

Changes of Japanese Marxist Economic Thoughts in Post-War

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Abstract. After the Second World War, Japanese Marxist economic thoughts was recovered and made great development, gradually forming four schools of "Orthodox", "Uno", "Civil Society" and "Mathematical Economics". According to the focus of different periods and the characteristics of the historical background, it can be divided into the recovery period in the early stage after the war, the trough period after the revolutions of 1989 in the Soviet Union and the stability period since the bubble economy.

Keywords: Japanese Marxism; Economic Thoughts; Uno School; Mathematical Economics School; Analytical Marxism School.

1. Introduction

After the Second World War, on the one hand, due to the failure of the war and the economic chaos thereof, the socialism was attracted to many Japanese people both in politics and in knowledge, and the prestige of the Marxists among the Japanese people was also greatly improved. On the other hand, General Head Quarters (GHQ) carried out a series of political, economic, cultural and military democratization reforms to Japan, creating a relatively relaxed academic environment, which once again promoted the development of Marxism in Japan. Left-wing scholars who had lost their positions during WWII reappeared at Japanese universities and academic institutions and soon resumed their own research work. Scholars have conducted diversified research by summarizing important research achievements before the war and combining them with changes in Japan's economic and social structure.. According to the focus of different periods and the characteristics of the historical background, the study of Japanese Marxist economic thought after World War II can be divided into the following three stages.

2. Recovery Period: From the End of World War II to the Mid-1970s

This was the period of economic reconstruction and rapid development in Japan after WWII, and also the golden period for the dissemination and research of Marxism in Japan. During this period, Marxist Economics played a mainstream role in the Japanese academia, especially in the universities. The debate before WWII was rekindled over Japanese capitalism between the faction of *Koza* and *Rono*. However, the factional opposition in the debate was no longer as obvious as before the war, because the feudal land problem in Japan had been solved, and the scope of the debate was no longer limited to the nature of Japanese capitalism, with the focus on the application of Marxist Economics principles in the specific development stage of Japanese capitalism. In the mid-1960s, Marxist economists were further divided and gradually formed four schools.

2.1. Orthodox

The orthodox school refers to the traditional Marxist economic school, who oppose the capitalist system, the exploitation of capitalists and the resulting gap between the rich and the poor. They believe that the root causes of inflation, urban population, environmental pollution and other problems that emerged in the late 1960s are all in the capitalist system.

2.2. Uno Theory and Uno School

Kozo Uno's levels of analysis (hereinafter referred to as the "Uno theory") is the most important and controversial new ideas in the Japanese Marxist Economics of the 1950s, for the Marxist economist related to *Rono faction* had especially great influence. It has also attracted the attention of some European and American scholars in the 1980s.

Uno advocated splitting the Marxist analysis into three levels. The first level is the general theory of capitalism. The second level is the stages of capitalist development. The third level is detailed studies of particular countries and time-periods, or, in other words, historical analysis. He believed that the analysis of Japanese capitalism by the *Rono* faction and *Koza* faction was confused because there was no distinction between these three levels, and his theoretical purpose was to save Marxist economists from the quagmire of logic and semantics that they had already fallen into. Although in real life, the pure capitalism in Uno theory does not exist, it provides a basic basis for studying the diversified forms of capitalism in the real world.

Uno's followers were committed to the further development of Uno theory, gradually forming the "Uno school" represented by Tsutomu Ouchi (1918-2009) and Kiyoshi Oshima (1913-1994) from Tokyo University. They tried to combine the situation of Japanese capitalist economy and politics at that time and find a Marxist explanation for the reasons for the rapid growth of Japanese economy, so as to make up for the shortcomings of Uno's "historical analysis".

2.3. The Birth of the Mathematical Economic School

Another innovation of Japanese Marxist Economics in the early days after WWII was the birth of the Mathematical Economic School. The original purpose of this school was to use the method of the Marginal Utility School to resist the expansion of the influence of the Marginal School, and advocated the application of mathematics to Marx's value theory. They utilized mathematical analysis to prove that labor value is not the cause of the equilibrium price of the market, and that labor exploitation is not the only source of legitimate profits. The mathematical method was first introduced by Kei Shibata (1902-1986). After that, Shinzaburo Koshimura tried to use the method of linear algebra (such as matrix) to expand Marx's reproduction theory and circular economy theory to the crisis theory of counter-equilibrium. Nobuo Okishio summarized Marx's basic theorem by mathematical method, and constructed the transformation model and Marx's economic growth model. Michio Morishima established the general equilibrium model of Marxist Economics, including the value theory model, reproduction theory model and value transformation theory model, in order to prove that the internal logic of Marxist Economics has been so strict that it can be rediscussed by mathematical methods. Okishio and Morishima were nominated for the Nobel Prize for Economics.

2.4. Civil Society School

The Civil Society School, centered on Kiyooki Hirata, was formed on the basis of the classical Economics of the pre-WWII era, with an emphasis on the individual, civil society theory, and opposition to Stalinist dogmatism. The research of this school, called "civil society theory," was a new direction of Marxist research in the late 1960s. Hirata(1969) formally took Marx's social theory problem as a research object. He thought that civil society was not a special stage of human history development, but the special formation of western European society itself, as well as the method and concept per se to theoretically grasp the history[1]. Another representative, Seiji Mochizuki(1973), considered Marx's theory of history as the history of the development of civil society. Through the interpretation of the key text of Marx and rigorous logical deduction, he realized the break with historical materialism doctrine system, and built a new Marx's civil society history theory[2].

3. Low Ebb Period: From the Middle and Late 1970s to the Early 1990s

This stage was a period of steady growth of Japanese economy. In 1968, Japan became the second largest economic country in the world after the United States. The social class contradictions began

to ease and the country entered a stage of mass consumption and all-round social development. The Japanese prime minister then, Yasuhiro Nakasone, proposed a "total clearance of the post-war political accounts". At the same time the new liberal influence on the Japanese economy gradually increased, which began to weaken the political and economic influence of the left forces. The revolutions of 1989 in the Soviet Union dealt a heavy blow to Japanese Marxism, and Marxist studies were marginalized and entered a low-ebb period. Japanese Marxist scholars have entered a short period of hesitation, and problems such as the relationship between Marxism, communism and Marx, "the failure of socialism" and Marx's "responsibility", the possibility of market socialism, became inevitable for a time in the study of Marx.

Setsuo Furihata(1993,p.31) pointed out that, at this point, we are faced with the problem of "identifying the purely social scientific Marxist theory from the complex of Marxist-Leninist thought and theory and reconstructing it as the standard of modern social analysis." This claim ended with the reaffirmation of Uno's theory and was therefore considered as a regression to fundamentalism. According to Hiroshi Hidaka(1994,p.58), the development of productivity "on the one hand, formed the appearance of the socialist system, and on the other hand gave birth to the essence of the capitalist welfare society". He also pointed out that the main problem was the contradiction between the over-affluent society at the expense of resources and environment and the contradiction of the third world countries poverty. One needed to rethink "planned economy" in order to solve the problem. His view is similar to the world system theory and the subordinate theory, injecting new blood into Marx's thought and theory[3-4].

4. Stable Period: From the Middle and Late 1990s to the Present

With the stagnation of Japan after the bursting of the economic bubble and the deepening of Japan's neoliberal structural reform, various social problems appear frequently, such as the sharp rise of the domestic unemployment rate and the widening gap between the rich and the poor. Japanese Marxist scholars are increasingly aware that the text interpretation of *Das Kapital* is not important, and how to use it to analyze the practical problems is the key. At the same time, the awakening Japanese Marxist economists also actively absorb the research results of other disciplines, and constantly innovate in the research methods and research perspectives, so that the research of Japanese Marxist Economics has made new progress, showing the characteristics of diversification.

4.1. New Progress in Uno's Economic Theory

On December 1, 2007, the successors of Uno, Tsuyoshi Sakurai, Shigekatsu Yamaguchi, Kazuo Shibagaki and Makoto Itoh organized the "30th anniversary of Hirozo Uno's death". The theme of the conference was "How to use Uno theory in modern society", and the above-mentioned four scholars delivered keynote speeches. Kamakura pointed out that the general theory, as the essence of Uno's theory, is the premise and foundation of the historical analysis. Kouji Daikoku thought that on the one hand, Uno theory acknowledges the existence of a process of purification of capitalism in reality, but on the other hand, it prepares for the impossibility of purification by conceiving a hypothetical body of "pure capitalism". This paradoxical dichotomy is influenced by the modern Japanese industrial and agricultural dichotomy, the duality of money and the duality of the "economic man". Michiaki Obata pointed out that the purpose of the separation of the stage theory from the original theory was to explain that capitalism takes different forms as it evolves throughout history. The capitalism portrayed in the development phase is now once again facing a transformation, and we need to reconsider four questions, that is, whether the money converted from commodities is gold and silver money, whether the capital in the circulation of commodities is individual capital, whether the capitalist mode of production is mechanical mass industry, and whether the economic cycle is mediated by sudden crises. Hiroji Baba argued that Uno's original delineation of the historical stages of capitalism had been terminated by the First World War. The new U.S.-centered capitalism should be divided into three stages: classical imperialism, mass capitalism, and globalized capitalism. The new general theory should include the speculative mechanisms of land markets, stock markets, virtual

commodity prices, etc. He also predicted that the excess affluence of the United States would extend throughout the world, the destruction of the earth's environment would lead to the extinction of the human race. Capitalism will also die with it.

Taking this research conference as an opportunity, the website of "How to use Uno theory in modern society" emerged, accepting contributions from all parties, and publishing the submitted papers in the form of Newsletter (electronic version). So far, two issues have been published, with a total of 28 volumes. Some of the research results from No. 1 in December 2007 to No. 12 in April 2010 were compiled and published in a collection of essays, "Current Issues on Uno's Theories" (Shakaihyoronsha, 2010), by research association leaders Tsuyoshi Sakurai, Kazuo Shibagaki, Makoto Itoh, and Shigekatsu Yamaguchi. These papers embody the integration of Marxist Economics with industrial Economics, labor Economics, finance, sustainable Economics, and world Economics to analyze and seek solutions to real economic problems[5].

4.2. Concerns Related to Economic Ethics

As mentioned above, the crisis situation of modern society and the development of pluralistic values have led people to consider the question "What should society be like" when thinking about new directions for its development. In this context, Japanese Marxist economists also began to focus on the normative study of the field. The Japanese Mathematical Marxist School of Economics, which enjoys the highest international reputation, began to utilize modern mathematical methods to study issues of social justice and social ethics in Marxist Economics after the 1990s.

The most representative one is Naoki Yoshihara (1967-), a professor at Hitotsubashi University, who mathematically tested the fairness of the theory of exploitation in the context of modern economy. He pointed out that the value of labor is not the main factor in determining the equilibrium price of the market, and that labor exploitation has completely lost its meaning as the "sole source of profit", while "in the context of private ownership, where capital with the possibility of producing surplus products is scarce compared to the total working population of society, and therefore it cannot be said that it is unjust for capitalists to make profits".(Yoshihara,2001,p.253) Yoshihara(2008) suggests that Marx's theory of exploitation should be fused with Rawls's theory of justice and Amartya Sen's welfare Economics to construct a new concept of labor exploitation as a welfare principle[6].

Around the theory of value and exploitation, there was a year-long debate between Japanese mathematical Marxists and analytical Marxists. The debate originated in an article, "Analysis of Marxism", released in April 2001 by Akira Takamasu in *Associe*, No. 6, published by Ochanomizusyobou. In September of that year, Hitoshi Ebara first raised doubts about Takamasu's "Marxist economic analysis does not require labor value", pointing out that Takamasu's "labor value" was suspected of being the "value of labor", while the labor referred to in Marx's value theory is labor as a value entity, because labor itself has no value. Then, Enohara emphasized that Takamasu's definition of labor value is "the direct and indirect necessary labor time to produce a unit of commodity", which is not linked to the socialization process, and is therefore abstract private labor, which is not the same as Marx's concept of value. Takamasu used the mathematical method to conclude that the value proliferation in the production process was the "labor value" difference between labor goods and general goods, where he held this was the "value difference" exploited. Ebara pointed out that according to Takamasu's definition of labor value, the social necessary labor time could be set arbitrarily, which made the commodity value determined by the society in the process of exchange lack social attributes. Therefore, he reached the conclusion that "there is no exploitation" deviates from the reality[7].

Yoshihara believed that the labor value theory of Okishio was based on the theories of classical economic schools such as Smith and Ricardo, and its starting point was consistent with Marx. Yoshihara also emphasized that the possibility of producing positive surplus products is a sufficient and necessary condition for positive profits, and it does not deduce that the capitalists' possession of profits is unjust. Then a person named Kei continued to question the reduction of the social necessary

labor time to the direct or indirect labor time of the classical school. Yoshihara insisted in his answer that Marx's social necessary labor time could be interpreted as a common scale or measure of the labor time invested in the production of various commodities. Moreover, he opposed the Ebara's view that the analysis of the exchange process should not be ignored in the argument of labor value and exploitation, arguing that the analysis of the exchange process under simplified conditions is unnecessary, and that such simplified conditions were sufficient to judge the validity of Marx's proposition of exploitation, which is not valid. Later, Tadasu Matsuo, the professor of Economics at Kurumi University, joined the debate and criticized Yoshihara's theory of exploitation. In this regard, Yoshihara once again emphasized his view that Marx's basic theorem cannot prove that labor exploitation is the only source of profits, but it doesn't deny the existence of capitalist economic labor exploitation.

This debate revolves around the theoretical model of Okishio, where the root cause is that the mathematical model of labor theory is not perfect, and there is a deviation in the understanding of Marx's original intention. In addition to the debate above, Kazuyuki Takahashi(2013) also discussed the justice of Marxism. He pointed out that Marx's account of equivalent exchange in *Das Kapital* is a kind of infinite judgment; the equivalence of exchange, while realizing justice, necessarily entails the injustice of exploitation, and this injustice must be corrected in view of the peculiarities of exchange's (currency's) justice. Koichi Tagami(2008) points out that Marx did have a systematic theory of justice like that of Rawls, but that the theory of alienation, which had shaped his analysis of the preconditions of capitalism, included a theory of distributive justice. He also held that "Marx's theory of justice is not merely a moral reproach, but that at the core of the theory of justice that shaped him was the notion of the 'alienation of labor'"[8-9].

Satoshi Matsui, another representative of Japanese analytical Marxism, systematically analyzed the value concepts of Marxism as well as the interrelationship between liberalism and socialism and their similarities and differences, and based on this, he introduced the value concepts of liberalism into the theory of socialism, and originated "liberal socialism"[10].

In addition, the *Political Economy Quarterly*, Vol. 41, Issue 4, released a special issue on "Normative Theory in Economics". Takashi Sato discusses the issue of responsibility and luck in modern distributive justice theory, starting from the relationship between the empirical evidence and norms of the concept of exploitation. Takumi Yamaguchi examined the concept of exploitation and its moral normative significance and proposed a new concept of profit exploitation. He then discussed environmental ethics, animal protection, quality of life, and other issues of environmental ethics and economic ethics. Takahira Aoki pointed out that normative theory also existed in Uno Economics, which was generally regarded as having the least to do with norms, and that a communitarian view of society can be arrived at through a normative-theoretical reconstitution of Uno's theory of values. Michio Akamma pointed out that although the Marxist school considers their position as being alien to utilitarianism from Marx's critique of Bianchin, utilitarianism, in fact, is a wide-ranging normative theory that can be explored in Marxist Economics.

4.3. Research on "Unequal Society"

The problem of "unequal society" is a specific social problem related to economic ethics, a concern to Japanese Marxist economists. The theme of the 55th Congress of the Society for Economic Theories in 2007 was "How Do We Consider 'Society with Increasing Inequality'", where scholars discussed the nature of the gap between the rich and the poor, analyzed the causes of the gap in the context of internationalization and modern capitalism, and provided a reference for the government to formulate policies to narrow the gap. In particular, Hiroyuki Uni made an empirical analysis of the reasons for the widening income gap in Japan. He pointed out that there had been a widening gap in income, consumer spending, and savings among workers of all ages in Japan since the 1990s, thus rejecting the Cabinet's claim that "the widening of the income gap in Japan is due to the aging of the population". And he explicitly stated that such an assertion was to absolve the Koizumi government of the Neo-liberal structural reforms, which were the real culprits of the "unequal society"[11].

Subsequently, in January 2008, the *Political Economy Quarterly*, Volume 44, No.4, featured a special issue on "unequal society and Alternative", including papers on the cross-study of Marxist Economics and quantitative sociology, welfare Economics and political philosophy on the issue of "unequal society".

Yoshimichi Sato made an empirical analysis of the grid gap problem from the perspective of quantitative sociology. By avoiding the income gap concerned by Economics, he extended his vision to the presence or absence of intergenerational transfers related to classes including occupation, education, and the mechanisms by which they work.

Kenji Hashimoto also analyzed from the perspective of metrological sociology, and drew the conclusion that class disparity was the basic cause of economic disparity. He divided the modern capitalist society into four classes: the capitalist class, the new middle class, the working class and the old middle class, and this class ownership has an influence on income, poverty rate, the tendency of widening gap, and the tendency of transfer and immobilization between generations.

Mikio Watanabe analyzed the normative theoretical basis of the problem of "unequal society" from the perspective of political philosophy. He argued that John Rawls, in response to the marketization of economic competition brought about by regulatory reform, posited the need to strengthen the mechanism of income redistribution, which constitutes the most solid normative-theoretical foundation of *A Theory of Justice*. In particular, Rawls's view of the "principle of difference" that "inequality that improves the state of the worst off is just" has not only influenced subsequent normative theory research, but has even led to the emergence of a Rawlsian-type index of social welfare in modern Economics, which has become one of the criteria for judging economic policy. In *A Theory of Justice*, Rawls attempted to show that egalitarian standards, such as the "difference principle", are just as a result of rational choices made by individuals under a cloak of ignorance. However, this attempt was also subjected to much criticism. In this context, Watanabe came to the very bold conclusion that the "principle of difference" is a "communist" principle because Rawls ignored the proposition of labor ownership in John Locke's proposition of self-ownership. Although the rigor of his argumentation process needs to be verified, his critical reasoning does make it necessary for those who are committed to realizing an egalitarian income distribution mechanism in the context of a market economy to further refine their theories.

5. Summary

Judging from the above, the researchers on Japanese Marxist Economics in recent years have not only paid attention to the textual study of Marx's original works and the study of the theory of the Japaneseization of Marxism (Uno's theory), but also focused on the study of the normative theory of Marxism and its analysis of the specific social problem of the "unequal society". These analyses and explorations share the following common features: a focus on the original, combining inheritance and innovation; a focus on comprehensiveness, combining norms and empirical evidence; a focus on practice, combining principles and applications; and a focus on communication, combining criticism and reference.

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