

Japan Press Weekly

JAPAN PRESS
SERVICE

SEND AGAYA 4-25-6, SHIBUYA-KU, TOKYO 151-0051, JAPAN
Telephone: +81-3-3423-2381, Fax: +81-3-3423-2383
e-mail: INFO@japan-press.co.jp
URL: <http://www.japan-press.co.jp>

ISSN
0287-7112

SPECIAL ISSUE - April 2009

Let's Mark This Year with the First Step Towards an Economy Governed by Rules

JCP Chair Shii Kazuo's New Year Talk

(Translated by Japan Press Service)

Special Issue – April 2009 - 1 -

Let's Mark This Year with the First Step Towards an Economy Governed by Rules

JCP Chair Shii Kazuo's New Year Talk

Akahata on January 1, 2009 carried a new year talk by Japanese Communist Party Chair Shii Kazuo with Chief-editor Okuhara Toshiharu and Vice-editor Ouchida Wako.

Okuhara & Ouchida: Happy New Year!

Shii: Happy New Year!

People's counterattack has begun

Okuhara: In view of the exploding and changing situation and our party's actions, last year can be said a year of "Sturm und Drang." In retrospect, what is the most impressive event?

Shii: NHK (Japan Broadcasting Corporation) last December reported as a top news item of the day that "workers rose in struggle at last." It reported that temporary workers and fixed-term contract workers at Isuzu Motors unionized and began to struggle, demanding their illegal dismissal orders be withdrawn. This was the most heartening news to me.

Under the slogan "Build social solidarity and make a social counterattack," the Japanese Communist Party at the 24th Congress in 2006 called on the people to unite and stand up on all questions concerning living standards and peace, with a view to changing society for the better.

I think last year marked the start of a full-fledged social counterattack to overcome the deteriorating living conditions arising from the world financial crisis and general economic downturn.

Okuhara: The crisis is deep, but there is hope.

Shii: Yes, that's true. Counterattacks have begun in all fields, including employment, the discriminatory medical service system against the elderly, and the state of agriculture. Movements in defense of peace and the Constitution have increased. This is the most encouraging and impressive aspect. Everyone thinks that the wretched living conditions and working conditions in which workers are dealt with as "disposables" must end. The unionization of contingent workers at Isuzu Motors was the top news item on an NHK news program because that was what society was waiting for in anticipation.

Ouchida: Isuzu had one-sidedly announced the intent to dismiss all 1,400 fixed-term and temporary workers as of December 26, 2008, but the company decided to postpone the dismissals of 550 fixed-term workers until their contracts expire.

Shii: The decision marks an important step forward. The company cancelled the dismissal decision of fixed-term workers before the expiration of the contracts. But it is still urging workers to quit as early as possible, and it has not changed its policy of dismissing temporary workers. It is essential to continue the struggle. But at any rate, this event is memorable because in the postwar history of the labor movement in Japan there have been few precedents of a large corporation withdrawing its decision for dismissals.

Workers are rising up at other corporations as well, including Nissan Diesel, Oita Canon and Mazda. The courageous first uprising by Isuzu workers has thus spread nationwide creating major currents that we are watching with hope.

Workers' champion JCP talks with Big Business

'Must someone die to make us heard?'

Okuhara: In line with the workers' struggle, you had a series of talks with executives of large corporations such as Canon, Isuzu and Toyota, as well as with the Japan Business Federation (Nippon Keidanren). I took the series of meetings as epoch-making. We received an e-mail message that states:

"Today, history was made. At the end of his news conference, Mr. Shii added that he will do his best so that no one will be thrown out on the streets. I was moved by his determination to never allow the dismissals of workers to go unchallenged. The action is important because it catches the hearts of all conscientious people. Hooray to the day that will be remembered in history!"

What made you think of taking this action?

Shii: When I talked with Prime Minister Aso Taro, he seemed to have little enthusiasm for taking a government initiative to stop corporate dismissals of temporary and fixed-term workers in spite of the surge in massive layoffs. We got many messages asking, "Must we sleep outdoors in winter? Must someone die before we are heard?" Their appeal was too urgent for us to keep silent. We are an opposition party with no administrative power, but it is our responsibility to convey workers' demands directly to executives of large corporations. I thought if we could talk reasonably based on bare facts, even large corporations could not categorically reject our demands. I also wished that our action would encourage workers in the struggle.

Ouchida: How did those talks make you feel?

Shii: "The JCP is free from restraints" is what I really felt. I said what I wanted to say to big business bosses without any reserve. The JCP accepts no corporate donations and therefore has no money strings to tie us down. I was proud of being a JCP member.

Fact and logic are undeniable

Okuhara: How did the talk with Nippon Keidanren go?

Shii: Nippon Keidanren is the control tower for the Japanese business circles, standing on opposite side to the JCP. However, there are basic facts that even our opponent could not easily shrug off. We decided to write them down into a statement to show that the massive dismissals are unjustifiable and to urge the cancellation of the dismissals.

Ouchida: The JCP statement straightforwardly asks if such dismissals are permissible from a humanitarian point of view.

Shii: We asked if it is ethical to throw workers out into the streets in the dead of winter. Nippon Keidanren officials could scarcely reply "yes." They only said that to dismiss workers is an "agonizing decision," and claimed that "business recovery is a prerequisite for job stability." This reasoning is unsound. The layoffs may improve the financial standing of each corporation momentarily, but the job cut race among large corporations all together will further distress the Japanese economy, contrary to bringing about any recovery. When I stated this, they had nothing to say in response.

Okuhara: Large corporations do not have long-term prospects.

Shii: That's right. I said: It will be of no use for big business to panic now. If large corporations race to dismiss workers only to lighten the load because of the world financial crisis, what will become of the Japanese economy? The outcome will be suicidal also to corporations. Nippon Keidanren should take the initiative and clearly relate this point to member companies.

Under corrupt capitalism, shareholders get more profits while workers lose jobs

Ouchida: The next meeting was with Toyota executives.

Shii: Toyota is a leading company in Japan. It is seriously responsible for the string of mass dismissals because it was the first major company to dismiss temporary workers. This is why I chose to meet with Toyota executives.

The day before the meeting, Kyodo News Agency reported that 16 major corporations in cars, electric appliances, and precision machinery recorded the highest amount of internal reserves. Many local newspapers reported this on the front page. The article said that five increased their dividends, another five maintained the same level of dividends, with six undecided, but with none reporting a dividend cut. I asked if this is a sign of a corrupt capitalism in which corporations pay more profits to big shareholders while firing workers.

A Toyota executive said, "The American way of giving too much favor to shareholders needs rethinking. We now need to discuss the differences between the Japanese way and the American way of management."

Okuhara: The business circles are themselves uncertain about their future course.

Shii: They are asking themselves, "Is this the right way?" Of course, the issue cannot be simply resolved by our talks with Toyota executives. The situation can be improved only when we struggle together with workers.

The JCP can and must work to bring big business under democratic regulation, even when it is an opposition party

Okuhara: We see a new step being taken with the JCP talking with business circles and large corporations whenever a problem arises.

Shii: In this context, we have a major goal of establishing a democratic coalition government at an early part of the 21st century. The economic policy of the

democratic coalition government should be to end "capitalism without rules" and establish an economy governed by rules. The JCP Program stipulates that democratic regulation of large corporations should be a measure to that goal. However, such democratic regulation need not wait for the JCP to come to power.

Even when we are an opposition party, to a certain degree it is possible and necessary for us to influence large corporations by combining various efforts, including cooperation with the people in the struggles, debates in the Diet, and pushing for legislation and incorporating a direct approach to corporations. The recent series of talks with large corporations and Nippon Keidanren is one example of such efforts.

When we assume the leadership of government, we will make the maximum use of government power to bring large corporations under democratic regulation. In that case, effort will also be necessary to persuade them with facts and logic. The series of actions we started last year was urgently required to deal with the difficulty that workers are facing, but it was also significant as a step towards the JCP increasing its capability to become a government party in power.

'Is the company in the red? Where has the black gone?'

Okuhara: Since last autumn when massive dismissals by large corporations began, the argument used by the mass media has been that "It can't be helped. The financial crisis originating from the United States caused a rapid decrease in production." *Akahata*, however, has argued that corporations are financially viable and able to maintain jobs. Apparently this holds the key to resolving the issue.

Shii: In my talks with Toyota, I introduced to them a humorous *haiku* poem appearing in a newspaper, "Is the company in the red? Where has the black gone?"

Ouchida: Ordinary people have a keen eye to see through the truth.

Shii: Yes, they have. But the flood of news day by day on temporary workers being dismissed and fixed-term contract workers being denied contract renewals or being dismissed before their contracts expire is likely to influence workers into accepting the situation. But *Akahata* has been reporting that large corporations capitalized at 1 billion yen and more have amassed internal reserves of more than 229 trillion yen and therefore have the capacity to maintain jobs. The *Kyodo* article which I referred to earlier came at such a time.

The internal reserves of Toyota and its group companies, for example, amount to 17.4 trillion yen, 0.2 percent of which is enough to cancel their dismissal plan. Who helped the company to gain such enormous profits? The internal reserves were made possible by blood, sweat, and tears of contingent and fixed-term contract workers. Do corporations have the right to throw away their benefactors?

Workers are behind my questioning in the Diet

Okuhara: I sensed a change of the tide on the employment issue when you took up the question on contingent workers in February 2008 in the House of Representatives Budget Committee.

Shii: I owe that line of questioning to the hard fought struggles of many workers. In preparing my questions, I heard about the actual circumstances for contingent workers from staff members of the National Confederation of Trade Unions (Zenroren), the Metropolitan Youth Union, and the Temporary Workers' Union. I also heard directly from some temp workers. I really think that my ability to pursue this line of questioning must be credited to them.

I was horrified to hear how inhumanly they are situated. Their jobs are extremely unstable, low-paid, and prone to industrial accidents. I felt that these conditions must be changed by all means. Therefore I thought that the JCP is responsible to improve the situation, while fundamentally pointing out problems with the government policy. Those workers are very supportive of my line of questioning.

Okuhara: In concluding your questioning session, you said that a hopeful future will be denied to Japanese society if the present situation of treating workers as disposable objects is left as it is. I really felt that there was an undeniable logic in what you said.

Shii: Yes, there will be no future if things are left to stand as they have been. My questioning session on contingent jobs was in February and October 2008. The JCP Dietmembers' Group has a history of more than 10 years in dealing with this issue. When the Worker Dispatch Law was adversely revised in 1999 to liberalize in principle the use of temporary workers in all industrial sectors, for example, the JCP clearly argued against the adverse legislation. In the House of Councilors Committee on Social and Labor Affairs, Mr. Ichida Tadayoshi (presently JCP Secretariat Head) spoke out strongly against the legislation. The Diet minutes show that the criticism the JCP made at that time was far-sighted and right on target. The JCP was the only strong opponent at the time, and this fact has taken on weight today.

These developments show that the JCP, with its Program for an "economy governed by rules," has been consistent in speaking for and struggling with workers, and speaking up sharply against big corporations.

Ouchida: The year 2009 will see the people's struggle to defend jobs and living standards increase further.

Shii: Yes. The year 2008 was when the social-counter-attack got into full gear. Let us mark this year as the first step towards changing politics, creating a people's solidarity in which all struggles and movements over jobs, social services, small-and medium-sized enterprises, agriculture and against heavy taxes is further developed so that it will converge into a great current, towards building an economy abiding by rules.

The Nature of Japanese Capitalism Questioned

Deregulations in labor market and finance are two sides of the same coin

Okuhara: What triggered this severe Japanese employment situation? I think it is important to point out that this is not a natural disaster.

Shii: I call it a "political disaster." Since the latter half of the 1990s, the relaxation of labor regulations has been pushed forward. In 1999, the use of temporary workers was liberalized in principle, and deregulation was extended to manufacturing industries in 2004. Thus, the use of a "disposable labor force" has become increasingly prevalent. When the economy is growing, big corporations replace regular employees with temporary workers to cut costs and make profits, and when the economy slows down they fire those workers first as adjustment valves. The actual downturn in the economy has made me realize why contingent labor is in such demand. The government has a serious responsibility for causing this situation.

Ouchida: In addition to internal reserves that corporations have amassed, the amount of dividends allotted to shareholders is also incredible. But they fire workers without hesitation. I don't understand their inhumane behavior.

Shii: Firing workers while maintaining and increasing dividends to large shareholders is quite extraordinary and unacceptable. Let me emphasize that individual corporation's corporate social responsibility must be questioned. I also think it necessary to turn our eyes also to the mechanism for driving corporations to engage in such behavior.

Ouchida: Could you explain this in more detail?

Shii: It is the unregulated speculative stock market that is a causal factor. Since the "Financial Big Bang" by the Hashimoto Ryutaro Cabinet [in 1996], foreign investors, mainly from the U.S., have come to account for 60-70 percent of the trade at the Tokyo Stock Exchange. Half of them are hedge fund managers. Speculative money is rampant in the market.

Speculative money is used to make maximum profits through short-term trading. Therefore, stocks of those companies from which a short-term profit is unlikely are sold over and over again. Corporations are requested to disclose their business performance on a quarterly basis (every three months), and each corporation's value is assessed as to whether it can bring forth short-term profits. This kind of speculative market puts pressure on each corporation to increase dividends to shareholders rather than protecting employment.

Neo-liberal deregulation in the labor market has increased contingent and other types of a "disposal labor force." At the same time, financial deregulation has created the speculation-ridden stock market. This in turn has compelled corporations to shed temporary workers, ruining people's living standards. Neo-liberalism has finally reached an impasse in these two aspects.

Okuhara: So, deregulation in the labor market and in finance are two sides of the same coin.

Shii: Yes. They are inextricably linked and have led to the suffering of workers. We need to change this mechanism fundamentally.

Change economic policy of fragile dependence on foreign demand into one based on domestic demand

Okuhara: Another abnormal phenomenon is the speed of the onset of the current economic downturn. Automobile makers such as Toyota as well as electronics appliances makers have made huge profits until recently, but their profits suddenly disappeared. Many people are wondering why.

Shii: The reason why the economy declined so suddenly to this extent is because the Japanese economy excessively depends on foreign demand. Neo-liberal economic policy adopted tax reductions for the wealthy and other means to help a handful of large exporting corporations increase their 'international competitiveness'. As a result, external demand has increased substantially. But profits gained from foreign markets did not go to the workers. On the contrary, the income of workers has been reduced every year. In addition, regressive tax increases and cutbacks in social services have dealt a further blow to working people. Neo-liberalism has distorted the economy, gaining profits from foreign markets at the cost of domestic demands. The economy depending on foreign

demand is very fragile because if the foreign economy falters the economy can come crashing down on everyone.

For corporations such as Toyota and Honda, foreign markets are their mainstay since foreign sales now account for 70% to 90% of their total sales. This management culture is very vulnerable to external shocks, especially economic failure in the United States.

Such an economy has no future. In order to cure the distorted and weak economy, policy change into one that is driven by domestic demand is needed. Policies for stable employment, secure social services, and rehabilitation of agriculture have become more important than ever.

The global recession manifests itself in different ways in Japan and in Europe

Ouchida: We must look carefully at how politicians in different countries deal with the economic crisis. Recently, French President Nicolas Sarkozy visited a large corporation to have talks with executives and workers. He looked pretty dependable. I think not only France but also Spain and Germany have relatively good systems to protect their workers.

Shii: President Sarkozy at the United Nations General Assembly last September called for regulating speculations, saying, "Let us rebuild together a regulated capitalism." This is a slogan that is similar to ours.

Large corporations in Europe also have restructuring plans on the pretext of the economic crisis. But there are relatively strong legal frameworks for regulating dismissals. In sharp contrast to Japan, governments of European countries intervene directly and force companies to stop dismissals. When Renault in France laid out a downsizing plan, Secretary of State for Employment Laurent Wauquiez discouraged this attempt, saying that it is out of the question for big groups like Renault, which has substantial assets, to cut jobs.

Ouchida: That is the same as what you said to Toyota.

Shii: That is the original function of the government. When the Nissan Barcelona plant in Spain put forth a restructuring plan, Spanish Ministry of Industry, Tourism and Trade Miguel Sebastian demanded its cancellation, and it was actually called off. Why was this possible? I found that European countries have mechanisms in the government system to intervene in labor-management relations if necessary. Therefore, on an individual labor dispute, it is possible for a government to express its opinion directly to a corporation. There are no such rules in Japan and the government has no will to intervene.

In addition, In European countries, there are mechanisms for protecting jobs. For example, in Germany, automakers like Daimler adjust production by means of short-time operations. In this case, workers receive an allowance for one and a half years. The allowance is funded by both corporations and the federal government.

Okuhara: About 90 percent of the wages are paid.

Shii: Yes.

According to a TV program, if temporary workers are laid off in the Netherlands, they receive unemployment allowance for 3 years. Workers, interviewed on TV, said that they were not worried at all.

"Global recession" manifests itself in different ways in Japan operating with its "capitalism without rules" and in countries with rules to protect people's living conditions. In Japan it takes shape in an inhumane way.

'Confession' by a neo-liberalist

Okuhara: The worst neo-liberal policy in Japan was the "structural reform" policy implemented by Prime Minister Koizumi Jun'ichiro's government. The JCP and *Akahata* repeatedly warned that if this was pursued Japanese society face disaster. Now, faced with the miserable failure of this policy, some advocates of this policy are expressing remorse.

Shii: I have recently read an interesting book, "Why Has Capitalism Been Self-Destructing?" by Nakatani Iwao, who was a leading advocate of the "structural reform" policy and acting chair of the Economic Strategy Council for the Obuchi Keizo Cabinet in the late 1990s.

As a "book of confession with self-reproach in mind," he says.

"Global capitalism is not only a trump card in vitalizing the world economy, but also it should accept major responsibility for the destabilization of the world economy, the growing disparity between rich and poor, destruction of the global environment, and other negative effects in human society."

"The unregulated extension of "freedom" will destroy capitalism itself."

Such voices of those who promoted neo-liberalism symbolize the failure of this policy.

Okuhara: Now our call for an "economy abiding by rules" applies in this new situation.

Shii: Well, the JCP Program sets out a task to end "capitalism without rules" and to create an "economy abiding by rules." At first, when I talked with persons in media, I felt that they could not reach an understanding of our position. But last year in TV programs, interviewers asked me the meaning of "capitalism without rules." A newspaper carried an article entitled "The working poor share the call for 'capitalism abiding by rules'."

In Japan, neo-liberalism has caused an abnormal inhumane society of poverty and disparity in which "disposable labor" is prevalent. And the leader of neo-liberalism, the United States has miserably failed. Seeing these situations at home and abroad, they have now begun to realize that there is no future for neo-liberalism.

I believe that under these circumstances, Japanese society accepts our Party Program's objective to overturn "capitalism without rules" and to create an "economy abiding by rules," and many people are now not skeptical about this line of argument.

Contrast between the 'two major parties' and the JCP

Hardships lead people to deserting party-interest-first politics

Okuhara: It appears that the Aso Cabinet of the ruling coalition of the Liberal Democratic Party and Komei Party is in a terminal decline because it is unable to break with the status quo.

Shii: Yes. When the then Prime Minister Fukuda Yasuo, following his predecessor Abe Shinzo, abandoned his post, I said, "the LDP-Komei government is in a state of disintegration." We can now say that they are cast adrift with nowhere to go. They cannot deal with any of the important domestic or international issues.

They tried to mask their true nature and dissolve the House of Representatives for a general election at the initial stage of the extraordinary session of the Diet, and failed. Next, alleging that "rather than the political situation, policies come first," the LDP-Komei administration introduced the program of cash handouts to all households, amounting to 2 trillion yen, as supposedly populist measure to stimulate the economy. But this cash handout plan came under heavy fire, and it is a fatal error to the administration. In addition, Aso's inability to correctly read

the kanji raised a question about his qualifications as prime minister. People now have fun quoting those mispronounced words.

note: Prime Minister Aso repeated misreading the kanji in his scripts. For example, he mispronounced the word "mizou" (unprecedented) as "mizo-yu," a nonword.

Okuhara: Unprecedented matters.....

Shii: Referring to the present situation by using a term used in the game of chess, the Aso administration is in check, but it is struggling just to survive.

Ouchida: Even in this situation, you talked with Prime Minister Aso in order to resolve immediate problems.

Shii: I think there are two important points dealing with this administration. First, whoever may head the administration, we must do our best to protect people's livelihoods, because the people are suffering from hardships. Secondly, we should further develop Diet debates as well as people's struggles outside the Diet to press the Aso Cabinet to dissolve the House of Representatives for a general election. If political parties put their own interests first and don't strive to protect people's livelihoods, disaffected people will turn their backs on the political arena. So, I think these two points are quite important.

Is it a party capable of speaking out against large corporations? Or, is it a party that acts according to what large corporations tell them to do?

Okuhara: In that respect, the Democratic Party of Japan's responses were terrible in the extraordinary Diet session last year.

Shii: Right. The DPJ submitted bills for employment measures at the end of the session. Those bills contained positive factors to some extent. Ruling and opposition parties could have discussed the bill seriously to enact agreed upon points into law. The JCP called on both the LDP-Komei bloc and the DPJ to do so to the very end. However, the DPJ railroaded their bills through the House of Councilors and allowed them to be voted down in the House of Representatives. Thus, the DPJ utilized the bills as a means to expose a "lack of policy" of the ruling LDP and Komei Party. The DPJ toyed with the employment problem that is vital for human life and foundation of livelihood, putting party interests before all else. I am really angry with their use of such tactics.

In addition, contrary to the JCP, the DPJ does not assume a determined position to put the Aso Cabinet into a corner by utilizing both the debates in the Diet and the people's struggle.

In the first half of the extraordinary Diet session, the DPJ, aiming at an early dissolution of the House of Representatives, cooperated with the Aso Cabinet in Diet proceedings. They approved the FY2008 first supplementary budget plan and helped the passage through the Lower House of the bill to extend the expiration date of the anti-terrorism special measures law for sending Maritime Self-Defense Force units to the Indian Ocean. After this failed, the DPJ then offered an irrational deal: "if a second supplementary budget plan is proposed as soon as possible, the DPJ will cooperate in to enact the bill to extend the deployment in the Indian Ocean of MSDF units." Lastly, the DPJ used the employment issue for party interests. The DPJ does not truly sympathize with the people who are suffering severe hardships and does not act in good faith to improve the situation. Both the LDP and DPJ are to blame in that they only pursue their own interests.

Ouchida: In the meeting of the JCP Dietmembers Group on the occasion of the closing of the extraordinary session of the Diet last December, you distinguished two categories of political parties: "Is it a party capable of speaking out against large corporations? Or, is it a party that acts according to what large corporations tell them to do?"

Shii: That was my real feeling, because that meeting of our party's Dietmembers group was held just after I met with Toyota executives. Japanese political parties can be classified into two camps. One camp is the Japanese Communist Party that speaks freely and bluntly to large corporations. The other camp consists of the "two major parties" – the LDP and the DPJ which are told what to do, and are assessed and given funds by large corporations. This is a very simple-to-understand classification.

To criticize moves towards a 'two-party system' and to make known 'what the JCP aims at'

Okuhara: In recent years, there have been media campaigns urging voters to choose either the LDP or the DPJ. But I feel that public opinion on this either-or situation has changed to a degree.

Shii: Yes, there has been a strong anti-communist tendency to force voters to choose either the LDP or the DPJ, aiming to exclude the JCP as an alternative choice. But this has not worked out as it was expected. In opinion polls, asked "which person is more suitable to be prime minister, Mr. Aso or Mr. Ozawa?" the majority answered, "neither one is suitable."

Of course, as the general election approaches, the move towards establishing a "two-party system" will gain momentum. This is where we must show our grit. Although they are called the "two major parties," the LDP implements and

maintains the "two political ills" – its policy of serving the interests of business circles and its subservience to the United States, and the DPJ fails to pursue a policy of counteracting these "two political ills."

In addition to emphasizing these points, we must aggressively inform the public of our immediate goal: to overcome capitalism without rules and to break away from subservience to the United States. Only when a wide-range of people know what kind of society the JCP envisions, what policies it promotes, and what activities it is engaged in, will our progress and advance be possible by defeating the maneuvers to establish the "two-party system."

We tried to fight back against the "two-party system" scheme in several national elections. I think the struggle in 2008 has given us a foothold to overcome the current situation and to make a major JCP advance if we use the wisdom and power of all JCP members and supporters.

How should we view global financial crisis and world situation?

Crisis arises from failure of 'casino capitalism'

Okuhara: Let us refer to moves in the world. Major upheavals took place in the world in 2008. Particularly, the uni-polar domination over the world by the United States in economic as well as military affairs is now facing a major crisis.

As to the economy, in the United States, which is regarded as the paragon of capitalism, an extremely serious financial crisis has occurred that has triggered global economic downturn.

Shii: In short, what happened in the United States was the failure of "casino capitalism." Particularly since the 1980s, financial liberalization was pursued in the United States. A typical example was the 1999 abolition of the Glass-Steagall Act, the banking act ordering banking to be separated from securities operations and banning commercial banks from holding stocks based on the lessons of the 1929 Great Depression. The disappearance of boundaries between banking and securities operations has resulted in mutual penetration among banking, securities, and insurance businesses. Thus, all these financial institutions have turned to speculative operations.

Then, a variety of speculative financial products called derivatives expanded in scope. Fraudulent practices of cheating people of low income has prevailed as shown in sub-prime housing loan fiasco. The low-credit sub-prime loans were

turned into securities, then mixed with other loans to make what is called collateralized debt obligation (CDO) and sold worldwide. This is how speculative "casino capitalism" has collapsed, heavily damaging economies throughout the world.

Wild moves of gigantic speculative money destroy people's livelihoods

Okuhara: In your speech last year commemorating the JCP founding anniversary, you said that the finance sector on a global scale increased to more than three times of the size of the real economy.

Shii: The figures I cited in that speech was a calculation by Mizuno Kazuo, an economic analyst at Mitsubishi-UFJ Securities Co., Ltd. A book recently published by him gives a new calculation result showing that gross domestic product (GDP) as an index of the size of the real economy in October 2008 in the world totals 60.1 trillion dollars, while the world's financial asset, an aggregate of shares, bonds, and deposits, totals 166.8 trillion dollars. Considering the certain loss of stock values caused by the latest financial crisis, a financial economy of more than 100 trillion dollars exists in the world that dwarfs the real economy.

Of that 100 trillion dollars, several tens of trillions dollars wildly move around world financial markets as speculative money, producing bubble economies and eventually bursting. When the economic bubbles inflate as well as when they burst, the moves of speculative money always destroy a nation's real economy, particularly people's livelihoods. In the first half of 2008, speculative money went to crude oil and grain markets, causing their prices to soar. Taking their cue from the Lehman collapse of September 15, 2008, world markets crunched their credits, which exerted a serious adverse effect on the world's real economy.

Okuhara: National governments responded to the situation by injecting public funds into financial institutions and relaxing their financial policies.

Shii: These policies are none other than a makeshift ploy to postpone the inevitable. An anti-fever medication may be required to reduce fever. But the stopgap measure will only make money more redundant, which will cause another bubble to collapse yet again. Every time this happens, the real economy and people's livelihoods suffer. Apparently, world capitalism is caught in this vicious circle. This really shows that "casino capitalism" has failed. The need now is a thorough breakaway and change from the failed policy of financial liberalization.

There is no future in following the U.S. model towards becoming financial big power

Okuhara: The United States, where the world financial crisis originated, is in a serious crisis situation.

Shii: The United States proceeded on its way towards establishing itself as the financial big power. While studying the U.S. economy, I was astounded to learn that nearly 50 percent of corporate profit arises from financial operations, which is a surprisingly high percentage.

Over 30 percent out of the 50 percent represents profits earned by financial institutions, while 10 percent or more represents the profits of the General Motors (GM) and other multinational corporations operating in the finance industry. Thus, manufacturing has declined, giving way to the prominence of the financial industry. When the financial industry which is at the center of the economy fails, everything goes bust.

GM is facing serious managerial difficulties. In short, it is the logical consequence of having neglected to produce goods and of heavily depending on financial operations. GM slashed rental car sales on the grounds that it is unprofitable. It also reduced its R&D expenditure on hybrid cars for the same reason, and used the money to hand out dividends to stockholders. Then the company set up a finance affiliate named GMAC to itself enter the finance sector. Thus, the giant automaker turned into a corporation which narrowly offset its deficit in its production sector with the profits from its financial sector. However, its lifeline financial sector has run an enormous loss due to the sub-prime housing loans, and the company has fallen into a managerial crisis with no-way-out.

The "financial big bang" policy adopted by the Hashimoto Ryutaro Cabinet was an attempt to import the U.S. model into Japan to make Japan a financial big power. The actual U.S. situation has revealed that the policy has no future. A drastic change from emulating the U.S. model is urgently required.

Change to control of finance; beginning of an end to dominance of the dollar

Ouchida: The world has begun to realize that some control over "casino capitalism" is required.

Shii: I think that the world must and will have to seek some control over capital even within the framework of capitalism. The G-20 summit held on November 15, 2008 apparently proposed measures to move in this direction.

The conference clearly called for the need to strengthen financial controls. The other call was for reforming international financial institutions under U.S. dominance into ones in which developing and newly industrialized countries have a greater say and voting rights. Of course, these proposals should await specific measures to be formulated, which is not an easy task. However, unmistakably, a major change has taken place on an international level.

Ouchida: Yes, it has.

Shii: The United States has used the International Monetary Fund (IMF) and the World Bank as tools to impose its policies of neo-liberalism and financial liberalization on governments throughout the world. Taking advantage of the fact that the U.S. dollar is the key international currency, the United States has siphoned off wealth from throughout the world. However, U.S. economic hegemony, with its major economic disaster at home, has become untenable throughout the world. My opinion is that the world at present is witnessing the beginning of an end to the dominance of the dollar in the world economy.

Major change in power relations is taking place in military as well as economic realms

Okuhara: U.S. military hegemony is also going to bankrupt, isn't it?

Shii: Yes, it is. Most of the cause of this goes to the Iraq War. The preemptive attack strategy, the unlawful means that ignored the United Nations Charter has been discredited as U.S. citizens have finally rejected them. This means that history has judged that strategy as unjust and illegal. It is premature to comment now on the foreign policy of the new Obama administration, but it will be difficult for the new president to act against the popular verdict of "No" to the Bush Administration policy of wars.

Ouchida: At the end of 2008, leaders of 33 Latin American and Caribbean countries held a meeting.

Shii: I think that the convention was an epochal move.

In the 2008 New Year meeting at the party head office, I referred to the great development of the Treaty of Amity and Cooperation for Southeast Asia (TAC) centered on the Association of South East Asian Nations (ASEAN). The movement has increased to include 25 countries which account for 57 percent of the global population. This movement concerns the Eurasian continent.

Then a meeting of the leaders of countries in Latin America and the Caribbean, which was held on December 16 and 17, 2008 in Brazil, was represented by all

countries in the Americas and the Caribbean except for the United States and Canada. The convention decided to establish an organization of Latin American and Caribbean countries in March 2010. This movement is also aimed at the peaceful settlement of international disputes, respect for national sovereignty, and peaceful and democratic international relations based on the United Nations Charter. Thus a similar movement common to the TAC is taking place in the Americas.

The year 2008 reveals that a major progressive change in power relations in the world took place regarding the problems of peace and social and economic justice. It may be adversely affected by the serious difficulties arising from the global financial crisis. However, the point we should make is that the world is at a major turning point and is moving towards progress even with the current economic crisis.

Okuhara: Now Japan's foreign policy is being questioned.

Shii: In the substantially changing world situation, there is no future for any government that simply follows the United States in military and economic affairs, without heeding the changes in the world situation. A major change in the fundamental role of government is really needed.

'Limits of capitalism' and a vision of future society

Okuhara: Awareness of the "limits of capitalism" has been rapidly spreading at home and abroad. Last year, you had many opportunities to express your opinion on this issue in the news media, both print and broadcast.

Shii: Yes. When the Soviet Union collapsed 18 years ago, the expectation of "Long live capitalism" was rampant. I had a hard time discussing this issue on TV programs. When the "Koizumi reform" was experiencing its "golden age," this problem of the "limits of capitalism" was seldom brought up for discussion. Things have changed completely.

Okuhara: I agree that the times have changed, greatly and rapidly.

Thinking of speculative money and 'Limits of capitalism'

Shii: As I've said, LDP policies are at a dead end. When we look at the capitalist system itself in the historical perspective of the 21st century, we can realize that it has reached its limits and we have entered a new period for necessary progress

in the direction of a new society overcoming capitalism. This is what we fully realized throughout the course of the past year.

In a TV Asahi program in May 2008, as to the "limits of capitalism", I pointed out the three problems of poverty, uncontrolled speculation, and environmental destruction. It goes without saying that we should make urgent efforts to solve each of these problems within the framework of capitalism. At the same time, it would seem to many people that fundamental solutions might be rather difficult by only working within the framework of capitalism.

Last year, I had some opportunities to talk with people from business circles. The problem of speculative money, which has monstrously swelled up, seems to turn out to be the top issue that makes a lot of people think seriously about the "limits of capitalism."

As I've just said, regulation of excessive speculation is urgently needed in the framework of capitalism. Certain regulations, such as regulation of hedge-funds or taxation on speculative ventures, might be possible. But even if we made an all-out effort in that direction, could we solve the problem of over accumulation of capital, which amounts to as much as a hundred trillion dollars? Finding a fundamental solution will be difficult within the framework of capitalism.

Ouchida: It would be better to use the over accumulation of capital to benefit the poor people in the world.

Shii: That's it. But that is difficult to accomplish. The fundamental reason for this is that the over accumulation of capital is not mere money but moneyed capital. The moneyed capital always has to be invested somewhere and continuously bear interest. However, you can't find any investment destination in the world where the moneyed capital as much as a hundred trillion dollars could be put with stability, soundness and ability to accrue continuous interest. Therefore, an excessive speculation – a bubble – would be repeated and the bubble would certainly burst. I think that this is where the "limits of capitalism" really exists and a fundamental change of the current economic system is necessary in order to solve the problems associated with over accumulation.

We should make every effort to solve problems, such as poverty, speculation, environmental destruction and so forth, to the limit within the framework of capitalism. In doing so, a perspective on the next stage of society would open, this is to say, an opening for a socialist/communist society, a future society our Party Program anticipates, would become feasible. I think these are promising characteristics of the 21st century.

Looking back on the 2008 New Year conversation with Mr. Shinagawa Masaji

Okuhara: At the New Year conversation between Mr. Shinagawa Masaji (permanent director of the Japan Association of Corporate Executives) and you last year, Mr. Shinagawa said, "I feel compelled to consider the need for a new form of socialism, although I seldom use the term in everyday life." This statement evoked a shocked response.

Shii: Mr. Shinagawa's statement had great insight. The global financial crisis, which broke out a year ago, exposed how brutal "the capitalism without rules" really is. On top of that, we are now in a better position to look at the limits of the capitalist system. We often hear a lot of people ask the question, "Can capitalism rule the world?"

Ouchida: The time has come to talk about a future society defined by the JCP Program with people at center stage.

Shii: That's right. We would like to confidently talk about our perspective of building a community of free and equal human relationships. We will work hard to live up to the proud name of the Japanese Communist Party.

Let us meet people's expectations and not fail to advance in the general election

Okuhara: Last year was epochal also in terms of JCP activities. The mass media covered the increase in the number of JCP members, which was without precedent.

Shii: The upward trend which was the product of the strenuous united party effort is truly epochal.

As I've said earlier, people's struggles have developed in all aspects, and the JCP is working in support of and solidarity with grassroots struggles everywhere. This is very wonderful development.

The JCP's major drive to explain to the general public how the JCP Program envisages Japan's future has developed on a large scale, with 570,000 people taking part in meetings held at JCP branches throughout the nation. The figure exceeds a million when we count the number of audiences at big indoor speech rallies, which is also unprecedented.

The increase in JCP organizational strength has been achieved by overcoming various difficulties and pursuing various activities in a comprehensive manner. I want to make 2009 a year that sees a further leap forward. I express my respect and gratitude to all comrades and supporters who have participated in such activities.

Okuhara: This year a general election for seats in the House of Representatives will be held, however reluctant Prime Minister Aso and the LDP may be to have one. The JCP is responsible to the people to advance in this national election.

Ouchida: We have received an e-mail message from an *Akahata* reader who read the text of your request to the president of Nippon Keidanren. The e-mail message reads as follows: "I am not a party member, but I'm sure that we need to help make this party bigger and bigger in order for us to survive. This is the only way for a majority of the people to survive, irrespective of political affiliation. This party is not motivated by political partisanship. The party comes closest to understanding the suffering of the people, and struggles to alleviate it as much as possible."

We would like very much to meet such expectations by all means.

Shii: The intensity of their expectations is really moving. I feel the strong responsibility of the JCP to the general public to make an advance in the coming general election. In my participation in various activities with party members last year, I heard many people say that they really want the JCP to win. In view of their expectations, their hardships, Japan's future course, and the role for Japan to take in the world, the JCP is responsible to make further struggles to decisively advance. I want to call on *Akahata* readers to give even more support for the JCP to help achieve victory for the people.

Okuhara: Together with the people, we want to see a new door to history open this year.

Shii: Our efforts shall be based on that wish.

Okuhara and Ouchida: Thank you.

- *Akahata*, January 1, 2009

E N D