

5.2 Occupation competition policy

During the occupation of Japan, the U.S. Supreme Commander of the Allied Powers (SCAP), sought to undo the strong links between business groups and political power. The SCAP economic and political deconcentration programme had six goals:⁷²

- dissolve the top holding companies;
- eliminate inter-corporate stock ownership and interlocking directorates;
- eliminate the influence of *Zaibatsu* families;
- reshuffle executive personnel in combine enterprises;
- break up giant operating companies; and
- enact permanent antitrust laws.

Moreover, the SCAP programme had three main elements:

- A strong dose of democracy: The biggest change was the shift of constitutional authority from the Emperor to the people, and the greater protection of human rights and freedoms. Both were accompanied by significant reforms of the commercial and civil law to meet U.S. standards of democracy and justice based on an equitable common law.
- The separation of state and business: All laws enacted before or during the Second World War promoting cartels and trusts, restricting competition and controlling the market with cooperation between government and business were abolished.
- The deconcentration of business groups.

The breakup of business groups was meant to inject more individualistic competition than had been seeping into Japan over the previous 75 years.

To ensure that groups did in fact reform, the Anti-Monopoly Law (AML) of 1947 was enacted. It represented a strengthened version of U.S. antitrust legislation and gave Japan one of the most ambitious competition laws in the world.

⁷²Hadley, *op. cit.*