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Abstract: Discusses ways for the United States to achieve equality and balance in its economy. Compares the economies of the US and Japan; Japan as a capitalist-free market economy; Analysis of the modern economic dilemma; America's battle between the rich and poor; Views of Sam Pizzigati, author of 'The Maximum Wage.'

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EXPLORING 'CAPITALIST-FREE' ECONOMIES

It was the Massachusetts Institute of Technology, not Japan, that first faulted the US for its lack of manufacturing vision and for its production inefficiency. In the 1989 book, *Made in America*, MIT proposed that US companies learn from the success of other nations, particularly Japan.

Earlier this year, there was a furor over reports that corporate executive salaries in the US can be 85 times the pay of the average factory worker, whereas in Japan, corporate chiefs earn only 14-26 times the average entry-level wage. The reason for the difference, according to Japanese Finance Ministry advisor Yuichiro Nagatomi, is simple: "Capitalists, defined as exceptional individuals who control large companies . . . do not exist in Japan . . . Japan is a capitalist-free market economy."

Ironically, Japan once had a capitalist class, the zaibatsu, but these large corporate-family dynasties were dismantled after WW II as part of the postwar US occupation of Japan. As a result, reports the

Tokyo-based monthly *Look Japan*, today's Japanese business leaders, "unlike their US counterparts, do not make policy decisions alone . . . Instead, such decisions are made in a cumbersome, yet democratic, process by groups of employees and in some cases by the entire company."

According to Nagatomi, "Most US companies are run by and for capitalists. Large Japanese companies, however, exist not for the benefit of capitalist company presidents, but for the employees. In Japan, there are few individual capitalist stockholders insisting on short-term returns. Companies are therefore freer to distribute funds strategically . . . to pioneer new products and increase their competitiveness. Also, companies frequently offer their workers such . . . services as housing and education." In addition, US workers "are more likely to be laid off during business slowdowns or mergers than they are in Japan."

Nagatomi is quick to admit that, while Japan's seniority-based pay scales promote stability and company loyalty, "the salaried worker society makes its members unwilling to criticize and interdependent to a fault."

Nagatomi's analysis of the modern economic dilemma is straightforward: "Europe and Japan followed what has been called the 'natural (soft) path,' characterized by harmony between humans and nature and close interpersonal ties. After industrialization, society took the 'mechanized (hard) path,' which has driven people to dig for coal and oil and construct ever bigger machinery. But the hard path has destroyed nature... undercut interpersonal ties and has led to the drug problem, urban crime and other such symptoms of 'advanced nation's disease.'"

A new book by labor journalist Sam Pizzigati, suggests another way for the US to achieve equality and balance in its economy. In *The Maximum Wage* [Apex Press, 777 UN Plaza, New York, NY 10017], Pizzigati argues that there is a "common-sense prescription for revitalizing America -taxing the very rich." Benjamin Franklin and James Madison both warned against great concentrations of private wealth, and Supreme Court Justice Louis Brandeis once observed: "We can either have democracy in this country or we can have great wealth concentrated in the hands of a few, but we can't have both."

Today, the top one percent of America's families control 28 percent of the nation's wealth and 60 percent of the country's corporate stock. As New York Times columnist Anthony Lewis noted, "The gap between rich and poor in America is far and away the widest in the developed world."

Pizzigati's book explores the hidden history of America's battle between the rich and poor (during WW I the public demanded a maximum income of \$100,000; in 1942, Franklin D. Roosevelt proposed a maximum income of \$25,000). Pizzigati also explains why large corporations cannot be reformed: "Corporate hierarchies aren't just anachronistic hangovers from a bygone age... [they exist because they are] income-maintenance programs for rich people." --GS

- **What You Can Do:** So far there is no law to set a maximum US wage, but the Peace Tax Bill (HR 1870 and S 689), which would allow war-resisters to direct their taxes toward peaceful purposes, is set for a hearing this spring. Contact: National Campaign for a Peace Tax Fund, 2121 Decatur Place, NW, Washington, DC 20008; (202) 483-3751.

Recommended Reading: *Putting Power in its Place: Create Community Control!* by Judith Plant and Christopher Plant (The New Catalyst Bioregional Series, New Society Publishers, 137 pages, \$9.95). *Beyond the Limits: Confronting Global Collapse, Envisioning A Sustainable Future*, Donella Meadows, Dennis Meadows and Jorgen Randers (Chelsea Green Publishing Co., 320 pages, \$19.95).

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