

CHAPTER IX

DEMOCRACY IN ECONOMIC LIFE

Advantages of Free Competition.

The spirit of democracy must pervade and dominate not merely the political and social, but also the economic life of a community or state. Apart from the economy he is exposed to, man cannot live, and without progress of economy, there can be no real human happiness. The object of the economy of our nation is to enrich our lives in terms of such things as food, clothing, and shelter. In particular, the mission of democracy in economic activities is to foster respect for the mutual right of all to live as dignified human beings, to guarantee fair economic distribution, and, by raising the standard of living of all individuals to the highest possible level, to build up a comfortable society in which to live.

Modern economy has developed through a system called capitalism, or free enterprise. To put it very simply, capitalism is a system of economy in which individuals, corporations, and cooperatives etc. privately own the means of production. For instance, land, mines, and factories have the capacity to produce goods. A system of economy in which anybody may own such means of production as private property and operate various enterprises making use of them, is capitalism. In an ordinary form of capitalistic economy, therefore, there are, on one hand, capitalists or management who own capital and manage enterprises, and, on the other hand, there are laborers who are employed by them and work for wages. Using their property as capital, capitalists manage enterprises as they like, while the laborers are employed by them and work for wages. The goods produced are brought to the market as merchandise, and are bought freely by the people who desire them and who can afford to buy them. That is how a capitalistic economy is operated.

Accordingly, capitalism originally developed in the form of a comparatively free economy uncontrolled by the state. Free economy eventually became closely tied with political liberalism. In feudal and despotic ages, people had no political freedom. When there was no political freedom, there was little or no economic freedom. In feudal ages, workers and farmers were oppressed under the power of feudal lords. In subsequent ages when the centralization of the authority of modern states was established in the form of autocracy, the state exercised a strong influence in the economic life of the people. However, as the political consciousness of the people rose and first feudalism and then autocracy declined, such state interference and pressure was removed, with the result that economic activities came to be left more to the discretion of individuals and corporations. That was the trend of economic liberalism in the 19th century. Capitalism of the modern age has made great strides toward economic liberalism.

It goes without saying that capitalism as a living system of social economy, developed with the ages. The 20th century capitalism is not the same as 19th century capitalism. The "laissez faire" economy of the 19th century had its virtues, but it also had many weak points. Such weak points of a free economy must be rectified by appropriate controls. It is a fact that uncontrolled capitalism gave rise to serious evils. The principles of democracy in economic life aim at rectifying these evils and having the economic activities of capitalism accord with the general welfare. This will be explained later. Let us here consider in what form capitalism, based on the free economy pattern of the 19th century was operated, and what theoretical interpretation was put on it by economists.

The most conspicuous manifestation of the economic liberalism of the 19th century was "freedom of enterprise". Capitalists invest in an enterprise which they like and think profitable, and manage it freely. Because other capitalists wish to share in profitable enterprises, competition will arise. Where there is competition, producers strive to make better articles at the lowest possible cost, and sell as much as they can. However, if production far exceeds demand, goods will not sell. Thus capitalists turn to production of other goods which have a greater demand and so start another enterprise. In this manner, production and demand tend to be regulated properly, as if guided by "an invisible hand." Seeking profits, capitalists produce goods and the people can purchase whatever the need and can afford to buy. Thus, production is greatly increased. The

happiness of the people is promoted, and it becomes possible to maintain a high standard of living which can satisfy at least the basic needs of every individual. Adam Smith, a famous British economist, thus stressed the importance of freedom of enterprise, laying particular emphasis on the advantages of free competition.

In fact, in an ideal sense, free competition is the motivating force of a capitalistic economy. The value and significance of capitalism depend upon whether free competition is successfully carried out or not. Let us therefore consider a concrete instance of the smooth operation of free competition based on the above-mentioned theory of Adam Smith concerning a free economy.

Let us suppose that a man, with his own or borrowed capital, employs workers, sets up necessary equipment, purchases raw materials, and engages in the production of merchandise which he considers profitable. As another man becomes interested in the production of the same merchandise and starts a similar business, free competition arises. Consumers can freely choose the articles they like. Naturally, purchasing power is concentrated on the purchase of good and cheap articles. Accordingly, the producer of goods of superior quality who sells at a cheaper price can sell his merchandise more readily than other producers, and gains great profits by selling his goods. On the other hand, the producer of goods of inferior quality and high prices cannot sell his goods since he cannot please the consumers. As a result, he cannot even recover the cost of production. So he tries to compete with the producer of superior and cheap goods by reducing costs of production, improving techniques, or inventing new designs. Consequently, good articles are supplied to society in general at cheap prices, and the benefit to the consumers is so much increased.

When such keen competition takes place and goods in excess of the demand of society are produced, the producer of inferior goods cannot continue the production of his goods at a profit. He will thus turn to the production of some other goods. The balance between demand and supply will thus tend to be adjusted automatically, and the waste of raw materials and labor will be avoided or at least minimized. Moreover, the advent of a new rival in the other field of production will cause each producer to become still more assiduous. In the competition, the production of inferior goods at higher prices will be discouraged. Through the repetition of this process, capital, labor, equipment, and raw materials will, theoretically, be utilized most efficiently and with a minimum of waste. Accordingly, say the advocates of capitalism, productive capacity will be elevated to the highest possible standard.

From the consumer's point of view, economic liberalism means "freedom of consumption". Each individual can freely select goods. So everybody tries to purchase goods he desires as cheaply as possible. Since high-priced goods do not usually sell in substantial volume, prices tend to go down to a level that is within the reach of consumers. Accordingly, freedom of consumption stimulates free competition, and free competition in turn leads to a level and quality of production that will satisfy consumers.

If free competition is conducted smoothly, it has such advantages. The economic liberalism of the 19th century had a very high estimation of the benefits of free competition, and believed that free competition was sure to have successful results. In other words, it believed that if individuals conduct themselves in the pursuit of their own interests, the interests of many individuals would, in consequence, be naturally harmonized, the economy would prosper, and the welfare of society would be enhanced. In the soil of this kind of free enterprise capitalism made sturdy progress.

Abuses of Monopoly

It is true that a free economy has many advantages. Economists of the 19th century liberalism were right in thinking that sound free competition had the power to stimulate and liberalize the economic activities of society. But, if economic activities, carried on by each individual seeking his own selfish interests, are left entirely to take their natural course, would it enhance the interests of the society in general? Actual results showed that things did not turn out so satisfactorily. Why was it?

History has proven that a completely uncontrolled economy gives rise to various abuses. There are many reasons, but the most important reason is the development of "monopolies." Monopoly means that one or a few producers, instead of continuing competition, conclude an agreement or are amalgamated in the course of competition, and decide on prices, the amount of production, and markets in a manner advantageous to them as producers. In other words, in order to prevent competition from dealing heavy blows to them, producers cease competition at a proper stage, and agree to place markets under their monopolistic control. The greater the number of enterprises which monopolize markets through compromise or agreement instead of competition, the stronger their monopolistic power. Cartels and trusts are the main forms of monopolistic enterprises.

Monopoly has extremely strong power. As long as its power is well utilized, it can be made to contribute to the welfare of society. For, as monopoly develops, enterprises are run on a large scale. The larger the scale of industry, the less the cost of production in most cases. The adoption of excellent techniques, the introduction of new inventions, the establishment of independent laboratories, etc., facilitate the mass production of superior goods. In this sense, mass production by monopoly is potentially capable of supplying consumers with good articles at cheap prices. Accordingly, whether in capitalism or in socialism, industries tend to become large-scale enterprises. Moreover, even if monopoly develops, there still remain the benefits of free competition unless the production of certain commodities within a country becomes entirely controlled by a single enterprise. When a number of large-scale enterprises compete with one another in providing good articles at cheap prices, society will be greatly benefited thereby. This is especially true of such basic industries as steel, railroads, and public utilities. In the public interest, it is desirable that the number of such large-scale enterprises be limited.

If, however, those monopolizing an industry misuse their power instead of making good social use of it, various evils ensue therefrom. For instance, if industrialists, despite the fact that mass production has reduced the cost of production, mutually agree to fix prices and thus take advantage of their monopolistic position, consumers will still be obliged to purchase expensive things. If the absence of competitors causes them to neglect the improvement of their production techniques, the quality of goods can scarcely be improved. Furthermore, when new competitors attempt to enter the field, monopolistic industrialists could, if they so desire, undersell goods temporarily by using their strong financial resources as a weapon, and oust competitors. Under such conditions, the benefits of free competition vanish, due to monopolistic practices. Such practices constitute a grave obstacle standing in the way of the development of democracy in economic life. Therefore, if monopoly is an unavoidable trend and had its merits, it becomes a big task of economic democratization to prevent such abuses of monopolistic power so that there may prevail free and fair competition.

An effective way to remove the evils of monopoly and to make it possible to carry on free and fair competition is the prohibition, or restriction, of monopolies by law. When the state orders the dissolution of monopolistic enterprises given to abuses, or supervises their operations and prohibits their unfair practices, the menace of monopoly can be considerably reduced. The dissolution of Zaibatsu organizations, which have hitherto occupied a dominant position in the economy of Japan, was due to the fact that they were monopolistic entities which formed the economic backbone of the militarists' power. The enactment of a law prohibiting monopolistic practices will contribute to the establishment of a system of fair transactions.

Capitalism and Socialism

In a smoothly operating capitalistic society, there develops a free enterprise system based on economic liberalism on the one hand, and, on the other hand, steps are taken to prohibit monopolistic practices and thus curb the excesses of a free enterprise system. Middle and small industrialists often form cooperatives, consumers form consumers' cooperative societies, and laborers form labor unions. They can thus promote the elevation of their respective status and more effectively stabilize their economic life. Furthermore, the state can, by means of executing various social policies, prevent or at least reduce, unemployment, poverty, and unrest. These steps will be discussed later. In advanced capitalistic states, undue suppression of the free activities of private enterprise is avoided, while abuses accompanying the excesses of a free

economy are rectified. Democracy in economic life is thus being steadily realized through the operation of political democracy. It may be said that the United States of America has developed her economy largely along this line.

Capitalism has gradually progressed and improved with the times. It is now developing towards the direction of economic democracy without altering the basic character of capitalism. But in the advanced capitalistic states of Europe, for example in England, the free economy was in an impasse towards the end of the 19th century. Consequently there took place a gradual conversion from capitalism to socialism. What, then, is socialism?

In a capitalistic society, individuals and corporations privately own the means of production, and private enterprises operated by capitalists occupy a central position in the economy. Many of those who have no capital are employed by the former, and maintain their living by wages obtained by their labor. Laborers can freely choose their occupations, and are not chained to a certain occupation according to tradition and their social position as was the case in a feudal society. In this sense, economic liberalism implies "freedom of labor". Therefore, capitalism, in this respect, also has been considered consistent with the demands of democracy which respects freedom.

Have laborers, then, real freedom?

In capitalism, the living expenses of laborers are paid by the wages obtained by their labor. Laborers, in a wide sense, include farmers and ordinary salaried people, but here we shall mainly consider the problems of laborers who work in factories, mills, etc. If these laborers cannot find employment or if they lose their jobs, their lives would immediately be reduced to dire straits. Accordingly, in any case, they would look for some kind of job which would provide them with a livelihood. They may have various desires or complaints concerning wages etc., but, unless they are employed at some kind of a job they could not live. So they have to put up with the terms proposed by the management. However, as labor unions developed, laborers have gradually been enabled to conclude agreements on labor conditions on an equal basis with management. Prior to the development of labor unions, however, what was called the freedom of occupation and the freedom of contract was only nominal. That is to say, the so-called freedom of economic life was used primarily in favor of the capitalists alone. Thus capitalism, by means of increased productivity, tended to lift the living standard of the people, but the benefits accruing therefrom weighted one-sidedly towards the capitalists.

True, capitalism guarantees the freedom of enterprise. Therefore, opportunities to become capitalists are not closed to laborers. But even if there are opportunities, laborers cannot become capitalists unless they have capital. Accordingly, under uncontrolled capitalism, there grows a clear economic distinction between those who own capital and those who have to be employed by them. Under such conditions economic inequalities will inevitably increase. Inasmuch as laborers constitute the vast majority of society, capitalism, left to take its natural course, will run counter to the fundamental spirit of democracy -- the ideal to promote the happiness of the greatest number.

We can consider two methods to rectify such shortcomings of capitalism.

One is "social policy", designed to alleviate the gap between capital and labor without essentially altering the capitalistic structure itself. In other words, we can protect the position of laborers by taking such steps as establishing minimum wages and maximum hours by law, instead of leaving the problems of minimum wages, hours, and other labor conditions to agreements between capitalists and laborers. But that alone is not sufficient. So a plan is devised to enable laborers to organize, and, as an organization, to negotiate with capitalists. The organization of a great many laborers can have enormous power. If they negotiate collectively with management, their competitive position can be greatly improved. Thus, laborers organize unions and, through the power of unions, strive to improve their living conditions and prevent unemployment. In post-war Japan, the laborers' right of organization and collective bargaining were guaranteed by the new Constitution, and the Labor Union Law and the Labor Relations Adjustment Law were passed, accelerating the growth of various labor unions. Furthermore, with the enactment of the Labor Standards Law and the establishment of the Labor Ministry, various measures to

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protect the interests of the working people have been instituted. The enactment of the Laborers Accident Insurance Law and the Unemployment Insurance Law also shows that efforts are being made to remove the unrest which accompanies laborers' living. If these social policies are fully carried out, and if the development of the productive cooperatives and consumers' cooperative societies (to be explained later) enables middle and small industrialists, farmers, and consumers to protect their own interests with their own strength, it will be possible to attain the aim of democracy in economic life without altering the basic principles of capitalism.

Another method proposed as a means of removing the shortcomings of capitalism is the adoption of socialism. According to those who advocate socialism, the social policies stated above are lukewarm and ineffective. The socialists insist that as long as the fundamental principle of capitalism, which recognizes the private ownership of the means of production, prevails, the position of laborers will never be fundamentally improved, and the conflict between labor and capital will continue indefinitely. Therefore, the socialists argue that the only way to attain true economic equality is to abolish capitalism, which recognizes private ownership of the means of production, and to transfer such ownership to the state or public bodies. The socialists thus conclude that the antagonism between capitalists and laborers will thereby be eliminated, and productive power will be increased through public enterprises.

Socialists thus insist that the most advanced method of securing equal economic distribution is through a radical alteration of the economic system. But the advocates of capitalism argue that, if all production is transferred to state management, it is doubtful whether production can be as substantial as in a capitalistic society, for there will no longer be the stimulus which causes capitalists to seek profits by free competition. If production declines, and the enthusiasm for full utilization of resources and the curtailment of expenditures cools down, there is a danger that the living standard of laborers will, as a whole, be lowered, however equal the distribution of goods and services may be. In addition, since the smooth, automatic adjustment process under free competition is lacking in a socialistic economy, there would be no effective means of determining the kind and amount of production. Consequently, say the friends of capitalism, there is a danger of great waste in productive power in any socialistic system. Besides, so-called bureaucratic control and state-managed enterprise may conduct enterprise management that is unsuited to actual conditions. Herein, according to the capitalists, lies another weak point in socialism.

Apropos of this criticism, advocates of socialism, insisting that such fears are groundless, argue as follows:

Even though the stimulus to seek profits is lost, the workers will feel their duty and responsibility to the people and strive for greater production. Since competition within state enterprises can be encouraged by various means, socialism does not necessarily bring about the elimination of competition and a consequent decline in production. Besides, in a socialistic economy, the state works out an over-all plan for the entire production of a nation and conducts a rational operation of the economy, in the place of the automatic adjustment of supply and demand supposed to operate in a capitalistic economy. There will be no waste or extravagance, say the socialists, and the necessities of national life will be produced in accordance with actual demand. In this respect, they say, greater waste of productive power results from the free competition of capitalism, for more emphasis is laid on the production of luxury goods than on necessities, and great expenses are incurred in advertising and storage in order to meet competition. Such waste can be eliminated only by a planned socialistic economy. So runs the socialist argument.

Thus, there is a major divergence of views between advocates of capitalism and socialism. In arriving at a conclusion regarding this problem, however, we must not fall into the error of thinking that capitalism or socialism exists in its pure form anywhere, as is so often asserted in books and unrealistic discussions. Between clear-cut capitalism and socialism there are a number of intermediate forms, showing very considerable difference in degree.

In other words, as far as formula are concerned, capitalism is an economic system operated on the basis of the private ownership of the means of production, whereas socialism does not admit the private ownership of the means of production. What kind of ownership does socialism refuse to admit? If the private ownership of all the means of production is prohibited and all industries are nationalized, it is complete socialism. But even if only the land is nationalized

and mines and the basic industries are state-managed, this is popularly regarded as sufficient to constitute socialism. But, in such an event, the private ownership of the means of producing other goods may be admitted, and therefore capitalistic methods of production are pursued in what is regarded as an essentially socialistic system. Conversely, even in a society adopting a capitalistic economy as a whole, if state control is exercised over a few enterprises closely connected with the welfare of the people, it can be said that socialism is present to that extent. It therefore serves no practical purpose to ignore such realities and compare the uncontrolled, cut throat capitalism of previous decades with extreme socialism alone, and proceed to argue their merits and demerits.

Therefore an important thing from a practical point of view is to consider what system, or combination of systems, is best suited for the purpose of the democratization of economic life, out of all the variety of methods of operating a nation's economy. We must ponder over the economic conditions in which our society is placed and the international environment in which our country finds herself. Nothing is more profitless and dangerous than to ignore realistic, practical conditions, and make decisions on the basis of academic theories alone. In the present complicated world, we cannot reconstruct our economy or promote the elevation of our national life in disregard of relations with foreign countries.

Where democratic government prevails, we can, in accordance with the principle of majority rule, avail ourselves of the merits of capitalism, carry out more or less socialistic policies, or do both. If the political party which attaches importance to the benefits of free competition becomes a dominant political power, it may achieve economic democracy without shaking the fundamental structure of capitalism. If the majority party in the Diet passes a bill providing for the nationalization of important industries, that is, to that extent, an approach to socialism. Therefore, we must have a dispassionate grasp of the situation within and without the country, closely observe the moves of the political parties, and judge for ourselves what policy to support.

We must, however, be particularly careful of the attitude of communism, which attempts to realize socialism by totalitarian methods. Communism, to start with, aims at making socialism thorough-going. A characteristic of communism is its assumption that capitalism is essentially and inevitably an evil system and is doomed to perish as history develops. Accordingly, communism is not content with adopting policies befitting the actual condition of the time by the method of majority rule. Instead, it tends to lean towards undemocratic methods such as violent revolution and so-called proletarian dictatorship. In accordance with the principle of majority rule, a basic principle of political democracy, we can benefit from the advantages of free enterprise by eliminating the abuses and curbing the excesses of a free economy and so realize a high measure of economic democracy. Therefore we must be deeply cautious lest we should become skeptical of this dynamic method of government and fall into the totalitarian error of imposing minority opinion by violence or dictatorship.

The Necessity for Controls and the Democratization of Controls

In order to realize economic democracy under capitalism, there are various steps other than the aforementioned social policies designed to contribute to the growth of economic democracy. We must first see to it that constructive economic controls are imposed and that these controls be democratically exercised.

Even in a capitalistic society there is the necessity of a certain degree of state control and intervention in a nation's economy. Of course, in a capitalistic society, free enterprise must be respected in principle. But this does not guarantee an unrestricted freedom of private enterprise. Controls of private enterprise sometimes become necessary in order to prevent evils of the free enterprise system, and to protect the interests of the people as a whole. It is true that controls limit and restrict economic freedom, but, as previously stated, freedom in a democratic society is never intended to mean license. Therefore, the establishment of certain controls for the benefit of society is not contrary to the democratic principle. The question lies in the nature of the controls and the manner in which they are imposed.

During the war, economic controls were vigorously enforced in Japan, as they were in all other nations at war. The purpose was to increase the production of war materials by reducing to the barest minimum the production of goods to meet the needs of the people. It goes without saying that, in the future, there can be no controls for such aims. If controls are to be enforced, now or in the future, they should be for the purpose of stabilizing national life and elevating the general standard of living. Controls designed to contribute to the general welfare and controls set up to meet economic fluctuations, are two that are generally recognized as necessary, or at least desirable.

As stated before, various social policies are executed to improve the position of workers, with a view to achieving democracy in economic life. Among the social policies, the establishment of minimum standards of wages and other labor conditions by law must be regarded as forms of economic control, in the sense that these matters are no longer left completely to the free agreement between employers and employees. Besides, the state must enforce a heavy tax burden on the rich, and seek other sources of revenue such as the issuance of bonds, and give relief to the less fortunate through such measures as unemployment allowances, social insurance, and subsidies. The greater the gap between the rich and the poor because of a defective economic structure, the greater the need for social policies and the more important their mission. Accordingly, the need for government economic controls increases.

The other economic control is enforced in order to curb economic fluctuations often consequent on a capitalistic economy, and especially to overcome unemployment and other difficulties of livelihood caused by depressions. In an uncontrolled free economy, sudden economic depressions may occur owing to overproduction, under-consumption, or sharp fluctuations in domestic or foreign markets. As a result, many men and women are suddenly thrown out of work and are reduced to straightened circumstances. Monopolies formed through agreements of industrialists will, to some extent, ease the danger of depression by expanding or contracting industries according to economic fluctuations.

But such autonomous controls may be followed by the above-mentioned evils. Therefore, it becomes necessary to add governmental control, and regulate industries according to business fluctuations from the standpoint of the public interest. At the same time, during depressions, the government often undertakes public works in order to give work to the unemployed, and stimulates industrial activity by lowering the rate of interest. The New Deal Policy of the United States of America may be said to have set a fairly typical example of this kind of control. At any rate, unemployment deprives the people of their right to work and is a menace to their right to live. Therefore, the government must always contemplate counter measures and make all endeavors to achieve the goal of so-called "full employment".

In a capitalistic economy, emergency controls to overcome certain crises are conceivable. When severe inflation occurs, or when production is destroyed by war, it becomes necessary to implement drastic controls in order to recover productive power, stabilize prices, and tide over the crisis of national life. This is the very condition of present-day Japan. As long as its aim is the reconstruction of national life, control is not contrary to the spirit of democracy, although free enterprise may be restricted thereby. If controls are not fully carried out for the sake of the general welfare, and consequently the people are driven to more miserable conditions, that would defeat the aim of democracy.

Now that we realize the desirability of certain controls, the next problem is: How should such controls be conducted? How can controls be democratic?

This is a most difficult problem. If controls are left completely to the autonomy of management, the evils of monopolistic practices will be unavoidable. Thus there is no other way than to leave controls to the state. This, in turn, leads to the evil of so-called "bureaucratic controls." That is to say, there is the danger that public officials who lack a knowledge of the actual conditions of national life and the problems of industry may impose impractical controls, adhering only to the letter of the law. At the same time, state controls may be accompanied by irregular practices of public officials and black market operators who evade control. Then, however proper a system of controls may be, they can hardly attain their objectives.

In order to uproot these evils, various methods may be devised. Firstly, it is necessary to strengthen the supervisory powers of the National Diet, instead of leaving controls to government officials alone. If this is properly done, excessive or improper controls will be eliminated and controls befitting actual conditions will be enforced. Secondly, it is also important to appoint capable, learned, and experienced men from among the people to official posts in order to put their experience to practical use in a partially controlled economy. Thirdly, it may be appropriate to establish supervisory organizations to see that state controls are properly enforced throughout the country and to have the people in general, especially representatives of the consumers, participate in them. Thus, the most essential condition of a partially controlled economy is to make the necessity of controls known to the people, and to have them supervise and exercise these controls democratically.

This principle also applies to the state-managed enterprises. In many essentially capitalistic societies, public utilities such as railways, telegraph, and telephone services are operated by the state. If further steps towards socialism are taken, iron, steel, coal, and electric industries may gradually be transferred to state management. These are particularly important industries. If the state monopoly brings about the double evils of monopolistic practices and bureaucratic controls, the adverse effects will be far and wide. Therefore, in this case also, it is necessary to establish an organization which will enable capable men and representatives of consumers with a strong sense of social responsibility to express their opinions freely, and to see that state enterprises are properly managed. The principle of democracy — that the people participate in their government for their own benefit — must be deeply rooted in this field.

Industrial and Agricultural Cooperation.

In order to offset some of the economic advantages of great cooperations and large land owners, many countries have developed industrial and farmers' cooperatives. Some of these are organized in the form of companies, but, in most cases, they are managed by individuals. The importance of small and medium enterprises has considerably increased with the dissolution of Zaibatsu organizations and the decentralization of capital. But there still remains the danger of pressure from large enterprises. Even among small and medium businesses, the weak are apt to fall a prey to the strong as a result of free competition. This gives rise to the abuse of having small and medium enterprises drive their employees hard. How can this abuse be eliminated?

The most effective counter-measure is for those engaged in a small or medium enterprise to organize "cooperatives", and thus balance out some of the weaknesses of small and medium business. This enables them to compete with large capital and to rationalize their enterprises.

For example, cooperative unions composed of small and medium manufacturers of the same product can purchase raw materials and sell the manufactured products jointly. They can provide various facilities which members cannot individually acquire, and let members use them jointly. When individual members lack funds, the union of small producers can make loans from a bank. On a higher level, the cooperative union can jointly use the factories of the individual members, centralize production, and jointly calculate and distribute the profits or losses. If cooperatives thus come to exercise considerable control over the individual members, the thrill of free enterprise may be lost, but, to compensate for this, such unions will give small and medium manufacturers considerable strength to vie with large-scale enterprises. In the past, small and medium enterprises were at the mercy of the commission-merchant, and were placed in an unfavorable position in borrowing money, in purchasing raw materials, and in the sale and distribution of their finished goods. This condition can be considerably improved through cooperative unions, which will serve to promote the sound progress of small and medium enterprises.

Even though the position of small and medium businesses may thus be improved, it is still a long way from the goal of democracy if a feudalistic control of employees continues in the management of such businesses. The reason why many small and medium businesses have survived to this day despite many disadvantages is that they have often been able to gain profits by using cheap labor. From now on, the state and society must exercise sufficient surveillance

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over small and medium businesses in order to protect workers employed by them and to elevate their working conditions. As a result of the high cost of labor, the management of small and medium businesses may become more difficult, but this can at least partially be made good by the development of industrial cooperative unions.

The necessity of the sound development of cooperatives is not confined to commercial and industrial fields. In agriculture, which directly sustains national life, it is also important to promote the democratization of economy by the organization of cooperatives.

In the economy of any country, agriculture holds a unique and important position. Agriculture plays the part of supplying the whole nation with food. In Japan, where nearly half of the total population live on farms or in rural communities, agrarian problems attract our profound concern. Moreover, labor for industry is largely supplied by agricultural communities. Accordingly, if the standard of living in rural communities is low, the wages of factory workers will be affected and will not be raised above a certain level. Therefore, improvement of the living standards of farmers will indirectly improve the position of workers in the cities.

The most controversial problem in rural communities is the relationship between landowners and tenant farmers. In the past a few landowners owned vast tracts of land, and, with little effort of their own, extorted high rents. On the other hand, the tenant farmers, though engaged in hard labor, had to pay a big portion of their harvest as farm-rents, and that in kind, and had to content themselves with an undesirably low standard of living. Nothing could be a more unnatural state of affairs. There is a proverb, "the magic power of ownership turns sand into gold." If tenant farmers are turned into independent farmers who till their own land, they will naturally put more heart into farming. Therefore, the basis for the democratization of rural communities is to turn tenant farmers into independent farmers as much as possible. Therefore, the agrarian land reform which recently came into force provides that the Government purchase land from the landowners and, in turn, sell it to tenant farmers. This has brought about a great change in our agricultural communities, and certainly promises an improved living for the working farmers.

Under the recent agrarian land reform, however, tenant-farm land of not more than about one cho (not more than four cho in Hokkaido) is recognized. To that extent, tenant-farmers still remain.

In order to stabilize the position of such tenant farmers, it is necessary either to extend independent farming or to clarify tenant-rights and farm-rents. Since ancient times, farm-rents in our country were paid in kind, and that at extremely high rates. This is a relic of an old custom in the feudal past when farmers paid a land-tax in kind to their lords. It was a major factor of agricultural feudalism. The payment in kind was, by the recent agrarian reform, changed to payment in money, and the rent was substantially reduced. In this manner the agrarian system is going through a great reform. But this does not cure the fundamental weakness of agriculture of Japan. The average tillable land in Japan is barely one cho per family, while the majority of farmers till from five tan to one cho (tan: one-tenth of a cho, or 0.245 acres). When acreage is so restricted, there is a natural limit to the expansion of agricultural productivity even under independent farming. Under such conditions one can hardly hope for a complete stabilization of agricultural management. Therefore, in order to improve the position of these small-scale independent farmers, it becomes very desirable to develop "agricultural cooperative unions."

Agricultural cooperative unions are voluntary organizations of working farmers. Under the union, individual farmers maintain an independent management of their own farms but jointly cooperate in purchasing seeds, fertilizer and farm tools, borrowing funds and selling agricultural products, and so forth. When farmers separately manage agriculture, their interests are apt to be adversely affected by the industrial, commercial, and financial circles of the cities. Not infrequently, farmers are compelled to pay high prices for industrial goods and sell agricultural products cheaply to merchants, and suffer from debts with high interest rates. With their small farms and meager profits, they cannot dream of making full use of mechanical equipment. However, if the

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separated, individual farmers collect their strength, manage financial enterprises themselves, conduct joint purchases and sales, and jointly utilize machinery and irrigation facilities, then their economic position will be greatly strengthened. This is the function of cooperative unions. The cooperative unions are not only democratic organizations, but play a very important role in stabilizing the position and life of the farmers.

Be that as it may, the real headache of Japanese rural communities is the scarcity of tillable land in proportion to the population. If, as in the past, rural communities are overflowing with population, there is a likelihood that farmland will be further divided into smaller plots, and rents will rise proportionately once again. Therefore, in order to assure a better life for the farmers, there must be some outlets for the dense rural population. For that purpose, it is necessary to develop industrial and mining industries in order to absorb the excess population of the farms. At the same time, farm villages themselves must promote farm industry (manufacturing agricultural products) to absorb the surplus population. This may be a difficult task, but must surely be accomplished if a healthy agricultural economy is to be developed and maintained.

Protection of Consumers.

From the standpoint of production, people are divided into capitalists, laborers, merchants, salaried workers, farmers, etc. But, from the standpoint of consumption, all persons have common interests. The protection of consumers' interests is an exceedingly important problem in the stabilization and improvement of national livelihood. Its importance is especially pronounced in the cities. In rural communities, farmers enjoy a measure of self-sufficiency in many consumer goods, and farmers' cooperatives are already playing an important role in the purchase of necessary supplies.

For the benefit of the consumers, it is most important to grant as much "freedom of consumption" as possible. The person concerned usually knows best what is most needed and what he wants most. Every person has his individual tastes, and the living conditions of individuals also differ. Therefore, we should not try to make each individual's taste and desire conform to a single pattern. Of course, when goods are scarce, it is necessary to ration and restrict consumption, but the spirit of free consumption must be respected as far as circumstances permit.

In order to maintain freedom of consumption, it is better to leave sales to free competition in shops, so that the people may buy anything from any shop they please. But the presence of merchants who make great profits between the producer and the consumer is often detrimental to the interests of the consumer. Therefore, it is desirable, in such a case, to develop consumers' cooperative societies and directly protect the interests of the consumers. Consumers' cooperative societies can function with minimum fees, since they are non-profit making agencies. Further, the development of consumers' cooperative societies will cause merchants to cut their costs and prices to a minimum to meet competition. Thus, it will conduce to the benefit of the consumers. Consequently, it is often desirable to have both private shops and consumers' cooperative societies exist side by side. There is no need to do away with either of them.

If consumers' cooperative societies develop from small local units to a regional or a national federal organization, they will become extremely powerful. In England, America, Sweden, etc., cooperative societies own large factories, operate their own steamships, and transport their manufactured goods. There is indeed a long way to travel to reach such an advanced state, but the development of democratic cooperative societies will do much to brighten the life of the consumers.

The function of consumers' cooperative societies is not limited to cooperative purchases of daily necessities. When they have a large-scale organization, they can establish hospitals, barber shops, baths, nurseries for children, and manage community kitchens. Further, with the development of consumers' cooperative societies, they can send their representatives to various conferences. Since the representatives have the backing of powerful organizations, they can well reflect the will of the consumers and their opinions will carry great weight. This has no small significance for the advancement of the economic life of the people. With the strength of cooperation and organization,

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cooperative societies can solve matters that cannot be effectively dealt with by individuals acting alone. Here is the important meaning of cooperative societies whose function is to protect the interests of consumers.

But, fundamentally, it is production that supports the consumers' life. No matter how complete the organization of cooperative societies may be, the consumers' life cannot improve unless production increases. Then how far will production of our country develop? Can it give employment to all the workers of our eighty million population and maintain their living? Upon this, in the long run, depends whether the economy of Japan can be effectively democratized. If, due to inadequate production, the living standards of the people are lowered and the streets are flooded with jobless persons, democracy in economic life can hardly be realized. That is not all. Economic depression and confusion would, in due course, endanger political democracy and imperil our progress as a democratic nation. What then are the future prospects of the Japanese economy? None should look to the future with too much optimism.

Firstly, all the Japanese people are now concentrated in the narrow confines of four islands, further intensifying our population problem. Secondly, the recovery of production is anything but smooth, owing to the destruction of our internal facilities and the lowering of our industrial techniques. It is, of course, no easy thing to rebuild the structure of an economy that has crumbled by war damages, reparations, and inflation. In the third place, although the position of laborers and the standard of living of farmers may be improved, this does not necessarily mean the immediate improvement of our national life. The matter is not so simple. The future economy of this country must be supported more than ever by foreign trade. In exporting Japanese goods in competition with foreign goods, we must anticipate far greater difficulties than in the past, for the higher the wages of laborers, the higher the cost of production, and thus the harder the competition with European and American products will become. Moreover, markets for our manufactured goods may be reduced, since those Asiatic nations which once depended upon Japanese goods are likely to develop their own industries. If our export trade does not flourish, we shall be unable to import raw materials. This will further impoverish the industry of our country with her meager natural resources.

Considered in this light, it is anything but easy to provide employment and livelihood for a people of more than eighty million. But we must do our utmost to surmount these difficulties with the benevolent help of the Allied nations. For that purpose the revival of productive power and the stabilization of economic life must be promoted by an appropriate operation of economic controls. Then we must strive for the development of a peacetime industry and trade by applying science to practical use, and making good use of the fine crafts and skills characteristic of the Japanese people. Furthermore, with a view to alleviating the excessive over-population and living hardships, the problems of raising the marriageable age, and birth control, should be seriously considered.

The Japanese Constitution, in Article 25, provides:

"All people shall have the right to maintain the minimum standards of wholesome and cultured living."

How the spirit of this article can be translated into reality, and to what level the so-called minimum standard of living can be lifted, depends largely on the efforts of the Japanese people themselves. Until our living standard can be elevated, all the people must lead hard, austere, lives, - but this is what the people of a defeated nation must endure. Our conclusion is that, if the economic life of our country does not improve, the realization of economic democracy will be no simple matter. But, for that very reason, it is all the more important for us to emphasize democracy in our economic life, and to strive for its attainment.

CHAPTER X

DEMOCRACY AND LABOR UNIONS

The Reason for Labor Unions

In a capitalistic society, as long as the principle of democracy is established and each individual has the freedom and right to pursue his own happiness and lead his own life, the daily lives of the people are likely to be enriched. Actually, however, this has not always been the case. Especially before capitalism made its present social gains, the economic position of laborers left much to be desired. Capital tended to become gradually concentrated in the hands of a comparatively small number of capitalists, and their economic power tended to be used one-sidedly in their own interests. On the other hand, the majority of working people often had to be content with unreasonably low wages, unreasonably long hours, and disadvantageous living conditions.

In an economic society in which capital has almost unlimited power, laborers are obliged to engage in labor under conditions largely designated by capitalists. A disproportionately large part of the value of the production obtained by labor is, under these circumstances, absorbed by the capitalists. Even in such a society the law usually guarantees the terms of contracts freely entered into between employer and worker. But, if the content of a contract concerning the conditions of labor is decided one-sidedly by capitalists, the contract entered into cannot be said to be truly free. It would be against the principle of democracy to let such a state of affairs take its own course.

For the fundamental spirit of democracy is respect for man. All human beings whoever they may be, have the right to enjoy the essentials of a good life. It would be a serious matter if hard working people should lack the things essential to maintain life--i.e. food, clothing, and shelter. Thus, all human beings have the right to work for the welfare of themselves and their families, and should have an equal right to demand incomes sufficient to support their families by their work. This is a "fundamental human right", equally recognized for all people. It is only natural that democracy, which respects fundamental human rights more than anything else, should strive to root out various evils and irrationalities of economic life.

This is, after all, a question of democracy in economic life as explained in the previous chapter, but, considered especially from the viewpoint of improving the position of laborers, it becomes a so-called "labor problem". Although there are various measures taken to solve labor problems, the major effort should be aimed at the elimination of the unfair disadvantages to workers. From this point of view, "labor unions", built up by the unity of laborers, are significant organizations.

The industrial workers of today are dispersed throughout many factories, mills, and shops. Without a labor union, even those who work together in the same shop must be employed individually and must arrange their wages and working conditions individually with the management. They have no means of knowing the value of the labor which they perform, of the places where their labor is in greatest demand, or what is an appropriate wage. If the manager of the company dismisses them at the company's convenience, individually they cannot protest, or else they usually protest in vain. If they lose their jobs, they may not know where tomorrow's bread is coming from. Therefore, they may be forced by necessity to sell their labor for a mere song and under any conditions, wherever they can be employed. It is thus most disadvantageous for laborers to be separated and isolated.

Furthermore, as the scale of an industry becomes larger, there is an increasing tendency toward the division of labor. The laborer working at a certain place takes charge of simple, stereotyped work such as striking a nail with a hammer or putting oil on machinery, and repeats it all the year round. In the process there is little opportunity for the cultivation of a wide variety of skills. Men become little more than machines. The creativeness of their spirit becomes dwarfed from lack of exercise. Herein lies the essential difference between the factory workers of today and the handicraft workers of the past. Under such dull, routine conditions, men feel all the more a yearning for recreation, entertainment, and cultural diversion. But if they work most of the

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day in the factory at low wages, and return home exhausted only to go to bed, these yearnings can hardly be satisfied. When laborers are separated and isolated, few can dream of implementing measures for cultural elevation by means of their own limited individual resources.

Such disadvantages, however, can be at least partially overcome by the power of the united organization of many workers. The greater the scale of the organization, the greater the power of its unity. Laborers working separately in their respective posts have come to realize the disadvantages of dispersion and isolation, and, by becoming united, strive to establish proper working conditions. As big enterprises developed and their economic powers became greater, labor unions also developed from small-scale units to powerful local and national organizations.

The betterment of working conditions and the improvement of the living environment of laborers often depend largely upon the activities of such labor unions. On the other hand, democratic states have recognized labor's "right of organization" and have come to promote the development of unions by law. This may be said to be a great stride towards the goal of economic democratization.

The Functions of Labor Unions

Labor unions are thus autonomous organizations of the working masses, created to secure appropriate labor conditions. In the light of their spirit, therefore, labor unions constitute a democratic movement to protect the workers' fundamental human rights from the possible abuses of the power of management. In other words, labor unions are, or at least should be, popular organizations dedicated to the realization of economic democracy.

If the autonomous organizations of the workers called labor unions did not exist or were prohibited, it could be stated that the principle of modern democracy could not in reality be fully realized, even though it may be recognized in a legal form and established as a system. Therefore, labor unions embody, or should embody, in our modern industrial organization, the principle of democracy, and are valuable factors in developing democracy as a living and moving principle instead of merely a legal system.

Accordingly, the primary mission of labor unions is to secure appropriate working conditions. The mere betterment of working conditions, however, might be accomplished even by dogmatic bureaucrats or "benevolent" autocrats. For example, Hitler won the loyalty of many workers through an organization called "Strength Through Joy". But the improvement of working conditions realized in this manner is not a wholesome one, for it ignores the independence of the workers. The principle of ruling the masses in feudal days was, "Let people obey, but not be informed." In contrast, the ideal of modern labor unions lies in the autonomous realization of proper working conditions by the power of the laborers' own organizations. It is the great mission of labor unions to endeavor to develop economic democracy, not by dictates from above, but by organization and spontaneous power growing from the rank and file.

Can you now understand how closely the spirit of labor unions is tied in with the principle of democracy? Democratic government is government for the people, but it does not follow that as long as it is government for the people, any means is justified. Even though the happiness of the people may be promoted by orders from above, it is not democracy. True democracy is a government for the people, which is conducted by the people themselves. Similarly, the true function of labor unions is for laborers themselves, and not political or labor bosses, to elevate living conditions by their own strength and organization. Through the activities of such autonomous unions, laborers can educate themselves socially and politically. In this sense, labor unions should strive to become autonomously organized schools of democracy.

Therefore, the function of labor unions is not by any means limited to the economic objective of increasing wages, lessening hours, and generally improving working conditions. They have other, important social and cultural functions.

As mentioned above, workers in large, modern factories, on account of their stereotyped work not only have difficulties in cultivating a harmonious development of knowledge, but may easily become spiritually immature persons. This is almost inevitable in any large-scale enterprise requiring an extreme division of labor, whether it is capitalistic or socialistic. In order to protect the fundamental human rights, it is exceedingly important to prevent the atrophy of the

intelligence and knowledge of laborers, and to enrich their spiritual lives. Men does not live by bread alone. Everyone has the equal right to obtain spiritual food. At a time when economic organizations revolving around large-scale enterprises tend to retard spiritual growth, it certainly is a very important mission of labor unions to see that the laborers may, by means of their autonomous organization, be enabled to acquire culture and enlightenment which they could hardly hope to acquire individually.

The Realization of Industrial Peace.

The attainment of fair, appropriate labor conditions and the improvement of the position of the working people through the activities of labor unions, contribute greatly towards the realization of a so-called "industrial peace". When free enterprise is left entirely alone to take its own course, there is always the danger that the gap between management and labor may become wider, giving rise to an irreconcilable opposition of interests and feelings between them. This obstructs increased production and is detrimental to the general welfare. In contrast, if labor unions make healthy progress and succeed in promoting understanding and cooperation between labor and management, it will be possible to prevent the above unfortunate consequences. Industrial peace is, and always should be, the goal of a mature union movement. Although this object is not always realized, it is most desirable for labor unions to enunciate it as a left aim and strive constantly for its realization. Strikes should always be regarded as a last resort.

In order to attain industrial peace, it is necessary on the part of management to have a realistic and objective understanding of the position of labor, and also for labor to have a realistic and objective comprehension of the problems of management.

In a capitalistic economy, the operation of a private enterprise is in principle aimed at profit, no matter what other aim it may have at the same time. But if capitalists and management think of nothing but profits, and, in complete disregard of the interests of laborers, try to make them work as hard as possible at the lowest possible wages, it is almost inevitable for laborers to utilize their power of union primarily as a weapon of strife. In that case, the management will view the labor movement with increasing hostility. But the operation of factories, production, and profits are largely due to the power of labor. Therefore, it is natural and right for management to respect the value and position of labor. If the management has an objective appreciation of the fundamental rights and just demands of laborers as human beings, there is all the more reason why various problems can be settled through peaceful negotiation. In this manner, the way towards industrial peace can be opened.

Secondly, in order to attain the object of industrial peace, both management and labor should realize that they are standing on common ground.

It is true, of course, that management and labor have different interests. But the successful operation of an enterprise requires their mutual cooperation. It cannot be accomplished by either one alone. Therefore, both management and labor must avoid any collision of sentiments and political beliefs and must think in terms of cooperation for their mutual benefit. If management and labor find common interests in eliminating evils and in improving the enterprise itself, there is no need for them to indulge in profitless struggle. In particular, production should not be regarded as something for the sole benefit of the producers, but is indispensable for the enrichment of the lives of all the people and the promotion of their welfare. Viewed in the light of the primary aim of production, it is crystal clear how essential it is for management and labor to find a peaceful reconciliation of their views.

If the production of a private enterprise is improved and increased through harder work, greater efficiency, and a mutual sense of responsibility on the part of all concerned, larger profits are almost certain to result. In such a case, the increased profits obtained through such mutual efforts should be shared with the workers by granting them increased wages. This is not only enlightened and socially minded capitalism. It has also proven time and time again to be far sighted business policy. Higher profits and higher wages create an upward spiral of prosperity and security for everybody, and so the ideal of economic democracy under capitalism is realized, or at least approached.

Socialistic management, on the other hand, claims to meet the demand of social justice by treating management and labor equally, but the adherents of capitalism insist that there is always a possibility that the drive for increased production will decline under such a system. If full use is made of capitalism's strong point that the pursuit of mutual interests stimulates production, and laborers are enabled to share in the increased profits through higher wages, management will be able not only to increase production, but also to meet the demands of social justice. Then, and then only, there grows harmonious cooperation between management and labor, which will pave the way to the realization of industrial peace.

Collective Bargaining

We have referred to various missions and ideals of labor unions but, needless to say, their fundamental function is the attainment of proper working conditions. The most important method used by labor unions to achieve this objective is "collective bargaining."

Before the growth of labor unions, working conditions as a rule were determined by the one-sided will of management. But, as labor unions developed, wages, working hours, holidays, and other conditions came to be determined by collective bargaining between management and representatives of unions. Formerly, since laborers individually negotiated with their employers, they were obliged to be satisfied with the conditions largely specified by the employer. Under collective bargaining, however, the main points of working conditions are reasonably determined, or should be so determined, according to generally established standards. Therefore, the laborers' "right to unite" and right of "collective bargaining" are indispensable premises for the realization of a labor union's purposes. It is for this reason that the new Constitution of Japan solemnly enunciates and guarantees these two rights.

In order that proper working conditions may be determined through collective bargaining, management must fully understand that the elevation of the living standard of union members is essential for the healthy operation of the enterprise. On the other hand, union members must thoroughly understand that, without the rationalization of management and the expansion of production, the management of the enterprise itself will be unable to make both ends meet, with the result that proper working conditions and mutual prosperity will turn out to be an empty phrase.

When collective bargaining progresses smoothly as the result of mutual understanding, "labor agreements" will be concluded between management and labor. In the case of the handicraft and small-scale enterprises it is, of course, very hard to find general standards of working conditions, inasmuch as there are differences in the kind and nature of labor. On the other hand, with the progress of large-scale enterprises, the living conditions of laborers tend to become more standardized. Hence it becomes possible to determine general standards of proper working conditions from a wider standpoint. If minimum labor standards are universally prescribed by national law, the objectives of collective bargaining will become still more clear. "The Labor Standard Law" was enacted for the purpose of guaranteeing a decent living to laborers by prescribing minimum standards of labor conditions.

Labor agreements concluded by collective bargaining usually determine working conditions for a fixed term, preferably for a year. In this manner, working conditions are stabilized at least during the fixed period, so workers can plan their living accordingly. Management, too, finds it easier to estimate costs, since personnel expenses are clearly known. This is extremely important for both management and labor. In this respect, too, collective bargaining by unions contributes to the rationalization of management.

Collective bargaining, however, cannot always be expected to result in harmonious agreements. It is proper that unions should make reasonable demands in accordance with the real conditions of business, and management should sincerely strive to grant them. If not, negotiations may approach a breakdown. Even when there is a danger of negotiations breaking down, the parties concerned must always make the utmost efforts to avoid a profitless conflict through the use of such methods as mediation and arbitration. If, however, their efforts fail and collective bargaining finally breaks down, labor unions, with the usual exception of unions of government workers, have a right to strike as a last resort.

Strikes may be regarded as a means to protect the laborers' legitimate demands. However, to misuse the right to strike--to use it as a mere weapon of strife, or to strike for the sake of strikes, should be avoided under any and all circumstances. Obviously, economic and social losses caused by strikes are immeasurable. Today, the various industries of a nation are inter-related and united as in an organism. Accordingly, if production in a certain area or industry is stopped, it may paralyze the functioning of the whole national economy. Reckless strikes by certain labor unions sometimes result in threatening the economic life of the whole nation. Union leaders must therefore act wisely and prudently so as to prevent by all means the misuse of the right to strike. This has to be particularly emphasized with regard to public utilities industries such as railways, and the mining of coal.

In order to prevent strikes as far as possible, it is important for management, as mentioned above, to make every effort to respect the legitimate demands of labor unions, and for the unions to propose reasonable demands consistent with the actual conditions of the industrial and national economy. When management and labor arbitrarily insist on their claims and refuse to yield an inch, a compromise cannot readily be effected by the parties themselves. Thereupon, it becomes necessary and desirable to adjust labor disputes from an impartial and objective standpoint. In other words, "Labor Committees," composed of representatives of management and labor, and third parties representing the general public, are established in order both to prevent strikes and to mediate or arbitrate in the event of strikes.

The words "mediation" and "arbitration" mentioned here may seem to mean the same, but actually they signify considerably different procedures. "Mediation" means examining the facts of the dispute, hearing the claims of both sides, proposing conditions likely to be accepted by both the management and unions, and thus bring about a settlement of the dispute. In contrast, when a dispute cannot be settled by mediation, the dispute is "arbitrated" on the request of the parties concerned.

In the case of arbitration, the parties must abide by the decision of the arbitrator. The Labor Committee also mediates or arbitrates the dispute, but the parties can by agreement entrust mediation or arbitration to others. Procedures for mediation and arbitration are provided for by the "Labor Relations Adjustment Law." This law, together with the "Labor Union Law" and the "Labor Standards Law", which clarifies the minimum standards of labor conditions, aim at the settlement of labor problems, the maintenance of industrial peace, and economic prosperity.

We have stated above the general methods of solving labor disputes. But we must understand that there are important limitations. One is the restrictions imposed on the disputes in public utilities work. When a dispute arises in connection with public utilities work, it must necessarily be referred to mediation of a labor committee in accordance with the law. Moreover, strikes are not allowed unless and until full 30 days have elapsed after the dispute is referred to mediation. As public utilities work has a most direct relation to the welfare of the people, it is but natural that the law thus prohibits strikes without warning. Another limitation is the restriction on the collective bargaining rights of government workers.

Public officials are often in a position of still greater public importance than those engaged in ordinary public utility work. Therefore, considering the nature of their duties, their freedom to bargain collectively, in the usual sense of the term, and their right to strike, are prohibited or restricted, so that the general welfare of the people is thereby protected. In the case of such public officials and workers as policemen and firemen even the right to organize is prohibited.

Labor Unions of Japan

Labor unions must be autonomous organizations inspired by the awakening of laborers and operated by the will and reason of the rank and file of laborers. However, in a country like Japan, where the labor union movement was for long suppressed by a militaristic government, the independent progress and operation of labor unions has been anything but easy. True, the militarists and special service police have vanished and the Zaibatsu has been dissolved, but it would be an absurd mistake to jump to the conclusion that labor unions in

Japan have immediately grown to be spontaneous and independent in character. A man who has carried a heavy stone on his back for a long time cannot walk upright immediately when the stone is suddenly removed by another person. In the same way, labor unions of this country have been given true freedom of organization for the first time following the surrender. Consequently, they are as yet far from being able to exercise their freedoms and rights intelligently and independently. That being the case, it is most important for the unions of this country to strive to exercise, autonomously and with responsibility, the freedoms and the rights they have thus suddenly acquired with comparatively so little effort.

Labor unions should not be oppressed by either the state or by employers. At the same time, unions should not depend upon their support either, for, although assistance may seem for a time quite helpful in the development of the union movement, such support will, in the long run, deprive labor unions of their independence and reduce them to government or company organs. Therefore, in order that labor unions may develop democratically, it is necessary for them not only to maintain independence in personnel, but to refrain from requesting or accepting outside financial assistance. However poor a union may be, if it is operated through the united powers of its members, it will make slow but steady progress because the members consider it "their own union". Like any other democratic organization, it is not until a labor union becomes a "union of its members" and a "union by its members" that it can truly become a "union for its members."

If union members are eager to create a good union by their own spontaneous strength, union activities will prove to be a source of salutary training and education for union members. On the contrary, if they are members in name only and leave the operation exclusively to bosses, a few members of the union will arbitrarily hold the real power and control the union in an autocratic manner. This will invite bosses to engage in secret and selfish maneuvers,--all, of course, in the name of democracy.

As a result of a time-honored feudal custom, the people of Japan have a tendency to be cowed by those who assert strong opinions unsparingly. They tend to assume a "let sleeping dogs lie" attitude, and refrain from voicing their own opinions. If such a tendency is present in a union, it will soon be at the mercy of its bosses. The motivating force of a union must be the spontaneous will of the rank and file membership of the union. All union members must lay to heart that it is their great responsibility to organize a union suited to fulfill its inherent economic and spiritual mission without turning it into a tool of venal bosses or a mere weapon of strife.

In the short three years since the end of the war, the number of labor unions in Japan came to exceed 28,000, while the number of union members totaled over 6,000,000. Numerically, the union movement has made astonishing progress. But, from the standpoint of quality, it yet leaves much to be desired.

The rapid outward development of the labor movement in Japan is due to the fact that the government which has the responsibility to realize thorough-going democratization of the national life of Japan has abolished all laws and regulations which prevented the organization and growth of labor unions, and, at the same time, gave various kinds of assistance to them and asked for the cooperation of management. Of course, none of this was intended to make government organs out of labor unions. But, when a union's progress is accelerated by outside help, there is always a danger that the union members will have no real awakening, even though the unions may outwardly and numerically expand. Labor unions in Japan are progressing under such conditions. If the laborers of Japan are to make such organizations "their own", it is supremely important for each individual member both to understand and practice the democratic spirit of labor unions.

Political Activities of Labor Unions

The immediate task of labor unions is directed at the economic objective of improving the working conditions of the laborers. But this economic objective is not easily attained by mere economic activity alone. The settlement of the economic problems of a nation is always partially determined by political action or inaction. Therefore, in order to secure proper working conditions, labor unions have a natural concern with politics. The fact that the number of union members in this country already exceeds 6,000,000 indicates how big a

stake labor unions have in politics. Especially when unions are the organizations of working people, if they use their power of organization properly, they can exert a strong and constructive influence on the development of democratic government. We should be able to look to labor unions for sound constructive political activities striving for the realization of economic democracy.

It is very important always to remember, however, that labor unions are not political parties. Therefore, there must naturally be a certain limitation to their political activities. We must always lay this clearly to heart. Political parties have, or should have, fixed political platforms. Individuals who support a particular platform can join the political party which advocates it, while those who are dissatisfied with the program of a party are perfectly free to resign and join some other party. Therefore, a political party can require its party members to act according to its platform.

Labor unions, on the contrary, are independent organizations composed of those who have common interests in improving their working conditions and in lifting their living standards. Accordingly, union members must have the freedom to sympathize with any political platform and to support any political party which most clearly promises to contribute to their interests as workers. But, if union members are not fully enlightened politically, a few persons with biased political thoughts and dictatorial methods are likely to gain control of the unions, exercise autocratic powers, and use the united power of the union to attain their own political ends. All of this is diametrically opposed to the basic aim of democratic labor unions. They should never permit themselves to be utilized as mere tools of a political party. Union members should constantly guard against these undemocratic tendencies.

Therefore, the political activities of labor unions must be carried out in accordance with the inherent mission of labor unions themselves. Even within these limitations, the activities of labor unions should always be fair and open.

In short, the mission of labor unions is to protect the fundamental human rights of the laboring masses, to secure proper working conditions, and to elevate the spiritual and cultural standards of the working people. Therefore, labor unions should desire the National Diet to pass laws designed to attain these objectives. At the same time, they should endeavor to arrest legislation that would stand in the way of the attainment of these objectives. A law designed to protect the workers' position may be enacted. Should the government be reluctant to implement the spirit of the law in its administration, labor unions must keep in touch with the government and encourage it to carry out labor legislation properly. To have the voice of the working people reflected in the national administration through the labor unions will contribute to the realization of economic democracy.

As mentioned above, a labor union is, as it were, a school of democracy with a self-governing organization. But the word "school" here does not mean that it has teachers specializing in the teaching of democracy. Nor does the mere preaching of a sermon on democracy suffice to make union members grasp and practice the spirit of democracy. Democracy will not become part and parcel of their lives unless and until they build it up with their own strength, practice it themselves, and realize by experience how much it can elevate their lives. In this sense every member of the labor union should be at once a teacher and a pupil. If the teacher is bad, the pupils are likely to become bad also. As long as union members regard the union as a mere instrument of strife, the spirit of democracy which should be based upon peaceful cooperation will be lost or destroyed. If most of union members are so passive as to be led by the nose by a few bosses, forgetting that they are themselves teachers, they will be learning the politics of dictatorship instead of democracy. Let labor unions be organizations which are created by the members and for the members. Then the democratization of the social, economic, and political life of Japan is all the more likely to progress and prosper.

Chapter XI

DEMOCRACY AND DICTATORSHIP

Three Phases of Democracy

If the preceding chapters are reviewed, it will be found that, though the fundamental spirit of democracy is always one and the same, it is manifested in various forms and phases.

Democracy's basic principle -- to respect all men as individuals, and therefore to ensure freedom and equality for all -- is both universal and immutable. Democracy, however, is a product of long historical development. Its outward form has changed through the ages, and will continue to change. At the same time the scope of its application is steadily widening. Consequently, in these modern times, we have come to consider democracy in terms of its three aspects, namely, democracy in political life, democracy in social life, and democracy in economic life.

Democracy in political life may be said to be the most basic form of the three. Historically, liberal-minded men first became conscious of political democracy, and advocated it strongly from the early days.

The idea that all men are born free and equal has an ancient origin as an idea, but, since the beginning of modern times, the idea has, in democratic countries, gradually become a political fact. Men strove for political freedom and equality with might and main. The fruits of their endeavors steadily materialized with the advent of two great events towards the end of the 18th century, namely, the Declaration of Independence by the United States of America and the French Revolution.

The aim of a genuinely democratic government is to promote the general welfare and to give all the people equal opportunities to pursue happiness. Such a "government for the people" can be realized on when the people themselves determine the fundamental political policies, with the largest possible number of people participating in the election of their own representatives. If there is a difference of views among the people, or among the representatives of the people, as there is almost certain to be, majority rule should determine the plans to be adopted. This is a basic principle of political democracy. The various political structures of democracy are nothing other than differing methods of realizing this fundamental concept.

Developing side by side with political democracy was democracy in social life.

It is a denial of the fundamental principle of democracy to grant special privileges to persons because of the race, color, or station to which they are born. A social system under which persons of "nobility" or high birth are automatically given high places while others are discriminated against because they are poor, or because of racial or religious differences, conflicts with the ideals of human freedom and equality. Democracy in social life not only rejects such social discriminations, but also rejects concepts which would make women subordinate to men merely because they are women. It excludes a family system in which husbands have automatic dominion over their wives, where fathers demand an abject submission from their children, and where the eldest son alone is given preferential treatment. To be sure, it is natural and right for individuals with superior abilities or wide experience to assume positions of leadership. Even so, it is a basic concept of democracy in social life that all individuals should be given equal opportunities to develop their abilities and personalities without distinction as to race, sex, faith, age, or status.

Following the development of democracy in political life and democracy in social life, democracy in economic life has come to assume increased importance.

Democracy aims at a society in which all the people may pursue and build happiness and security. Needless to say, happiness in this sense is not by any means confined to mere material happiness. If the majority of the people are in straitened circumstances in terms of such bare necessities as food, clothing, and shelter, even spiritual happiness can hardly be realized. It is therefore only natural for democracy to seek the elevation of the economic life of all the people.

In the beginning it was considered that the most appropriate method of achieving this objective was to avoid any government interference or participation in economic activities, and, as far as possible, to pursue a laissez-faire, or "let alone", policy. As one result of this policy, there gradually developed in the early days, an increasing measure of the monopolization of capital, giving rise to a wide gap between the wealthy capitalists and the working masses. Economic democracy aims to narrow the extremes of this gap by increasing the measure of equality of economic opportunity for all. Consequently it may be said that, of the three phases of democracy, the most urgent, and the least completely solved, problem of the day is economic democracy.

Economic democracy, however, cannot be easily realized. As long as the poor revere the wealthy as men of high position and the wealthy, taking advantage of this feeling of the poor, think it a matter of course to have the poor work at unreasonably low wages, unreasonably long hours, and under disadvantageous working conditions, the vast gap between the very rich and the very poor will remain. What should be respected is not wealth, but the man and the labor necessary to construct a good life. If, in a capitalistic society, big businessmen deserve to be respected, it is not because they are millionaires, but because of their demonstrated abilities as managers and their endeavors to put their whole heart and soul into their enterprise and the general welfare. In order to realize equal opportunities in economic life, the inclination to measure human value by the amount of wealth a person may possess must first of all be abolished. In this sense, economic democracy is inseparably tied in with democracy in social life.

The most important means of realizing economic democracy, however, is political democracy. If wealthy people alone were allowed to vote and elect representatives who will protect only their own interests, the working masses would be reduced to an increasingly more disadvantageous position. Even if universal suffrage for both men and women is in force, the evils of plutocracy would still persist if voters are swayed by the power of money, or if political parties are bribed by Zaibatsu. Therefore, unless everyone fully grasps the objectives of democratic government and all qualified voters become "enlightened voters" and elect competent representatives, and unless these representatives earnestly consider the welfare of the entire nation and administer a democratic government, it will not be possible to build up an economic life which is genuinely compatible with the essential principles of democracy. Thus, the fundamental solution of the problems of economic democracy largely depends on a pervasive prevalence of political democracy.

Moreover, a most controversial problem prevails as to how economic democracy should be realized. Which is better -- capitalism or socialism? To eliminate the evils of monopolistic capitalism, what methods and policies should be pursued, and to what extent? What steps should be taken to guarantee the rights of labor and reduce the number of the unemployed? It is said that all the people have the duty to work, but what is to be done when there are people who can live without work? Should the duty to work depend on the moral and social responsibility of each individual, or should it be enforced by legislation? There are numerous other problems. It is unavoidable that there arises a wide, and, occasionally, violent, divergence of views on such problems.

In its consideration of such problems, a democratic government adopts the view of the majority. For example, in a representative democracy, the political party with the largest number of parliamentary seats plays the biggest role with regard to economic or any other type of legislation. The government supported by the votes of the majority of the members of both houses carries out economic policies based on these majority decisions. Therefore, so long as the paramount objective of a political democracy is a "government for the people" and the "general welfare of the people", the method of choosing the path to reach that goal must be "majority rule". It should therefore be obvious that, if the principle of majority rule is disregarded, there can be no real political democracy. In other words, no matter how much the banner of "government for the people" may be waved, a government which ignores majority opinion cannot possibly be democratic. We heard about that in Chapter V.

Criticisms of Democracy

In a real democracy, all men are respected as individuals. All have the freedom to cultivate their personalities and have equal opportunities to develop their abilities. All are free to live together in peace and happiness both culturally and economically. These are exceedingly lofty ideals of democracy to which none can object. Before these ideals are completely realized, however,

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there still lies ahead a long, thorny road which mankind has to travel. Over a period of centuries, democracy has endeavored to realize this goal and already very substantial progress has been made.

On the other hand, we must not forget that, historically, democracy has not always been supported or admired. On the contrary, in the course of its progress democracy has been made the target of all manner of criticism.

In the period of the democratic reform in England, the War of Independence in America, and the French Revolution, those who, until then, had enjoyed special privileges hated and bitterly denounced democracy. Subsequently, vigorous criticism of democracy was made by many thinkers and commentators. When political conditions were stormy in Europe after the first World War, the phrase "crisis of democracy" became almost a catch-word. Facism in Italy and Nazism in Germany arose and began all-out attacks against democratic government.

The point which, perhaps, was and still is, most strongly criticized by the opponents of democracy is the principle of majority rule. In a democracy, if there are divergent views as to which is the superior political policy, or how best to promote the general welfare, the majority view is adopted and put into effect. By broadening as much as possible the rights of individuals to express their views and to vote freely on political matters, democracy strives to have the greatest possible number of people participate in politics. However, the opponents of democracy -- the dictators -- contend that majority decisions obtained in this manner result merely in having political policies determined by the views of a large number of ignorant, shortsighted people. The masses, they say, are moved by mob psychology and are concerned only with their immediate interests, and therefore tend to dispose of important political matters arbitrarily by the sheer force of numbers. In such a situation, they say, the views of persons with a "superior" outlook are shelved, merely because they constitute a minority. This, according to the opponents of democracy, is a "government of number," or "mobocracy." Thus the opponents of democracy denounce democratic government in an exultant manner.

The conclusion intended to be drawn from such a criticism of democracy is that some form of totalitarianism is essentially superior. Those who denounce the democratic government of majority decision as "mobocracy" advocate the "leadership principle" as the alternative political principle. According to the leadership principle, policies which the leader or dictator believes are contrary to the interest of the whole should be abandoned, no matter how great the majority which support those policies may be. In case the government desires to carry out its own idea of "constructive policies," if opposition parties obstruct them through the exercise of majority rule, it would be impossible for them to meet any political crisis in their own way. Thus, it is maintained that the best thing instead of majority rule, is to rally to the support of a single man who is gifted with the greatest ability, wisdom, and resolution, give him absolute political powers, and have the people unite under his orders. In this manner, dictatorship is enabled to block public criticism against the government, forbid the operation or even the existence of opposition parties reject parliamentary government, and entrust everything to the leader who has absolute powers.

Another criticism which dictatorship levels against democracy is its "individualism." Democracy respects all men equally as individuals, and guarantees the freedom of each individual in so far as the exercise of this freedom does not infringe upon the freedom of others. According to dictators, however, if each individual is permitted to assert his freedom and pursue his own kind of happiness, the unity of the whole society will be disturbed and the interests of the state or nation will suffer. They maintain that what should be valued is not the individual but the entire state and the entire nation. To them, the individual is but a portion of the whole and has value only as a portion of the whole. By such a theory, dictatorship attacks individualism and liberalism, and expounds totalitarianism. The demand that each individual should be willing, under any order of the dictator, to relinquish his interests or even his life for the sake of the whole, is but a logical conclusion of totalitarianism.

Just as democracy originated in ancient Greece and Rome, so dictatorship, too has a long history. In the age of Classical Greece, there were autocratic kings. Towards the latter period of the Republic of Rome, martial dictators appeared and established absolute monarchies. Dictatorships of the present age, as everybody knows, arose in Italy and Germany after the first World War. They brushed aside

democracies founded on a weak basis in those nations and seized the real political power. It was at the time of the Manchurian invasion in 1931 that a similar trend grew to ascendancy in Japan. This trend toward dictatorial politics was given impetus by the Sino-Japanese war of 1937 and was further spurred by the outbreak of the Pacific War in 1941. While advocating totalitarianism of the Nazi pattern, Japanese militarists embellished their fascism with ultra-nationalism. They attacked democracy and liberalism, and imposed on the people the moral of "self-abnegating service to the state" (Messhi Hoko). Their attitude was not essentially different from the dictatorships of Italy and Germany.

The Answer of Democracy

What, exactly, has this kind of dictatorship brought to the destiny of our nation? It is too vivid a recent event to require analysis here. Nor is it necessary to elaborate on how mistaken were the theories of the dictatorships which denounced democracy. They have been explained in various preceding chapters. Let us just sum up only the important points as material for reflection so that we may never again fall into such evil ways.

Dictatorship denounces the method of majority rule employed by democracy. It is true, of course, that the decisions of the majority are not always correct. Often, as repeatedly emphasized in previous chapters, the view of a minority or a single progressive thinker is nearer the truth. But who on earth can guarantee that a dictator's decision will be in the best interests of all the people? In the summer of 1939 Hitler judged that it was high time to conquer Poland with armed might, and ordered the advance of the German army. Was his judgement then correct? Was it not this dictator's outrageous action which disregarded international faith, that plunged the German nation into a abysmal depth of misery? If democracy is mobocracy, is not dictatorship an arbitrary type of government which can make irreparable errors?

Men are not Gods. Their ideas are far from infallible. The strength of man's reason, however, is that he can rectify the wrongs into which he may fall. But dictatorship invariably tries to hide its failures and stifle the voices of rational criticism by the use of its concentrated power. Therefore dictatorial government, unlike democratic government, cannot easily right its own wrongs.

In contrast, democracy can constantly rectify mistakes of government by means of its guaranteed freedom of speech. If a majority decision turns out to be wrong, then, at a later time, the correct minority view can be supported by the majority of the people and put into effect. In the course of such a process, the people are gradually enlightened and politically trained. Consequently, decisions of the majority eventually tend to pursue the right way. As education becomes increasingly widespread and the culture of the people is elevated, the political policy supported by the majority is inevitably more likely to accord with the welfare of the people as a whole. The greatest merit of the principle of majority rule, supported by freedom of speech, consists in the fact that it can constantly steer government policy in the right direction. This is the convincing reason why democracy is the only path that promises hope and bright prospects for all mankind.

Dictators attack individualism, denounce liberalism, and, instead, advocate the totalitarian philosophy, whose supreme imperative is the strengthening of the entire state or nation. But what on earth is meant by the strengthening of the state and the prosperity of the nation? The state or the nation, after all, is composed of a great number of individuals. Accordingly, apart from the cultural and economic upliftment of all the individuals who compose the nation, there can be no fundamental development of the whole state or the nation. And yet dictatorship expounds "respect for the whole" and demands the sacrifice of individuals for the sake of the whole. This is nothing other than a device to direct and control the people by dictatorial orders issued under the cloak of authority for the whole. There lurks the hidden desire of a dictator to enforce his own plans, even by depriving the people of their individual freedom and happiness.

Democracy respects the individual and values the freedom of the individual. It stands for "individualism" in the right sense of the term, but it is anything but "egoism". The spirit of democracy which strives to realize the greatest happiness for the greatest number of individuals is the exact opposite of egoism, which seeks only one's own interests without caring a fig for the rights of others. Happiness built by the efforts of each individual is the true human happiness.

Hence democracy recognizes the equal right of all people to pursue happiness, in so far as the pursuit does not interfere with the happiness of others. If the standards of living of the people are lifted by the efforts of all individuals, the state will develop. If each individual of the nation builds up his well-being with due regard for the general welfare, the nation as a whole will prosper. If all the nations thus prosper and cooperate peacefully, the general welfare of mankind will inevitably be advanced. It is just as though, if fine ears hang down from each rice plant, the vast stretch of golden fertile plain is sure to bring forth an abundant harvest.

The Stand of Communism

By the end of the second World War, Fascism of Italy, Nazism of Germany, and militaristic dictatorship of Japan were completely crushed by the nations which fought it out to defend democracy. These dictatorships were swept away from the postwar world. Has dictatorship, then, disappeared altogether in our time?

No, this is not the case. Even in the world today, another unique form of dictatorship remains. This is the so-called "dictatorship of the proletariat" or the "dictatorship of the laboring classes." Unlike Fascism and Nazism, this dictatorship is based on a system called "communism." Theoretically, communism is a thoroughgoing form of socialism. As long as socialism, by itself, is not inconsistent with the spirit of democracy, it may be considered that communism also is not contrary to the spirit of democracy. But communism, based upon the so-called "proletarian dictatorship," has a character exceedingly different from democracy, which comprehensively embraces a variety of intermediate forms between capitalism and socialism and abides by the majority will of the people in determining the system to be adopted. Therefore, in order to clarify this basic problem, we must consider what communism is when it is based upon the so-called "proletarian dictatorship."

Simultaneously with the gradual expansion of democratic political systems from the end of the 18th century through the 19th century, the economic system of capitalism made rapid progress. On the basis of the freedom of enterprise guaranteed by democracy, the capitalistic system stimulated a most active, large-scale production, and greatly contributed to the upliftment and enrichment of the economic lives of the people. On the other hand, the fact that capitalists tended to monopolize the means of production brought about the result that the benefits of capitalism became increasingly concentrated in the hands of the capitalists, while the workers were often reduced to the brink of poverty. It is, of course, possible to remove, or at least to lessen, this evil by practicing economic democracy and continue to recognize the basic principles of capitalism.

But those who think that such means cannot bring about a sufficient realization of economic equality advocate that the private ownership of the means of production, such as land, factories, and raw materials, should be prohibited, and that they be transferred to state ownership or state management. This is socialism. It was stated in Chapter IX that between these two economic systems, there is actually no such clear distinction as is argued theoretically. But, so long as the system suitable for any particular nation is adopted and carried out as a consequence of fair, open discussion in the Diet in accordance with the freely expressed will of the people, there is nothing in this process which is inconsistent with the principle of democracy.

Communism, which we will discuss here, can be said to be a kind of socialism. It is socialism carried to a further point, in the sense that it completely rejects capitalism and advocates the transfer of all the means of production to state ownership and all enterprises to public management. When Marx and Engels released the "Communist Manifesto" in 1848, introducing the popular use of the word "communism," it was thought that, between communism and socialism, there was a basic difference, transcending a mere "difference in degree." Where does the difference lie? It lies only in the means adopted by socialism and communism to transform a capitalistic social and economic structure into a "Classless" society of workers, that is, of proletarians.

In order to clarify this point, it is necessary to reflect upon these problems: In what manner did Marx and Engels advocate the theory of communism? What methods were devised to put their theory into practice? What course was actually followed?

The foundation of the ideology of Marx and Engels was a unique interpretation of history called "a materialistic interpretation of history." According to this interpretation, human history always moved on to a new age by means of class struggle. And some change in the method of production always underlay this class-struggle which influenced history. For example, agricultural production was predominant in the feudal age. Feudal lords ruled over extensive areas of land and lived luxuriously by imposing a severe land tax on the farmers. But, as steam engines were invented and mechanical industry became prosperous, the wealth of society was concentrated in the hands of those who managed industry by using the new methods of production and selling manufactured goods. Then, inevitably, according to Marx, there arose a new class which possessed the dominant economic strength. This new class challenged and struggled against the class that had ruled since the feudal age. As a result, revolution took place and the old ruling class declined.

The new so-called capitalistic class, which succeeded in overthrowing the old ruling class of the feudalistic age, introduced a social system which served to protect their interests and property. Very roughly speaking, this system became known as capitalism. According to Marx and Engels, as any capitalistic economy develops, class struggle begins on a larger scale than ever before. For, in a capitalistic society, a great many laborers work in factories, mills, etc. and are engaged in the production of goods. But, under this method of production, the value of goods and services created by labor are absorbed one-sidedly by the capitalist class. Consequently, the number of the "exploited proletariat" increase. These so-called "proletariats" were at first controlled under the rule of capitalists, but, according to Marx, they will, in time, gradually become conscious of their oppression, and come to unite in their stand against the capitalist class. If countless "proletariats" thus unite and resort to class struggle, it is inevitable that the citadel of capitalism will eventually be demolished. In the long run, there will be revolution, and the foundation of the capitalistic system will collapse. This was the doctrine of Marx and Engels. They predicted the approaching proletarian revolution and the eventual conversion to communistic society.

According to the Marxian theory, however, the accomplishment of the proletarian revolution will not immediately bring about a communistic society. In order that the transition from a capitalistic society to a communistic society may be completed, society must first go through a stage of socialism. Even in this stage, inasmuch as capitalism has collapsed, the private ownership of the means of production must be entirely abolished. All production must be conducted in the form of public enterprise. At first production is likely to be far from abundant, so all people must work, and receive incomes in accordance with their labor. At this stage, private ownership is recognized with regard to such possessions as food, clothing, and other daily necessities.

The promise of Marxism, of course, does not end there, but goes on to give a forecast of a more advanced future. That is to say, as socialism is further advanced, it will, in due course, reach a more thoroughgoing stage, namely a pure communistic stage. In a society of pure communism, private ownership of not only producers' goods but also consumers' goods is abolished altogether. In a socialistic society, one can obtain an income in proportion to one's labor, but, in a communistic society, incomes from personal service would altogether vanish. As long as he works, a communist society promises each "comrade" all the necessities of life. The Marxists contend that, through a rigidly controlled economy, the productive power of society will expand and wealth will overflow to such an extent that there will be no need for the "comrades" to worry about their livelihood. So Marx, in his work "Critique of Gotha Principles," asserted that, in the event of the realization of such a condition, human society can write on its banner: "Each individual works according to his ability and receives according to his needs."

This is a brief outline of the theory of communism as expounded by Marx and Engels. What then should be done to translate this theory into practice? As to this important problem, the Marxists were, (and are) divided into two camps.

According to the first camp, the initial stage leading to communism is socialism. The conversion from capitalism to socialism would be realized by revolution, but, as they saw it, revolution need not resort to violence. Rather, this conversion would be carried out by taking advantage of the parliamentary system which is a political institution typical of a capitalistic society. True, there would be, in the National Assembly, a number of influential political

parties in favor of capitalism. But, under a parliamentary system, what counts is "number." Accordingly, if a socialistic political party is formed and has the support of the proletarian masses, and if their representatives are sent to the National Assembly, the socialist party can gradually occupy many parliamentary seats. If a socialistic political party holds a majority in the National Assembly, it can peacefully abolish capitalistic legal institutions, and implement socialistic institutions instead. It is thus better to promote the conversion from capitalism to socialism gradually. This was the way of thinking and the contention of those who, among the believers in Marxism, took a comparatively moderate stand.

The second camp severely criticized the stand of the above moderate camp. It maintained that those who advocate the gradual implementation of socialism by taking advantage of the parliamentary system did not realize the vigor and fertility of the soil from which capitalism grows. The bourgeoisie class which had acquired political power by means of their wealth would surely strive to arrest the development of socialism by fully exploiting their money and power. Therefore the attempt to change capitalism by parliamentary legislation, through the process of majority rule, is like waiting for pigs to fly. Those who advocate taking advantage of parliamentary government are regarded by this group as mere opportunists who compromise with capitalism. The only thing that can liquidate, once and for all, the bourgeoisie rule, must be violent revolution. Those belonging to the second camp thus emphasized the necessity of violent proletarian revolution.

When the Russian revolution broke out in 1917, there was a conflict between these two major camps. The revolutionary government was first established by the Mensheviks who had comparatively moderate thoughts, but this government, led by Kerensky, soon fell, and was replaced by the Bolsheviks, led by Lenin. The Bolsheviks adopted socialism as the first stage in the transition to communism, as set forth in the Marxian theory, and established a governmental system necessary for the achievement of that purpose. The system prevalent in present-day Soviet Russia is socialism in this sense. Moreover, the political system which Soviet Russia has adopted with a view to propelling socialism of this sense is nothing other than the so-called "dictatorship of the proletariat."

It should thus be understood that socialism, when compared with communism, has two meanings.

One is socialism which is the first stage leading to communism. Between socialism, in this sense, and pure communism, there is only the difference of degree. Accordingly, communism is a kind of socialism, or socialism in its thoroughgoing form. Article 12 of the "Constitution of the Union of Soviet Socialist Republics" has a phrase "From each according to his ability, to each according to his labor." In other words, each individual has the obligation to work according to his ability, and each is given remuneration according to the value of his labor. This shows that the society of present-day Soviet Russia is in the stage of the above-mentioned socialism.

There, socialism, in the above sense, is being strongly propelled by a governmental system called "the dictatorship of the proletariat."

On the other hand, socialism in the moderate sense has nothing to do with the so-called "proletarian dictatorship." A socialism which abolishes the private ownership of the means of production can be peacefully achieved through parliamentary government and majority rule. It does not require a violent revolution.

Socialism as advocated by the moderates of the Marxian camp is more or less the same as the above socialism. Between socialism of this sense and the communism advocated by Lenin, there is not only a difference in degree, but a vast difference in the means of achieving its ends. For communism rejects the policy which strives to realize socialism through parliamentary government, and regards violent revolution as an unavoidable means of achieving its goal. Moreover it needs the so-called "proletarian dictatorship" even after the revolution is an accomplished fact.

Therefore, although communism in Soviet Russia may be regarded as a kind of socialism, their socialism is, unlike socialism in the usual sense, inseparably tied with the political system called the "proletarian dictatorship." This point must be clearly understood if one is to compare communism with democracy.

"The Dictatorship of the Proletariat"

Why does communism require the political system of "proletarian dictatorship"? Communists give this question the following answer: Proletarian revolution cannot be completed at one stroke. Even in the Soviet Union, where a so-called "proletarian dictatorship" has been achieved, the class struggle with the bourgeoisie must be continued. Therefore, the communists believe that the proletariat must grasp dictatorial political powers and propagate a revolutionary spirit until the time comes when their society is composed of only the proletarian working masses and class rivalry vanishes altogether.

According to Marx and Engels, the State was created and developed in order that rulers could exploit the ruled and grow rich through the labor of the ruled. Hence, the legal and political organizations of modern states are also said to be nothing more than enormous tools of the ruling class, established in order that the bourgeoisie could oppress the proletariat and absorb the economic values accruing from the labor of the proletariat. Accordingly, if the existing state systems collapse by means of a proletarian revolution, then society, through the transition of socialism to communism, will emerge as a "classless" society of proletarians. Consequently the time is sure to come, the communists say, when there will be no need of the state as a tool of the ruling class. Marx and Engels thought that the state then would naturally "wither away". In other words, they predicted that a system by which a government rules the people by exercising power would turn out to be useless and needless.

Communism, however, differs from ordinary anarchism as discussed elsewhere in this book. Communism considers that the society which can thus do without government must wait for some far distant future. Therefore, even if a proletarian revolution should succeed, there would still be the necessity of maintaining a strong central government for an indefinite time. After the revolution, political powers, which were previously in the hands of the bourgeoisie, would be transferred to the proletariat. It is considered unlikely, however, that the bourgeoisie would be immediately exterminated. They would probably erect strongholds in various parts of a country and seek opportunities to rise again. Therefore, the proletariat, in whose hands the powers of government is supposed to have been placed, must further strengthen their powers and oppress and exterminate the bourgeoisie remnants. This is the communist way of thinking. It was Lenin who most violently expounded this theory of strife. It may be said that the political system of the so-called "proletarian dictatorship", which was established by the Russian Revolution of 1917, was a translation of this theory into practice.

By the revolution in 1917, the Bolsheviks constructed a political system in which the political power resided with the laborers and the farmers. This was indeed the "sovereignty of the proletarian class." Russian communists claim that this kind of a political system is true democracy. They say that, in non-communist states, sovereignty is supposed to reside with the people, but the real political power actually is in the hands of the bourgeoisie minority. In contrast, they say that, in the Soviet Union, the vast number of workers have sovereign rights, and a government for the vast majority of the people is in force. This is genuine democracy, so they contend. Consequently, the phrase "Soviet democracy" is much in vogue, in contrast to the democracies of the rest of the world. On this assumption the democracies of America and England are severely criticized.

Is the so-called "proletarian dictatorship" actually a government that the laborers and farmers, who constitute the vast majority of the Russian people, conduct by their own free will?

To judge from facts obtaining in Soviet Russia, what is called the "proletarian dictatorship" by communists is in fact nothing but a "dictatorship of the Communist Party". According to close observations, it is not even a dictatorship of the Communist Party but is actually a "dictatorship of the leaders of the Communist Party." In Soviet Russia there is the "Politburo" of the Party Central Committee consisting at present of 14 members and member candidates. All of the important policies of the Communist Party are decided by this Politburo. Accordingly, the decisions of the Politburo become the decisions of the Communist Party and determine the basic policies of the government of the country.

Under a 'proletarian dictatorship' of such a form, can freedom of speech in any correct sense be recognized? Communism, whose method is clearly distinct from that of moderate socialism, is an absolutism. Absolutism is a way of thinking which holds that one's own position alone is absolutely just. It does not permit the existence of an opposite or different stand. Accordingly, if there is any "freedom of speech" in a society where absolutism reigns, it is merely the freedom to assert the prevailing "line" and to boycott any opposition. Therefore, once the so-called proletarian dictatorship is established, people are no longer permitted to oppose communism or criticize government policy. If a person's speech or conduct exceeds the bounds of communism or is antagonistic to its theory, he will immediately be branded and boycotted as an "anti-revolutionist", a "diversionist", or, maybe, a "gangster".

Under a political system which has the character of an absolutism, political principles and assertions are coordinated into one doctrine. There is no room in which two or more political parties may be permitted to exist side by side, compete for political power, and criticize one another. There can therefore be no democratic parliamentary government, under which there exist two or more political parties, with the people free to choose and support one of them, and political parties, supported by the people, exchanging argument and deciding on matters in accordance with majority opinion. The only political party that can exist under the so-called proletarian dictatorship is the Communist Party. All political parties other than the Communist Party are banned as "bourgeoisie", "imperialistic", "fascist", or, perhaps "gangster".

Whenever there is government by the so-called "proletarian dictatorship", what is the manner by which political leaders are elected? If we once again refer to the actual situation in Soviet Russia, the people, even though they are not members of the Communist Party, have the complete freedom to vote for, or to be elected as, public officials. Not only the members of the Supreme Council of the Union, (which corresponds to the National Assembly in truly democratic countries) but the members of the important central and local legislative, administrative, and judicial organs in Soviet Russia are elected by the direct or indirect votes of the people. But, as a rule, only one candidate is nominated in each electoral district, with the result that voters can vote only for the recommended candidates. Even though there may be men for whom they would like to vote, the voters are not permitted to write in their names. If such names are written in, the ballot becomes invalid. Therefore, although the people of Soviet Russia are given equal voting rights regardless of such conditions as sex, education, race, or residence, it may be said that the freedom of the franchise, in the usual sense, is very restricted.

There may be various reasons why there prevails such a form of government in present Soviet Russia. Unlike a free economy, a socialistic economy, even when it is in a comparatively low stage, necessarily requires a considerable degree of state control. So, the economic system now operating in Soviet Russia, while at present in a low communistic stage, is socialistic to a high degree, without parallel in other countries. In order to implement such a high degree of socialism without hitch in a country like Soviet Russia, with her vast territories and complex historical and social background, tremendous political power is necessary at the center. In order to meet opposition or criticism, it is explained that such a dictatorial government will remain in force only so long as the necessity remains. In other words, things will be quite different when communism becomes an actual fact instead of a mere theory.

But our problem is not the reason why such a form of government prevails in Soviet Russia, but whether such a form of government can be consistent with democracy. As stated before, communists claim that a high degree of socialism, tied with the "dictatorship of the proletariat", is true democracy. Is this true? Here is our problem.

Communism and Democracy.

Communism, carried out through the dictatorship of the Communist Party, lays greatest emphasis on economic equality. Modern democracy gave freedom to men who had been bound by despotic governments, and granted equality to men who had been discriminated against by a feudalistic society. But, originally, all of this amounted to little more than a legal freedom and equality. In the past, when freedom and equality was little more than a legal formality, there grew a

tendency for a capitalistic economy to take on the character and adopt the practices of monopoly, with the result that the economic inequalities among men became increasingly great. Thinking that it can rectify such economic inequalities, communism violently repudiates capitalism, and, by the so-called proletarian dictatorship, strives to realize economic equality for the working masses by revolutionary means.

True, a greater degree of economic equality should be stressed. Yet, however valuable the ideal of equal economic opportunity may be, the renunciation of political freedom is not the way to achieve it. Communism strives to attain equality even at the cost of making political freedom a nominal thing. Democracy, on the other hand, strives to realize equality on the basis of freedom. It strives to conduct politics according to the free will of the people and a society in which individuals may pursue happiness equally. Therein lies a vast difference between dictatorship and democracy.

In a genuine democracy, the choice of the best method to bring about the greatest measure of happiness to all the people is left to the free will of the people. Hence, all the people may vote for the political parties and persons whom they feel they can rely on as their representatives. Even after their representatives have been chosen by elections and a government has been formed the people can constantly criticize the policies of their government by saying freely what they believe to be correct. Of course, there will be conflicting views among the people as well as their representatives. At such times, democracy adopts the views of the majority as the basis for governmental policies. As previously stated, the principle of majority rule, tied with the freedom of speech, is a vital element of democracy.

In contrast to this, under communism, tied with the so-called proletarian dictatorship, only the doctrine of communism is regarded as correct. Hence there is actually no freedom of speech in any true sense of the term, especially with respect to criticism against communism. True, the majority rule system is formally respected, but, in reality, it is denied, because the orders of the dictator have absolute authority. The people have but silently to obey orders from above. When they silently follow, where are they led? According to the communists, the destination is indeed a paradise which promises, at some indefinite future time, to bring equal happiness to all the working people. They thus claim that their destination is a real "government for the people." True, the goal may be a "government for the people." But, unless the people are free to seek and explore the path that leads to their destination, it is neither "government of the people" nor a "government by the people." When the freedom of speech, the freedom of voting for candidates of diverse views, and the majority rule principles are mere formalities, can there be a true democracy?

Moreover, the aim of communism is not by any means a proletarian revolution within a single nation. Marx and Engels claimed that the communist revolution should not be confined to a single nation, but should be world-wide. In the "Principles of Communism" written in 1847 -- as the original manuscript of the "Communist Manifesto" -- Engels predicted that revolutions would break out simultaneously in Britain, America, France, and Germany. This prediction did not come true. On the contrary, the communist revolution was carried out only in Russia which was then a comparatively backward nation. In view of these developments, Lenin said that proletarian revolution cannot take place simultaneously in all nations. Stalin, Secretary General of the Communist Party, also stands for socialism within one nation at a time.

It is, however, apparent from the past tendencies of Communism that its aims for the future include the establishment of its own economic system throughout the world. Today, Communist parties exist in practically all the nations of the world. In countries where communist parties are numerically strong they compete with other parties for a parliamentary majority. In nations where they are numerically weak, their usual strategy is to resort to tactics of confusion and obstruction.

From the democratic standpoint there is no reason to prohibit or eliminate communistic parties as long as they act in a fair, open manner and try to realize their aims by the majority rule procedure, in accordance with the principles of parliamentary government, for democracy respects the freedom of speech and the freedom of political faith of each individual. As to communist parties in various countries, if they observe the discipline and order of

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parliamentary government and carry out their policies in case they might ever legitimately gain a majority in the National Assembly, and also follow the majority when they are a minority party, this would indicate that they had returned to the stand of the moderate Marxian camp which was harshly criticized as a group of opportunists by Lenin and his followers. Conversely, if they merely compromise with parliamentary government while they are a minority rule, and if they have a secret intention to deny the very principle of majority rule by majority vote in the event of winning a majority, and so convert the present system into the so-called proletarian dictatorship, it must then be said that they are trying to lay cuckoo eggs in the parliamentary system. (See Chapter Five)

It is the goal of economic democracy to realize an increasingly more satisfying measure of economic equality for all the people on the basis of political freedom. To be sure, it will take time to bring about economic democracy by the people's own will, to have the people exchange views freely as to method, and to determine political policies by majority decisions. Impatient with this roundabout attitude, communists are out to solve the problem at one stroke by the "proletarian dictatorship".

If the people should relinquish their political freedom and submit to the control of the indisputable orders from above, would it be a rational thing?

In the light of the principles of democracy as set forth in the previous chapters, it is clearly evident that the only path for a wise, democratic nation to pursue is to respect freedom, to love peace, and to create, as soon as possible, a generous measure of economic democracy together with political and social democracy.

This is the path which all enlightened human beings on earth want to pursue. We must choose the path. Dictatorship is based on the philosophy of violence. In contrast, the philosophy of democracy is based on peace, order, and security. The ideal of democracy is to strive, not by strife and destruction, but on the basis of peace, order, and understanding, to build a society not merely for a privileged few, but one which will bring happiness to all the human beings who inhabit the earth. This ideal is not a rosy picture painted in a world of the far distant stars, but is shining on this every earth on which we live. If we lay this ideal to heart and make constant efforts for its realization, the ideal will not forever remain an ideal but will one day become a vital reality, enriching and ennobling the lives of men and nations.