

CHAPTER 15

NO PEACE FOR JAPAN

OFFICIALLY, the tragedy is ended. The curtain raised at Pearl Harbor on December 7, 1941, was finally hauled down at San Francisco on September 8, 1951. The participating audience has buried its dead, dried its tears, drowned the horrible memory in its preoccupation with new and prospective wars. The Japanese War is shelved in history along with its many predecessors. Finis!

But, is it really all over? Somehow, one feels that the affair of San Francisco is a hollow promise, that the solemnly signed "treaty of peace" is but the prologue to more trouble. The exact language of the document is most unconvincing. It declares the end of hostilities, but avoids reference to the causative conditions. If these conditions still obtain, how long before another eruption will take place?

War is made by politicians. But, politicians cannot make war out of sheer cussedness. The social conditions must be just right and the economic conditions most propitious; which is another way of saying that when people find living difficult it is easy to incite them against a "foreign cause" of their troubles. People will fight to live. Therefore, since in respect to the all-important matter of making a living, the pact of San Francisco returns the Japanese people to the *status quo ante*, or slightly worse, then it is not a treaty of peace but a tired truce. Like causes produce like results.

To glimpse what is ahead for Japan—and for the rest of the world—one must read the treaty in the light of Japan's pre-war economy.

II

In the early years of the century, when the growing American industrial giant felt the need of a wider market, it turned to that vast and potentially rich area in the East known as China. To the commercial mind, China in those days embraced all the territory and all the peoples between Siberia and the lands to the south under domination of the British and French, and most certainly included Manchuria and Korea. This was one economic unit, teeming with customers who had plenty of raw materials with which to pay for manufactured goods.

But, though this unit was ostensibly free to do business with whomsoever it wanted, the Americans found the way to it blocked by the pre-emptory positions held by European competitors. To meet this situation, Secretary of State John Hay formulated and caused general acceptance of what became known as the Open Door policy. This was a declaration to the effect that in the Chinese market the various competitors were to be on an equal footing.

At that time Japan was not much of a competitor, but it

was coming along and was very much in need of the Open Door. This mainland was of immense importance to Japan's economy. Aside from contiguity, the area was rich in all the things Japan lacked. Japan has nothing to sell but her labor power, which is a marketable commodity only when it is congealed in raw materials, of which Japan has practically none. She must import not only the resources that labor power turns into desirable things, but much of the food that fuels labor power. This near-by neighbor had an abundance of both. Hence the Open Door, which for Americans meant an opportunity for expansion, was for Japan a necessity.

But, the Open Door did not solve her problems, for though she had the advantage of distance, Japan was not able to meet the competition of the Occident. America was a particularly tough customer. This fact may jolt our protectionists, who have always maintained that our high-priced labor cannot compete with the "coolie" wages of the East. Yet, the fact is that with a wage scale lower than none, Japan was unable to undersell the highest wage scale in the world, even in her backyard.

Wages, as everybody but a Socialist knows, are part of production. The higher the wages the higher the production. Conversely, when the level of production falls the wages come tumbling after. In comparison with his output (quality considered), the American skilled mechanic is the cheapest labor in the world, while the unit cost of the impoverished Japanese laborer put him out of line competitively.

Japan's low-wage level was the result of political domination of her economy. The level of wages is determined by the level of production, and political intervention in the economy always has the effect of depressing production. For one thing, political intervention means taxes, which is a siphoning off of the wealth of a nation and a discouragement of capital savings. No economy can attain or maintain a high

standard in the face of frequent visits from brigands, in which class, economically speaking, the tax collector must be put.

In Japan the political establishment had long enjoyed absolute control of the economy. This meant that Japanese production was loaded down with taxes, and even though some of these taxes were channeled back into the economy by way of subventions, the net result was a general impoverishment; subsidies have the effect of creating work, of stimulating activity, of spreading money around, not of increasing production. Production begets production, and the only way to boost the general level is to permit the producer to keep, invest and exchange the output of his labor. This is, concomitantly, the only way to boost the wage level.

The Open Door could not redress the harm done to Japan's economy by her political machinery. Since the State never abdicates in the face of failure, but seeks to cover up its deficiencies with an extension of power, Japan set out to overcome her competitive difficulties on the mainland by militarily closing its door to the Occident. Successively, she took possession of Formosa, Korea, Manchuria and then sought a monopolistic position in China proper. Her economy did not improve; wages remained at the subsistence level.

The causes of war are too complex to be reduced to a simple formula. But, history indicates that the economy of a country bears heavily on the advent of war. American revisionist historians have come around to the thesis that the depression of the 1930's eased our entrance into World War II. If we were conditioned to an acceptance of war by our economy, it is a certainty the Japanese were likewise prepared for it. So, the war came and spent itself and we have a treaty of peace.

III

There is some fear among those who have studied the treaty that its terms present Russia, or its Chinese satellite, with easy opportunity to dominate the Japanese, thereby putting our military position in the East in jeopardy. If this is true, it is true only because the treaty in no way suggests a solution for Japan's economic problem. Save for the internal reforms effected by the MacArthur regime, Japan's economic position is even more precarious than it was before the war, in that her population is crowded into less working space.

Japan is still poor in natural resources. Japan still has nothing to sell but her labor power. And the neighboring mainland is still rich in raw materials. These are the hard facts of the situation.

Japan has other neighbors, including the United States, with whom she could do business, and in preference to China. China has had more war, and is therefore in less solvent condition than Australia, the Philippines, other countries on the mainland, Africa. But seeing how the nations of the world are going mad with economic isolationism, the likelihood is that Japan will find trading with them difficult, if not impossible. She will be confronted with the "dumping" argument—that she is bent on causing general distress by giving her goods away free! She will learn that she is a menace to the "high priced" labor of Indonesia. India's "infant" industries must be protected against this menacing Japanese giant. The sterling bloc will ostracize her. America will bolt its doors when a Nipponese salesman is in sight.

One of the great anomalies of our times is the urgency, on the one hand, for political One Worldism, and, on the

other, for economic isolationism. Even as the validity of separate sovereignty is seriously debated by international commissions, and pacts for closer political union are drawn up, the various governments are erecting stronger barriers to trade, and thus splitting up the human race into hermetically sealed and hostile camps. This contradiction can only be described as international schizophrenia.

When the requirements of protocol are satisfied, Japan will probably be invited to join mankind's greatest fraud—the United Nations. And we can already hear her delegates pleading for the supreme privilege of buying iron and selling toys, and humbly apologizing for her lack of food. No doubt the plea will be respectfully referred to the proper commission for study. Shall its report, in due time, recommend that Japan solve her economic problem by practicing birth control?

IV

The weakness and danger of the San Francisco agreement is that it has no bearing on Japan's primary problem. If Japan ultimately drifts into the hostile Communistic camp against the Western lineup, it will not be because of an intent to defeat the terms of the treaty, but because of the primordial urge of the Japanese to live.

If, as seems likely, Japan finds the markets of the world closed to her, she will be most receptive to any overtures China may make. Can she reject them offhand? Even though trade with China—or Russia—involves political entanglement, or Communist propaganda infiltration, the risk must be taken. To a man with a hungry wife and child a job is a job; the boss's ideology is not hard to take with the wages.

This should be evident, and it certainly must be evident to the conspirators in the Kremlin. Gromyko's performance

at San Francisco may have had its purpose, but it certainly was not to prevent the signing of the treaty. For a sovereign Japan, committed by world trade conditions to poverty, and no longer enjoying a liberal handout from her conqueror, will be most amenable to blackmail. Will this lead to war?