

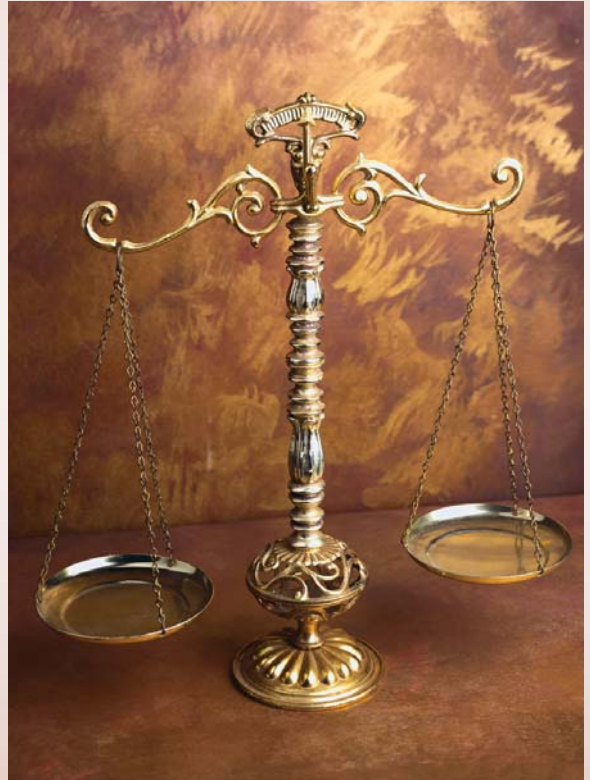
Too much is as bad as too little

The financial crisis, the surge in prices of energy and food, the global environmental problem, concern about food safety and the rising need for consumer protection – such are the numerous problems we face today that cannot be solved by so-called market mechanisms alone. Characterizing these complicated problems today is that they occur on a global scale. In order to solve these problems, it is crucial, just as economics tells us, for the government to take public policies to supplement market mechanisms. Some experts talk as if the economy would go along just fine as long as market mechanisms work, but many people have already come to realize that such arguments are mistaken. We risk drawing a wrong conclusion if we emphasize just one aspect of a problem, oversimplify matters, and try to force a choice between only two options such as either the market or the government. Loosening regulations further will not lead to better economic performance. It is the mission of those who set down the rules of the game to ensure that all players involved can compete fairly on an equal footing. A collaborative effort by both the market and the government, each functioning properly in their shared roles, is indispensable to resolve any of the problems mentioned earlier. In other words, it is vital that free competition takes place in the market under appropriate rules laid down by the government.

This kind of thinking is prevalent in the new trend of economics. The saying, "Too much is as bad as too little," is true of both the market and the government. Too much emphasis should not be placed on the role of either. A good sense of balance seems necessary. International organizations, too, should keep this in mind and make proposals in line with economic realities without being tied to one fixed theory or one certain notion. When a government or a market acts only by itself, there is the risk of failure. We need proper discussions to clearly define the role of each.

N. Haraoka

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