? (answer = no)," "Should public services be provided by private companies as much as possible? (answer = yes)," "Is protecting individual liberty much more important than making our society better through cooperation among people? (answer = yes)."

In light of answers to these questions, Nihei pointed out that within the neoliberal consciousness it is possible to combine deregulation and welfare. There are two types of neoliberal consciousness: one is for welfare while the other is against it. According to Nihei's analysis, the anti-welfare type of neoliberalism has a negative correlation with the frequency of participation in civic movements and neighborhood councils (or associations). On the other hand, the neoliberalism that supports welfare has a negative correlation with participation in neighborhood councils (or associations). However, the participation in volunteer activities does not have any significant correlation with either types of neoliberalism. This means that volunteers may not necessarily reject neoliberalism.

It also became clear from the SSM in 2005 that participation in groups such as labor unions, civic movements, non-profit organizations, and volunteer groups, does not have a negative correlation with the anti-welfare type of neoliberalism when we disregard the frequency of participation in those groups. It is interesting to see that even participation in labor unions does not have a correlation with the support for a welfare state.[23] It might seem paradoxical but people who participate in civic movements or labor unions do not reject the anti-welfare type of neoliberal consciousness. Neoliberal ideology is accepted by those who are active participants in intermediate groups.

It would be worthwhile here to remember that neoliberalism is compatible with the rise of intermediate groups. Neoliberal consciousness is an ideology that is compatible both with welfare and social participation. In other words, neoliberalism can become civic and democratic when combined with welfare and social participation. When we face this sophisticated neoliberalism,[24] criticism against this ideology can take the following two angles: one is to question its political and cultural sophistication, and the other is to criticize the reality that it fails to address.

Aiko Kashimura's excellent work, *Neoliberalism no Seishin Bunseki* [Psychoanalysis of Neoliberalism], is an enlightening book. Exploring the direction of cultural sophistication of neoliberalism,

23 Norihiro Nihei, "Kaisoka/Hoshuka no nakono Sankagata Shiminshakai [Participation-type Civil Society in Stratification/Conservatization]," in *Gendai o Kaiso Shakai 3,* eds. Saito and Misumi, 317; See also Jamie Peck and Adam Tickell, "Neoliberalizing Space," *Antipode* 34:3 (2002): 452–472.

24 On the definition of "sophisticated neoliberalism," see Hashimoto, *Teikoku no Jouken*, 144.

Kashimura equates neoliberalism to market fundamentalism, which is reflexive only with a marketing mentality (i.e., attainment of the self through reflexivity). She sees this reflexivity as a "McDonaldization" based on formal reasoning without any substantial rationality. Why do people fall into this mentality? Are they poor in their ability to conceive their own creativity? According to Kashimura, "human creativity is based on the indigenous desire of aspiration for others and the world which deviates from market rationalism. Human creativity is based on the culture on which we focus our unconsciousness…"[25]

While demanding cultural sophistication, Kashimura supports neoliberalism as an ideal social institution.

> Ideally, it would be a good environment where people choose their own educational system based on their own initiatives and intellectual and cultural concerns. Neoliberal thinking is based on this ideal. However, in reality, people tend to not face others and therefore our society falls short of temptations to others. Expectations for the rise of social status or the advantage for job searching through education have now become lost.… Therefore the opportunity to encounter "others" especially for children is becoming substantially lost.[26]

Thus, neoliberalism is seen as proper in its institutional ideal but when applied in a society, it cannot attain the goals of a "good society" or a "good citizen." This means that we need to make ourselves sophisticated while we accept the institution of neoliberalism. Neoliberalism is criticized because it brings a poor cultural identity.

On the other hand, some critics also pointed out that the reality cannot be overcome by any activities of cultural sophistication. Such criticism sees neoliberalism as a mirror of real social problems. For example, Takashi Amagasa points out that the first year of restructuring of result-based human resource management, and part-time employment was in 1995 and neoliberalism was its superordinate concept. His definition of neoliberalism is based on David Harvey's. Neoliberalism as a dominant social consciousness was seen as the cause of such social diseases as the increase in the crime rate or corruption of the family structure.[27] However, do we really imagine that these problems would vanish under a non-neoliberalism society (a society of egalitarianism and economic conservatism)? Critics are desperate to attribute the causes of these social problems to neoliberalism so as to justify a revolution against it. We need to scrutinize whether this fundamental criticism of neoliberalism is true in light of an alternative society and its problems.

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25 Aiko Kashimura, *Neoliberalism no Seishin Bunseki* [*Psychoanalysis of Neoliberalism*] (Tokyo: Kobunsha, 2007), 12–13.

26 Ibid., 182.

27 Takashi Amagasa, "Mentaru Herusu no Mukogawa: Shinjiyushigi koso Tachimukau beki Aite dewanaika [Beyond Mental Health for Workers: The Enemy Must be Neoliberalism]," *Kokoro no Kagaku* 136, November (2007), 6.

Psychological Strategy to Make People Neoliberal

In any event, in the 2000s, the public became ambivalent about neoliberalism. They supported this ideology, while at the same time they felt sympathy toward criticisms of neoliberalism. A question arises as to why people supported this ideology in the first place. From a sociological perspective, people may have accepted neoliberalism in a non-rational way, surrendering themselves to its ideas by means of a tempting political discourse. Neoliberal politics may have employed some psychological strategies, which should become the subject of sociological analysis.

In reality, people may not accept neoliberalism with sufficient rational reasoning. Nozomu Shibuya points out that in a neoliberal society the "entrepreneurial self" is one of its ideals. The entrepreneurial self embodies the courage to start a business venture and to invest money and human capital in the venture. In a neoliberal society, not only do business persons but also regular citizens tend to exhibit the entrepreneurialself. It becomes an ideal self not only in the business field but also in civic activities. For example, communities can be managed by such enterprising people. To the entrepreneurial self, hard work is considered as an act of self-realization, while salary becomes of secondary importance.

Why does neoliberalism consider the entrepreneurial self as an ideal? Shibuya explains as follows:

> Due to the privatization of public services, "Poverty Industry (in this case, private mail services) appears to be the only hope for those citizens who live in distant provinces. The same is true with other poverty industries. Rental without deposit and key money is the only hope for the poor when there is no public housing services. Temporary employment dispatching companies are the only hope for part-time workers when employment opportunities become scarce under deregulation. For those people, the idea of autonomy in the sense of independence from public services is the only hope.… Finding hope in the neoliberal social order becomes possible only when the existing conditions of salvation through solidarity and public assistance have been broken…[28]

Since the catastrophic failure of public institutions is regarded as the cause for the rise of neoliberalism, we must ask ourselves whether people would reject neoliberalism when the idea of the entrepreneurial self is not an ideal. Shibuya points out that people find hope for the entrepreneurial self and its realization when society adopts neoliberal privatization. If true, then we need to ask why people accepted neoliberal reform at the start.

Regarding this issue, Yuki Senda points out that there are five reasons for the acceptance of neoliberalism:[29] (1) The government highly publicized the idea of "without reform there will be no growth,"

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[28] Nozomu Shibuya, "Antorepurena to Hisaisha: Neoliberalism no Kenryoku to Shinrigakuteki Shutai [Entrepreneur and Sufferer: Power of Neoliberalism and Psychological Subject], *Japanese Sociological Review* 61:4 (2011), 466.
[29] Yuki Senda, "Shinjiyushugi no Bunpo [Grammar of Neoliberalism]," *Shiso* 1033, May (2010), 184–188.

and presented people with dubious alternatives of "growth" or "equality." The government propagandized that a small government would be better, as a large government would mean an increase in taxation. Such propaganda worked to bring people around to neoliberalism. (2) People are persuaded to accept neoliberalism under the logic of the "trickle down effect" – the belief that wealth would gradually trickle down from the rich to the poor when the economy booms. (3) People believe that in a stratified society, the rich will give charitably (e.g., private redistribution) based on the spirit of *noblesse oblige* and promote social equality. (4) People accepted neoliberal deregulation policies in order to mobilize people between different classes since under deregulation, people should be rewarded for their labours, while vested interest groups would not benefit. (5) Private workers whose employment conditions become unstable may feel hatred toward the stable working status of public servants and may agree to its privatization.

How do we evaluate these five reasons for accepting neoliberalism? By and large, these reasons are either invalid or unpersuasive under the philosophical justifications for neoliberalism. The first reason would be invalid because neoliberalism can accept any increase in consumption tax. This ideology defends market competition under the rule of flat taxation, where any level of consumption tax can be the rule. Therefore, even if we do not accept the slogan "without reform there will be no growth" we might still be able to support the idea of neoliberalism. As for the second reason, I am sure that it was a delusion in the early 2000s, the trickle-down theory failed to work. Neoliberalism created a society with one per cent wealthy, while the share of the wealth did not spread to the rest of the people. As for the third, it is true that people expected *noblesse oblige* from the rich when they accepted neoliberalism. However, neoliberalism *per se* does not promote or impose private duty on the rich. As for the fourth reason, it is uncertain whether the idea that people would be rewarded if they make an effort is an ideal of neoliberalism at all. As for the last reason, consider the case where people may not feel any envy toward the status of public servants, and yet still support the privatization of postal services. Envy is not a crucial element to support and justify neoliberalism.

In examining the five reasons for supporting neoliberalism, the second reason lacks proof. The other four reasons address ideas that are not specific to neoliberalism. This means alternative reasons can persuade people to believe in neoliberalism as well. This possibility is illustrated by the fact that policy alternatives raised by anti-neoliberals many times remained within the realm of the neoliberal ideology. In the next section, we will examine the anti-neoliberal views on the wage system.

Anti-neoliberals on the Wage System

Anti-neoliberal leftists in Japan have argued about whether we need to recover conventional solidarity of the labor movement and keep the existing wage system. For example, Ichiro Hirachi criticized the conventional thinking in the labor movement in the journal *Shakaisyugi* [*Socialism*], published by the Socialist Association, which represented the conventional left ideology: "One of the alternatives to neoliberalism is to return to the previous system. To put it correctly, it is the idea of building a bridge to

socialism through claims of both seniority wage system and lifetime employment." However, according to Hirachi: "It would not be a solution to claim the seniority wage system as an axis of opposition to neo-liberalism since the wage system in Japan's internal labor market is not connected to the condition of the external labor market... As long as labor unions based on their internal labor markets try to preserve the seniority wage system, it would be impossible to be united with workers in the external labor market."[30]

In order for the labor movement to represent workers in a wider field, Hirachi proposes to build a new foundation of solidarity that goes beyond the limits of both the internal and external labor markets. He disagrees with the idea that the conventional relations between capital and labor are ideal (as stated in the Akabori and Takuta's book: See footnote 30).

In contrast, Akabori and Takuta criticized the fact that many anti-neoliberal leftists accepted its enemy's ideology. For example, Akabori points out that Makoto Kumazawa, a leading figure of anti-neoliberalism, and Naohiro Yashiro, a leading figure of neoliberalism share the same opinion in the end. Yashiro showed his sympathy to Kumazawa's proposal to eliminate the disparity (in income, pension benefits, etc.) between public and private employees in his book review of Kumazawa's *Kakusa Shakai Nippon de Hataraku toiukoto* [To Work in a Disparate Society, Japan] (Tokyo: Iwanami, 2007). Kumazawa points out the following problems in the public sector: (1) management and workers in public sectors have developed a cozy relationship since workers do not have the right to strike. (2) Labor unions of public servants assumed that their interests are in accord with the national interest even when they just pursue benefits for full-time public servants. (3) The salary of public jobs has become unreasonably high in comparison with the same jobs in private sectors. Akabori's analysis shows that both Kumazawa and Yashiro share the belief that these problems need to be solved.[31]

Akabori also points out that Michio Goto, another leading figure of anti-neoliberalism, has also come to accept neoliberalism. In his article,[32] Goto examines the issue of wage gaps in private businesses according to firm sizes. Goto writes that it is not a realistic claim for labor movements to insist on bringing the workers' wages close to the standard level of permanent general male workers in firms with more than 1,000 employees. However, Akabori says that this opinion is in accord with neoliberal thinking.

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30 Ichiro Hirachi, "Nippon Keidanren no Koyo Senryaku: Shinjiyushugi no Rodoshijo Kaikaku [Employment Strategy of Japan Business Federation: Neoliberal Reform of Labor Market]," *Shakaishugi*, April (2012): 12–13. The publisher of this journal, the Socialist Association, is a group conducting research on Marxian theories in succession to "Ro-no school," a non-communist party group of Marxism in the pre-war period. A political group called the "laborers' and farmers' faction" of the Socialist Party of Japan (1945–1996), used to be the dominant group in this party and powerfully affected its agenda.

31 Masanari Akabori, "Nihonteki Keiei wa Kaitai Shitanoka [Did Japanese-style Business Management Collapse?]," in *Shinjiyu-shugi Hihan no Saikouchiku* [*Reconstruction of Criticism on Neoliberalism*], eds. Masanari Akabori and Takuta Iwasa (Tokyo: Horitsubunkasha, 2010), 94. Yashiro proposes "market testing" for the sake of reform of public servant system and in response to this, Akabori points out that to keep Kumazawa's criticism while defeating Yashito's proposal is as difficult as a camel passing through an eye of a needle.

32 "Rodo Shijo no Tenkan to Rodo Undo no Kadai (Jo, Ge) [The Transformation of the Labor Market and Issues on Labor Movement I, II]," *Gekkan Zenroren* Sept. and Oct., 2004.

Takuta Iwasa also criticizes Goto's argument. In his book,[33] Goto characterizes the society of postwar Japan as a "developmentalist" state rather than a welfare state. From this understanding, he sees neoliberalism in Japan as bringing about its destruction. For example, extensive bureaucratic restrictions, strong discretionary powers of bureaucrats, vertically segmented administrative systems in government offices, back-scratching alliances among politicians, government and business, pork barrel politics by the Liberal Democratic Party, the so-called convoy system, the herding mentality of each industry, the oppression of private financing through the Fiscal Investment and Loan Program, corporations giving special treatment to bureaucrats, local government depending on public undertaking and subsidies and so forth have been criticized through neoliberal perspectives in Japan. According to Goto, these criticisms were directed toward developmentalism in Japan and were not directed at the welfare state in Japan.

Takuya Iwasa criticized Goto's understanding by saying that "if we admit that the Japan's social security system is development-directed as Goto says, we might not be able to make any objection to the neoliberal attacks toward the social security system."[34] Iwasa raised doubt as to whether neoliberal attacks on the welfare state were indeed a disguise of their attack on developmentalism.

These arguments among anti-neoliberals show that in reality, alternatives to neoliberalism might still remain in the realm of neoliberal ideas. The real problem is that it may not be possible for us to criticize neoliberalism unless we take the position of political conservatism which supports the conventional wage system and developmentalism.

Starting Point of Neoliberalism

At last, I would like to examine the starting point of neoliberalism in Japan. There are two views: some believe that neoliberalism started in the mid-1970s, others believe it started in the mid-1990s.

Shogo Mukawa takes the latter view. According to him, early adoption of neoliberal policies was seen in the Thatcher administration in the United Kingdom (1979–1990) and in the Reagan administration in United States (1981–1989). The Thatcher administration tried to introduce deregulation not only in the economic realm but also in social realms, such as the labor market, the pension system, education, medicine, and welfare services. However, it failed to produce positive results in medicine and welfare services and it failed to privatize the pension system.[35]

When compared to the United Kingdom, deregulation in Japan was delayed for almost 20 years. Privatization of pension became a topic in a report by the Economic Strategy Council under the Obuchi cabinet (July 1998 – January 1999) but it was not realized. Deregulation in medical care in Japan became

33 Michio Goto, *Sengoshiso Hegemoni no Shuen to Shin-fukushikokka* [*The End of the Hegemony of Postwar Ideology and a New Plan for Welfare State*] (Tokyo: Junposha, 2006).

34 Takuya Iwasa, "Nihon niokeru Shinjiyushugi no Seikakukitei nitsuite [On Characteristic of Neoliberalism in Japan]," *Chingin to Shakaihosho* 1446, July (2007): 56.

35 Shogo Mukawa, *Shakaiseisaku no Shakaigaku: Neoliberalism no Kanatahe* [*Sociology of Social Policy: Beyond Neoliberalism*] (Kyoto: Minerva-shobo, 2009), 411.

a topic from the late 1990s. Deregulation of labor dispatch in the labor market in principle was introduced in the 1999 amending act for the Temporary Staffing Services Law. Privatization of housing policies was realized in 2005 with three housing laws.

According to Mukawa's understanding, a full-fledged introduction of neoliberalism in Japan started under the Basic Policies for 2001 when the government declared "structural reform without sanctuaries." In the Basic Policies for 2003, the government expressed twelve "key considerations" for structural reform: (1) deregulation of the management of medical institutions by stock companies etc., (2) deregulation of the combination of health care services with health insurance or without health insurance, (3) deregulation of the sale of medical and pharmaceutical products, (4) institutional arrangements for the integration of kindergartens and nursery schools, (5) contracting out the management of public schools, (6) deregulation of the Agricultural Land Law for stock companies, (7) deregulation of labor dispatch in medical care, (8) flexible rules for the establishment of colleges, faculties and departments, (9) deregulation of floor area ratio in high-rise housing, (10) expending the role of local governments and private businesses in job placements, (11) allowing nationwide stock companies to engage in at-home intensive care for senior citizens, (12) allowing nationwide leasing of agricultural land to stock companies.[36]

> Full-fledged neoliberal reforms in Japanese social policies came into being in the beginning of the twenty-first century... In the 1980s and 90s, Japan still maintained a welfare state even during its crisis, and deregulation and privatization were limited to the economic realm and did not reach the realm of social policies. What happened in social policies at that time was mainly aimed at curbing the growth rate of social expenditures through reductions in benefits.[37]

Thus, it is possible to see that neoliberalism in Japan started in the mid-1990s with deregulations in the realm of social policies and became full-fledged in the beginning of twenty-first century.

A similar view perceives neoliberalism in the light of imposing restraint on public undertakings. The starting point of this restraint also started in the mid-1990s. Chikanobu Michiba pointed out that Ichiro Ozawa's book,[38] was the first synthetic vision of neoliberalism,[39] although it includes huge public undertakings such as plans for constructing National Network of Expressways or the Projected Shinkansen Line Plan, both of which were inherited from the former Liberal Democratic Party. It would be right to say that full-fledged neoliberalism in Japan with reduction of public undertakings started during the Hashimoto administration (January 1996 – November 1996) and the subsequent Obuchi administration, although public expenditure was raised temporarily afterwards (since the mid-1990s, the collapse of Japanese-style business management has also become a focus).

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36 Ibid., 413.

37 Ibid., 414.

38 Ichiro Ozawa, *Nihon Kaizokeikaku* [*A Plan for Reconstructing Japan*] (Tokyo: Kodansha, 1993),

39 Chikanobu Michiba, *Teiko no Dojidaishi: Gunjika to Neolibealism nikoushite* [*A Contemporary History of Encounter: Against Militarization and Neoliberalism*] (Kyoto: Jinbun-shoin, 2008), 270.

The third and similar view perceives neoliberalism in the light of the crisis in capital accumulation (exhaustion of profit opportunities) proposed by Karl Marx and his successors. According to this theory, the starting point of neoliberalism in Japan would be in the mid-1990s as well. Osamu Watanabe, in his introduction to the Japanese translation of David Harvey's *A Brief History of Neoliberalism* (original in 2005, translation in 2007), describes it as follows: When we apply Harvey's definition of neoliberalism, the starting point was in 1993 when the bubble economy burst under the Hosokawa administration (August 1993 – April 1994) and neoliberalism became fully developed in 2001 under the Koizumi administration. According to Harvey's theory, there must first be a crisis in capital accumulation, and in response, a new class power is formed to cope with this crisis, only then will a relatively stable regime of neoliberalism start. Under this theoretical framework, Watanabe thinks that Japan did not experience any crisis in capital accumulation in the 1980s and therefore did not reach the stage of neoliberalism until the 1990s. Based on his understanding, Japan was a special case because neoliberalism first attacked developmentalism (i.e., economic integration based on bureaucratic regulation and pork barrel politics) and not the welfare state *per se*. In other words, "political reform" against initiatives taken by bureaucrats was the first and foremost subject of neoliberalism.[40]

However, there is another conflicting view of the starting point of neoliberalism in Japan. Atsushi Hyodo questions Watanabe's understanding of neoliberalism: "is it right to say that there was no class compromise between labor and capital which had to be overcome by neoliberalism in Japan?" In Hyodo's opinion, the Japanese economy has "faced a 'full-fledged crisis of accumulation' since the 1970s."[41] However, the government set forth to "aggregate demand-control policy" and the Japan Federation of Iron and Steel Workers' Union expressed its decision to follow the guidelines of the Japan Federation of Employers' Association in the spring labor offensive of 1975. This compromise strongly shaped the future method of deciding wages: managers could take the lead in deciding wages under the capital-labor cooperation policy.

> Before ascending to prime minster, Takeo Fukuda took a significant role in reaching a compromise between labor and capital. After taking power, the Fukuda cabinet (1976–1977) steadily built a policy of privatization of public corporations and reduction of public welfare. For example, the Ministry of Welfare initiated a radical reform in the public health care system with a proposal of "the rule of benefits" principle

40 "[In Japan] It was 'political reform' that corresponded to radical rationalization and closure of coal mines that the Thatcher administration in the United Kingdom dared to take on in 1984 … and the attack on the labor union of U.S. Professional Air Traffic Controllers which the Reagan administration in United States dared to take on in 1981." Osamu Watanabe, "Translator's Introduction: Neoliberalism in Japan" in David Harvey, *Neoliberalism* [*Neoliberalism*], supervised by Osamu Watanabe (Tokyo: Sakuhinsha, 2007), 297.

41 Atsushi Hyodo, "Nihon niokeru Shinjiyushugi no Kiten nikansuru Kosatsu: Chikuseki Kiki to Kaikyu Kenryoku wo meguru Giron wo tegakarini [Study on the Starting Point of Neoliberalism in Japan: Argument on Accumulation Crisis and Class Power as a Clue]," in *Shinjiyushugi to Rodo* [*Neoliberalism and Labor*], eds. Hosei University Ohara Institute for Social Research and Rei Suzuki, (Tokyo: Ochanomizu-shobo, 2010), 13.

> in 1977. In 1978, "privatization" plans for public services such as the national railroad first appeared in government documents in the form of a memorandum to the congress discussing basic issues on public corporations. The Fukuda administration lasted only two years … but the subsequent Masayoshi Ohira administration (1978–1980) certainly succeeded and followed the basic direction of the Fukuda policies. In 1979, the Ohira cabinet delivered a vision called the "Japanese model of the welfare state" in its "New Seven-year Plan for Economic Society" approved by the cabinet council. This vision was a final renunciation of the welfare state policies declared in the "first year of the welfare era" in 1973.[42]

Thus, in Hyodo's opinion, although a new class struggle was avoided by the capital-labor cooperation under the condition of the crisis of capital accumulation, both the government and the capital class did in fact suppress a labor movement in 1975. In addition, the radical reforms in the public health care system initiated in 1977 can be regarded as a starting point of neoliberalism. According to Hyodo, David Harvey's view of the Japanese case of neoliberalism is mistaken.[43] While Harvey believes Japan achieved economic success without any process of neoliberal reforms, Hyodo sees that the starting point of neoliberalism in Japan can be traced to the 1970s, at about the same time as in the United Kingdom.

We have examined the issue of the starting point of neoliberalism in Japan. The answer would depend on what we consider to be the most important characteristic of neoliberalism. From a perspective of defending the conventional welfare state, the most important characteristic of neoliberalism would be deregulation of social policies, since social policies are essential to economic liberalism. From a perspective of radical criticism of capitalism, such an inclusive policy idea would also be regarded as compensation for a neoliberal society.

Concluding Remarks

In this paper, I examined recent discourses on neoliberalism, in particular, in connection with earthquake disaster reconstruction, Keynesianism, politics, national surveys, psychoanalysis, alternative wage systems, and the starting point of neoliberalism. The definition of neoliberalism in these discourses turned out to be broad, and includes developmentalism and Keynesianism, which may not have been included in the original meaning of neoliberalism. Recent versions of neoliberalism have absorbed criticisms by further broadening its definition so that we need to reconsider our standpoint at which we support or reject this ideology.

The reason for the broadening of the definition of neoliberalism would be explained as follows: Although there are many features of non-neoliberal elements in contemporary Japanese society, critics tend to understand neoliberalism as the ideology of the dominant regime of Japan. In its background, there seems to be an empty situation of alternative ideologies for expressing the political and economic

[42] Ibid., 16–17.
[43] Ibid., 18.

regime of Japan in place of neoliberalism under globalization. This situation of empty alternatives would also raise a question whether our ideological resources from peripheral perspectives might become poor.