

The bond vigilantes v Japan

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The [FT's report on Japan](#) slipping back into recession is either bizarrely written or indicative of deeply worrying priorities. It says:

Japan's economy contracted sharply in the first quarter, underscoring the vulnerability of the world's third-largest economy which has been battered by the March 11 earthquake and tsunami, and marking a return to technical recession.

Gross domestic product fell 0.9 per cent in the first quarter compared with the previous three months, according to preliminary government data, even though the natural disaster struck Japan less than three weeks before the end of the period.

The decline follows a contraction in the final quarter of last year and will probably strengthen calls for greater government spending on relief and reconstruction, despite widespread worries about the impact of the extra borrowing required on an already highly indebted state.

It's the last paragraph that troubles me.

The country has been hit by a national disaster. And yet there's doubt that the governemtn should reconstruct what's been destroyed?

And there's concern that the interests of the (invisible) bond vigilantes should come higher than the needs of the communities so badly affected?

That seems to be the implication.

If true, that's the end product of neoliberal madness - and how callous is that?