



Japan Should Impose Taxes on Financial Trading, Minezaki Says

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By Toru Fujioka

Feb. 17 (Bloomberg) -- Japanese Vice Finance Minister **Naoki Minezaki** said the nation should impose a tax on financial transactions to curb market volatility that could threaten economic growth.

"We're seeing speculative funds flowing carelessly around the world -- one day in stocks and real estate other times in oil and grains -- and this is destroying the lives of ordinary people," Minezaki wrote in an e-mail to supporters and reporters on Feb. 15. "We have to implement the Tobin Tax as part of international solidarity," he said, adding that the levy could also boost revenue.

U.K. Prime Minister Gordon Brown last week said the world's leading economies were close to agreeing a global bank tax and he wants to conclude a deal at the Group of 20 summit in June, the Financial Times reported. Government officials in France, Germany and Australia have backed the idea of the Tobin Tax, a levy on trading stocks, bonds, currencies and derivatives.

"Many nations are desperate to secure financial resources that have become scarce because of massive debt," said **Masamichi Adachi**, senior economist at JPMorgan Chase & Co. in Tokyo. "It's very natural for them to be eager to get the funds from sectors that were the root cause of those deficits."

Excessive banking trades spurred a global financial system meltdown and brought the worst recession in decades in major economies. Governments worldwide spent more than \$2 trillion to stimulate growth and face debt that investors speculate some nations may not be able to contain.

A transaction tax might compensate for the billions of dollars that the public has spent on bank bailouts, Brown said in November. The revenue from it could give the government more control in preventing excessive investment and volatility in markets, Minezaki, 65, said.

Tax Policy

The ruling Democratic Party of Japan lawmaker is the nation's finance deputy in charge of tax policy. He has said he won't run in the upper house election in July. Adachi at JPMorgan said while the levy could boost tax receipts, it won't bolster growth.

"Japan needs to be careful about imposing such taxes," Adachi said. "Japan's economic crisis wasn't brought about by greedy investment. Instead, Japan should be thinking about encouraging investment to revitalize the economy."

Although the idea now in circulation is sometimes called a Tobin Tax, it goes beyond the levy on currency transactions that American economist James Tobin proposed in the 1970s.

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