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President Norman G. Kurland
Center for Economic and Social Justice
P.O. Box 40849
Washington, D.C. 20016
U.S.A.

Dear President Kurland:

Thank you for your letter of March 16, a copy of Every Worker an Owner and some materials relating to Project Economic Justice. The book and the materials are most precious to me. I have enclosed my check in this letter to pay for the book and the postage. I learned of the book in the news letters of the ESOP Association. I met you at the Convention of the Association in Washington D.C. two years ago. At that time, I asked you to help me in introducing ESOPs into Japan. You promised me your kind help and advised me to read the books which were written by Louis O. Kelso. Do you remember? I have read, Every Worker an Owner and the materials you sent me, the two books by Louis O. Kelso and Mortimer J. Adler, and also the two books by Louis O. Kelso and Patricia Hetter.

Now I wish to tell you about my thoughts on expanding capital ownership through technologies such as the Employee Stock Ownership Plan and about my problem in popularizing ESOPs in Japan.

I think that Kelso and Adler's version of economic justice is much sounder than Marx and Engels'. I agree with your opinion: "Since power and property go hand-in-hand, participation can only be short-lived among people without effective, personal access to property. Participation without power is a cruel hoax. True democracy at the workplace presupposes that each worker has a source of power independent of the majority." From the viewpoint of democracy and fundamental human rights guaranteed to the people by the Constitution of Japan, expanding capital ownership is just and legitimate.

Moreover, we have two good reasons to popularize ESOPs in Japan:

As a matter of fact in Japan, some corporations are very rich, but most people are poor. Corporations own 70 percent of listed corporate stocks and individuals own 25 percent only. Can you believe that the price-earnings ratio of listed corporated stocks is 70 times and one square meters of land in the business center of Tokyo is 40 million yen? Corporations buy up stocks and land at an incredible price. Many people in Japan have to rent " rabbit hutches" and live in them. This situation might become hotbeds of communism. This is one reason why we need ESOPs in Japan.

Another reason is following. In Japan the age distribution of population is abruptly proceeding in the direction of a higher percentage of old people. It is estimated that 5.6 workers support 1 retired person at present, but within 30 years approximately 2.3 workers will have to support 1 retired person. To cope

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with this problem and to provide old people with income after retirement, it is necessary to improve the productivity of individual workers and to transfer income from corporations to retired persons. Income redistribution through taxes and government subsidies, however, is morally wrong, economically inefficient and contrary to the basic values and objectives of a free and democratic society, I believe. We need ESOPs as a means of improving the productivity and securing retired persons' competence independently of government.

It seems that there is a problem in popularizing ESOPs in Japan. That is, democratizing stock ownership in Japan will lead to the concentration of stock ownership by relatively few corporations. By the commands of the U.S. occupation army, we dissolved "Zaibatsu", democratized stock ownership and promoted employee stock ownership after the Second World War. Zaibatsu families who formed the nucleus of capitalist class before the War have disappeared. With the passage of time, however, stock ownership gradually transferred from individuals to corporations. Almost all large corporations have their stocks each other (i.e., extensive cross ownership). There are very few individual major stockholders in large Japanese corporations. Japan is a capitalist country, but there is not capitalist class here. This is one of the reasons why we enjoy a high economic growth rate in postwar Japan. In 1965, Corporations owned 70 percent of total listed stocks when 20 years passed after the War. Under the free enterprise and market economy, it seems that the concentration of stock ownership into the hands of corporations will be an inevitable consequence even if we could remove the wealthiest families. Judge Grosscup predicted: "The paramount political problem of our time is the way in which the corporation shall thereafter be organized, and the bounds given to its dominion." What do you think of the concentration of stock ownership into the hands of corporations and on the ways and means to cope with this problem?

I shall deem it an honor to continue my correspondence with you.

Respectfully yours,

Kanezo Ichikawa

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