

Learning Inamori Philosophy

Japan's most influential social philosophy

In comparison with

Libertarianism and New Liberalism

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About the Author

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Professor Iwao Taka was born in 1956 in Oita Prefecture of Japan, graduated the doctoral course at Waseda University School of Commerce in 1985, and received his Ph.D. in Commercial Science in 1995.

From 1991 to 1994, Taka studied business ethics at the Wharton School - University of Pennsylvania. Upon his return to Japan, he has long served on a number of governmental councils and committees. From 2001 through 2003, he participated in the ISO26000 project as a representative of Japan. And in 2008, he received the International Compliance Award from the U.S. Society of Corporate Compliance and Ethics (SCCE). For seven years since April 2007, Taka also taught at the Business School of Kyoto University as a Kyocera-endowed chair professor.

His publications include "Business Ethics: A Japanese View," *Business Ethics Quarterly* (January/February 1994), "Fairness in International Trade and Business Ethics: A Japanese Perspective," *Fairness in International Trade*, (Springer Science + Business Media, 2010), *Business Ethics* (Nihon Keizai Shimbun: Japanese, 2013), *Bankruptcy and Revival of Japan Airlines* (Minerva Publishing House: Japanese, 2019).

How This Book Came About

The philosophy of Mr. Kazuo Inamori (1932-Present). Could younger generations appreciate it? Could it be understood to begin with? The personal philosophy that evolved through one man's experiences may just be brushed off as "one man's success story." But I believe Mr. Inamori's thoughts and achievements surpass just one man's experience; that it is a "social philosophy" which could transform the entire society for the better. The purpose of this book is to deliver this message.

Fascinated by Mr. Inamori's thoughts and way of life, I, the author, wrote a paper on "Corporate Principles and the Rapid Growth of an Organization: the Kyoto Ceramic Company Case" for a competition more than 30 years ago. Fortunately, it was well received by the Waseda University School of Commerce, and the paper received the High Honor Award. This was my first step towards becoming a researcher.

Following that experience, I extended my research on to topics such as decision-making theory, business ethics, social philosophy, and corporate social responsibility. In 2006, Professor Koichiro Hioki invited me to teach the "Kyoto University Management Philosophy Course Funded by Kyocera" as a visiting professor, from April of that year through March 2014 - a period of 7 years. I had returned, by chance, to my origin of Inamori Philosophy at the prime age of fifty.

Seven years of teaching the course allowed me to take a closer look at Mr. Inamori's way of thinking, and to feel first hand his passion towards rebuilding the then bankrupt Japan Airlines. This stirred my aspiration to research and write. In that regard, my most sincere appreciation to Mr. Inamori is due. The opportunity to teach the Kyoto University course may have been fate.

This book discusses Inamori Social Philosophy, but it is not a conventional philosophy textbook. While logical and accurate, I wanted to present the topic so that it could be easily understood and appreciated, especially by younger generations. Therefore, the book explains Inamori Philosophy in the form of a classroom lecture in a high school.

The dialogues with high school girls that appear throughout this book are the means to this end. The decision to write in this style originated from my experience lecturing at a girls' high school. Without that experience, this book may never have come to exist. So I sincerely thank the guidance counselors who gave me the opportunity to give lectures at their high school over a number of years.

In the “readability” aspect, my former seminar student at Reitaku University, Mr. Masahiko Ohtake gave me many specific pointers and advice. I strongly hoped he would remain in academia after graduation, but he went on to the private sector. It was sad to see him go, but I am thankful that we were able to work together again in discussing this book. I wish him continued success.

Of course, too much emphasis on “understandability” and “readability” could risk not being able to convey the depth of Inamori philosophy. During the process of writing, I had sent many manuscripts to Mr. Shigeyuki Kitani of Kyocera Management Research Department and received his frank opinions. I would like to mention him here in appreciation.

The decision to write this book came in the spring of 2014, right after I finished teaching the Kyoto University course. In 2009, the third year of my precious time teaching at Kyoto University, I had been appointed as the Department Head at Reitaku University, and could not spend much time on Inamori Philosophy research. Publishing this book, therefore, was something that I strongly wished to accomplish. I wrote to Mr. Inamori:

“Even after concluding the Kyoto University course, I continue my research on the significance of Inamori Philosophy, and how to convey its value - especially to the younger generation. I would like to share the culmination of this research with the world, which I am currently planning to do through a book.” “By this book, I strongly hope that many readers - not just businesspersons, but high school and college students as well, can understand the importance of Inamori Philosophy and the necessity to put it in action.” “This, I feel, is my social obligation as a corporate social responsibility researcher of 30 years.”

My passion for writing this book could not have materialized if not for the people behind it all. So, last but not least, I must express my heartfelt gratitude to the editor in chief of *Nikkei Ecology*, Mr. Taro Tanaka. His immediate response to my manuscript was, “Fascinating!” followed by his opinion, “A book about Inamori Philosophy with high school girls! The contrast is so charming.” His honest response is the reason this book exists. I thank good fortune that our reunion allowed us to work together on this book.

April 2020
Iwao Taka

Preface

For several years, I have taught a special course on “Economics, Social Issues, Business Management, and Philosophy” offered to the advanced class at a girls’ high school. And every time, I have asked the class, “What kind of work would you like to do in the future?” I have asked this same question every year at the beginning of the course. Last year, though, the response was slow to come.

The guidance counselor had informed me beforehand that, “There are quite a few that want to be flight attendants.” So I had expected a straightforward response, “I want to be a flight attendant,” from the students. Yet, the class was surprisingly quiet.

“I heard many of you want to be flight attendants,” I threw in.

Then, a girl in the front row began timidly, “I do, but I’m not tall enough.”

This started the others off. “Yeah, and the entrance tests are really hard.”

Becoming a flight attendant was THE thing to do during Japan’s economic boom of the latter half of the 20th century, but this is the 21st century, and I had presumed the popular female profession would have changed. Apparently I was wrong, and being a flight attendant was still a popular career hope among girls.

So I went on.

“There are many airline carriers. Which company would you like to work for?”

“Japan Airlines, JAL!” said multiple voices.

“There is All Nippon Airways, ANA, too,” I ventured, but the answer was still, “I want to work for JAL.”

“Why?” I asked, but the answer was, “I don’t know, but I still want JAL.”

“Okay, so you want to work for JAL. But, you know, the company went through bankruptcy a few years back.” “ANA is a really good company too, you know?” I made sure, but their minds were set.

The class was warming up, so I raised a question. “Okay then, do you know

who Mr. Kazuo Inamori is?" To my dismay, every one of them answered, "No, not a clue." There was not enough time or words to express my disappointment properly.

Instead, I took a breath, grinned, and gave a little threat. "Oh, you girls want to work for JAL, but you don't know who Mr. Inamori is? Oh no, that's really bad - they might say you have no right to work at JAL!"

What Did Mr. Kazuo Inamori Do?

Mr. Kazuo Inamori is one of Japan's foremost corporate executives. He is the founder of Kyocera (an electronics, telecommunications, and ceramics hardware company) and DDI (currently KDDI, a telecommunications company), and is currently the honorary chairman of Kyocera and also Japan Airlines (JAL). His philosophy and actions are respected and considered by many as the "gold standard" management philosophy and moreover as the life philosophy to be followed. He stood up to the challenge of reviving JAL from bankruptcy in February 2010, without any compensation, and successfully relisted JAL on the Tokyo Stock Exchange in just 2 years and 8 months after the company filed for bankruptcy.

"So how amazing was the resurrection of JAL? I won't go into details, but when a big company like JAL goes bankrupt, many people lose their jobs and there is a profound impact on society as a whole. So the people involved utilized the Corporate Rehabilitation Law to try and rebuild the organization under the court-supervised restructuring."

"But, using this Rehabilitation Law doesn't automatically mean the bankrupt company can be revived. Since 1962, in Japan 138 companies have attempted to recover under this Law. Nearly half of the companies (59) failed to come through and perished. While recovery is hard enough to achieve, relisting the company's stock is an even greater challenge."

"To 'list' means that the company stock may be traded at a particular Stock Exchange. It is extremely difficult for a once-bankrupt company to relist. Of the 138 companies that filed for bankruptcy, only 9 accomplished this feat, and the shortest time it took any of the other companies to relist was seven years. Mr. Inamori accomplished the relisting in only 2 years and 8 months."

This explanation gave the class at least a small sense that, "He had accomplished something great." So, how did Mr. Inamori achieve the great feat of resurrecting JAL? Now that is the important part.

“The key to JAL’s revitalization was the mandatory ‘Leadership Training’ for the 52 senior executives, which was held from June to July after the Rehabilitation Law was applied. I have heard that some of the executives objected to the training. But Mr. Inamori was convinced that this training was indispensable to rebuilding JAL. He appealed the importance of having a ‘Right Mental Attitude’ to all the JAL executives in his own sincere and passionate words.

“Some executives came to the training with an attitude of, ‘That is business management 101! You don’t need to tell us that!’ but when Mr. Inamori started his lecture, everyone was mesmerized. In the end, they all realized that ‘knowing something’ and ‘doing something’ are totally separate things.”

The Two Social Philosophies That Influence Our Thinking

How does a “Right Mental Attitude” lead to business success? This still must be hard to grasp for a lot of people. There are times when a business succeeds without “making” one’s thinking better. An innovative idea and some ability, ambition, and funds will, in most cases, lead to an achievement. Maybe to sustain the success will require a “Right Mental Attitude”, but in our hearts, many of us are actually a bit skeptical. Some of us even resist the word “Right Attitude” when we hear it. That is because the Japanese people have been raised on “education that belittles right mental attitude” in the modern times since the end of World War II.

If I were asked to name social philosophies that have greatly influence present day society, I would say, “libertarianism” and “new liberalism”. Libertarianism states, “Leave everything to the market and everyone will receive what they deserve.” On the contrary, new liberalism states that “leaving everything to market does not always bring justice.” These two philosophies seem like oil and water; they would never accept each other. But in our post-war education, we have unconsciously studied these two social philosophies repeatedly.

Interestingly, these conflicting philosophies have a single underline: that without question, “Right Mental Attitude” should not be forced onto other people” and “whether something is good or bad should be left for each person to decide.” That is the reason why the post-war generations unknowingly are repulsed by words like, “It’s important to have a Right Mental Attitude.”

But is a “Right Mental Attitude” really that repulsive? The very first thing Mr. Inamori touched on at the executive training was “The Results of Work and Life”. The participants of the executive training had a massive shock when they heard, “The most influential factor in the outcome is one’s ‘Mental Attitude’.”

JAL boasted top-notch employees before its bankruptcy. There were ambitious executives and hard-working recruits. There was plenty of “ability” and “effort” required for success, and they all prided themselves in their capabilities.

Consequently, no matter how close to bankruptcy their company was, the employees demanded “recognition of their talent and effort” and “appropriate compensation” from the management. On top of that, the various unions of pilots, flight attendants, maintenance, ground crews, etc. all fought with each other for better pay and work conditions through their own union. To overcome the situation, a long list of senior managers drafted countless management policies and plans to rebuild the organization. All of these failed.

How did the government and the political parties who demanded fundamental reform and drew up rehabilitation plans from outside the company do? As expected, none of the politicians or governmental organizations pursued a “Right Mental Attitude” or its implementation. All they did was rewrite goal figures into the rehabilitation drafts.

That is to say, all they did was argue over the figures: the number of personnel to let go, the number of fuel-consuming jumbo jets to cut, the number of smaller aircraft to purchase, the number of low-yielding routes to discontinue, the amount of interest-bearing debts to cut, et cetera. It may be a bit harsh, but I would have to say, they were “all talk and no action”.

As a result, Japan Airlines sank deeper into debt and collapsed completely. Amidst this chaos, only Mr. Inamori insisted on the necessity of a “Right Mental Attitude” and put himself on the line to revive JAL. I will explain his formula for success, “the Results of Life and Work,” properly in chapter one, but the main idea is that the “result” depends greatly on the quality of “attitude”. This factor, that the prior two social philosophies ignored completely, changed the fate of giant organization called JAL. Should we not look straight into this reality, and learn from Inamori Philosophy as a social philosophy?

Of course, many companies and business leaders have already recognized the significance of Japan Airline’s revival and are learning from both Mr. Inamori’s “management philosophy” and “life philosophy”. But his philosophy and achievements encompass more than just “management philosophy and life philosophy”. Inamori Philosophy supplements the limits of western libertarianism and new liberalism and goes on to offer a whole new way of thinking.

This may be improper to say, but the bankruptcy and revival of JAL was a once-in-a-century “invaluable social experiment”. As a witness to this incident, I would like to get to the core of Inamori Social Philosophy that proclaims “the importance of mental attitude” in this book.

Dialogues with High School Students

The main purpose of this book is to deliver Inamori Philosophy to the present challenged society and to shed a guiding light towards a new future. My goal is to convince not only companies and business leaders, but really to reach younger generations and have them be tweeting and buzzing about this valuable philosophy.

In order to relate especially to younger readers, I have brought in dialogues with high school girls often in this book. As I’ve mentioned before, this was inspired by the special lectures I gave at a girls’ high school in Tokyo. I have given lectures every year since I was invited a few years ago. The attending class was an advanced class of about 30 seniors, all with overseas student exchange program experience.

I had lectured college students before, and I thought I knew how to go about it, but to talk to high schoolers - all girls, with English proficiency - it was quite a different story. I was concerned. “Could I convey the greatness of Inamori Philosophy and his accomplishments successfully to them?” “Might I blunder and sound too rigid and stiff?” I almost declined the offer. But, “If I could understand, even partially, their interests and perceptions, it would be a valuable lesson for me.” I finally decided to accept the challenge. Consequently, although some may say I am gravely mistaken, I feel I can now comprehend the interests and perceptions of the younger generation.

For the above reasons, this book evolved around my dialogues with high school students. First, though, I would like to apologize that I have added some fictional conversations along the way. The actual lectures at the high school were only 60 minutes, very short lectures. If I were to put down only the actual conversations, the publication would have been about two thirds of the current volume. So I needed to supply fictional conversations based on “How I would have further explained things to these girls and how I believe they would have reacted based on their interests and perceptions.” I hope these dialogues motivate younger generations to read on and enjoy learning more about Inamori Philosophy.

Chapter 1 Utilitarianism as a Social Philosophy

Mr. Inamori's philosophy and lessons based upon his practices are usually viewed as a management philosophy or a life philosophy. However, in this book the "social" aspect of his philosophy is spotlighted. Why?

First and foremost, it is because his teachings encompass how a just society should be. Not many people have realized this, but his philosophy reaches the realm of an all-around "social" philosophy. That being the main reason, this book also focuses on the social aspect of Inamori Philosophy because the social issues are the most familiar to the younger generations.

For example, most high school students have never managed a company. They have lived less than two decades. To lecture business management or life philosophy to them would be foolish. Without something they could relate to, the core and the heart of the philosophy would be lost. Therefore, I decided to introduce Inamori Philosophy through familiar social, ethical, political, and economic issues that they all learn in high school.

1. Logical Results of Work

How is Inamori Philosophy a social philosophy? The essence is represented in the "Logical Results of Work and Life" that Mr. Inamori proclaims.¹ I would like to call it the "Results of Work" for short.

The "Results of Work" in the formula refers to many things, but in our case, we will say it is all the "earnings" a person receives for a particular work. This may be "income" from a job, or "material" from one's personal trade, or it may be "trust" from associates.

Whatever the form, these things represent the useful "earnings" to a person in life. Strictly speaking, Mr. Inamori's definition is a little different, but we will use this as our definition of the "Results of Work" for now. Simplified this way, the "Results of Work" actually means "Formula for how 'earnings' are distributed in society."

Before we go further, let me explain a bit more about Mr. Inamori's formula for the "Results of Work". The formula is as follows:

$$\text{RESULTS OF WORK} = \text{MENTAL ATTITUDE} \times \text{EFFORT} \times \text{ABILITY}$$

¹ Kazuo Inamori, *Kokoro wo Takameru, Keiei wo Nobasu*, PHP 2004, pp.26-27.

Mr. Inamori rates effort and ability in 1 ~ 100, but we will simplify it to 1 ~ 10. "Ability" means: competence or aptitude, physical characteristics, knowledge and skills learned in life. It would be natural to think: "The higher the ability, the better", but Mr. Inamori thinks otherwise. He says: "Ability on its own does not determine the Results of Work; the results are determined by the multiplication of 'effort' and 'ability'."

Then, what is "effort"? It implies finding meaning to a goal, actively pursuing it, never giving up, and having the determination to achieve that goal. Inamori Philosophy emphasizes that even if one's "ability" is a 10, if "effort" remains a 2, then the resulting product will only be a 20 ($= 10 \times 2$); whereas even if one's "ability" is a 6, if there is a 10 "effort" - that is if one is persistent and earnest and fully devoted - then the product mounts to be a 60.

The most distinctive characteristic of Mr. Inamori's formula is that it brings in the "mental attitude" variable to the formula and that it defines the Results of Work as a product of the three variables of "effort", "ability", and the "mental attitude". Interestingly, "effort" and "ability" are rated only between 1 through 10 whereas the "mental attitude" is rated between - 10 through + 10.

The reason "mental attitude" has a rating range from negative 10 to positive 10 is, naturally, because there are negative or "wrong mental attitudes" and positive or "right mental attitudes". If one acts on "wrong mental attitudes", even when the product of "effort \times ability" is a 60, multiplying the negative "mental attitude" number would yield a negative number for the "Results of Work". On the other hand, this formula supports the possibility of an impressive outcome even if one's "ability" is mediocre (6, for example), as long as that person has a strong "effort" (say, a 10) and a "right mental attitude" (a positive 5, for instance), resulting in $6 \times 10 \times \text{positive } 5 = \text{positive } 300$.

We will examine the validity of the "Results of Work" formula later in Chapter 5, but I would like to emphasize first that this formula actually shows "how the society should be". That is, this formula represents the very core of what social philosophy strives to do. Furthermore, I would like to suggest that this formula may make the two orthodox Western social philosophies to repent.

2. The Issues Discussed in Social Philosophy

What are the issues discussed in social philosophy? I asked the following question at the lecture course I taught and examined the answers with the students.

“What sort of society would you like to live in?”

To this question, the students answered, “A peaceful society, a safe society, a society we can feel happy in.”

“Then, what is necessary for such society to exist?”

Various things came up as answers, but the popular ones were “freedom”, “fairness”, and “prosperity”. In other words, the students thought the requirements were “that the ‘freedom’ of the people is protected, ‘justice’ (fairness) to all people is realized, and that ‘prosperity’ could be felt by all members of the society where there is (no poverty)”.

“The necessities of a happy society” have always been, in actuality, the focus of social philosophy - and the students came up with “freedom, justice, and prosperity”.

Ideologies and philosophies dealing with these issues date back to the ancient Greek times of Plato and Aristotle. But, keeping in mind that the present-day society is mainly influenced by the social philosophies of the late Middle Ages in Europe, we shall look only as far back as that time in history.

3. Late Middle Ages and the Beginning of Philosophical Explorations

Europe started exploring new ideas at the end of the Middle Ages. During the Middle Ages, the leaders of society - kings, lords, and religious leaders - defined the right way of life for their subjects and followers: how to serve, what occupation to take up, and how to live. These things were ordered by the leaders or were followed in the form of systematic “traditions, customs, and teachings”.

To put it straight, there was no individual freedom. Especially for the subjects, no “freedom” to break the master-subject relationships at will was present. In that regard, the Middle Ages were the dark ages with no freedom. Interestingly, though, most of the people did not especially resist the “orders” or the “traditions, customs, and teachings”. They knew tacitly, that by following these “orders” the society would keep its ORDER, peace, and balance.

Such thoughts were established in Middle Age Europe, but with the following Renaissance and the Age of Exploration, the social ORDER swayed. Then, the Reformation in the late Middle Ages dismantled the Catholic Church, the civil revolutions after the 17th century toppled feudalism, and at the end, even

kings and queens were executed. To behead kings - the pinnacle of the social pyramid - meant breaking off the source of "ORDER" established in Middle Age Europe at the hands of the people themselves.

Now, it was not a "happily ever after" story. When the Middle Ages were denied and the old order was destroyed", as long as people lived, naturally, a new order was needed. So after the old was destroyed, people seriously began discussing what kind of society should be established and how should the new order be formed. In other words, with the end of the Middle Ages, emerged a great discussion around what the "Right Society" should be.

People are, by nature, free. God gave each of us freedom to do God's will on earth. So, we all have the "natural right" to "freedom". But, if we were given complete "freedom" to do as we pleased, then the society would fall into chaos.

The strong would dominate the weak, and again the "freedom" of the dominated would be taken away. Fighting would arise among the strong, and both sides would lose many lives and fortune. That is definitely NOT a "Right" situation.

To avoid such chaos, people should give up a part of "freedom" dealing with "right to govern" to the leaders or representatives; this was the new theory insisted by Social Contract Theorists like Thomas Hobbes (1588-1679) and John Locke (1632-1704).

Moral philosophers also insisted on their own theories. Humans, by nature, have abilities to "sympathize" and "be rational". We can predict if an action would hurt another person or make them happy before we act. People could put themselves in another's place and decide what is best to do or not to do.

This ability is God given. God also carefully placed "Laws of Nature" in this world so that with our abilities, social "order" could be achieved. So, if we all follow our rationale and morals, everything will work out. The father of economics, Adam Smith (1723-1790) states that.

4. Utilitarianism Emerges

"You have learned about philosophers such as Hobbs, Locke, and Smith in your Social Studies classes. What they were theorizing about, ultimately, was how they could establish a new order in society."

"Unfortunately, their theories must have been too complicated for the

common people; in the end, very simple and familiar concepts were accepted in the society. The people wanted simple ideas, not complicated theories. They also wanted a concept that approved of what they were actually doing."

"You may have heard of the social concept called 'utilitarianism', which states, One may strive freely for one's happiness and pleasure, and one may avoid or lessen things that cause one pain.' Of course, there was the condition that one may not infringe on other people's freedom, but the small details were overridden by the captivating concept that justified the freedom to strive for one's own happiness."

"Let me elaborate and emphasize. Utilitarianism allowed the people to decide for themselves what their 'happiness' encompassed. Which means 'what is right' was no longer ordained by the church or traditions or customs for people to follow. This is why the people welcomed utilitarianism with a cheer."

In this way, utilitarianism became one of the leading social philosophies defining modern times. It declared, to gain happiness and lessen pain, and to decide what one's happiness is, are all a 'logically correct' way of living for individuals and for society as a whole.

Now, under this social philosophy, the "desirable policy" of a country or a government would be the one that provides the most happiness for its people. Supposing the contentment of a citizen could be measured, policies that maximize the total contentment of all its citizens would, therefore, be the most desirable. This is the axiom "greatest happiness of the greatest number of people is the measure of right and wrong" by Jeremy Bentham (1748-1832), a regular in Social Studies textbooks.

But this theory "greatest happiness of the greatest number" - that so fascinated the people - met a pitfall, and was deemed insufficient as a founding principle of society. To illustrate this pitfall, I presented an example to the students.

5. The Pitfalls of Utilitarianism

"Let us say, there was a survey of contentment at your school last year. And let us say that the result showed, out of 300 points, the student contentment was 100 points. It was not high. So the school opened a new cafeteria that all students could use. As a result, this year's survey yielded 200 points. Looking at this result, do you think opening the new cafeteria was the right action to take?"

To this question, everyone answered, "Yes, it was right." They all supported this, simply because the evaluation result doubled from 100 to 200 points. Namely, they judged it from the utilitarian standpoint.

After all the students answered, I put forth another, quite an unrealistic situation and asked a question. I believed this was the most obvious way to discuss ethics.

"Now, then, let us just say for instance, that the school decided to pick one random student and lock the student up for a year in a room somewhere in the school. Food and the most minimal needs for survival are provided to the student, but nothing more."

"What!? How could the school do that?!?" "No way!" "Absurd!!"

I smiled at their outrage, but continued, "This is just a hypothesis. Please don't react just yet, and hear me out."

"Of course, that confined student would feel pain. But even after deducting for that student's pain, the contentment of the rest of the students summed up to be a whopping 270 points! Way over the last evaluation result of 200 points. Now, in this case, would you all agree to the confinement of a random student?"

Nobody agreed to that. Everyone was opposed. The students decided "that is unacceptable", even though the contentment evaluation result soared. Their reason being, "The person picked would be devastated." Although they didn't say it clearly, there could be some students, who imagined the worst case scenario of them being picked.

The true reason for their opposition is not certain, but the students decided intuitively that, "That is unacceptable." Their decision shows the limits of the logic of utilitarianism. That is, utilitarian theory holds within it a cruelty that legitimizes the thought that "If the contentment of the majority (unpicked students) rises, then the discontentment of the minority (picked student) could be negated." Furthermore, the theory considers only the TOTAL happiness (welfare) of the society as a whole, and neglects "how that happiness is distributed in the society (school)".

Here lies the pitfall of the utilitarian theory. But I certainly don't mean to say, "All aspects of utilitarianism are insufficient and no one should follow it. No. We all employ utilitarian ways of thinking on a daily basis."

As confirmation, I gave the following example to sum up the talk on

utilitarianism.

“When you shop, most likely you would apply the utilitarian theory. Whether you buy clothes, snacks, or concert tickets, when you spend money, you would probably compare the money spent (discontent) to the contentment achieved by spending that money, and decide on a purchase with the most contentment gained.”

“This way of thinking is not only practiced by you. All business managers and government officials also apply this way of thinking when making decisions. For example, a business manager, deciding whether to construct a new factory or not, would compare the construction costs to the increase of future profits. If the profits are calculated to be much higher, the manager would decide to go with the construction of the new factory. This is utilitarian thinking.”

“So we, on a daily basis, in various situations, and in various levels, repeatedly make decisions in a utilitarian manner. Therefore, we cannot deny utilitarianism in its entirety. But, please remember, that utilitarianism is not a perfect theory.”

Chapter 2 How Libertarianism Overcomes the Limitations of Utilitarianism

Modern society was not foolish. The philosophers began further explorations to overcome the limits of utilitarianism. The next pioneering theory became known as “libertarianism”.

To recap, the shortfall of utilitarianism was that it required sacrificing the freedom of the minority in order to gain the contentment of the majority. Therefore, to overcome the limits of utilitarianism, a better social philosophy needed to regard not only the freedom and welfare of the majority but also those of the minority, as well as to define “how income and wealth (happiness and contentment) are distributed in society”. Libertarianism stood up to the challenge with a clear explanation.

1. Libertarian Explanations

“This may not interest you much, but let me just name the two major libertarian philosophers here. One is Friedrich Hayek (1899-1992) an economic philosopher, and the other, Robert Nozick (1938-2002) a political philosopher. I will not dwell on each one’s theory, but introduce you only to their shared visions.”

“The essence of their view is this: the government should intervene as little as possible, and transactions between people should be left to the ‘market’. The ‘market’ refers to a place where products and services are sold or bought. So if you purchase something at a store, the store would be an example of a market. Your school, where you pay tuition to get educational services, would also be a market.”

“Libertarianism explained that everyone’s ‘freedom’ would be protected by the ‘market’, not by ‘government’, because all people - both the majority and the minority - could exchange goods and services by their own free will in the market. If one wants to purchase, she purchases. If one wants to sell, he sells. Libertarianism advocated that all people are given equal freedom to make transactions that benefit them the most.”

“There is one more, very important point - the concept that ‘the market’ also brings ‘justice’. Utilitarianism ignored the ways in which happiness is distributed in a society. The ‘Greatest happiness of the greatest number’ of people aimed only to increase total happiness, if you all remember. On the other hand, libertarianism stated that as long as the government does not intervene in people’s economic activities, each person will be valued for his or her own efforts,

and as a result, 'fair distribution' will be achieved. In technical terms, this concept is called the 'distributive justice'. Please keep that word in mind."

"Now, do you think your efforts are rightfully valued and rewarded in our society mostly?" To this question, the students answered, "Yes," trustingly.

"Why do you think so?"

To this question, they virtuously replied, "Because I think the people who put in hard work actually do get rewarded..." and "People try hard because they believe the effort gets rewarded, like in sports."

"That is true. Take tennis players like Novak Djokovic and Kei Nishikori (a world ranked Japanese tennis player), we can say they are highly valued and rewarded in the world today because they have put in a lot of effort." Saying so, I was warmed by the thought of my students being so pure and virtuous.

2. The Difference Between Laissez-Faire and Libertarianism

I must make clear - libertarianism is NOT a simple "laissez-faire" philosophy. Libertarianism did NOT say, "Everything will work out if the government stayed out," or "Let everyone do as they please."

"Laissez-faire economics" of the past proclaimed, if one acted freely to gain one's own profits, that person's efforts will definitely be rewarded. The businesses of the time interpreted laissez-faire to their own liking and justified some very selfish actions.

They conspired within their industries to raise product prices, raised the bar for new competitors to enter, and bribed officials to obtain permits. They considered these actions to be "free economic activities".

If such activities are tolerated, the hard working honest people will end up with the short end of the stick. If bribing is considered as one's "freedom", and sports players bribed umpires and opposing teams, honest players would neither be valued rightfully nor be rewarded fairly. So, another of libertarianism's great endeavors was to amend the selfish interpretations of "freedom".

"Libertarianism did not say, 'Hands off, governments!' Rather, it defined clearly what governments' role should be. Some of the most important tasks a government should accomplish were these: to make the market a level playing field, to encourage free competition, and to eliminate anything that discourages

competition.”

“If these government tasks are achieved - that is, if the market functions as it should - then the people will act and trade freely to gain profits. If there is a neutral umpire, everyone will work hard and honestly. As a result, both the majority and the minority will be rewarded for their efforts fairly.”

“Eventually, when the people start to believe that ‘freedom’ and ‘justice or fairness’ are realized, they would work harder and put more effort into their work. When all people start to work harder, society would be filled with better products that are more affordable. In short, the society will ‘prosper.’”

“I have just mentioned freedom, justice and fairness, and prosperity. Now, please think back. I asked you at the beginning of the lecture, ‘What kind of society would you like to live in?’ Do you remember what your answers were?”

“You had said, I think, a peaceful society, a safe society, and a society you can feel happy in. Correct? And I had asked, ‘What is necessary for such society to exist?’ There were many elements that came up, but the popular ones were ‘freedom’, ‘fairness’, and ‘prosperity’, if I remember correctly.”

This lead was enough for my students to realize where I was going with this.

“Oh, I see.” “Then, that’s the connection.”

The students understood that libertarianism stood clearly on those three issues; that this philosophy aimed to “protect the ‘freedom’ of the people, realize ‘justice’ (fairness) for all, and bring ‘prosperity’ to the society”.

3. Libertarianism in a Formula

So, in order to overcome the limits of utilitarianism, and to make modifications to the radical former laissez-faire economics, libertarianism advocated that “people’s trade should be entrusted to the market”, “everyone’s ability and creativity will be rewarded rightfully in the market”, and “government must eliminate anything that discourages competition”.

But, in comparison to Inamori Philosophy, neither libertarianism nor utilitarianism defined certain values as “right”. They thought imposing certain values on to others would go against the thought of “freedom”.

Let us review the characteristics of libertarianism here for a moment. Using

the same format as Inamori's "Formula for the Result of Work", the characteristics would be represented as follows:

$$\text{RESULTS OF WORK} = \text{EFFORT} \times \text{ABILITY}$$

Preconditions:

- 1) Government collects the minimal tax necessary for defense and peace.
- 2) Government eliminates anything that discourages market competition.

In other words, Libertarianism states the Results of Work is decided only by the product of "EFFORT" and "ABILITY". For example, say there is a person with a 7 ABILITY" but a low motivation of only 2 EFFORT. The person is competent but unmotivated. In that case, that person's income will be the resulting product of 14.

On the other hand, say there is a person with not so much ABILITY of 4, but is very highly motivated - with EFFORT of 9, for example. In this case, the distribution of income from society would be 36. Very roughly said, this would be the libertarian explanation of the "formula for the Results of Work". Of course, this formula has a couple of preconditions, but the core of the theory remains the same; if one exerts one's ability and effort freely, the market would reward the results rightfully.

After writing the libertarianism formula on the blackboard, I asked the students.

"You have seen Mr. Inamori's 'formula for the Results of Work' already - what was different in that formula from this one on the board?" That was an easy question for them.

"It's whether there is the 'MENTAL ATTITUDE' variable or not," one student answered promptly.

Another student added, "I think the formula should include 'THE MENTAL ATTITUDE' variable."

"You think Mr. Inamori's formula is better. Okay, thank you. Does everybody else feel the same way?" I asked.

No particular comments were made, so I confirmed, "So, that would mean this class does not support libertarian thinking."

With my comment, one student raised a hand hesitantly and said, "I don't

think the 'MENTAL ATTITUDE variable is really necessary in the formula."

"Very interesting. Thank you for being brave and sharing your thoughts. Would you be kind enough to share some more and tell us why you think so?"

"I'm not sure, but I feel it's really hard to decide how to judge which 'MENTAL ATTITUDE' is right and which is not. People may have different ideas of what is right and what is wrong..." she said modestly.

"I see. A wonderful point made. That is likely what the libertarians thought, too. If everyone had different ways of judging what is right and wrong, the society would suffer from inconsistency. And the formula for the Results of Work cannot depend on an inconsistent judgement."

"Then, what if someone decides 'whether a mental attitude is right or wrong' to keep the judgement consistent? Have someone in the society decide what is right and wrong?."

The students reacted in a flash. "There would be no freedom in such society!" "Justice may be twisted!" "Even prosperity may be lost!"

This was exactly the reaction of the libertarians. If a certain person or a group were to decide the right or wrong "MENTAL ATTITUDE", there would be much power concentrated in the hands of that person or his or her group. If a certain person was to decide and advocate one value to be "good", dictatorship by that person would be evident and that society would lose freedom and justice, as was the case in the past in communist countries. That is the reason why there is no "MENTAL ATTITUDE" variable in the libertarian formula.

4. Trade Based on Free Will?

Libertarianism stated that left to trade on "free will", all efforts will be rewarded fairly in the market, "distributive justice" will be realized, and poverty will diminish. It stated, "freedom", "justice", and "prosperity" will all be accomplished. Is that really true? We need to dig deeper.

"Do you not feel odd about the condition 'trade on free will'? Are all market traders really acting on free will?"

The class remained silent. No thoughts were voiced. The students must have thought, "Everyone acts and trades on free will in society." So I presented the following point.

“In order for trade on free will to actually take place, everyone concerned must stand on equal grounds. If one side stands superior, that side could push the inferior side to an unfair trade agreement. The inferior side, in a tight situation, would have to agree to the proposed terms no matter how unreasonable. Generally, these trades would be far from being based on free will.”

Granted, such unbalanced trade cases may be exceptions and irrelevant in society. At the beginning of modern society right after the Middle Ages, all traders might have acted independently. They may have traded freely - one could have made carpets and the other, bread or vegetables - and they may have traded mostly on equal grounds.

Yet soon, the income and power of the traders started to differ. One became rich and another, poor. Actively invested companies grew while the employed individuals became vulnerable. As a result, the weak individuals were forced to accept the terms presented by the powerful, no matter how unsatisfactory those terms.

You may think that in modern society employed individuals are not so weak, since labor-related laws and regulations protect their interests. Even if that were true, the whole concept of the employed is ever-changing. There are full-time, regular employees and other, non-regular employees.

“You may hear often nowadays, that once you fall off of the career path of regular employment, it is really hard to get back on track. As for education, the wealthy have access to prep schools and private tutors while the poor do not. And as a result, children from wealthy families are more likely to attend prominent universities and go on to well known companies.”

“I do not know whether your families are wealthy, but having had the opportunities to be foreign exchange students like you have, you would certainly count as being educationally privileged, I think. Maybe the reason why you do not feel any strangeness hearing ‘trade on free will’ is because you have been very much blessed in life. It is a possibility.”

The weak, or the “socially vulnerable”, tend to accept harsh terms and unreasonable demands in order to survive, more so if that condition was the only option for survival. As long as this kind of situations exists, purely equal trade as presumed in libertarianism could not exist either.

French economist Thomas Piketty (1971-Present) says, viewed over a long time span, the gap between the wealthy and the poor continues to grow. He

supported this using data from the past 300 years. If wealth continues to concentrate as Piketty says, that means the socially vulnerable people are being forced into a “restricted, non-free” life.

People would not call a society with concentrated wealth a “just” society to begin with. An economically unbalanced society would eventually topple. History has seen this happen many times. If our society is heading towards that direction, libertarianism would not be able to protect “freedom”, “justice”, or “prosperity” as it promised.

5. Result Oriented Society

There is one more, big flaw in libertarianism. That flaw is the risk of misuse of the libertarian formula in society. Originally, the libertarian formula was proposed as the “ideal” of how society should be. But once the formula defines the Results of Work as the product of “EFFORT × ABILITY”, the wealthy may insist that, “The less fortunate all lack effort and ability.”

“Effort and ability are certainly important, but please everyone, imagine this - a society that points at the less fortunate and says it is completely their own fault. Would you like to live in such society? Wouldn't you think it's a very cold and stressful society?”

“The reason why I say this is because life and society throw many coincidences at you. No matter how earnestly you work and live, there could be an airplane accident for example, and your parents could perish suddenly one day. An unfortunate accident could befall you that had nothing to do with your actions. If such misfortunes were said to be due to your lack of effort or ability - that would be terrible, don't you think? So that is the flaw of libertarianism.”

Of course, libertarianism is not flawed entirely, just like utilitarianism was not entirely bad. Modern society has flourished a lot owing to many activities in the market. In that sense, no one can deny the entire libertarian concept. Yet, we need to keep in mind that libertarianism needs “equal grounds for all” to work out, and also that it could possibly create a “cold society” for the unfortunate.

Chapter 3 Keynes' Ideal Society

Libertarianism was not perfect. The shortfall, basically, was in its lack of consideration for the socially vulnerable. This shortfall was conquered by what we now call the "new liberalism". There are many philosophers who are new liberals, and therefore many versions of the theory, but the core claims are more or less the same.

Those core claims are, "not everything should be left to the market", "governments should act as adjusters or coordinators", and "governments should protect the equality and the civilized life of the socially vulnerable".

1. New Liberalism in a Formula

I have already presented Mr. Inamori's "formula for the logical Results of Work", and then the libertarianism formula using the same format in prior chapters. In this chapter and the next, we will go over the main theories of new liberalism. As an overview, I would like to present the characteristics of new liberalism in a similar formula format.

Simplified, maybe to a fault, new liberalism is a theory that does not allow for the Results of "EFFORT × ABILITY" to wholly become the income of each individual. In other words, it is a theory where the government is required to compensate for the results of each individual's efforts and to collect taxes and then redistribute wealth from the viewpoint of overall public welfare.

"You all may know that governments usually tax individuals according to income, using higher tax rates for higher income. It is called graduated or progressive taxation. Individuals with higher income and individuals with greater inheritance are taxed at a higher rate."

"The collected taxes are then 'redistributed' for the sake of public well-being and social welfare. By 'redistributed', it means the collected taxes are distributed by the government back to the citizens in the form of social aid, financial support, or public assistance. Such governmental acts include creating opportunities for employment and education for the socially vulnerable."

"Let me explain a little about 'educational opportunities'. You are now attending a private high school, and I think the tuition here is a little bit more than most other public high schools. So, it is difficult to attend here unless there is enough family income. Thank your parents! Tuition is much more expensive than you might think. Your parents are working hard to pay the tuition for your future's sake."

"Of course, even if family income is limited, gifted students like you may get scholarships from the school. But a school cannot give all its students scholarships for financial reasons. Hence, private high school tuitions tend to be expensive."

With that said, I asked, "What would happen if there are only private high schools like your school here?" and answered myself.

"The answer is, if there were only private high schools, there would be a lot of students who could not go on to attend high school. There would be limited 'educational opportunities'. Such a society is undesirable, so the (local) governments use the tax money to set up affordable public high schools where anyone can receive educational services. Government scholarships are also provided to give equal 'educational opportunities' to its people."

With taxation and redistribution explained, I wrapped up by saying, "We will call taxation and redistribution by the government 'GOVERNMENT COMPENSATION,'" and presented the new liberalism "formula" as shown below.

$$\text{RESULTS OF WORK} = \text{GOVERNMENT COMPENSATION} \times \text{EFFORT} \times \text{ABILITY}$$

Preconditions:

- 1) Government collects progressive taxes according to income or wealth.
- 2) Government provides employment & educational opportunities and welfare.
- 3) Government enacts laws to protect equal opportunities for all.

Please note here that there is no "Mental Attitude" variable in this formula either. We will go into this deeper later, but that is the ultimate difference between new liberalism and Inamori Philosophy. The formula represents a very general definition, but we shall consider this as we look at the theories of the two prominent new liberals.

2. Keynes' Basic Questions

One of the most influential new liberals was an English economist John Maynard Keynes (1883-1946). I would like to avoid any misunderstandings by stressing first that Keynes did not oppose free competition. His theory is characterized by his belief that "government compensation are needed" only when the market fails to function properly.

He did not actually say, "Governments must regulate to save the socially vulnerable." But if you follow his approach on "effective demand", you would

reach the conclusion that “without improving the situations of the socially vulnerable or disadvantaged, before long the economy would stagnate and suffer a serious slump”. In that regard, Keynes is categorized with the new liberals.

Before the times of Keynes, classical economics was the mainstream in society. Hence, when unemployment rose, proponents of classical economics insisted: “unemployment is not a big problem”, “government does not need to do anything about it”, and “problems will solve themselves, since the labor market naturally and eventually settles at the ideal wage level”. They all believed that the economy would “balance” itself out.

The reason companies do not employ workers is because they think salaries are too expensive. When the unemployment rate rises, naturally, the market lowers the demand for salary. The unemployed would begin to accept “lower standards” as reasonable. Once salary standards are low enough, companies, in turn, would reconsider and start hiring.

Classical economists believed this to be true, and claimed that “unemployment would resolve itself”. But unemployment was not “a temporary imbalance” as they had believed. The employment situation got worse and worse.

Keynes went back to the basics and analyzed the problem systematically, coming to the conclusion that the reasons for chronic unemployment was that “the production of businesses were not active enough” and “the demand from society was not enough to stimulate production”. With that understanding, Keynes explained, with enough demand (actual monetary expenditure), industrial producers would become more active, which would create a positive cycle, and unemployment problems would be solved.

Before we go any further, let us take a moment to understand how a national economy works, using a general picture of economic circulation.

3. Flow of a Nation’s Economy

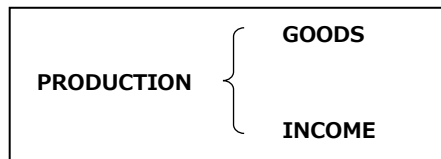
“You may think economic activities are hard to understand, but they are just ordinary occurrences in society, and actually quite easy to understand.” With that in mind, I gave “a general picture of economy” that Keynes had contemplated.

“Economic activities are, in other words, the production of goods. When businesses produce goods, or when people work to produce goods at some

factory, two things are created. What do you think those are?" I asked, but answered myself.

"Those two things are 'goods' and 'income' (CHART 1). Let's say you work at a factory. Naturally, goods are made at that factory. On top of that, you, the workers, would be paid by the factory. That is income. Let me write that on the board."

CHART 1



"These GOODS can further be divided into 'investment goods' and 'consumption goods'. 'Investment goods' are goods purchased by businesses such as machinery, and factories. For example, the machine tools and industrial robots in factories, production lines, materials like cement and steel for building bridges and highways, and construction machinery are all investment goods."

"It may be easier to think of them as goods that consumers do not purchase. Do any of you have welding robots in your room? Or bags of cement? No such eccentrics, right? That is because usually, those goods are not for consumers."

"On the other hand, 'consumption goods' are goods purchased by consumers to live, or to make living more comfortable. For example, food and clothes, houses, cars, air conditioners, TV, cellular phones, and music players are all consumption goods."

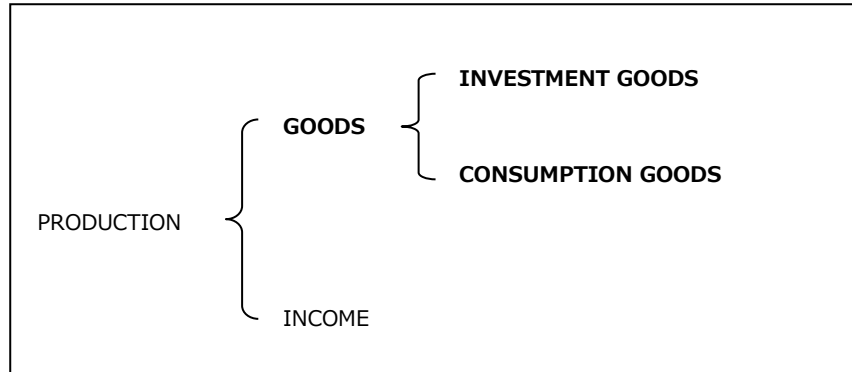
I added the two GOODS on to the board (CHART 2).

"Just like the GOODS, INCOME is also divided into two. Those are 'consumption' and 'savings'. When a person gets paid, they can either consume or save the income (CHART 3). The money is used or kept, in other words. Consumption is the used portion, and savings is the kept portion. Usually, the kept portion is deposited at a financial institution, so we call those savings, but in economics, even if you do not deposit the money at a bank, it is called 'savings'. Whatever is kept for future spending is called savings."

"Let us say for instance, that each of you deposit your money at a bank. The bank would not just leave your money in the vault, because money sitting in the vault would not create any profit. So the bank would gather all your money

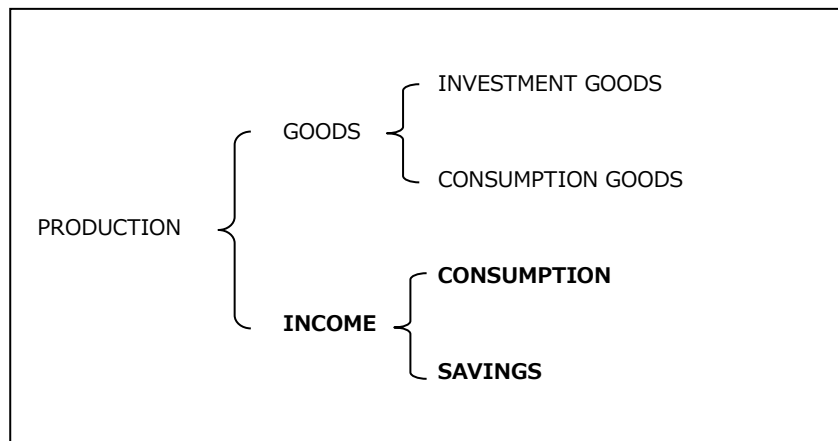
together and lend it to a company, for example.”

CHART 2



“What would the company do with the borrowed money? The company would not just leave it in cash. Usually, they borrow money in order to expand productivity.”

CHART 3



“Between the two GOODS we talked about, the GOODS used to expand productivity are INVESTMENT GOODS - not CONSUMPTION GOODS. Which means the company would purchase investment goods such as machine tools, industrial robots, and construction machinery with the borrowed money.”

“On the other hand, let us say for instance that you do not deposit your money at a bank, but instead, use all your money to purchase CONSUMPTION GOODS. Let us say that everyone in the nation also uses all their income on CONSUMPTION GOODS. In that case, a lot of goods would sell, so businesses would try to raise output to meet the needs of the nation’s consumption by purchasing INVESTMENT GOODS. Now here is a question; would the companies be able to purchase INVESTMENT GOODS without a problem?”

The students answered perfectly. "The companies need money to purchase INVESTMENT GOODS, and the money needs to be borrowed from the bank, so..."

"Would the banks be able to loan the money?" I urged.

"If there is no money in the banks, they won't be able to loan money out to the companies," said one student.

"Beautiful answer! Then, what if there is just a small amount of money deposited at the banks?" I continued.

The students, although novices to economics, answered: "The terms of the loan would be harsher."

"That is a beautiful answer as well! What you mean by 'harsher terms of financing' is that the interest rate would be higher." I supplemented so the students would get a sense of the interest rate as an adjustment of available funds.

"This is getting a little bit confusing, so let us review the role 'SAVINGS' play in the general picture of economic circulation. As this picture shows, 'SAVINGS' play the role of 'INVESTMENT' in the circulation. In other words, in a national economy, described theoretically, SAVINGS are exactly equal to INVESTMENT.

4. Multiplier Effect of Public Projects

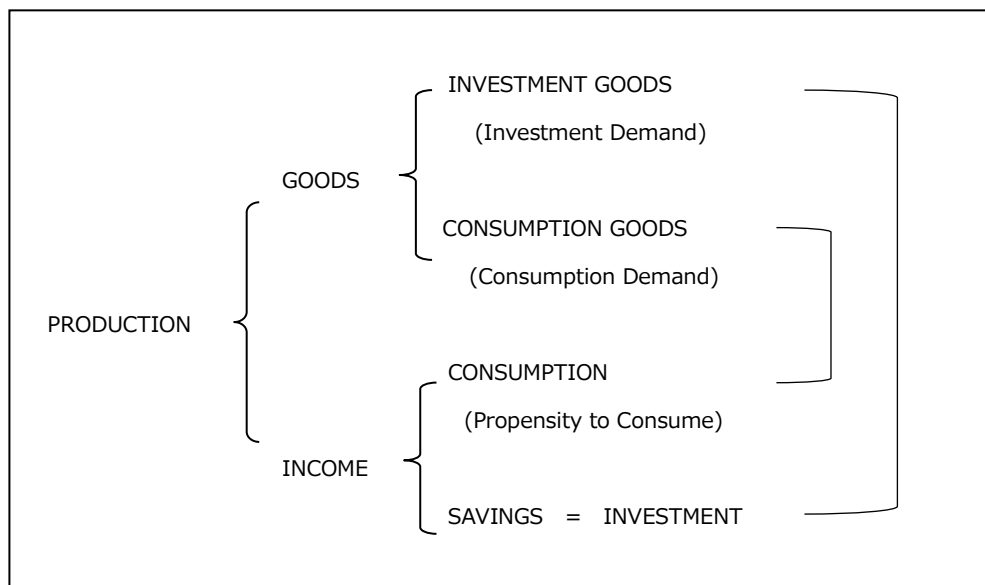
Let us review the relationships of each factor in the general picture. Of the INCOME, "CONSUMPTION" is used to purchase "CONSUMPTION GOODS", and "SAVINGS" are used through financial institutions by companies to purchase "INVESTMENT GOODS". When all that circulates smoothly, the economy will run well and individuals will continuously receive "INCOME" (CHART 4).

"I would like to point out to you, though, that this economic circulation sometimes stumbles. When everything is left to the market entirely, somewhere along the way the wheels start to slip."

"INVESTMENT GOODS only sell when there is demand for them, and CONSUMPTION GOODS also only sell when there is demand for them. The companies continue to produce and sell these GOODS only because the GOODS have buyers, but sometimes, for various reasons, the demand for these GOODS wanes."

“When demand declines, naturally, sales of INVESTMENT GOODS and CONSUMPTION GOODS decline. When products do not sell, production slows and employees lose their jobs. In situations like this, Keynes advises that governments should undertake public works projects like building dams and highways.”

CHART 4



“But then, do you really think taking on some public works projects would turn the economy for the better? Would the whole national economy really recover and demand for investment goods and consumption goods increase greatly? Sure, the people actually working on the construction project would have increased income, but is that really enough to turn around a nation’s economy?”

Upon saying that, I explained how it works.

“Let’s say the banks have excess funds. Excess funds mean there is plenty of money for the banks to invest, but only a few companies willing to borrow that money. The government could then borrow this money to construct highways or bridges. If the government takes on these public works projects, the contractor Company X would profit and its employees would receive additional income.”

“The influence of public works like these seems very small. Only Company X and its employees gain from the projects. But the influence on Company X and its employees begin to spread to other companies and people in a domino effect.

“Company X, in order to finish the project on time, purchases investment goods like machinery from other companies. As for the employees of Company X, they would start purchasing consumption goods with the new income gained that they had previously held back from purchasing.”

“From here, begins the new circulation. Purchases of investment goods by Company X would influence other companies and their employees, and that eventually would trigger the next round of purchases of investment goods by those other companies.

At the same time, purchases of consumption goods by the employees of Company X would influence consumer goods producers and their employees, and that eventually would trigger the next round of purchases of consumption goods.

“You see now that this process goes on to influence an almost endless number of companies and their employees, and ultimately expands the investment demand and consumption demand immensely. This is the rippling process that Keynes theorized as ‘the multiplier effect.’”

5. The Propensity to Consume and the Economy

When the government begins public work projects, it influences many other economic players and boosts economic activity, and if done well, leads to economic growth. This is what is called the “economic stimulus with multiplier effects”. To visualize this ripple effect and to understand that the effect slowly diminishes, I explained this governmental intervention to the students as being like throwing a pebble in the center of a pond.

“If you throw a pebble in the middle of a pond, it splashes and makes circular ripples. If the water is clean, the ripples expand to reach the edges of the pond over and over again. This is the Keynesian multiplier effect.”

“What I would like for you to think about, though, is what if oil and sewage drained into that pond and the water were tainted? What if, for example, the pond was full of detergent bubbles? The ripples would not spread evenly and the effects would stop short. How would you make multiple ripples in such situations?”

They answered, “Throw a bigger stone.”

“That is true. Throw a bigger stone, and there will be another ripple. There

will be a bigger sounding splash, too, maybe. Then what if it got worse - industrial sewage and polluted slimy water - and the pond is full of floating garbage? Throwing a stone in that pond would cause little effect."

An eager student in a front seat said just what I wanted to hear. "Then, throw an even bigger stone."

"Yes. The situation here requires a gigantic stone. Actually, this is exactly what is going on with government public work projects. At the beginning, a small-sized public works project is enough to influence many people, but the effects diminish as the projects are repeated."

"Just like the thrown pebble, the public works projects need to get bigger to create the desired effects. Public works projects are usually financed by borrowing, which means bigger projects accumulate more governmental debt. Many developed nations presently have colossal aggregate debt, which is due to repeated public works projects amidst diminishing economic effects."

"Keynesian theory states that economic stimulus executed by the government encourages a positive economic cycle. But in reality, as the gross national income increases, the ripple effect decreases undeniably. Why is that?"

The students were not sure how to answer. So I continued, "If you had a lot more income than you did, you wouldn't spend the same percentage of your total income, would you?" and gave an example.

"Let's say your income last year was \$50,000, and that you had a bowl of cereal every morning. This year, though, you made \$100,000 - twice that of last year. Now, would you eat two bowls of cereal every morning? The increase in income increases spending, yes, but it never increases the percentage of spending within the total income. Rather, the percentage of a person's total income spent decreases."

"It gets a little technical - but let us remember. The percentage of spending within the income is called the 'propensity to consume'. If it is 1.0, that means any additional income is all spent. When the propensity to consume declines and it is 0.6, then 60% of any additional income is spent and 40% is saved. In any society, as it matures, the national income increases and with it, in general, the propensity to consume declines."

What happens when the propensity to consume declines? What kind of influence does it have on the economy? The first thing that comes to mind is the decline in sales of consumption goods. How can we say that?

Imagine one nation whose propensity to consume is 0.9. And let's suppose the following. Now, in this nation, one person spends \$100 million purchasing consumption products. According to the multiplier effect theory, the next person, who has received this \$100 million, then spends \$90 million (100×0.9). Again the next person, who has received this \$90 million, eventually spends \$81 million (90×0.9). This process repeats over and over again. In the case of 0.9, total spending stimulated in this nation will amount to \$1 billion (CHART 5).

But if nation's propensity to consume declines to 0.6, total spending stimulated will go down to \$250 million. Even if the first person spends twice (\$200 million) as much as the first case, the total will end up with just \$500 million. In other words, if the propensity to consume declines, sales of consumption goods eventually go down.

CHART 5

Propensity	(100)	Propensity	(100)	(200)
0.9	90	0.6	60	120
0.9	81	0.6	36	72
0.9	72.9	0.6	21.6	43.2
0.9	--	0.6	--	--
0.9	--	0.6	--	--
0.9	--	0.6	--	--
Total	1000	Total	250	500

That is not all. If the consumption goods do not sell, the companies do not need to expand production capacity, and therefore they refrain from purchasing investment goods. In short, when the propensity to consume declines, demand diminishes for both consumption goods and investment goods. In this way, in Keynesian theory, the 'propensity to consume' holds the key to the course of economic future.

6. Problems in Japanese Society

Now that we understand how a national economy works, I would like to explain why I said at the beginning of this chapter that "without improving the situations of the socially vulnerable or disadvantaged, before long, the economy would stagnate and suffer a serious slump".

I have pointed out that the "propensity to consume" holds the key to a country's economic future, but just looking at the general propensity is not enough to find a policy that promotes continual economic growth. To say that

economic maturity lowers the propensity to consume and therefore diminishes effective demand is like saying “there is nothing that can be done”.

So let us take problems in present-day Japanese society as an example, and search for the “right policy to take”. As a common understanding, I would like to identify the “two generation groups” in Japan with uniquely different propensities to consume.

There is usually a high propensity to consume in the younger generation, especially those with young children. Most of their income goes to spending. This would be Generation I. On the other hand, the generation with grown children has a low propensity to consume per income. The reasons for this are they no longer need to spend much on their children, and the bigger reason is they now save more to “prepare” for old age. This is Generation II.

When people hit retirement age their income decreases. The percentage of spending per income increases and their propensity to consume increases, but that does not mean their total spending increases. On the contrary, they think about life after retirement and spend less, aside from the medical spending. The Retirement generation has this special characteristic, but we will keep things simple and include the Retirement generation in Generation II.

I would like the readers to understand, that there are two distinctly different generation groups in Japan, and that there is a financial transfer going on between these two groups. That transfer goes like this;

7. How Financial Transfers Occurs

Today, many Japanese major companies strive to raise “return on equity” (ROE=company profit/shareholders’ invested money); to gain more profit and increase dividend paid to stockholders. Whether by the efforts of the companies themselves or by government economic policies, actually the major companies are performing unquestionably well.

“Please think for a moment. One of the reasons for the rising performance of these companies lies in the suppression of personnel costs. It is not due to lowered salaries of each of its employees, but due to lowered number of regular employees and more low-cost, non-regular employees hired.”

“There is surprising data here. In the first half of the 1980’s, the percentage of non-regular employees in Japanese businesses was about 15%. Now, it is up to 40%. There are diverse generations within the non-regular employees, but the prominently growing generation is the younger generation. Many ‘people

with a high propensity to consume' are working as non-regular employees. The young non-regular employees spend most of their income, but since their salary itself is limited, they don't have enough financial power to increase society's total consumption."

"On the other hand, companies are gaining profit from the suppressed personnel costs. The lowered personnel costs are not the sole reason of profit, but the contribution of the personnel cost cuts is great. The problem is these companies intend to return the gains to stockholders."

"You have heard of stockholders, I presume. When you own company stocks, you have authority to vote at a stockholders meeting - depending on the number of shares - and you also get paid dividends. Nowadays, even the Japanese government is pressuring companies to 'increase dividends' and 'bring the return on equity above 8%'. I really don't think it's the government's role, but that is a subject for another day..."

"At any rate, dividends are received by two kinds of investors: individual investors and institutional investors. This will get a little difficult, but please listen carefully. First, individual investors are people with enough financial assets at hand to invest, and are relatively well-to-do."

"The institutional investors would be the life and property insurance companies, retirement funds, trust banks, and other financial institutions. The people who sponsor these institutions are the people who buy these insurance policies or invest money in these retirement funds or deposit money in these banks. In that sense, the institutional investors are an assembly of these relatively well-to-do individuals. Hence, the increase in corporate dividends paid out goes more to the well-to-do Generation II, the 'people with a low propensity to consume'."

"Presently in Japan, the sum of all private financial assets is said to be about 15 trillion in US dollars. What is more, 60% of those assets are held by people over 65 years old. Consequently, when companies increase their return on equity, that money goes mainly to the older generation of investors, directly as dividends or indirectly as returns from financial institutions or other results."

"Of course, if older people spend these financial returns accordingly, the economy would be positively influenced, but most of the older generation saves the money to 'prepare for retirement'. This means they have a low propensity to consume and therefore cannot expand society's consumption demand."

"The 15 trillion US dollars in financial assets will eventually be inherited by the

next generation. So maybe the children who inherit the assets would use it for consumption."

"What do you think? Do you think the next generation will spend the money?" I directed my question at the students.

One diligent student who has been listening carefully answered, "Since the younger generation has a high propensity to consume, they should spend the money."

"Very good point. If the assets are inherited by a younger generation, they should have a higher propensity to consume, and one would think those assets would be spent more. But here is the dilemma - our long life expectancy. In Japan today, the life expectancy of both males and females is over 80 years."

"Oh I see!" the student exclaimed before I could explain.

"If the inheritance came from a person over eighty, their children would most likely be around 60 and preparing for their own retirement. Even when they inherit assets, they would probably not increase their spending much. They, too, would cut down on consumption in order to 'prepare for retirement'."

Let us review what we have discussed so far.

According to the effective demand theory, the society should transfer funds not to the people with a low propensity to consume (e.g. older people with abundant assets), but to people with a high propensity to consume, especially the socially vulnerable or disadvantaged like non-regular employees. Of course, when doing so, it needs to be done in a way that does not discourage the motivation of the general public to work hard.

The ultimate goal is to increase effective demand by transferring funds to the socially vulnerable and disadvantaged.

In order to promote this transfer, the government needs to impose a progressive tax sternly on income and inheritance. In addition to that, it needs to increase public works projects to create more jobs, offer scholarships to provide educational opportunities and develop comprehensive medical and social security. These measures are not spontaneously generated by the market. The government must take charge and execute these plans properly.

This is "the redistribution of income and wealth by the government" (government compensation). Keynes is considered to be a new liberal because

his theory inevitably leads to this conclusion.

Chapter 4 Rawls' Ideal Society

The other major new liberal aligned with Keynes was the American philosopher John Rawls (1921-2002). Like Keynes who emphasized "the necessity of adjustments and interventions by a government", Rawls "approved of governmental compensation". Which means Rawls, too, supported the below formula of new liberalism.

$$\text{RESULTS OF WORK} = \text{GOVERNMENT COMPENSATION} \times \text{EFFORT} \times \text{ABILITY}$$

Preconditions:

- 1) Government collects progressive taxes according to income or wealth.
- 2) Government provides employment & educational opportunities and welfare.
- 3) Government enacts laws to protect equal opportunities for all.

However, unlike Keynes, Rawls did not come to his theory by solving the problems at hand. Rawls is distinctive in that his theory started from the question "what are the principles of justice?" and trying to answer it in the most impartial and logical manner possible.

1. Rawls' Basic Questions

How can a society arrive at "universal principles of justice" that everyone can agree on? For everyone to agree on it, everyone must support it. If only the majority support it, it would not be universal, since there will always be a minority that opposes it. It makes you wonder maybe there is no such thing as universal principles of justice.

Recognizing this, Rawls examined the reasons "why someone in society would oppose to an idea in the first place". He came to the conclusion that the reason all people can't come to a universal agreement is because everyone supports principles and rules that would put themselves at an advantage over others.

Thinking this may be a little hard to grasp, I asked my students the following.

"Let's say your teacher asked all of you what method of grading you would like to have used in your classes. Your teacher is really willing to listen to your thoughts and grade everyone with the best method. Everyone gets time with the teacher privately to say what they think. What would you say to the teacher?"

I gave a few answers.

"You would probably give a wide range of different answers: grade us on

attendance, grade us on participation, give us all the same grade, or grade us only on test scores. The opinions would never be all the same. Why wouldn't your opinions be the same?"

"The answer is simple. You are all very honest students, but when asked what grading method you would like, even the most honest among you would unconsciously suggest a grading system that best suits yourself."

"Let's look at each suggestion. The student that wants to be graded on attendance is probably a very healthy student who has never missed a class. The one suggesting participation has no problem speaking in front of the class. People who want the same grade for everyone probably don't like to study and are a bit insecure. And the ones who want to be graded on test scores is probably confident about their knowledge and ability."

"Which means, when you are asked to decide on a rule with the knowledge of your strengths and weaknesses compared to other students, you would most likely suggest a rule that best values your strengths. This happens in a small group like a classroom, so you can see, it is impossible for a whole society to discuss the principles of justice and agree to a certain standard."

2. Deriving the Principles of Justice in Reverse

People become selfish when they are asked to set a standard on how to distribute and adjust income and wealth when they have knowledge of their own strengths and weaknesses. Therefore, Rawls tried to derive a universal principle of justice by taking this human nature in reverse. Meaning, he thought if nobody had knowledge of their own strengths and weaknesses, they would inevitably come to the same conclusion.

The situation where you do not know what is advantageous and what is not in relation to others is called "putting oneself behind a veil of ignorance" or "putting on a veil of ignorance". With this "veil of ignorance", people will not know the "difference" between themselves and others.

"Let me give you an example to illustrate. Let's say the society is pyramid-shaped. Under the veil of ignorance, nobody knows whether they are at the top of the pyramid, in the middle, or at the very bottom. That is not all."

"You do not know whether you are old or young, what your nationality is, what cultural or religious background you have, whether you are hard working or lazy, if you have skills, intelligence, or wealth - in short, you know nothing. All knowledge of what you are is hidden."

“Rawls thought, under such hypothetical circumstances, he as well as anyone else would reach the same principles of justice. And if everyone, that is hypothetical people, reached the same principles without any exception, then that would be considered the universal principles of justice.”

“This is a very important point, so let me elaborate. If a person knew himself to be at the top of the pyramid, this advantaged person would probably not support preferential treatment of the socially vulnerable. On the other hand, if a person knew himself to be at the bottom of the pyramid, this disadvantaged person would probably petition for extensive welfare and preferential treatment of the vulnerable.”

“But if you do not know where you stand, you would try to search for an ideal principle that would not put you at a disadvantage no matter where you stand. Therefore, if a principle could be derived this way, then, that would be the universally accepted principle.”

“What do you think of the Rawls’ theory? It is pretty interesting, don’t you think? He has thought hard and well, right? It is very impressive!” I said with passion.

“Now, what sort of principles of justice did Rawls find this way? It gets more and more interesting.”

3. Principle of Equal Liberties

The first principle that Rawls derived, by putting himself behind the veil of ignorance, was what is called the “principle of equal liberties”. The principle states “basic liberties” should be “equally guaranteed” to all people. The basic liberties are the freedom of speech, freedom of association, freedom of thought, freedom of body (to not be afflicted with psychological oppression, assault, or life of threat), freedom of trade, right to personal property, and other “basic liberties” that a person needs to lead a satisfying life.

“Would you like your basic liberties to be guaranteed?” Whether under the veil of ignorance or not, of course, everyone says, “Yes, I would like my basic liberties guaranteed.”

So I went on. “These basic liberties, how about we give more to men and fewer to women?” I asked.

The girls would not have any of it, of course. “That is unacceptable,” they all

replied at once.

“Then, what if in the other way, more liberties were given to women and fewer to men?” I asked.

A few students answered, “That’s okay.”

“You have neglected the veil of ignorance with that answer. What would you say if you had no idea about your gender?”

“Oops. I forgot about the veil of ignorance.” They remembered the conditions and amended; under the veil of ignorance, women and men must be given equal basic liberties. The students seemed to have reached “the principle of equal liberties”.

“You all have great insight! You have just derived the first principle of justice just like Rawls did.” I praised the students.

The catch is, if basic liberties were guaranteed equally, since all people have different skills and talents, and some try harder than others, the freedom to act as one wish creates different results. Therefore, the principle of equal liberties automatically results in a society with different outcomes among its members. If different outcomes are not compensated for, new liberalism would be no different from libertarianism.

Next, let us hypothesize the completely opposite theory and “not allow differences in results”. Now, that would be the same as “socialism”. The shortfall of socialism lies in the common thinking that “you get the same thing whether you work hard or slack off”. As you can imagine, in an equal result society, nobody would be motivated to work hard. Hence, a socialist society loses “prosperity”.

“Such situation must be avoided. Without prosperity in society, no benefit will reach the people at the very bottom of the pyramid. Therefore under the veil of ignorance, everyone would at least agree that it is better for society to prosper and therefore accept ‘a degree of difference in results’.”

“I would like to point out that it is only a degree of difference, and not unlimited difference. So, if you think it is better for society when its members apply their skills and talents fully and freely, then you would have to come up with another principle in addition to the ‘principle of equal liberties’ – a principle for a method of adjusting the outcomes (like income) among members.”

As I have mentioned before, libertarianism declared if people worked freely with their skills and talents, "distributive justice" would be realized accordingly. Yet, under the veil of ignorance, this conclusion will not be supported fully. If one knew themselves to be at the top of the social pyramid, then that advantaged person may support libertarianism, but as long as one is ignorant of where they stand, everyone becomes careful about distribution.

4. Difference Principle

When envisioning a universal principle of justice, a person would imagine themselves being at the top, in the middle, and at the bottom of society respectively. But when a person has no knowledge of where they stand, that person imagines the "worst case scenario" and explores possible outcomes very carefully so as to avoid personal hardship even in that worst case scenario. In other words, that person would imagine being at the very bottom of society and tries to find a principle which that person could live with, even at that very bottom. Rawls conceived that any person behind the veil of ignorance, that is a hypothetical person, tends to think this way. Do we really all imagine the worst?

After explaining the shortfalls of utilitarianism, I had asked my students, "Would you agree to the school choosing a student randomly and locking that student up?" None of them agreed.

If the students thought logically according to the principles of utilitarianism, they should have agreed to the confinement. But they opposed it. Maybe they opposed the idea purely from a human rights point of view, or maybe they reacted more to the words "pick a student at random".

What I mean is, maybe they opposed the confinement because they had absolutely no knowledge what chances they would have of being randomly picked and thereby experience the worst case scenario. They had reacted in an instant, saying, "What!? How could the school do that?" "No way!" "Absurd!!" This may have been so because they feared that the horrible event could happen to them.

We would not know for sure what made the students oppose unless we ask them, but even if we did ask, there is no guarantee that they would answer truthfully. One thing is for sure - with the veil of ignorance at work, that is, under no knowledge of the probability of being picked, it is quite possible that the students unconsciously imagined the worst and reacted negatively to the idea.

Supposing Rawls' theory is correct, what distribution principle would be

justified by the hypothetical person behind the veil of ignorance? According to Rawls, it would be the “difference principle”.

“Let’s follow how this ‘difference principle’ evolved. First, when people apply their skills and talents freely, they would get income and wealth accordingly. As I have said before, if people were allowed to keep all of their income and wealth, that would be the same as libertarianism.”

“The hypothetical person, without knowledge of their own skills and talents nor their position in society, would probably oppose a wealthy person keeping 100% of their earnings without some conditions. Simultaneously, the hypothetical person would also oppose equal results for all since equal results discriminate against the hard-working.”

“So what we need to think about, now, is what the conditions should be for allowing people to keep the results of their work and efforts. The hypothetical person tries to avoid the worst case scenario - just like how you opposed confinement by the school - and comes up with a condition.”

“What do you think the condition is?” I asked the students to keep their interest.

“I don’t know.” “That’s hard.” “Is there such a condition?” They said. Seeing them struggle with the question, I explained with an air of self-content.

“Here is the condition. If one’s efforts and skills improve the situations of the socially disadvantaged at the bottom of the pyramid, then the earnings from that effort or skill may belong to the advantaged who acted towards that improvement. In other words, the principle goes that if nothing is done to improve the conditions of the people at the bottom, then, the advantaged may not act freely to gain wealth.

5. “Distributive Justice” in a Hypothetical Village

I gave an example to illustrate.

“Let’s say you all live in a village. It is a hunting village. No farming is done. Unlike any other village, there are no neighborly relationships. The villagers only live close by geographically, and they all go about their own lives independently. Now, there are a few good hunters in this village, but also a few who doesn’t hunt well. You do not know if you are a good hunter or not. With that in mind, I ask you a question.”

“One skillful hunter had a successful day. On that same day, an unskilled hunter could not find any animals to kill. Hence, the unskilled hunter had not eaten anything for the past few days. In this case, should the good hunter keep all of his meat?”

To this inquiry, the students answered, “The meat should be shared with the unskilled hunter.”

I asked back, “Why do you think so? There is no relationship between these two villagers.”

Interestingly, their answer was, “Because the good hunter can’t eat it all even if he kept it all.”

“Okay, then what if it were money and not meat? Meat rots, but money doesn’t. Money could be traded for anything. Money could be kept. Even in that case, do you still think the earnings should be shared with the unskilled hunter - or the people who can’t earn their living?”

They were hesitant, so I laid out the conditions again. “You do not know at all whether you are a good hunter or a bad one. In that situation, what do you think should be done?”

With that, they answered, “Then, the earnings should be shared with the unskilled people.”

“Should the skilled hunter give away all the earnings?” I asked on.

To this, the students concluded, “As long as some of the earnings are shared with the suffering people, the skilled hunter should be allowed to keep the rest of the earnings.”

“You are amazing! What you all have just said is exactly what Rawls concluded in the ‘difference principle’ of how to distribute wealth. A person may exercise his/her skills to get meat (wealth), but in order to keep it, one condition must be met; that he help out the suffering in the same village, to better the conditions of the socially vulnerable at the bottom of the social pyramid. You have all thought this through and reached this conclusion - very well done!” I commended them from my heart.

6. Principle of Fair Equality of Opportunity

There is one more principle that was reached under the veil of ignorance. It

could be explained as a principle to allow ease of mobility within society. Rawls calls it the "principle of equal opportunities". Here is what the students and I discussed.

"Do you think differences should be allowed in the authority and responsibilities allotted to different positions and jobs held in society?"

One student answered, "It doesn't quite seem right; that people with certain jobs have great authority," sharing her gut feeling.

Another student countered, "I think authority and responsibility are attached to the job and the extent of them depends on the job, so differences are normal and they can't be helped."

This comment prompted others.

"In reality, authority does depend on the position."

"Some certain position does hold more authority than others."

"No two jobs are the same in authority and responsibility."

"Those are all good points - right at the core of the matter. I have nothing to add," I said, yet added.

"Any person behind the veil of ignorance is allowed freedom of action as long as society prospers overall and the positive effects reach the bottom ends of society, correct? As you have pointed out, the differences in authority and responsibility would be allowed by this hypothetical person as a way to allow for division of labor and effective management, which then contributes to overall social prosperity."

"But someone felt 'it doesn't seem right' that 'it's not right that a certain person on a certain job gets great authority,'" and I looked at the student that said so.

"Why did you feel that way? There must be a reason - could you explain?" But it was a difficult question to answer.

"It is difficult to put in words. Can anybody else give a reason? Give it a try," I said to the class. But the class remained quiet. I thought better of it and explained as follows.

“Maybe the reason she thought, ‘It’s not right,’ is NOT because of the concentration of authority and responsibilities attached to certain jobs, but actually the concentration of the certain kind of people attached to those jobs with great power. Maybe you imagined the privileged class dominating high authority jobs and positions and thought ‘it’s not right?’”

I looked at the student for confirmation. She hesitated for a moment, but nodded, “Yes.”

“Then the most important thing would be to provide equal opportunities for all people to attain those high authority jobs and positions as well as to provide equal opportunities to learn the skills and knowledge required for those jobs and positions, wouldn’t it?”

So under the veil of ignorance, the hypothetical person would probably, first of all, allow for the differences in the authority and responsibility of different positions, but then secondly, provide equal opportunities for all to access those authoritative positions. The “opportunities to access” means, for example, opportunities to have job interviews or opportunities to get the required education.

People basically believe that a society with fewer obstacles to social mobility is preferable to a society with more obstacles. When people do not know where they stand in society, nobody wants external factors like gender, nationality, class, race, and religion to automatically decide the status of their job. This is the reason why Rawls came to the principle of “Fair Equality of Opportunity” as one of the principles of justice.

7. Abilities and Talents vs Just Plain “Luck”

I posted the formula for new liberalism in the last chapter and at the beginning of this chapter. It is characterized by the inclusion of the “government compensation” variable. Why is this variable included? It is because, basically, new liberalism considers all human abilities and talents a simple “product of luck”.

This way of thinking shows very distinctly in Rawls’ theory of justice. Because he thinks the abilities and talents are products of luck, he insists on redistribution of earnings gained by using those abilities and talents. Of course, the market itself cannot promote the redistribution of earnings suggested in the difference principle. The only possible agent to make this adjustment is the government.

"Now, do you think famous athletes in tennis, golf, basketball, baseball, and others are lucky to be blessed with abilities and talents? Do you think, since they inherited those talents from their parents, that they were just simply lucky?" I asked the students.

They answered, "Maybe the abilities and talents are genetic and coincidental, but I think the professional athletes work harder than others." "It can't all be just plain luck or coincidence."

So, I told a story.

"Okay then. Let's say there is a super skillful Hagoita champion (a Japanese wooden paddle game - rarely played in modern times). That person's skills are the best in the world, but the world isn't very interested in Hagoita. So, although this person is very talented, he/she cannot earn a living from it."

"Compared to that, let's look at tennis. The modern world is very interested in tennis. There are many high profile tournaments held. Therefore, talented tennis players can use their abilities to gain great wealth."

The silly comparison seemed to appeal to the students. Taking their giggles as a good sign, I went on.

"During the long span of history, whether a certain ability is noticed as a talent that creates wealth is totally coincidental. What kind of talent emerges in who is coincidental, but when and where that talent emerges is also coincidental. What if Nishikori (a world ranked Japanese tennis player) had been born on a cotton plantation in Georgia during the Civil War America? His ability to hit tennis balls would not have, at that time and society, been valued much."

"Because the new liberals think this way, they consider coincidental abilities and talents of people a common wealth. And since it is common wealth, they believe it should be used to serve the socially vulnerable. Under the veil of ignorance, everyone will reach this conclusion; this is the essence of what Rawls wanted to say."

8. Mismatch by New Liberalisms

At first, the reasoning seems proper, but of course, there is a shortfall in labeling all abilities and talents coincidental. The high school students simply felt that "the professional athletes work harder than others, so it can't all be just plain luck or coincidence".

This is an absolutely healthy and valid view. We do need to look at the postnatal, acquired aspects of how talent is refined through daily effort. Nobody would put in any effort, in a society where “whether the result of an effort is valued or not is just coincidental”.

A political philosopher named Michael Sandel (1953-Present) pointed out the limits of new liberalism in one of his books, taking a graduation award ceremony as an example. I adopted his example and prepared two versions of the “speech for a high school graduation award ceremony”, and read it to the class. The first one was the standard version.

“Ms. Ichiko Suzuki, you have studied hard in accordance with the school philosophy, cooperated well with your peers and succeeded as a great role model to your classmates. You are hereby awarded summa cum laude for your ceaseless efforts and contribution.”

Next, I read a speech written in accordance with new liberalism.

“Ms. Ichiko Suzuki, you happened to match our school philosophy and guessed test problems well which led to good grades. By chance, you became the role model in your class with which you happened to work well together. You are hereby awarded summa cum laude for your plain good luck.”

The students couldn’t stop laughing. But according to new liberalism, that is how it would be. New liberalism accentuates coincidence. Because of this stance, new liberalism holds two more faults within it.

9. Faults in New Liberalism

“I would like to ask everyone. What other faults does new liberalism hold?”

Answers came back quickly to this question.

“If that way of thinking permeates people, the unfortunate may just blame bad luck or other people for their unhappiness,” one student replied.

“It is possible that bad luck and other people have had to do with their unhappiness, but it is questionable whether such excuses would lead to happiness.” Another student made a brilliant point.

“If people blamed others all the time, I think the society will become unstable.”
“Maybe radical people and ideologies will emerge”.

I honestly didn't expect high school students to have such opinions. I was very much impressed by the younger generation.

Just as the students said, new liberalism could lead to radical outrage by the people dissatisfied with their lives. Many people may insist: "We are unhappy because society is bad!", "The government is the cause of our problems!", "We need to overthrow the unfair system to obtain happiness!", or "It is our right and responsibility to eradicate the faulty system!"

If even the educated population kept blaming society and other people, that society would most definitely fall apart. Unfortunately, this is one shortfall of new liberalism.

There is one more, not-so-small fault in new liberalism. I asked the students to guess what this fault might be, but they could not quite get at it. It could be because they only had overseas experiences in developed countries, and never in developing countries. So I shared a story of events in Ukraine.

"In February 2014, Ukraine's Supreme Council removed their pro-Russian President, Yanukovich. The reason for the removal was the disappearance of \$37 billion from the Ukraine's treasury and the involvement of the President and high-ranking officials in this matter."

"You have all studied English, so you should know that public officials are called 'PUBLIC SERVANTS' in English. This is because the government officials are seen as those serving the best interests of the country's citizens. And yet, when government officials gain various powers and their ethics fail, they transform from 'servants' to 'masters'. For example, when some are given the authority to grant permits in a country where the rule of law is not working properly, they could easily abuse the power and extort money from citizens."

"Ukraine had been in a civil war in the eastern regions. The Ukrainian government forces and the pro-Russian forces had long been in conflict (Currently, both parties are in a truce). But, how did the pro-Russian forces grow so rapidly in the first place? There was much speculation, but one source suggested that corrupt border patrol officials took money to let Russian trucks into the country right after the fall of the Yanukovich regime. If this is true, the citizens of Ukraine had to pay a high price for the corruption of their government officials. One bad apple spoils the bunch. Corruption at the top always spreads to the very ends."

"I am telling you about Ukraine as an example of corruption that attaches to big governments and powerful offices, politicians, and officials who pursue

selfish gains using their power. Fortunately, present-day Japan scarcely sees official corruption, but in much of the world, government corruption is the number one problem. This is the other huge fault of new liberalism.”

Needless to say, as long as governments, politicians, and officials with power act “in the best interest of the people”, there will be few problems. Unfortunately, though, too much power corrupts absolutely. In developing countries where government transparency is still hardly realized, the authorities can do as they wish. New liberalism, which promotes big governments constantly faces this corruption problem.

We cannot, though, belittle the great effects of new liberalism in our society today. Many countries, including Japan, adopt progressive taxation - collecting higher taxes from the high-income population. This tax system is accepted in many countries and is the key to the realization of distributive justice.

Furthermore, new liberalism calls for the government to provide unemployment compensation and welfare as a safeguard for its socially vulnerable. In the past, religious organizations and charitable organizations ran food banks and shelters, but now, governments also provide these services regularly.

There were times when the situations of the unfortunate were looked down on coldly as “self-inflicted”, and governments were far from helpful. As a result, society suffered economic meltdowns, human rights were violated, wars broke out, terror spread, and societies experienced much suffering. New liberalism includes valuable wisdom gained from the lessons learned.

Chapter 5 Problems in Present-Day Society

Libertarianism and new liberalism seem like oil and water. They would never seem to agree with each other. Their biggest discrepancy is this: where libertarians say, "All endeavors, exercised freely with effort and competence, are rewarded," new liberals say, "Misfortunes and system flaws prevent efforts from being fully rewarded." One emphasizes "self-dependence" and "personal responsibility", while the other emphasizes "government adjustments". But these clearly opposing two philosophies, surprisingly, are based on very similar theoretical premises.

1. Similarities Between the Two Social Philosophies

"I have explained that these two philosophies are clearly very different, but why don't we look for their similarities now," I proposed to the students.

Nothing came up at the beginning. I had focused on explaining their differences, so this was understandable.

So I said, "Dogs and cats are different. But when you look at them from a bigger perspective. They are both house pets. They both have four legs. They are both mammals. When you stand back a little, you start to see many similarities. This is what I am asking you to recognize in the two social philosophies."

So I pointed to one student at a time, and they answered one by one.

"They are both influential."

"They both have limits and shortcomings."

"Both are convincing in and of themselves, but they both are insufficient."

"They deal with income and wealth."

"They focus on how to distribute income and wealth".

"Both are Western philosophies".

"Both sound a little individualistic."

"Neither mentions a 'Right Mental Attitude'."

“They are philosophies and yet, they don’t deal with ‘what is right’, which feels odd.”

“Neither looks at results in the long run.”

“I feel they both revolve around the rights of people.”

Those were some of the answers. I have summarized those answers into three similarities. Those three could be called the common “theoretical premises” of both libertarianism and new liberalism.

2. The Three Theoretical Premises

“Thank you all for identifying those similarities. They are all very important points. Considering all the points mentioned, we can probably say that libertarianism and new liberalism are both based on the following three ‘theoretical premises’.”

“Number one: both philosophies perceive independent individuals as the basic unit that makes up a society. The feelings of ‘insufficiency’ and excessive ‘individualism’ probably came from this premise. Also, the distribution of income and wealth always comes into discussion as an important issue because the society is thought to be composed of independent individuals.”

“Number two: as you’ve all pointed out, both philosophies avoid recognizing a certain ‘way of thinking’ or ‘mental attitude’ as right. Proposing a ‘Right Mental Attitude’ must directly threaten the notion of ‘freedom’ for them. Therefore, both of these philosophies never touch on ‘what is the desirable way of thinking’ or ‘what is a right mental attitude’. This is what we’ve represented in the formulas.”

“Number three: both philosophies expect the results of each person’s efforts to manifest in a relatively short period of few years or so. If the results do not culminate, then each person is advised to use their rights to take away obstacles. I think you felt that ‘neither looks at results in the long run’ and ‘both revolve around the rights of people’ because of this premise.”

After organizing the premises of libertarianism and new liberalism in this way, I went on to identifying the characteristics of Inamori philosophy.

“Everybody, please keep in mind that libertarianism and new liberalism both stand on these three theoretical premises. From now on, we will collectively call these two philosophies ‘traditional social philosophies’. Now, on to Inamori

philosophy - in a nutshell, it is a philosophy that does not stand on those three premises of traditional social philosophies. Inamori philosophy stands on different premises.”

3. Aristotle’s Philosophy and the Rise of Communitarianism

This characteristic of Inamori philosophy is not “only seen in his philosophy”. The oldest philosophy that does not share the three theoretical premises would have to be the philosophy of Aristotle.

“I have explained that social philosophies deal with freedom, justice, and prosperity and that philosophies dealing with these issues date back to the days of ancient Greece. Do you remember? You must all have heard before; the most distinguished philosopher of that time was Aristotle (384-322BC).”

“Contrary to the three theoretical premises, Aristotle had imagined ‘man interacting with others’ (in association with others) and he encouraged people to do the ‘right thing’ (right way of thinking). He stated that right thinking and right actions foster goodness in people, and thereby cultivates outstanding character.² Moreover, he stated that the cultivation of greatness is not a one-time or a short-term endeavor. Life has its twists and turns. Sometimes misfortunes are encountered. But he believed that people who acquire outstanding character could overcome these misfortunes and make the best of their lives.³ This means he looked at happiness over a ‘long time span.’”

I summed up Aristotle’s philosophy in this way and reviewed it for the students.

“Do you see how Aristotle’s philosophy is very different from the traditional social philosophies, even though they are all Western philosophies? Aristotle imagined man in association with others and urged right actions throughout one’s life. This is all very different from the theoretical premises of the traditional social philosophies. In that sense, Aristotle’s philosophy sounds very promising, yet it is just so old that it lacks practicality and specifics to be applied to present-day problems. I suppose that can’t be helped. After all, the philosophy is more than two thousand years old.”

“Then, isn’t there a philosophy that inherits Aristotle’s philosophical legacy?” I asked to keep the students on their toes. I didn’t expect them to know, though,

² Aristotle, *Nicomachean Ethics*, Volume 1, Translated by Saburo Takada, Iwanami Shoten, 1971, p. 66.

³ Aristotle, *Nicomachean Ethics*, Volume 1, p. 45.

so I answered my own question.

“There is one actually. It is a social philosophy called ‘communitarianism’. It is a philosophy that sprouted in the 1980’s in America, questioning the individualistic traditions of the ‘separate and individual self’. Hence, we can keep our hopes in this communitarianism.”

Saying so, I followed up swiftly with the limits of “communitarianism”.

“But to be honest, this philosophy does not clearly state how a society should be or what each member of society should do. Many communitarians emphasize the importance of ‘mental attitude’, but the definition of that attitude is vague and varies from communitarian to communitarian. So, not much can be expected of the present communitarianism.”

After this explanation, I offered, “Then how about Inamori philosophy? I believe Mr. Inamori’s philosophy is equipped with all the elements of practicality, specifics, and the consistency required.”

I am sure the students were ready to hear the specifics of Inamori philosophy, but I took the time to start with the problems of present-day society. I thought it would be the perfect way to show why a totally new and different social philosophy was needed to solve problems, which the traditional social philosophies have not mitigated yet or may have somehow even caused.

4. What Problems Do Present-day Societies Face?

“I have mentioned that traditional social philosophies influence our daily lives. Also, that libertarianism and new liberalism both have common theoretical premises, and yet that they are incompatible social philosophies. Therefore, we are living with two conflicting philosophies. Of course, living with conflicting philosophies would be fine if society were problem-free. But, are we really living in a well-functioning society presently?” I urged the students to think.

“I’m sorry. The question may have been too general for you to answer. Okay then, let’s think about problems in American society. Based on what you have heard or seen on TV or read on the internet, do you know of any problems in America?”

“By the way, I am taking America for example because traditional social philosophies are evident in American society. There are two very powerful political parties, Republican and Democratic, supported nearly evenly by the public. They do not exactly fit the social philosophies, but you can say that the

Republicans tend to take the libertarian approach and the Democrats tend to take the new liberal approach. This is why I suggest that the traditional social philosophies have not mitigated the problems in American society, or adversely those philosophies may have caused them. "

"Even if you have never been to America, you must have heard of the problems of American society somewhere. Anybody have a thought?" I urged.

Here, one student replied, "I've heard there is a big gap in wealth."

"Thank you. Yes, we do hear that a lot. I have some data here to share. This survey was conducted by an independent think tank called the Pew Research Center. According to them, 65% of Americans feel the gap between the rich and poor has gotten larger, and of that 65%, 57% feel that 'that is a bad thing for society'."

"The widening gap in wealth is a problem, but the most serious problem is the disagreement between the Republicans and the Democrats on the cause of this widening gap. The libertarians blame the lack of effort as the cause of poverty, but the new liberals blame factors out of one's control. This is why the two parties cannot come to an agreement on ways to solve the problem of this widening gap in wealth.

"America's gap in wealth may still be tolerated for now, but if time passes without an effective solution, the problem may progress into a serious, impermissible, society-dividing conflict."

Summing up the wealth gap problem in this way, I continued, "Any other problems in American society you've heard of?"

"I've heard on the news that public safety is declining in America," one student added.

"Thank you. Public safety is another big social issue. We hear that widening gap in wealth is causing the wealthy to flee from life in high crime areas. When the wealthy leaves an area like this, that area will suffer from lower tax revenues and therefore reduced police, fire and other public services."

"It is also pointed out that the failing public safety is rooted in failing community connections. In fact, urban as well as rural America is seeing less interest in their own communities - not even knowing who their neighbors are, not even noticing neighbors with hostilities against the nation. Now, the government has surveillance cameras on every street corner and they even

monitor phone calls. Although America is said to be 'the land of the free', since 9-11 it may have turned into the land of the surveilled."

"Okay, we have two social problems now. Any others?"

Then, a student at the back of the classroom said, "I saw a TV special on current abuse of the legal system in America."

"Yes, that is another serious problem in American society. Since people do not know the others around them, they live with constant suspicions of the others. Even when there is a minor dispute, they often rely on the legal system immediately and sue. They have almost no second thoughts about fighting in court to protect their own rights."

"Before, even in America, those trivial disputes were peacefully settled within the community. But now, many communities have lost such capabilities. Hence, the people often go to court. Specialists like lawyers are also fueling the exploitation. They search for as many clients as possible in order to win cases and earn large fees."

I touched on two more issues to do with the legal system.

"Since it came up, let me go over two more things to do with legal rights. The first thing is, when the rights of one person and the rights of another conflict, an agreement between the two is hard to reach. One typical example would be the conflict between freedom of speech and a ban on hate speech (speech that attacks a person or group on the bases of attributes such as gender, religion, race, etc.). If a religion were criticized freely without consideration, that religion's believers will be deeply offended. Especially when the only spiritual support of the socially vulnerable were to be looked down on and slandered by the majority in the name of free speech, the vulnerable would view it as hate speech and feel violated."

"The other thing is, not all trials end with the victory of the right party. I would like to say 'justice ultimately prevails', but in the real world, that isn't always true. Often, the side that can afford better lawyers wins the lawsuits. The difference in wealth can greatly influence the outcome of a trial. Let's say the wealthy with able lawyers are able to win lawsuits against the socially vulnerable. Moreover, in those cases, the court decisions are often very unreasonable against the vulnerable. Do you think the vulnerable would accept those decisions without any problem?" I asked.

A girl in the back of the class answered, "Well, wouldn't that depend on the

specifics of the judgement?”

“That is true, yes. But I would like to stress that the socially vulnerable feel anger and hate just the same as any other people. What would happen when they feel there is no justice in society - that the judicial system is rigged to work for the wealthy?”

“When they have no money or authority to right this wrong, they might feel compelled to overthrow the present system by force. Even though they know that using force is wrong, there is always a possibility they might see no other option. If that happens, it would be very unfortunate both for the society and the person having to rely on force. Over-suing, or abuse of the legal system, could eventually lead to an unsafe society.” I said in conclusion.

5. How About the Japanese Society?

The three social problems raised here are observed not only in America, but in all societies influenced by the traditional social philosophies, without exceptions. In Europe, the wealth gap is becoming so severe that national bankruptcy is a real possibility. The conflict between Western societies and Islamic societies over ‘freedom of speech’ is a fight between two competing rights. Moreover, while enjoying materialistic prosperity, developed nations suffer isolation and rising mental illness. Because of the increase in terrorism worldwide, peacekeeping by military force is at its limits.

Japan is no exception in being influenced by traditional social philosophies. Until relatively recently, most Japanese considered themselves middle-class. But since the bursting of the bubble economy (asset-inflated economy in 1980s Japan), everything has changed. A decline in public safety can’t be denied. It has not yet become a legal system abusing society, but there is a high possibility that society is going in that direction.

Interestingly, in spite of all this, no alternate philosophy was seriously sought after that could replace the traditional social philosophies or overcome their limitations in Japan. Maybe it is because the problems are not so serious yet, but probably it is more because the sense of community is still valued and deeply rooted in Japanese culture.

In academia, much research was done on the value of community since pre-war Japan. I have mentioned that in America, communitarianism spurred in the 1980s, but in Japan, it was being discussed decades earlier. Yet, after World War II, research on community values was labeled as old thinking which emphasizes duty and obligation and was therefore generally shunned.

Libertarianism and new liberalism were brought to the center stage of social philosophy.

But this is only in the academic scene. Communitarian thinking remained in the subconscious of the Japanese people even after its disappearance from public discussions. In that sense, Inamori philosophy is a typical social philosophy born out of Japanese culture.

Chapter 6 “Freedom” in Inamori Philosophy

Inamori Philosophy does not follow the three theoretical premises of the traditional social philosophies. From here on in, we will look at how Inamori Philosophy differs from the traditional social philosophies, and see the result of those differences.

First, we will discuss the traditional theoretical premise of “separate and independent individuals”. In traditional social philosophies, theories focusing on relationships between people were perceived dangerous as it could jeopardize freedom. No matter whose theory it was, it was viewed to be a regression to Middle Age thinking. But Inamori Philosophy is not an anti-freedom theory. Rather, it advocates “higher freedom based on reason” that the traditional social philosophies overlooked. What is the meaning of “freedom” in Inamori philosophy that values “relationships between people”? Let us follow the reasoning.

1. Recognizing “People in Association”

In traditional social philosophies, the most basic unit of a society is understood to be an “abstract individual” or a “separate and independent individual” that is left after all of the human relations are shed off. This is the tendency of the Western philosophical traditions. The “society” that the Western philosophies dealt with was too complex to be explained as a whole. So for analysis, a society was divided into smaller parts until it could not be divided any further. Hence, the “individual” was deemed the smallest basic unit of a society.

In contrast, Inamori Philosophy does not consider a person to be an unattached individual. That is because when a person is reduced to an unaffected, unattached individual, the responsibilities and roles naturally attached to a person would also be lost. If society must be organized into smaller parts, the smallest unit has to be a “person in association with others” or “the associations of a person”, and not “individuals”. In English, the word used must be “a person” in association, because the word “person” originally included the meaning of a collection of “faces” and various “roles”.

Theoretically, the unattached, independent individuals unaffected by others may be imagined. Yet in reality, all people work, talk, and live in association with others - as a “person”. To understand the reality of humanity, Inamori Philosophy focuses on what expectations and feelings people have, and how others respond to those expectations and feelings.

For example, libertarianism focuses on the producer aspect or labor provider

aspect of working people, disregarding the “multiple human aspects” of those people. In contrast, Inamori Philosophy treats both workers and managers as subjects with relationships that naturally come with expected roles, and as subjects who grow together through cooperation. This is Inamori’s strong belief and the basis of how he has treated everyone. This conviction is represented perfectly in the events following the formation of Kyoto Ceramic (the current Kyocera): “demand of payment by the new recruits”, “conversations with the new recruits”, and “reflections on the event”.

2. Realizing the Responsibilities and Expectations through Association

“Please allow me to talk about Mr. Inamori’s background for a little bit. He founded Kyoto Ceramic at the young age of 27, dreaming of succeeding as an engineer. Starting the company was his choice and his free will. His associates and seniors backed him up whole-heartedly, ‘wishing him the best to realize his potential as an engineer. But in the third year after establishing Kyocera (April of 1961), he realizes that his dream as an engineer was not enough to keep the company going.”

“The realization came when young employees just out of high school, like you, demanded promises regarding future compensation’ from Mr. Inamori. Unlike today, labor movements were very active at that time and such disputes among workers and management were fairly common. As a result, this became an issue at the newly established Kyocera also.”

“The demands were made by eleven freshly graduated employees. But there was no way the newly founded company could guarantee future compensation. So Mr. Inamori invited the employees to his home and for three days and three nights, he talked with them honestly about the company circumstances and his dreams, trying to get through to them. It is said that his sincerity and passion slowly persuaded the employees. But one young man did not budge on his demands.”⁴

“Let’s say you are the captain of a sports team. Let’s say the team was practicing hard for the state championship, but a few of the team members resisted leadership. You try to convince the unsatisfied members, but one last member would not see things your way. What would you do?” I asked, and urged the students to think in Inamori’s shoes.

Managing a company and managing a sports team may not be exactly the

⁴ Kazuo Inamori, *Inamori Kazuo no Gaki no Jijyoden* (Kazuo Inamori’s Autobiography) Nihon Keizai Shimbun, Inc., 2004, pp. 79-81. Kazuo Inamori, *Atarashii Nihon Atarashii Keiei* (For People and For Profit) PHP, 1998, pp. 132-135.

same, but they both deal with influencing people's attitudes. The students answered, "Try to convince that person," "Keep trying," and "If that doesn't work, take that person off the team."

"Just like you said, Mr. Inamori kept trying to convince that person. But no matter how hard he tried, it was in vain. So what do you think he did next? You have said, 'Take that person off the team,' but do you think he fired that final resisting employee? He did not. Mr. Inamori kept on trying, hoping the employee would understand and believe. He just kept explaining."

"And when all was said and done, and nothing convinced the employee, he said one last thing. What do you think he said?"

The students must have thought, "Finally!" They said, "There is no way for you to work at my company," "If you don't understand after all my explanations, find another job," or "If you are not satisfied, you are welcome to quit!"

To all this, I said, "Neither of those."

The students were eagerly hanging on to the story. When they were primed to hear the answer, I introduced Inamori's words.

"His words were, 'If I ever wrong you, you can stab me to death.' This may sound a bit violent to you, but what he said was, 'I will not wrong you,' 'Believe in me,' 'I cannot prove to you my determination physically, but I swear on my life, I will do as I promised.'"⁵

"There is a manga called *One Piece*. I don't know the exact story, but I know that the main character Luffy is trying to become the Pirate King. I'm sure you are more familiar with the story than me, so tell me, how is it that Luffy is so loved and admired by his mates? How does he befriend so many people?" I asked.

This question relaxed the class. They probably didn't expect me to talk about manga. They started to speak up.

"That's because he doesn't abandon his mates, ever."

"He would give up his own life for his friends."

"He values trust more than anything."

⁵ Kazuo Inamori, *Inamori Kazuo no Gaki no Jijyoden* (Kazuo Inamori's Autobiography) p. 81.

“Thank you. I see. One more thing I want to ask. What do you think is the most-read manga in Japan now?” After all my talk, anyone could guess that the answer is One Piece. I went on with that shared understanding.

“A Manga with the theme of ‘Never abandon your mates’ is grabbing the hearts of many people, especially younger people. Young Mr. Inamori is said to have been just like Luffy, to put it in modern terms, at the time he founded Kyocera. Enough to have said, ‘If I ever wrong you, you can stab me to death.’ The one last resisting employee is said to have shed tears hearing these words, and he finally shook Mr. Inamori’s hand in reconciliation.

“Now then, if Mr. Inamori went back to his old routine, thinking that the problem had been solved and was done, he would have remained just an ordinary manager. Anyone can just convince others and then go on as before. Mr. Inamori is special because he took a drastic action to make sure that he would ‘never abandon’ his employees. That is, he put down in words his newly found conviction; that his company was not only a tool to actualize his personal dreams, but instead, the company existed to bring happiness to its employees.”

He talks about this experience.

“After agonizing over this for few weeks, I got over myself and thought to myself that if I managed my company only to realize my dream as an engineer, even if I succeeded, it would be due to my employees’ sacrifices. But there must be a bigger purpose to a company than this. The most fundamental objective of company management should be to protect its employees and their families into the future, and to see to the contentment of them all.”⁶

“Ever since this experience, Mr. Inamori has always declared the corporate policy to ‘Pursue the material and personal growth of all employees’ at Kyocera and JAL and all the other companies he supervised. He strongly recognized that employees expect their company’s management to protect their well-being and that management has a responsibility to answer to these expectations. Consequently, he declared this as the pillar philosophy of his companies.”

In other words, he put himself in relation to his employees, and in that association, reconsidered what his responsibilities and roles were; representing it in the words, “Pursue the material and personal growth of all employees”.

“I want to do”, “I wish to become”, and “I want to try”; if Inamori just kept his focus on himself in this way, he may have only pursued his dreams as an

⁶ Kazuo Inamori, *Inamori Kazuo no Gaki no Jijyoden* (Kazuo Inamori’s Autobiography) pp. 81-82.

engineer. But his heart-to-heart talk with his employees gave him the golden opportunity to reevaluate his own being in association with other people.

3. Associations in Every-Day Life

“Mr. Inamori became fully aware of what he needed to do as a result of his conversations with his new employees. In that sense, we can probably say that what is expected of us and what we need to do becomes evident in our relationships with others. Now, have you ever had that same sense of realization in your relationships?”

The students were unsure.

“I think he was conscious of his relationships more because he is a company manager.”

“I think young people think and act according to their own personal interests rather than in the interests of their relationships.”

“I don’t think many people really think of what their responsibilities and roles are in relation to others.”

I was a little disappointed, but I regrouped and told them the following.

“I think you can see that people act in accordance with their relationships, even without an intense experience like that of Mr. Inamori. Because it is something everyone encounters every day. Let’s imagine you invited your two best friends over to your home.”

“That day, your mother happened to be home, so your friends say, ‘Hi!’ to your mother in the kitchen as soon as they arrive. Then, you take your friends to your room, and in about 30 minutes, your thoughtful mother brings you all snacks and tea. Question number one: Do you appreciate your mother bringing you snacks?”

Everyone answered, “Yes, I would appreciate that.”

“Your mother, after bringing you snacks, does not leave your room. She is talking by the door at first, but eventually, sits down on a chair in your room and joins in on the conversation. Question two: Do you wish your mother would leave your room soon?”

The majority of the students answered, “Yes, I would want her to leave

quickly.”

Confirming their response, I went on. “On that day, your father happened to be home, too. Since your mother didn’t come back to the living room, your father gets lonely and comes looking for her and finds her in your room. ‘What are you doing?’ your father says and pulls up a chair to join in as well. Last question: Can you bear your father staying in your room?”

“Unbearable!” They all answered.

Many fathers dote on their daughters, but perhaps from the daughters’ point of view, fathers are a nuisance. But are fathers really a “nuisance” to their children? So I asked one more thing.

“Don’t you like your mothers and fathers?”

To my relief, the replies were, “No, no. It’s just that, I just don’t want them intruding on my conversations with my friends,” “I don’t hate them, it’s just uncomfortable having them sitting there,” and “I don’t hate them, it’s just annoying.”

“If you don’t hate them, why do you not want them sitting there with you and your friends? Can you think of a reason?” I encouraged them to think.

I waited for the students to answer, but none did, so I offered, “The reason is because you all act in accordance with your relationships.”

Of course, this was not enough explanation, so I supplemented.

“You all act under different masks daily. When I say masks, they are nothing bad - I just mean that you have different masks and roles in various relationships with various people. You have a certain understanding among your friends, and you behave according to your understanding of how you should act. Similarly, you have an understanding with your parents as well, and you unconsciously act according to that understanding.”

“The masks are not limited to just two. In my case, I have masks or roles as a husband to my wife, as a father to my children, as a teacher to my students, as a neighbor to my neighbors, etc. On top of that, we barely think about playing these different roles because we do this unconsciously.”

“But, we humans are not very good at acting in more than one role simultaneously. When we try to act under multiple masks at the same time, we

feel great stress. You have mentioned before that young people like you do not really think of responsibilities and roles you have to play, but is that really true?"

"Instead, I think you measure your relationships very rigorously, distinguishing your roles and responsibilities clearly, and then act accordingly, more so than any other age group. You didn't want your parents to join in on your conversations with your friends because you would have to play two distinctly different roles at the same time."

"You wear the mask of a daughter to your parents, but have a different mask among your friends, especially here in Japan. At home, you probably call your parents Mama and Papa, among other names. This is because you don't change the way you address your parents from early childhood. Your parents also expect you to address them in that way. There is an unspoken understanding between you and your parents. On the other hand, you call your parents Mother and Father at school to your friends. You might not refer to them like high school boys do. But boys call them *ofukuro* (woman in charge of home financing) and *oyaji* (old man) at school. You, and boys also, hesitate to call them Mama and Papa to your friends."

Explaining in this way, I concluded by saying, "You feel uncomfortable and stressed to have both your parents and your friends in the same space because you get confused as to which role you should play. In other words, your distress over your role is due to your existence as a person in associations with others."

4. Discovery Beyond the Awareness of Association

With that example, the students understood the meaning of "person in association" and also recognized that they actually live every day in such associations themselves. But what becomes apparent with the recognition of "person in association" or "the associations of people" as being the basic unit of society (instead of the "separate individuals")? Could we see what the traditional social philosophies failed to appreciate?

When things are based on "separate individuals", value would be placed on what each individual gets. Therefore, in the traditional social philosophies, income and wealth that could be reciprocated to individuals were considered to be important. But when things are based on the "associations of people", added to the things that are given back to individuals, things reciprocated in relationships also become important.

Things reciprocated in relationships could include wealth like "jointly owned property", but the main wealth would not be possessions. Instead, the

reciprocated wealth would be the new connections formed between people. I would like to call it "relationship wealth". Some examples would be trust, praise, respect, and moreover, the safety of the community and society based on these relationships, fulfilling lives and bonding between people.

Some may sneer and say, "Those things are only emotional. They have no monetary value and they are unreliable." But in the wake of the Great East Japan Earthquake, many of us, including the victims, realized the importance of connections and bonds between people. It is true that "Connections and bonds cannot feed people", but it is also true that these ties gave courage and hope to the many. These may not be convertible to monetary value, but they certainly gave courage and power for the people to carry on.

"As you remember, a 9.0 magnitude earthquake hit eastern Japan in March 2011. All public transportations stopped in the city of Sendai, and many people were stranded far away from their homes. Sendai suffered great tremors and most shops were heavily damaged. Virtually no shops were in any condition to open for business because of the damage. In such a situation, people gathered at bicycle shops for a way to get back home to confirm their family's safety. People thought they could get home on bicycles instead of the non-operational public transportation."

"This is a story about one bicycle shop. To help the stranded people who came to the shop, the owner decided to open for business. But the people didn't have enough cash on them to buy bicycles, and with the power down, credit cards were of no use. So the shop owner, without hesitation, let people take the bicycles at the regular price and agreed to be paid later. He let total strangers take the bicycles with as little as a note with their home addresses. In the end, every single one of these people, without exception, came back to pay for the bicycles later."

"This may be an extreme example, but from the standpoint of the traditional social philosophies, this shop owner did not act rationally. Libertarians would have seen the imbalance of supply and demand and would have raised the price of the bicycles. If the price rose, other shops would also sell bicycles at higher prices to gain wealth, and therefore more bicycles would be supplied to the quake-hit area. And when enough bicycles were supplied, the shortage of bicycles would be solved and the price would start to fall."

"To put it simply, when owners act to gain wealth, eventually it would come around to help the devastated area. This is the reasoning of price increases according to the Libertarians. What do you think about this reasoning?"

“The other philosophy, new liberalism, would count on the government to be in charge of saving the vulnerable people in this kind of difficult situation. But in the face of a disaster, no one has time to wait for the government to start acting. Also, there is no way of knowing who is the most vulnerable and most in need amidst the confusion. Maybe the shop owner was in a direr situation than the people who came to buy the bicycles. If that were true, then maybe the shop owner should have sold the bicycles at a slightly higher price.”

“Either way, what do you think would have happened if the shop owner ripped off the people with outrageous prices in the midst of the disaster? The reluctant buyers would have been unsatisfied, and some may not have come back to pay. All they had to do was to give a false home address and not come back.”

“But, in reality, every one of them came back to pay. The buyers responded with sincerity to the shop owner’s good will. Why do you think they acted this way?”

To my question, the students in each one’s own words answered, “Probably because both the shop owner and the buyers thought, ‘Disaster is not something to be making money on. This is the time to help one another. Trust must be returned with trust. We have to value our ties with others.’”

“Those are probably right. I also agree with you. The feelings, the attitude, and the mutual understanding - these are what we call the ‘relationship wealth’ shared between people. It could also be called the ‘intangible assets’ created by the community.”

5. Appreciating Connections

To be precise, “relationship wealth fostered between people” include negative wealth as well as positive wealth. Examples of negative wealth would be skepticism, mistrust, insults, disdain, and the failing safety of the community and society under those negativities, emptiness of life, and widespread loneliness. When one side doubts the other and tries to deceive, the other would do the same. As a result, negative relationship wealth resulting from mistrust is born into society.

Of course, this explanation is just a categorization of the fact that there are both “positive relationship wealth and negative relationship wealth”. The categorization of concepts is a sociological specialty, and not within the scope of social philosophy. What social philosophy must do is beyond the scope of categorization. Meaning that social philosophy must answer questions regarding practical aspects like, “What can be done to create positive relationship wealth?”

and, "How should one act out one's various roles and responsibilities to foster positive relationships?"

But, there could be an argumentative person who says, "Why must it be a positive relationship?" To avoid such discussion, I asked the students the following.

"In society, would people desire trust, praise, and respect or, alternatively, skepticism, mistrust, insults, and disdain?" The answer is obvious, but I confirmed. "Which do you think?"

The answer, of course, was, "Trust, praise, and respect."

"Yes. Normally, people would not desire to be insulted or mistrusted by other people. No one would want deteriorating public safety or an unstable society. There may be times when relationships deteriorate, but I don't think anyone would think that to be desirable. It is obvious when you see things under the 'veil of ignorance', too."

"Mr. Inamori placed this preference of trust, praise, and respect as an irrefutable fact and considered what should be done to foster these kinds of relationships. And as a result, he came to the proposition of 'practicing a Right Mental Attitude'."

6. Freedom from the Chains of Desires

Explanations of the "Mental Attitude" itself and its assessment will be left to the next chapter. Here, we will go over Inamori's interpretation of how the Right Mental Attitude to foster relationships relates to "free will". That is, I would like to cover the most important social philosophy topic of "freedom" as he sees it.

"As I have mentioned before, during the Middle Ages, relationships - especially those between the ruler and the ruled - restricted the freedom of people. In order to break free from this age, the traditional social philosophies imagined independent and free individuals with no ties to other people. Therefore, any philosophy proposing to 'practice a Right Mental Attitude' was immediately mistrusted as a throwback to the Middle Ages or as a denial of a person's free will."

"Understandably, when someone pushes you to have a certain 'Mental Attitude', it does feel somewhat restrictive. What do you think?" I asked.

One student shared her thought. "When your actions are decided for you in a

relationship, and all you do is follow, I think there is no freedom there.”

“You just mentioned a very good point. You said ‘decided for you and all you do is follow’. Could that ‘decided for you’ be interpreted as ‘decided outside of your own will or reason’?” I confirmed with the student.

“Yes, it could be interpreted that way,” she agreed.

“That means, then, that Inamori Philosophy can be interpreted as a way to free people by proposing the practice of the ‘Right Mental Attitude.’” To explain this, I demonstrated with a piece of chalk in my hand.

“This chalk in my hand, if I let go of it now, what would happen to it? It would fall to the floor. Of course, chalk has no will, so it would just follow the laws of physics and fall. Using the phrase that we mentioned, “follow what is decided”, the chalk would just follow what is decided by the laws of physics and fall.”

“If I show some food to a starving cat, the cat would dash to the food and eat it. The cat would follow the physiological instinctive desire to eat, and act. The cat could be said to have been bound by the laws of physiology outside of its will.”

“Humans, of course, are bound by the laws of physics and physiology as well. The more difficult things with us humans are our in-borne instincts and desires. As humans, we naturally follow these - but to simply follow what is decided by these instincts and desires would mean, in turn, that we have no freedom - just like the chalk or the starving cat.”

“Have you heard of a German philosopher named Emmanuel Kant (1724-1804)? Maybe his name rings a bell. If the name is new to you, please take this opportunity to remember. People may say freedom is doing what one desires, but Kant stated: true freedom is NOT doing what desire drives you to do.”⁷

“He stated, true freedom is unchaining oneself from the laws of physics and instinctive desires with the power of reason, and deciding what should be done autonomously. This Kantian concept of freedom is precisely the same definition of ‘freedom’ given by Mr. Inamori.”

7. Practicing Free Will

“Kazuo Inamori realized the meaning of ‘freedom’ through his experiences,

⁷ Emmanuel Kant, *Doutoku Keijijyougaku Genron* (Groundwork for the Metaphysics of Morals), Translated by Hideo Shinoda, Iwanami Shoten, 1960, pp. 28-29, pp. 43-45.

and practiced it in the way he lived.” Saying so, I introduced some of his words to the students.

“Humans are born with both instincts and the ability to reason. To eat, to drink, to fight, to lust, and to envy are all preservation instincts to protect the life and prosperity of oneself and one’s family.” “Human beings often base their decisions on these instincts.” “But that would just be the same as being animals. If one could assess the situations more objectively, better decisions could be made.”⁸

“Mr. Inamori explained in this way and went on. Let me share with you the important excerpts,” I said and flipped through my copy of his book.

“Suppressing instinct is not an easy task. Humans cannot live without instinct and I am not saying to let go of all instincts.”⁹

“The important thing is to recognize when your own selfish desires emerge, and to try to consciously suppress them.” “The best way to rein in one’s instincts is, when you start to feel self-centered desires, to keep telling yourself, ‘Don’t be selfish!’ This habit of keeping your instincts in check will bring your ability to reason up front, and lead you toward correct decisions.”¹⁰

“This is getting a little complicated. These words used, like instincts and desires are not limited to physical things. They encompass greater desires. For example, any new relationship forged or kept for self-benefit would be considered to be based on desires.”

“As we learned, traditional social philosophies despised past ruler-subordinate relationships as ‘restricting freedom’. These relationships were despised because the ruling class used them to maintain the ruler-subordinate relationships for their own benefit. But what if the people who overthrew this ruler-subordinate relationship forged a new relationship to fulfill, yet again, their own selfish desires?” I asked the students.

Nothing came up, so I brought up the concept of a “contractual relationship” to their attention. “What I mean by ‘a new relationship’ is a contractual relationship of give and take.”

A contractual relationship’s characteristic to modern society is a free, give and take relationship between equal parties, each pursuing their own benefits. Both

⁸ Kazuo Inamori, *Seikou heno Jyonetsu* (A Passion for Success) PHP, 2007, p. 48.

⁹ Kazuo Inamori, *Seikou heno Jyonetsu* (A Passion for Success), p. 49.

¹⁰ Kazuo Inamori, *Seikou heno Jyonetsu* (A Passion for Success), p. 49.

parties are guaranteed the freedom to take part in or to withdraw from the relationship. You all receive educational services from this high school, but if you are unsatisfied with the quality of the service, you are free to quit and go to a different high school. Similarly, your high school is free to, theoretically, stop providing you with educational services and expel you if you did something outrageously wrong. This would be the contractual relationship between you and your high school."

"Contrary to this, the past ruler-subordinate relationships did not allow the subordinates freedom to withdraw from the relationship. In that sense, the past ruler-subordinate relationships are completely different from the modern contractual relationships. But I would like for you to think about how similar the 'motives' to form these relationships are."

"The rulers in ruler-subordinate relationships forged these relationships with motives to satisfy their own desires. In the same way, parties in these contractual relationships are also motivated to satisfy their own desires. On top of that, in contractual relationships, the motives to enter into a contract as well as to withdraw from the contract are both always based on self-benefit."

"Let me ask again. What do you think about forming new relationships or breaking existing relationships based on your own benefit or instincts and desires?" I asked.

As expected, the answers were, "I think that's fine," "It is so in reality," "I don't think striving for self-benefit is all that bad."

"Yes. It's true. We are in a contractual society, and all parties go into a contract with their own benefit in mind, so it should be fine, right? I had shared some of Mr. Inamori's writing, and because he thinks similarly, he wrote 'I am not saying to let go of all instincts,' probably." I pointed out the similarity of Inamori Philosophy and the students' thoughts.

"But, I would like to ask. Do you really think contractual relationships should be based purely on each party's own benefits?" I asked. I apologized for the unclear way I asked the question and went on to supplement.

"A purely contractual relationship could be seen, for example, in a sales transaction where you buy a certain brand of chocolate. In order to fulfill your desire to eat something sweet, you pay money to buy the chocolate. The chocolate company sells the produced chocolate to you to maximize the company's profit and sales. A contractual relationship is no more or no less than this."

"Now, let me ask you. Do you think your relationship with your school is the same as this kind of contractual relationship?" I questioned.

Without thinking much, the students answered, "Yes, basically."

"Then let me ask you something else. Let's say one of you students caused a society-shocking scandal over summer vacation. For example, several years ago in Tokyo, one student from a famous university was arrested for farming and selling poppy-derived opium. This was really shocking news, especially in Japan.

Suppose some of you mistakenly joined this kind of business. After you were arrested, the school held a press conference, your principal and vice principal gave explanations of your mistake and apologized to society. Do you think it is expected and necessary for your school to publicly apologize? Please raise your hand if you think so."

To this, everyone raised their hand.

"Then, let me ask you this. If the student that caused the scandal always bought this certain brand of chocolate, would the president of that chocolate company hold a press conference and apologize for that student's behavior over the summer?"

This time, every student said, "That would never happen."

"So you see. You thought the relationship between you and your school was a transaction of educational services with each party's benefit in mind, but is that really true? The school would apologize for your behavior during summer, when the school couldn't really even supervise you. This would never happen in a purely contractual relationship."

"As long as you live in Japan, you are expecting more than just a contractual relationship from the school, and the school is actually willing to give that to you. The school really cares for you. And isn't that why you care for and love your school and your class? This relationship is actually a 'relationship of mutual trust,'" I explained.

"Mr. Inamori believes that any relationship built, whether private or in business, is basically much better off if it is a 'relationship of trust'. He believes trust relationships improve society and enrich lives."

"But when people are bound to self-benefit and act primarily on instincts, they

tend to avoid making trust relationships. Because forming trust relationships require self-sacrifice somewhere in the process. This is the reason why Mr. Inamori advocates, 'Don't be selfish,' and 'Exercise reason.' If you act free from the bonds of desire and act with reason, you will truly be free. And with that freedom, your normal contractual relationships can be raised to trust relationships."

Let me summarize the concept of Inamori "freedom". His definition of "freedom" is being free from the bonds of physical and physiological laws, to not be run by instincts and desires, to exercise "reason" that only humans possess, and to decide your actions based on your own free will and responsibilities. And that is the meaning of true freedom.

8. Human Relationships are Reflections of the Heart

With the understanding of the core concept of freedom in Inamori Philosophy, you must understand that this philosophy is not a regression to the past. Rather, it may be thought of as a pioneering philosophy that opens up a whole new road towards a more promising future. Furthermore, it may be an anecdote to the troubles of the younger generation. Feeling this way, I discussed the topic of "friendship" with my students.

"I am sure you all have many friends, and those relationships are certainly not contractual relationships, but more likely trust relationships. I am sure no one would deny this. So, let me share with you what Mr. Inamori says about trust relationships," I said and read out from his book.

"What can we do to build trust relationships? In my case, at first I tried to find people that I could trust. That is, I looked for trust outside of myself. But that was wrong. I later realized that unless I myself was trustworthy, no trust relationships could be formed. No friend would come to you unless your own heart were trustworthy, first and foremost. Trust relationships are reflections of your own heart."¹¹

"When he said 'I looked outside of myself', it meant he looked for reasons to form the relationships in the other person, with self-benefit as his motive. To put it straight, he considered his relationships a means to an end. In your generation's case, it would be something like 'making friends so as not to feel isolated in the classroom'."

"That would be 'looking outside for a reason'. Mr. Inamori is saying those selfish motives would not yield 'true trust relationships'."

¹¹ Kazuo Inamori, *Seikou heno Jyonetsu (A Passion for Success)*, p. 94.

“Let’s say you join a certain group with the motive of ‘not feeling isolated’. What would you do if that group started to bully someone? If you were to say, ‘We shouldn’t do that,’ you might become the next target and be the one isolated. So, if your motive to join the group was to ‘not feel isolated’, you would end up having to also bully that someone along with the rest of the group.”

“This is why Mr. Inamori says we should not have motives outside of ourselves when building relationships. To build a truly trusting relationship, you need to first show that you are “worthy of trust” on your own, or at least strive to do so, he says.”

High school age is full of relationship problems. Students are as sensitive as glass and react to the slightest comments from other people and get hurt. It wouldn’t be feasible to expect total honesty from them, telling them a story like that. I thought as much and shared another story.

“I imagine that many of you use SNS and email. Don’t you feel insecure or worry when there are no messages sent to you or you are not sending out messages? If you do feel that way, it may be because you are ‘looking outside of yourself’.”

“Mr. Inamori says that your relationships are ‘reflections of your heart’. If you feel ‘insecure’ in a relationship, that relationship can’t be a ‘comfortable relationship’ to you. This may still be baffling to you, but if you continue pondering on the words ‘reflections of your heart’, in a few years, maybe when you are past twenty years old, you would start to see its meaning. Because I have seen many, many, college students like that, you can trust me. So please, keep these words somewhere in your hearts.”

Chapter 7 “Mental Attitude” in Inamori Philosophy

The second premise of traditional social philosophies was, “Do not encourage any specific mental attitude as right”. Proposing a “right way” was perceived as a threat to “freedom”. Therefore, Inamori Philosophy, which advocates a “Right Mental Attitude”, may be denounced by traditional social philosophies. But “Right Mental Attitude” in Inamori Philosophy does not entail anything threatening. I would like to show why this is true.

1. What Does a Right Mental Attitude Entail?

“I have explained that in order to build relationships of trust, praise, and respect, you need to act with a Right Mental Attitude. But I did not explain what that “Right Mental Attitude” entails. So, let us look into the details. What did Mr. Inamori mean by a Right Mental Attitude?”

“First of all, when you hear “Right Mental Attitude”, what values come to your mind?” I asked the students one by one.

“Integrity?”, “Humility, maybe?”, “Honesty,” “Sincerity,” “Not telling lies,” “Being fair,” “Generosity,” “Piety,” etc., the students brought up every virtue imaginable.

“Thank you. That should be enough. The virtues you have shared are all good examples of a Right Mental Attitude, but Mr. Inamori did not consider any list of virtues to be a Right Mental Attitude. He believed that ‘considering what is right as a human’ to be the ‘Right Mental Attitude’. Do you see the difference?”

“What I would like to emphasize in the thinking process of ‘considering what is right as a human’ is the expression, ‘as a human.’” I gave a moment for everyone to think about it.

“What do you think the expression ‘as a human’ entail? There must be some special meaning for ‘as a human’; it’s not as plants or as animals.” I explained.

The students remained wordless. So I tried again.

“For one, I think it means a human as a social being. Because being ‘human’ entails existing among other humans or being a member of society. In other words, he encourages people to think not ‘what is right as an individual’ but to think ‘what is right as a social being.’” I presented this as one definition.

“There is one other meaning behind Mr. Inamori’s expression of ‘as a human’.

It means, 'as a being with reason'. Plants and animals are considered to be without reason, so the expression can be replaced to 'as a being with reason'. I have just said, people need to think about what is right as a social being, but only relying on that aspect could cause another failure. So, Mr. Inamori encouraged people to think what is right as 'a social being' and also as 'a rational being'."

"Mr. Inamori encourages people to consider 'what is right as a human' because people have the tendency to fall victim to indulgence and arrogance when given a chance. Let's say there is a person whose life is going perfectly. No matter how noble that person's thoughts are, the temptations of indulgence and arrogance are even more present in success. So, the more successful you are, more thoughtful you must be as a social and rational being, in order to save yourself from falling victim to temptations, Mr. Inamori says."

"Of course, this might not be easy for young people like you to imagine. I believe you should pursue your dreams when you are young, without worrying about anything around you. Just go for your dream and do your best. But, if you hit a wall, I would like for you to remember what Mr. Inamori said. Ask yourselves 'what is right as a human'. I am confident this approach will guide you over any and all obstacles."

I read out loud.

"To have a conscious life, you should always ask yourself if your decisions are right as a human, and constantly assess yourself. Be calm and humble and consciously amend yourself." "If you find yourself even a little selfish or underhanded, remind yourself: 'Don't think only for yourself,' 'Have the courage to do the right thing.'" "Even if you put in the greatest effort when you were young, and even if you succeed in your business, there are often people who fall into the illusion of self-importance, become tyrannical, and let others down - 'He/She didn't use to be that way...'" "No matter how high up you climb, if you don't keep checking yourself, be humble, and continually learn, it is, unfortunately, human nature to fall."¹²

Mr. Inamori considered this to be human nature, therefore he insisted on the need to "constantly make every effort to think whether what you are doing is right" and "to check yourself daily for even the little things and make improvements."¹³

¹² Kazuo Inamori *Seikou heno Jyonetsu (A Passion for Success)*, PHP, 2007, pp. 74-75.

¹³ Kazuo Inamori *Kokoro wo Takameru, Keiei wo Nobasu (Elevate Your Mind and Expand Your Business)*, PHP, 2004, pp. 42-43.

2. What Traditional Social Philosophies Despise

“Now that you know roughly what Mr. Inamori meant by ‘Mental Attitude’, I would like for you to consider whether the traditional social philosophies would accept this ‘Mental Attitude’ or reject it. As we have learned again and again, traditional social philosophies abhor any theory that defines certain values to be right or wrong. Keeping that in mind, would the traditional social philosophies accept the practice of asking, ‘What is right as a human?’” I questioned.

After a moment, I caught one student’s eyes. She looked like she didn’t mean to speak, but I encouraged her.

“I don’t know, but whatever it is, if there is a certain practice or value that is endorsed, then I don’t think it would be accepted by the traditional social philosophies.”

“Yes. I think it’s natural to think so. I also thought so at first, and I believed so for a very long time. For example, one religion that values peace and order turned to merciless atrocity during the Crusades. Recently, under the name of God, terrorist groups repeat ruthless murders and inhumanity, calling these brutalities ‘sacred war’. It is nearly impossible to deal with. Any group that forces a certain value with blind intensity is out of control. And so, that is the reason why traditional social philosophies are wary of and avoided proposing certain values.”

“But as I read Mr. Inamori’s books, I realized that the ‘Right Mental Attitude’ he proposes is far from the practices and values that traditional social philosophies criticize and abhor. In other words, I realized traditional social philosophies do not abhor just any value. Even they hold freedom, equality, and fairness as ‘right’ and support/endorse them.”

“In that sense, the next thing we need to figure out is what kind of values the traditional social philosophies actually denounce. If we can figure this out, then we will know if the ‘Mental Attitude’ in Inamori Philosophy can be acceptable. This is what I think…” I continued.

“What traditional social philosophies reject are values that cause confrontations between people or those that may be used as an excuse to cause confrontations. There is a pattern in historical as well as current religious confrontations. The exact words may differ, but they always hold one teaching to be ‘legitimate’ and all other teachings as ‘heresy’ “. Creating the ‘heterodox counterpart’ and justifying their own ‘legitimacy’ has always been the strategy of choice to bring solidarity to the ‘legitimate’ group, against one common

enemy.”

“On the other hand, Mr. Inamori’s ‘Mental Attitude’ does not bring about confrontations. It does not strive to justify oneself or one’s group. On the contrary, it rebukes self-justifications and discourages selfish acts. It is wisdom that calls for people to ask, for example, ‘Is it right as humans to slaughter in the name of religion or race?’ or ‘Is it right as humans to eliminate diversity and opinions?’ and encourages self-amends. So in that sense, Mr. Inamori’s ‘Right Mental Attitude’ should not be, in any way, a value criticized by traditional social philosophies.”

The students murmured, “I see,” and “Of course.” Feeling good with the response, I continued.

“To be honest, I think traditional social philosophies should, in fact, applaud Inamori Philosophy. This is because the cautious way traditional social philosophies treat values is very similar to the ‘Mental Attitude’ of Inamori Philosophy. That is, traditional social philosophies rejected promoting certain values as right because they were wary of people falling into the pitfall of self-righteousness.”

“There is a famous libertarian economic philosopher named Friedrich Hayek (1899-1992). He stated that personal definitions of values are limited, so no one should force personal values on to others, that people must be humble in that sense. The desirable behavior is to accept differences in thinking and to cultivate tolerance, he said. Libertarianism (and also New Liberalism) avoided ‘Mental Attitude’ in their formula to point out the importance of humility in people.”

“This is a very important point, so let me reiterate. Libertarianism and similarly new liberalism avoided advocating a certain ‘Mental Attitude’ in order to avoid people from becoming self-righteous and also so that people would remain humble. This was the real objective - to avoid self-righteousness and to keep people humble. Traditional social philosophies expected this to be self-evident without particularly emphasizing the intention.”

“As a result, what happened? What do you think? Did traditional social philosophies succeed in building societies where people accept each other humbly, as intended?” I asked the students.

I urged a student in the back of the room to comment. She said, “I don’t really know all that’s going on in the world right now, but I don’t feel there are many humble or accepting people.”

I asked another student sitting next to her. She said, "I don't know about the past, but I feel there are many selfish people nowadays."

"Thank you for your comments. I haven't done any actual research so I don't know if there are more humble people in the world or not, but one thing is clear. There are many people, as you've pointed out, who resist other people's advice and inputs saying things like, 'None of your business!', 'Who asked you?' or 'It's my life. I'll do as I please!' Traditional social philosophies avoided proposing values so that people would remain humble and accepting, but as a result, they may have unintentionally promoted self-righteousness."

"Therefore, if traditional social philosophies still uphold their original intentions, they should be the first ones to agree with the practice of Inamori Philosophy's 'Right Mental Attitude'. I truly believe so."

3. Does the Formula Hold True Universally?

In Chapters 2 and 3, we went over the "Formulas" for the Results of Work observed by the traditional social philosophies as well as their "premises".

In libertarianism, the premises were that the government (1) collects the minimal tax necessary for defense and peace and (2) eliminates anything that inhibits market competition. In new liberalism, the premises were that the government (1) collects progressive tax according to income or wealth, (2) provides employment and educational opportunities and welfare, and (3) enacts laws to protect equal opportunities for all. But there were no such "premises" for Inamori Philosophy's "Formula for the Results of Work".

It is not that Inamori was wary of market competition or that he underestimated the roles of governments. Instead, he believes in the importance of their functions and roles. But in Inamori Philosophy, entrusting things to the market or the government comes at the very end of things. This can be seen in his consistent focus on first accepting the present situation as it is, and then responding to that situation.

So I presented the "Formula" to the high school students without any premise, and asked them, "Does this Formula seem convincing?" and "Could the Results of Work be explained in such a formula?" with the explanation that "EFFORT" and "ABILITY" had a range of 1 to 10 and "MENTAL ATTITUDE" a range of negative 10 to positive 10.

Their responses were, "It explains reality well," and "It's convincing." But one-

sided discussions do not reveal anything, so I shared an episode from my lecture in a business school.

"I used to teach corporate ethics at the Kyoto University Business School. During one of my lectures, I presented Mr. Inamori's 'Formula for the Results of Work', to see the students' reaction. Lo and behold, one student from a foreign country, we'll call student A, raised the hand and said, 'That Formula doesn't hold true in my country. The Formula would have to be LUCK \times MONEY'. Another student, student B, from the same country was stimulated by the comment and amended, 'No, no, it would have to be CONNECTIONS \times MONEY.' I was amazed by their directness, but both students A and B were very serious about their comments."

I wanted the high school students to see this Formula in a broader picture, so I also shared the story of a massacre that occurred in Rwanda.

"There is a country in the middle of Africa called Rwanda. It had been a Belgian colony for a long time. The people of Rwanda were divided into two tribes, Tutsi and Hutu, and Belgium had ruled through a pro-Tutsi policy. They thought that was a good way to keep control of the Rwandan people. As a result, the Hutu grew more and more resentful of the Tutsi. After World War II, Rwanda established independence in 1962 among other African nations, but that did not dissipate the bitterness between the Hutu and the Tutsi. In 1994, the tensions erupted and lead to the atrocities of the Rwandan Genocide."

"Hutu extremists killed 800,000 or more Tutsi and moderate Hutu in a period of only three months. Whether they were neighbors or co-workers, the extremists murdered the Tutsi and even the moderate Hutu just because they protected the Tutsi. No matter what the Formula for the Results of Work was, the Result for the Tutsi was death, just because they were Tutsi, and for the moderate Hutu, death, just because they were 'kind to Tutsi'."

"The victims of the Genocide might have had the 'Right Mental Attitude', especially those moderate Hutu that tried to stop the atrocities. They were definitely sensible people who tried to practice the 'Right Mental Attitude'. But that did not help them. Rather, that is what killed them."

"Everyone, remember how the foreign exchange students A and B said the Results of Work is decided by 'CONNECTIONS \times MONEY'? To have connections to power and to have money to buy power is the key to a big business chance, they said. During Rwandan Genocide, the only way to protect yourself and your family was to hide your Tutsi identity or to join the Hutu extremists."

"In order to survive under those circumstances, and in those countries, one cannot be leisurely practicing the 'Right Mental Attitude'. So here is the question again. What do you think of Mr. Inamori's 'Formula for the Results of Work'?"

As expected after such stories, many students started to say things like, "There are limits to the Formula for the Results of Work," and "Ultimately, it only holds true in ordinary circumstances."

4. Difference Between the "Ideal Society" and Reality

"But you have all said once, 'The Formula explains the reality well.' Are you taking back what you said previously? Why did you think, 'It explains the reality well,' at first?" I questioned.

This was another difficult question, but one student was brave enough to answer, "I think, when we answered then, we were thinking of the people around us."

I asked another student next to her, and she too answered, "We were probably thinking of life in Japan."

"I see. So you all imagined the relationships and the society around you unconsciously and answered the first time. That would mean that the Japanese society is fairly comfortable for you, correct? Of course, I am sure there are many unsatisfied people in Japanese society, too. But our class here is overall satisfied, I understand."

"Going back to our discussion, you all had mentioned that, 'There are limits to the Formula,' and 'It only holds true in ordinary circumstances,' but the Formula is not something that explains the actual reality of our society. I have already mentioned that 'Social philosophy discusses how a society should function'. That, 'it represents the ideal society'. So, the Formula for the essence of Inamori Philosophy only illustrates how a desirable society should function."

"I will say this again. 'The Formula for the Results of Work' does not explain the realities of society exactly. The actual situations differ from society to society. But, although the Formula does not represent reality, it still shows the 'direction a society should head towards' and represents the 'desirable society' that most agree on."

"The reason many people can agree on this formula is because there is no region or culture in the world that wish the deciding factors of life to be 'CONNECTIONS × MONEY' or 'BLOOD/ RACE'. In actuality, there are societies in

which connections, money, and blood/race decide the Results of Work. There are societies where paying money under the table and blood relations decide the fate of people, no matter their ABILITY, EFFORT, or MENTAL ATTITUDE. But no one thinks that is an ideal society. No need to get under the veil of ignorance to understand that. Mr. Inamori was convinced so at a young age, and therefore has continued to advocate the significance of the 'Formula for the Results of Work' ever since."

One student raised her hand to ask a question regarding my explanations.

"You said, 'No need for the veil of ignorance,' but I don't quite get it. Why would societies where 'CONNECTIONS × MONEY' or 'BLOOD/RACE' influence the outcome greatly not be ideal? The people of that country or that culture built those societies, so for them those societies are ideal, aren't they?"

5. Why the Ideal Societies Prevail

"That is a very good question. You are suggesting that, since the actual society was built by the people themselves, that it must be their ideal society. I have to disagree, though, and here is the reason why."

"Simplified, it's because 'the people' didn't build the society themselves. I have to say, the privileged few built the very specific society to serve their own interests, and it was not the majority of the people that built that society. There is no way the three requirements of freedom, justice, and prosperity could be met by society centered around 'CONNECTIONS × MONEY' or 'BLOOD/RACE' in the first place. Such societies would be the furthest from realizing those requirements. Let me give you some examples."

"First, think of the people who do not have enough money to pay bribes. Usually, these people make up the majority of the society, and they would not support a Formula of 'CONNECTIONS × MONEY'. Wouldn't you agree?" I looked around the room. Most students nodded in agreement.

"Presently in China, the wealthiest 1% of the population hold one-third of the total wealth in the country and the poorest quarter of the population only hold 1% of the total wealth. There is an index called the Gini coefficient which shows the inequality of a society. The coefficient has a value between 0 and 1, with 1 expressing the maximal inequality. The Gini coefficient for the U.S., which is said to have a wide gap in wealth, is at 0.39, barely under the tipping point to social instability commonly understood to be at 0.40. On the other hand, the Gini coefficient for China is a whopping 0.73, high enough to cause a revolution any time. This is an extraordinary number!"

The class seemed very interested in the inequality issue. The mention of the Gini coefficient and China changed the look in their eyes. I learned later that many students of this class wanted to 'work for an international NGO'.

"If the gap in wealth was a result of each person's ABILITY, EFFORT, and ATTITUDE, then the inequality may have been tolerated, but according to Beijing University, the greatest cause of the inequality was political. The Chinese people with the greatest income and wealth were the ones who paid bribes (MONEY) in order to build close relationships (CONNECTIONS) with the Communist Party and other governmental organizations, as well as those using their positions as bureaucrats or Communist Party members (CONNECTIONS) to receive bribes (MONEY)."

"Think about it. Would the poor who could not take part in this 'CONNECTIONS × MONEY' formula support it? There is no way. Rather, the majority of them would think themselves the victims of the formula."

"The interesting thing is, even the people who gained wealth with 'CONNECTIONS × MONEY' formula know well enough that it could not go on forever. I can say that with confidence because many of them keep sending the illicit funds to their overseas accounts."

"There is a research organization called the Global Financial Integrity based in Washington D.C. According to them, China had the largest illicit financial outflows in the world during the ten years between 2002 and 2011. This amount is said to be \$1 trillion. An amount of money greater than that of the Japanese national budget that flowed out of China. The magnitude is astonishing."

"Simply said, the advantaged few of the 'CONNECTIONS × MONEY' society fear being exposed or future confiscation of their illicit funds. Therefore, they continue to send money out of the country illegally."

"The present President of the People's Republic of China Xi Jinping, is fearful for the future of the Communist Party in the midst of corruption by party members and government officials. Therefore, he is rigorously exposing and prosecuting corrupt individuals. There are suspicions that this is an act of factional infighting, but either way, the 'CONNECTIONS × MONEY' formula is surely losing its foothold. Ultimately it is because no one really thinks 'CONNECTIONS × MONEY' formula is desirable."

This explanation seemed to have convinced the student who asked the question.

“Also, regarding ‘BLOOD/RACE’, an intolerant group of people may consider a society cleansed of all other races as ideal and desirable. But would the eradicated and massacred other race welcome it or support it? Of course, Never. Even the people who eradicated the others can easily see that such a violent society is not ideal. That is because violence is always met with retaliation.”

“In fact, the Rwandan hostilities spread to the adjacent regions, like the western part of the Democratic Republic of the Congo, and are now creating a brutal cycle of retributions. That same area now suffers the worst human rights abuse and violence in the world. The people of that region may still resent the other blood or the other race, but they would never think of their lives filled with hatred as ideal.”

“As you must understand by now. There are societies in this world where Inamori Philosophy’s “Formula for the Results of Work” does not hold true. But even in those societies, there is no one who thinks their current situation is ideal. Rather, those corrupt or conflicting societies are exactly the societies that most likely to covet a more ‘ideal formula’ and not their ‘faulty formula’. In that sense, I am convinced that the Inamori Philosophy Formula holds true in any society”.

What I would like you to conclude from all of this is that the “Right Mental Attitude” would not be criticized by traditional social philosophies. But that does not automatically mean that Inamori Philosophy would be firmly supported around the world. To receive support and to be understood, especially in cultures outside of the orient, I must explain the “principles of justice” according to Inamori Philosophy.

Chapter 8 “Justice” in Inamori Philosophy

Mr. Inamori does not propose an exact system of how wealth should be distributed within society. Unlike Rawls, who examined the distribution of income and wealth extensively and derived principles of justice through a set method, Inamori Philosophy does not discuss this topic specifically. But when we extend his Formula for the Results of Work and his underlying philosophy, we can visualize his perspective on the principles of justice.

The difficult part is figuring out how to derive the principles. I do not believe a new method is needed. Instead, we can use the methods of Rawls, or actually I should say we should use them. For Inamori Philosophy to be understood in cultures influenced by traditional social philosophies, it would be more convincing to use an approach already familiar to those cultures. Of course, Rawls’ methods are not perfect. But in looking at only the justice aspect of Inamori Philosophy, Rawls’ method should be useful enough.

1. Differences Between Inamori Philosophy and Rawls’ Theory of Justice

“We have already seen Rawls’ theory of justice. Mr. Inamori, though, has not developed anything similar. I imagine this is because there was no need to do so. But I would like to figure out, with your help, what Mr. Inamori’s principles of justice would be like if he were to propose his own. You might think this challenging, but let us just try. We might not get a perfect theory, but I am sure we can visualize a general idea of Inamori justice - so please give me a hand.”

So the students and I resolved to interpret Inamori Philosophy’s principles of justice. The first venture was identifying the similarities with Rawls’ theories.

“When we talk about the principles of justice, it would generally concern ‘principles of justice regarding distribution’. So as a start, let us go over what Mr. Inamori thought about ‘distribution of abilities and talents’.”

“Do you remember that Rawls considered abilities and talents to be ‘products of luck’? Therefore he said the results of these abilities and talents should be shared fairly in society. Now then, what does Mr. Inamori think about abilities and talents? I will read an excerpt from his writings, so tell me what you think about it later.” I introduced some excerpts from his book.

“I believe a certain percentage of people are born with certain abilities. There are people born with artistic talents, and there are people born with athletic talents.” “If you happened to be born with those talents, those talents should be used for the good of the world, the society, and the community, but

never just for yourself. For example, if you are born with the talent of leadership, you have a responsibility to make use of that leadership ability. You should never be arrogant about your talent."¹⁴

"What do you think?" I asked, and the students replied, "Talents are acquired mostly coincidentally in society," "Certain people receive talents by chance," and "It's the same as Rawls' thinking."

"That's right. That is what I thought, too. So, Mr. Inamori says people blessed with talent should use it for the good of society, and not just for their own benefit."

Confirming this similarity, I pointed out the difference between the two philosophers.

"Although there is a similarity, there is also a great difference that cannot be overlooked. This will be a little bit complicated, so please listen carefully. The biggest difference is in the 'prior knowledge' of the person deriving the principles of justice. We've called that person a 'Hypothetical person' before, so in other words, the prior knowledge of the hypothetical person is different."

"As we learned before, Rawls imagined a hypothetical person under the veil of ignorance and searched for the principles of justice from that point of view. Under that veil, the hypothetical person would have no knowledge of the difference between himself and others. I did not tell you all before, but being 'under the veil' does not mean that you know nothing."

"According to Rawls, there is one thing that the hypothetical person under the veil of ignorance knows. I will call this 'prior knowledge' for now. So this prior knowledge - what do you think it is?" I asked.

I knew it was a difficult question, but I took the time for everyone to ponder first, and then went on.

"That one piece of prior knowledge is this, 'It is better to have more income and more wealth, and it is better to have more power.' So Rawls imagined an individual with that psyche and examined what kinds of principles of justice that individual would reach. To put it more clearly, he imagined an unattached individual pursuing infinite income, wealth and power and examined the principles of justice from that hypothetical individual's point of view."

"So we now know the 'prior knowledge' of Rawls' hypothetical person. I have

¹⁴ Kazuo Inamori, *Seikou heno Jyonetsu (A Passion for Success)* PHP, 2007, p. 185.

said the biggest difference is in the ‘prior knowledge’ of the hypothetical person, so what ‘prior knowledge’ should Inamori Philosophy’s hypothetical person have? What kind of a person would Mr. Inamori imagine to derive his principles of justice?”

I have already explained that the social unit of Inamori Philosophy is a “person in association with others”. So in that setting, the Inamori hypothetical person would want fuller relationships and less damage to relationships. Within that context, the students should be able to see the prior knowledge of the Inamori hypothetical person. I thought so and proposed the following.

“The Inamori hypothetical person would probably be interested in increasing earnings first. Any human would want to earn enough to live. But the Inamori hypothetical person would not pursue this infinitely because the infinite pursuit of wealth would hurt relationships with others. The Inamori hypothetical person would also think about sharing the gained wealth with others and with society. If by doing so, relationships improve, then, the hypothetical person would most likely share that. A philosophy that considers ‘relationships between people’ as the basic unit of society would most likely come to the same conclusion, wouldn’t you agree?” I confirmed with the students.

Fortunately, no student disagreed on this point about prior knowledge.

To recap, the Inamori hypothetical person has prior knowledge that, to have greater earnings is good, but it is also logical to consider the relationships with others when acquiring and using those earnings. This is the decisive difference between Rawls’ philosophy and Inamori’s philosophy.

2. High School Students Behind the Veil of Ignorance

The next undertaking is putting this Inamori hypothetical person with the ‘prior knowledge’ behind the veil of ignorance. But this hypothetical person does not exist in reality. This person is just a figment of our imagination. So deriving principles of justice from that hypothetical person’s point of view is not an easy task. If we carelessly imagined a biased hypothetical person, we would only derive an arbitrary and partial principle. But what if there is a person that closely resembles the hypothetical person? In that situation, we can ask that person direct questions, and, in doing so, we can eventually derive principles in a clearer and more neutral manner.

While thinking about this, I suddenly had a realization. My students, sitting in front of me, are the perfect Inamori visionaries.

In Chapter 4, when we went over 'the case of a hunting village', they had pursued their interest in increasing earnings. This means they based their comments on the prior knowledge that 'more earnings are better'. Concerning the 'prior knowledge' that 'it is more logical to consider the relationships with others when acquiring and using the earnings', I think the students meet this requirement well, too. Here is the reason why.

First of all, high school students are very sensitive to relationships, especially friendships. Since their society is mostly limited to classrooms and school clubs, if relationships falter, their school life would be miserable. The advanced class that I taught stayed together all through high school until graduation, so it was especially true for them. They were very aware of their peer relationships, maybe more so than the average high schoolers. In that sense, they were ideal Inamori visionaries.

But in order to develop principles of justice from their perspective, there is one more, bigger hurdle to jump. That is, do they fill the requirement of 'not knowing where they stand in society'?

Under the veil of ignorance, people do not know where they stand in society. When turned around, if they do not know where they will stand in society, they would already be considered under the veil of ignorance. So, how about my students?

They are minors about to get out into the real world. In ten or twenty years, they do not know where they will be in society or what kind of jobs they will have. Many students wanted to work for Japan Airlines, but many also wanted to work for international non-governmental organizations. Naming both a private corporation and non-profit organizations as possible future work would certainly qualify them to already be under the "veil of ignorance". I decided they would pass the last requirement as well.

But, I did not tell them my analysis. When they hear they are the "ideal hypothetical person", they might all of a sudden not act like an ideal hypothetical person anymore. I thought they would become too conscious of "prior knowledge" in answering questions if I ever said, "You are the ideal visionaries under the veil of ignorance."

If that happened, the "principles of justice" that they were supposed to derive would come out differently. Therefore, I only told them as a general rule, that the prior knowledge of the Rawls' hypothetical person and the prior knowledge of the Inamori hypothetical person are different.

3. Principles of Justice Developed by High School Students

What sorts of principles of justice would the students actually develop? That is the important part. I started the process off with the following question.

"Please think of the 'Formula for the Results of Work'. Simply said, it shows how to get more earnings. It shows that with a RIGHT MENTAL ATTITUDE and EFFORT, even with not much ABILITY, one can gain good earnings."

"With this in mind, let me ask you; when a person actually executes a Right Mental Attitude, do you think the action influences not only that person's own income and wealth but also other people's income and wealth, and also when a leader executes Right Mental Attitude, do you think this leader's action influences other members' income and wealth?"

To this question, one student answered, "Yes, I think it does."

"Why do you think the action influences others?" I asked and she answered, "Because that action is executed after questioning what is right as a human and what is right as an organization, so of course, it would influence others."

"Precisely. The action is based on consideration of relationships with other people and other members, so there is no way it would not influence others. But what I would like to know here is, again, would it influence the 'earnings' of others, and not just influence others in general? Specifically, I would like to know if it would increase or decrease the income and wealth of others."

After pointing out the specifics and asking again, I still received, "Yes, it would," as the answer from the students.

"I see. Then, what would be the examples of actions that would influence other people's 'earnings'?" "I would like to hear especially the actions based on a Right Mental Attitude that influences others," I asked.

The students had a hard time, but eventually came up with the following three deeds with time.

- (1) After gaining great income and wealth, using these for the good of their community and society
- (2) As a leader, refraining oneself from receiving excessive pay
- (3) Not evading taxes

"Those deeds are all very straight forward and right on the mark. The actions

that you've mentioned may be categorized into two groups," I said and wrote the three deeds down under ACTIVE DEEDS and PASSIVE DEEDS on the blackboard. Of course, there were many more influential deeds that they raised, so I added "doing other active deeds" and "not taking part in other illegal or law-evading deeds" under the list on the blackboard.

CHART 6

Actions that influence income and wealth of others

ACTIVE DEEDS

- (1) Sharing the fruits of one's efforts with society
- (2) Refraining from receiving excessively
- Doing other active deeds

PASSIVE DEEDS

- (3) Not evading taxes
- Not taking part in other illegal or law-evading deeds

4. Principles Regarding Active Deeds

After presenting the categorization, I asked the students about the active deeds. "Does everybody need to equally share the results with society and refrain from gaining too much?"

After taking some time, the students came up with these answers.

"I think it would be difficult for people with small income."

"I think the privileged people should lead in the active deeds."

"I think the people that enjoy the benefits of society should take initiative."

"I think people should start with small deeds."

"I don't think there is a need to do more than one can manage."

"Doing more than one can manage might put family and people close at risk."

"Even if the deeds are small and only within one's capabilities, as long as they are done with good intentions, one can build good relationships, I think."

These ideas can be summarized ultimately to; "Proportional and voluntary deeds are desired." "Proportional" means, the more income and wealth one has,

the more active deeds based on consideration for others and the community one should undertake.

Hearing these thoughts, I said, "I see!" and hoped that they would realize why they thought so, I asked the following on purpose. "Should the receiving side of the shared earnings and the refrained gains demand to receive them as a right?"

The response was not quick. But after a while, a student in the front seat slowly raised her hand to say, "I don't think it's the right of the receiver to demand it."

"Why don't you think so?" I asked, and she said, "When it's demanded, the contributing side would feel offended."

I asked the student behind her also, and she gave a similar comment. "It would be best if both those helping and those receiving feel good about it, but when the deed is an obligation, both sides would feel burdened."

From their answers, the reason why they felt "proportional and voluntary deeds are enough" was clear. The reason was so that they can build and nurture good relationships. They had tackled the problem of distribution justice with the "prior knowledge (that values relationships)" just as I had anticipated.

"We shall bring together the two views that came up: 'Privileged people that enjoy the benefits of society should give more back to society' and 'Contribution of gains and restraint of excess should not be obligatory', and call them 'the principles of justice regarding active deeds'."

"By the way, do you think Inamori Philosophy would support your principles? I can't say for sure, but I think it would. That is because Mr. Inamori himself recommends actions proportional to one's situation. For example, he says there are things that big corporations can do for the good of society and people, and different things that smaller companies could do. So for small company managers, to hire even 5 or 10 employees and providing for them and their families with security would be for the good of society and people."¹⁵

It goes without saying, Inamori not only recommends that people contribute to society, he continues to do so himself, appropriate to his position. When he was young, as he asks now of smaller company managers, his pillar of active efforts was to hire people and keep providing for them. After the company

¹⁵ Kazuo Inamori, "Watashi no Koufukuron" *Kikanshi Seiwayyuku* (Seiwayyuku Journal), Volume 125, February 2014, p. 26.

stabilized, he thought beyond his own company profits and considered the prosperity of the country. You can see that in his enthusiastic challenges in various businesses like the telecommunications industry.

Later on, to follow through on his conviction to do his best for the good of people and society, he privately funded and established the Inamori Foundation and the Kyoto Prize to continually, systematically, and comprehensively give back to society.¹⁶ Moreover, as he grew older and continued to work, his belief that the significance of “work” is in “serving and contributing to society” grew stronger. We can see that clearly in his following words.

“I will continue to work. Because I believe to love and to contribute is the best way to live.” “There are people who suffer from poverty and handicaps. This instant, there are children all over the world suffering from hunger, the possibility of death and in desperate need of help. In order to help those people, even indirectly, with the fruits of our labor is a wonderful ability.”¹⁷

I would like to propose the “principles of justice regarding active deeds” derived by the students as a set of Inamori Philosophy’s “principles of justice”.

5. Principles Regarding Passive Deeds

How about the passive deeds? I asked the students.

“Evading taxes and breaking other laws must be avoided. I am sure we all realize that, but who should be especially conscious of it?”

To this, they answered, “Well, the more privileged you are, more careful you should be.”

The reasons were, “Because there is more temptation,” and “Because the bad deeds of those people at the top would influence the overall society greatly.”

“You see the society well.” I felt respect for them and went on to ask. “So, do the deeds of not evading laws only apply to people at the top of society and large companies making profits?”

To this, many students replied, “No, everyone should act that way.” The reasons being the following: “Because, that’s the most basic thing,” “Because

¹⁶ Kazuo Inamori, *Inamori Kazuo no Gaki no Jijyoden* (Kazuo Inamori’s Autobiography) Nihon Keizai Shimbun, Inc., 2004, pp. 175-182.

¹⁷ Kazuo Inamori, *Kokoro wo Takameru, Keiei wo Nobasu* (Elevate Your Mind and Expand Your Business), PHP, 2004, pp. 44-45.

it's common sense in society," "Because that's the least you can do as a member of a community," and "Unless you do, you will not be accepted in the society," among others. They all expressed their thoughts from the standpoint of girls who value "relationships between people and relationships with society".

"We've just defined 'the principles of justice regarding active deeds', but let us define here 'the principles of justice regarding passive deeds' as well. You have all mentioned that 'the more privileged you are, or more profitable your organization is, more careful you should be to refrain from illegal deeds and evading laws' and also that 'no one should take part in illegal or law-evading deeds'. Let us combine these two together and call them 'the principles of justice regarding passive deeds'."

"Would Inamori Philosophy support this second set of principles as well? Yes, it would be consistent with the Formula of Inamori Philosophy."¹⁸

"Let's say, for instance, there is a company acting in accordance with the libertarian formula of 'EFFORT × ABILITY'. Needless to say, libertarianism does not allow illegal activities, either. Yet, under libertarianism, to come up with ways of avoiding taxation and decreasing their taxes legally would draw praise among peers as being smart and exercising 'ABILITY'. To slip through the legal net by using one's wit to the fullest would be considered a part of putting in 'EFFORT × ABILITY'."

"But, what do you all think of avoiding taxes? It is a technical term, so let me explain. Tax avoidance is a scheme to shift the profits of a company from high-tax regions where they conduct business to low-tax regions (tax havens) by various ways to pay less total tax worldwide. This is not illegal per se, but what do you think of companies taking such actions or scheming to do so?" I asked.

Most of the students replied, "They shouldn't do that."

I asked, "Why not?" The students' answers included: "That's foul," "It's common sense to pay taxes where they conduct business, even in high-tax places," "Don't you need to pay taxes where you sell the products?" "How vulgar, to try and cheat into paying taxes in unrelated places!"

"Thank you. I am so moved by your views." I did not mention it to the students this time either, but they were definitely thinking with Inamori Philosophy 'prior knowledge' (valuing the relationship with the society where the taxes are due) in answering questions about tax avoidance. They were

¹⁸ Kazuo Inamori, *Inamori Kazuo no Jitsugaku Keiei to Kaikei* (Kazuo Inamori's Pragmatic Studies: Management and Accounting), Nihon Keizai Shimbun, 2000, pp. 151-152.

commenting as the “ideal hypothetical person under the veil of ignorance”.

“You all know companies like Starbucks, Amazon, Google and Apple? They are all giant corporations conducting businesses around the world. These ultra-famous corporations have, for a long time, made full use of tax avoidance schemes to pay less tax overall in the world, just like what we discussed. They may not have thought of it as being wrong. They probably thought of it like a game. They ran simulations again and again to figure out in which countries they should pay taxes, or in which countries they should not pay taxes in order for the whole enterprise to pay less tax overall, and acted accordingly.”

“That ruins their image.” “I didn’t think they were like that.” “How cheap.” The students were straightforward.

“When companies and people working at those companies think in accordance with libertarian concepts, this is how they think and act. It creates the most profit, and therefore it is the most logical in their minds. But you did not agree. You thought those companies should pay taxes according to the laws of the regions and countries where the profits were made.”

“Specifically, you thought the companies made profit because the consumers and other companies in the area bought their products, and also the employees of the company and the company itself gained income because the area offered opportunities to do business and work, so the company and its employees should pay taxes in that area according to the benefits gained. You thought that is the right thing to do as a company and as a human, correct? That is absolutely wonderful!”

Understandably, the major countries of the world are trying to discourage tax avoidance of multi-national businesses by establishing a working team at the Organization for Economic Co-operation and Development (OECD), and framing regulations to prevent this practice. But the discussions are centered on how to collect taxes through international cooperation and policy adjustments, and not on correcting corporate attitude regarding tax obligations, as Inamori Philosophy proposes.

To organize what we discussed, “principles of justice” under in Inamori Philosophy can be separated into two categories. It is general, but a person valuing “relationships between people” and “associations of people” would come to these conclusions regarding the principles of justice.

Already in Chapter 5, we have looked at present social problems of (1) the wealth gap, (2) public safety and community deterioration, and (3) abuse of the

legal system. Would the two sets of principles that value relationships be of use in solving these problems? If it helps, then it may supplement traditional social philosophies in at least the “distribution justice problems” aspect.

CHART 7

Principles of Justice in Inamori Philosophy

(1) Principles regarding active deeds

(a) Privileged people or organizations that enjoy the benefits of society should strive to actively give more back to society.

(b) The contribution of gains and the restraint of excess are not obligatory.

(2) Principles regarding passive deeds

(a) The more privileged people are, or the more profitable an organization is, the more careful they should be to refrain themselves from illegal deeds and evading laws.

(b) No one should take part in illegal or law-evading deeds.

“Everyone, do you think the principles of justice on active and passive deeds that we have just derived would help solve present social problems?” “We have mentioned the present problems of the wealth gap, public safety and community deterioration, and abuse of the legal system. Do you think Inamori Philosophy’s ‘principles of justice’ would help in solving these problems?”

The students commented freely on these issues, looking at the principles written on the blackboard. Here is the list of what they said.

“Since these principles value relationships between people, an excessive wealth gap would be balanced out naturally, I think.”

“The principles encourage the privileged to use self-restraint, so the wealth gap should narrow.”

“When the wealth gap is filled, human relations would improve and so should public safety.”

“There would be better community connections if there are more middle-class people.”

“There should be less need for legal conflicts in close-knit communities.”

In this chapter, we utilized Rawls’ methods to come to the “principles of justice” that Inamori Philosophy would probably devise.

They are not Inamori's own definition. We have only pointed out that with theoretical premises of Inamori's philosophy, high school students would come to this kind of conclusion. Furthermore, we have only suggested the possibility that these principles would help solve present social problems through the words of the students. Although only within the comprehension of high school students, I believe the principles hold a certain truth and persuasiveness. And Mr. Inamori's words do not contradict them.

There may be readers who doubt or are unsure of our challenge in this chapter, but let us just for a moment go on with it. Assuming the principles are convincing, another question arises. It is a question regarding the contradiction within Inamori Philosophy. "The Formula for the Results of Work" was supposed to represent that practicing a Right Mental Attitude would result in more "earnings". But if the principles of justice promote sharing earnings and restraining gains, personal "earnings" would decrease as a result.

The two sets of principles of justice may influence the distribution structure in society, but for the practitioner, the principles could work possibly in a negative way. We must look into this contradiction in the next chapter. At the same time, we need to see how Mr. Inamori's philosophical views coincide in real life. Coincidences or luck are key to solving the contradiction and is deeply related to the topic of a "prosperous society and life".

Chapter 9 “Prosperity” in Inamori Philosophy

Inamori Philosophy advocates that the practice of a Right Mental Attitude will result in more “earnings” (Results of Work), yet on the other hand, it calls for giving back to society and restraining excess gains as a part of that practice. If this is the “principle of distributive justice”, then a discrepancy in the Inamori formula appears. The practice of a Right Mental Attitude brings an increase in the income or wealth in others, but a decrease of the income or wealth in those who practice Inamori’s principles of justice. Let me start this last chapter by clearing up this contradiction.

1. Are the Results of Work and the Results of Life the same?

Traditional social philosophies claim that the results of each person’s efforts will manifest in a relatively short period of a few years or so. They also claim that if the results do not culminate in a short period of time, then the problem lies in the system or the society and therefore people have the right to take action to correct it. This was the third premise.

This third premise has two parts: “manifestation in short period of time” and “the right to take action”. Inamori Philosophy would not disagree with “manifestation in short period of time”. That is because many supporters of the “Formula for the Results of Work” consider the results of a Right Mental Attitude to manifest itself in a short period of time.

But there are times when the practice of a Right Mental Attitude does not culminate in a short period of time. Therefore, Inamori Philosophy also advocates the need to think and act with a longer time span in mind, for example, of few decades. It states, as long as one does not blame others, does not abuse the court system, and sincerely puts in continuous effort, even when things do not culminate right away, the deeds will manifest themselves somewhere in the future.

To confirm this with the students, I covered the left side of the Inamori Formula and supplemented the following explanation.

“The title or the left side of this Formula is actually not RESULTS of WORK but “RESULTS of LIFE and WORK”. I had simplified it as Formula for the Results of Work when I presented it to you. Let me put it back to its original form of “RESULTS OF LIFE and WORK” now and think about it.

$$\text{RESULTS OF LIFE and WORK} = \text{MENTAL ATTITUDE} \times \text{EFFORT} \times \text{ABILITY}$$

“When you see LIFE and WORK written side by side like that, what is your impression of the relationship between the two?” I asked.

One student commented, “That LIFE and WORK are the same?”

Another student followed with, “Maybe that if WORK goes well, so does LIFE?”

After that, a student at the front of the classroom remarked, “Maybe it means that the Result is the same for WORK and LIFE. But that doesn’t seem right.”

I focused on this third student’s remark.

“It seems like there are multiple meanings, just as you say. But I think we need to be careful of the word ‘RESULTS’. You’ve just said, ‘It doesn’t seem right that the outcomes are the same.’ It would be a bit odd if the outcomes of life and work were completely the same.”

“Many outcomes in LIFE and in WORK overlap, but I don’t believe they are equal. Because they don’t completely overlap, I think Mr. Inamori was particular in stating “RESULTS of LIFE and WORK” to not miss anything, and he also made a point to put LIFE before WORK.”

“Whatever did not manifest as the outcome of WORK would be earned as a part of the outcome of LIFE someday. Mr. Inamori believed so strongly and added ‘RESULTS of LIFE’ to the Formula to make it a comprehensive concept that includes the RESULTS of WORK.

I explained so and drew two circles (Chart 8) on the blackboard. As I have described before, the Results of Work includes earnings such as income, wealth, trust, praise, and respect. These may not manifest in a matter of years. But if you keep your efforts up without becoming desperate or giving up, somewhere in the future you will be rewarded. You will be rewarded within the bigger circle of LIFE outside of WORK. I would like to call it the “double coverage”.

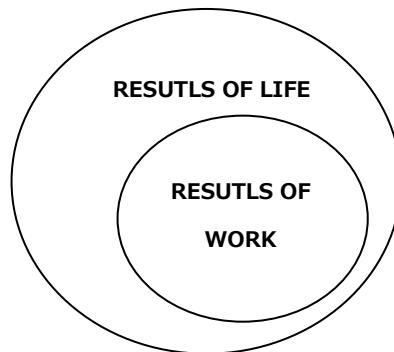
When we cover the Results this way, the aforementioned contradiction may be dissolved. That is, giving back to society and restraining excess gains might, in the short run, decrease one’s earnings, but in the long run, would cause an increase in the area of LIFE.

The students nodded at the double circles on the board. But I added, “I would like for you to be aware though, that this is just an ‘introductory explanation’.

In order to understand and appreciate Inamori Philosophy more, you need to dive deeper into bigger problems."

CHART 8

Double Coverage of "THE RESULTS OF LIFE and WORK"



"But to dive in all at once is quite difficult, so for now, please keep in mind the double coverage of the 'Results of Life and Work' that we just covered," I concluded that days talk there.

2. Two Bases for the Prosperity of Society

"Okay now, everybody, do you remember that the third objective of a social philosophy was the realization of 'prosperity'? So we need to evaluate whether or not Inamori Philosophy brings 'prosperity' or helps to create a prosperous society.

With that preamble, I began by telling the students the conclusion first.

"First the Conclusion, I believe Inamori Philosophy brings 'prosperity' - based on two things. First, because it was explained that, even when your Ability is limited, Effort and Right Mental Attitude would be rewarded someday. This fact gives a lot of people the courage and motivation to go on. The majority of people do not think they are particularly talented. Therefore, in a society where Ability decides the Results of Work, only a particular few would feel motivated."

"On the other hand, Inamori Philosophy states that the "Right Mental Attitude", and not only Ability, decides life. No matter who you are, if you maintain a Right Mental Attitude towards work and live each day, a prosperous path will open. These simple words can change people's attitude towards work and life, and heighten people's motivations greatly. Ability is not easy to gain, but what about

“Mental Attitude”? I think if you open up, it’s quite easy to amend.”

The students nodded their heads in comprehension. So I asked, “Everyone, which do you think brings prosperity to society: highly motivated workforce or unmotivated workforce?”

The answer could not have been more obvious, but I asked them to raise their hands. Everyone voted that a highly motivated workforce bringing prosperity to society. Hence, the students recognized that Inamori Philosophy has the power to bring prosperity to society.

“Thank you. There are no doubts there. So you understand the first basis for why Inamori Philosophy brings prosperity, but the second basis is a bit confusing. So let me give you an example to explain it. Imagine a company, and imagine managers and workers at that company. Let’s hypothesize that this company conducts business ignoring human rights, labor safety or environmental protection. These things that I mentioned - human rights, labor safety and environmental protection - are responsibilities that companies must abide by legally, and are expected to practice socially.”

“Let’s say there are multiple companies that disregard these responsibilities and the majority of managers and executives only pursue immediate profits and disregard legal and social responsibilities. Those companies may round up children of 10-15 years of age and make them work under dangerous conditions. They may trick adults into debt and forced labor. They may ignore environmental laws and drain dangerous chemicals into local rivers. Imagine a society full of such companies. Do you think a society that tolerates such conduct can prosper?” I asked.

Maybe the question was hard. The class remained quiet. So I asked the students one by one from the front.

Most of the students replied, “Such a society would not prosper,” but one student commented, “But maybe economically, it would.”

I welcomed her comment in my heart. “Very perceptive. Could you elaborate on what you meant by economically prosper?” I asked her.

“For example, I think there are nations that prosper economically even though they have environmental issues like pollution,” she added.

“I see. That is true. In reality, many countries actually developed economically as they experienced issues like pollution. That is very perceptive of you.” I

supplemented and expanded.

“What we probably need to do now is to think about the word ‘prosperity’. For example, if an economic indicator such as GDP (gross domestic product) was the sign of ‘prosperity’, societies that ignore legal and social responsibilities could be regarded as ‘economically prosperous. But I would like to ask you, do you think a society that ignores children’s human rights and destroys the environment can enjoy ‘prosperity’ for long? Would you call such society a ‘prosperous?’”

To this question, the students answered, although in various different words, “That is not ‘true prosperity’.”

“Good. There was a mention of ‘true prosperity’ now. What does that mean? Everyone, what is the meaning of ‘true prosperity?’” I ventured.

The students were at a loss for an answer, but the one student who made the perceptive comment before, raised her hand to say, “I think ‘true prosperity’ is a ‘long-lasting prosperity’.”

“Exactly. Unless it’s sustainable it cannot be called ‘true prosperity’. We should redefine ‘prosperity’ in this way. Inamori Philosophy is a wisdom that brings ‘true prosperity’ to societies. Because it urges people and companies to do the right thing, it naturally contributes to sustainable prosperity.”

Everyone seemed convinced, but I wanted to go over this one more time to make sure they grasped the whole picture. So although it seemed redundant, I summarized what we discussed.

“Before we go on to the next topic, I would like to recap. The object of social philosophies was the realization of ‘freedom’, ‘justice’, and ‘prosperity’. We have studied how Inamori Philosophy realizes ‘prosperity’, and there were two bases for this. The first was because Inamori Philosophy, particularly the Formula, can raise people’s motivations. The second was because the Formula changes people’s or the companies’ Mental Attitudes and urges the protection of human rights, labor safety, and the environment.”

3. Negative Setbacks and Sustainable Prosperity

“Okay, everyone, now that we have examined the bases of how Inamori Philosophy brings ‘prosperity’ to society, there is one more thing that we need to think about. That is, no matter how mindful one is of a ‘Right Mental Attitude’ or how legally and socially responsible an organization is or how earnest the

managers and workers of the company are, there are unforeseen disasters, destructions, and economic depressions that devastate what has been accomplished by these people and organizations. We call those incidents 'coincidental disturbances'."

"We've already covered that, if you look at things over a long time span, a 'Right Mental Attitude' would be rewarded someday. But I also mentioned that, 'This is just an introductory explanation,' and, 'In order to understand and appreciate Inamori Philosophy more, you need to dive deeper into bigger problems.' Those 'bigger problems' are actually these coincidental disturbances and how one goes about dealing with them."

To demonstrate the connection between coincidental disturbances and "sustainable prosperity", I attempted the following explanation.

"As you know, there are times when, even though people and organizations act according to the Formula, uncontrollable events obliterate all their hard work. In times like this, people may lose the will or power to go on working and living. Their motivations may diminish suddenly. Organizations may collapse in the face of this kind of unavoidable fate."

"Let's say a company highly acclaimed for human rights, labor, and environmental issues meet a devastating fate suddenly. That company's managers and workers and even the bystanders may start to say, 'Working hard on human rights and labor safety and environmental protection was meaningless!'"

"People may begin to think the 'Formula for the Results of Life and Work' is useless in the face of coincidental disturbances. What do you think will happen to the society then? Most likely, there will be no more people or organizations practicing the 'Right Mental Attitude' and 'sustainable prosperity' would not be realized. Don't you think this is true?" I waited for their nods.

They did. They understood in their own way that if the validity of the "Formula" was in doubt, social prosperity would be lost.

But the risk to prosperity isn't limited to this one situation. One more situation may impair prosperity, and that situation is the exact opposite of everybody doubting the Formula; meaning that everybody blindly follows the "Formula for the Results of Life and Work". So I told the students, "There is one totally opposite situation that I have to mention," and started the next talk.

"Let's say the majority of people insist the 'Formula for the Results of Life and

Work is an exact representation of reality. What do you think will happen in society? I have said that social philosophies do not represent the 'actual situation of society' but 'an ideal society' before, and this is true for the 'Formulas' as well. So when the majority of people blindly believe that the 'Formula' explains reality exactly and that there are no coincidental disturbances, it may ruin prosperity. Can you understand why?" I asked the students.

It was a difficult question, so I asked, "What if a person met a misfortune coincidentally, and everyone said, 'That's because you don't have a Right Mental Attitude' or 'You must have brought it on yourself.'? Would you call this a prosperous society?"

The students said, "Oh, I see." and "That's how it turns out." and realized the point I was getting at.

We've already pointed out that Libertarianism can create a society that is very cold towards vulnerable people, but Inamori Philosophy Formula, when used wrongly, can also fall into the same pitfall. To not repeat this mistake, I stressed the following.

"Everyone, please don't forget - Inamori Formula should be used explicitly only as a guide to how one should live one's own life into the future. That is the purpose of Inamori Philosophy and the correct use of the 'Formula' as a human being."

4. How to Deal with Coincidences

"We have defined prosperity as 'sustainable prosperity'. A society where people's satisfaction with their lives would be sustainable. Oppositely, in a society where everyone desires 'more income and more wealth', a sustainable prosperity may remain an unattainable dream, because each person is unsatisfied with their situation and is constantly unhappily craving for 'more'."

"So to summarize all this, it can be said that a society's prosperity depends on how each person deals with their own situation, fate, and life. I believe this is true. But the really hard thing is when a happily thriving person suddenly meets an unforeseen incident and faces devastation."

Mr. Inamori believes that inborn abilities are distributed by chance, just as new liberals do, but his "Formula" does not explain explicitly about "coincidences" one meets in life. But that does not mean he regards them lightly. Rather, he believes coincidences are actually crossroads in life decided by fate.

According to him, when people have good luck they may think, "This luck and success are the fruit of my efforts, and well deserved." When that happens, a successful person "loses humility, lets up earnest efforts, becomes conceited, and wishes for more luck and more success".¹⁹ On the other hand, when met with disaster, hardship, and trouble, a person may grieve their bad luck, feel lost, hate the world, and envy others. Both good and bad luck carry within the possibility of failure.²⁰

Portraying the meaning of coincidence in this way, Inamori states, "There are no uneventful lives. Whether you encounter the tests of good luck or bad," you must practice a Right Mental Attitude and face the tests humbly and positively.²¹ This means, even when things do not work out according to the Inamori Formula, you must try to "practice a Right Mental Attitude". Now, what does that mean?

"When a content person meets a sudden accident and falls in the pits of misery, what do you think that person should do? If there were some fault in that person, then he/she could amend their ways, but if it was an incident outside of their control, like a natural disaster or a massive accident, how should that person deal with it? When things that can't be explained by the 'Formula' occur, should you still try and practice the 'Right Mental Attitude' according to the 'Formula'?"

Mr. Inamori explains coincidental disturbances and practice of the Formula using the words "fate" and "law of retribution" respectively.

"'Fate' may be already decided. It is not something that we can influence by our will. But the 'law of retribution' that works simultaneously with 'fate' is not. Applying this 'law of retribution' can change even the 'fate' that's supposed to be set. We call this fulfilling everyone's destiny."²²

Based on these words of Mr. Inamori, I asked the following question to the students.

"Mr. Inamori instructs us to face misfortunes positively and to go forward with our lives and that by doing so, we would change our own fate. He thinks this attitude would make one's life more full. But students, do you think these words

¹⁹ Kazuo Inamori, *Inamori Kazuo no Tetsugakujin ha Nanino Tameni Ikirunoka* (Philosopher's Purpose in Life), PHP, 2003, pp. 124-125.

²⁰ Kazuo Inamori, *Inamori Kazuo no Tetsugakujin ha Nanino Tameni Ikirunoka* (Philosopher's Purpose in Life), pp. 126-127.

²¹ Kazuo Inamori, *Inamori Kazuo no Tetsugakujin ha Nanino Tameni Ikirunoka* (Philosopher's Purpose in Life), pp. 127-128.

²² Kazuo Inamori, *Inamori Kazuo no Tetsugakujin ha Nanino Tameni Ikirunoka* (Philosopher's Purpose in Life), p.115.

would help people in the pits of misfortune?"

I walked slowly to the back of the class and asked one student.

She answered honestly, "Well, I've never experienced anything like that, so I wouldn't really know." It would be a hard question to imagine for exuberant high school girls, I thought it over and told a hypothetical story.

"Let's say after graduating college, you get married, and are blessed with a daughter. She is your legacy, your most precious, extraordinary treasure. You nurture this daughter with all your love. But at the age of three, she suddenly passes away and goes to heaven."

"Can you accept the misfortune of your daughter's death right away saying, 'Oh well, it was fate,?' I don't think so, no way. You would go crazy with grief. And you would blame yourself again and again, thinking you should have been there for her. It is such a wrenching torment that you would soon blame others too. You would cry and grieve day after day and in the end, resent heaven and even curse God."

"To lose your beloved daughter is a misfortune too agonizing to bear. To deal with this fact, to face the future, and to go on is easy to say, but not something that can easily be done. Your deepest love for your daughter is something no one can truly understand, after all. Would you still accept your daughter's death as 'fate'?"

The class froze still. No one could speak. So I asked a student in the front row for a thought.

Slowly, she said, "I think I would be too devastated to deal with it."

After her comment, I went on to ask the class, "Then I would like to ask all of you. Why do you think this beloved daughter of yours came to you? Why was she born to you, why did she live with you for three years, and then go to heaven?"

It was a tough story. The class remained soundless.

"Do you think she was born in order for you to 'grieve day after day'? Do you think she would be happy to see you in such condition...?"

"She would never want to see you like that. No child wants to see their beloved parents unhappy. Don't you think...? If you see that, there is only one thing that

you can do, although it is very tough. That is to celebrate the proof of your beloved daughter's life."

"A proof of her life?" they seemed to say.

"That can be done by you fulfilling your life. Your beloved daughter must have taught you through her death 'the importance of feeling another person's pain, of standing by people and supporting each other.' It is an unbearable grief, but that child has left you with 'important wisdom' that you can use to become content. It may take time, but to think so and to deal with your fate is the only way to save yourself from the pits of grief. I believe that is what Mr. Inamori meant by dealing with misfortunes and moving forward with life."

The students seemed to understand from my story that this is the only way to overcome fate and that in the end, this is what brings prosperity to life. But at the same time, I was painfully aware that there are limits to imagining unexperienced tragedies. It is true for me too, but the difficulty of dealing with death is an agony that only those who have experienced it could understand. A parent's love for the children never ceases, even when they seem to have overcome the loss.

There are other possible tragedies, too. Each one of us will at some point face unexpected grief and suffering. "Deal with both good and bad fortune and stay positive" is understandable in words, but very difficult to practice, which is all the more reason to learn from someone like Mr. Inamori, who has experienced all kinds of hardships and overcome them all.

5. What Does the Example of Mr. Inamori's Life Suggest?

We have studied Inamori Philosophy as a social philosophy, focusing on the "Formula for the Results of Work". And we have particularly looked at how earnings are distributed in society and how people should go about acquiring earnings. In concluding this book, I must mention that the more one practices Inamori Formula throughout their life, the more the purpose of practicing the Formula itself disappears from one's mind.

When I say the purpose, I mean that the practice would cease to be motivated by "the Results of Life and Work".

There are two approaches to the study of business ethics: teleological (consequentiality) approach and deontological (moral duty) approach. When examining whether a certain action is ethical, an ethicist would judge the validity of an action using these two approaches. The teleological approach would

consider an action to be ethical when that action brings good outcome to Life and Work. Contrastingly, the deontological approach considers the outcome to have no relevance, but “what is morally right” should be the judge of action.

Using these two approaches to rephrase “purpose of practicing the Formula itself vanishes from one’s mind”, it would be this: teleological thinking makes a leap to deontological thinking. Not everyone experiences this leap of attitude, but if it happens, that person’s life is sure to become more prosperous, especially spiritually.

In Chapter 7, we described, “What is right as a human” as examining what is ethically right from a “social standpoint”. This actually is self-questioning based on the teleological. That is because it is a rational analysis of whether a certain action would be accepted, valued, and appreciated by “others” or whether in a few years or decades it would result in some form of an outcome within the double coverage.

But when a leap towards deontological thinking starts, “what is right as a human” sublimes to “what is right as a rational, elevated being who is different from plants or animals.” We have elaborated on “freedom” in Inamori Philosophy as freedom of will to decide what should be done based on reason, free from the chains of physical and physiological laws and desires. This is “freedom” in deontological thinking, too.

I would like to emphasize, though, this does not mean a teleological approach is inferior and a deontological approach is superior. Rather, unless a person practices “a Right Mental Attitude” based on teleological thinking and repeats the practice, the person would not reach any deontological thoughts. There are no instant leaps.

The young Mr. Inamori believed in the Formula and had put in efforts and ideas to gain results. With a belief that right intentions and passion would make anything possible, he devoted himself to research and development (R&D) and sales expansions. When those efforts brought visible results in the marketplace, his attitude towards conducting business extended.

His Mental Attitude “for the good of the company and the employees” extended to include “for the good of the nation, its people, and society at large.” Then the “Formula for the Results of Life and Work” slowly disappeared from his mind. The practice of “a Right Mental Attitude” and the act of living ethically itself, became his joy, as we can see.

6. Mr. Inamori’s Life-Story

Now, I have said that people reach deontological thoughts by repeatedly practicing the "Right Mental Attitude". But that is not to say that one should simply practice the "Right Mental Attitude" from the start without weighing the outcomes of the "Formula for the Results of Life and Work". The deontological practices are an after-effect. The process should be a repetition of effort to gain more earnings by practicing the "Right Mental Attitude", hitting a wall, correcting one's "Mental Attitude", and going on further: a process of zigzagging to reach one's life goals.

Hoping that my students would lead such lives, I shared Mr. Inamori's life-story with them.

"I believe life is a process of pushing forward through the zigs and the zags of life. I especially regard the positive spirit in the face of mixed events as key to a more prosperous life. I feel this way because the story of Mr. Inamori's life demonstrates it."

"Mr. Inamori contracted tuberculosis at the age of thirteen and had been on the brink of death.²³ After graduating from college, he could not get into the company he had hoped to, and he was said to have been devastated. Wandering the city in Kagoshima, he even thought, 'The world is so full of injustice and inequality, the poor cannot get out. Isn't the underworld full of connections and sentiments and chivalry so much more human? Maybe I should just join the Yakuza (Japanese mafia).'"²⁴

"This was not his only disappointment. His first job after he graduated college was at Shofu Industries. The company management was in horrid conditions and salaries were paid behind schedule. As he recalls, 'Both my research and relationships at the company failed. I used to go out to the cherry tree lined creek behind the dormitory and sit by the water, singing the nursery rhyme 'Furusato' (hometown).' ' My heart ached with accumulated wounds that I did not know how to deal with, so I sang out loud to cheer myself up.'"²⁵

"He must have been really lonely and hurt. But he did not disregard his work. He consistently put effort in with a positive attitude. In February of 1958, Mr. Inamori left Shofu Industries, but it was his positive attitude that attracted seven of his colleagues to follow him."

²³ Kazuo Inamori, *Inamori Kazuo no Gaki no Jijyoden* (Kazuo Inamori's Autobiography) Nihon Keizai Shimbun, 2004, pp. 31-32.

²⁴ Kazuo Inamori, *Zero Karano Chousen* (Challenge from Zero), PHP, 2012, p. 104.

²⁵ Kazuo Inamori, *Seikou heno Jyonetsu* (A Passion for Success), PHP, 2007, p. 87.

“That story brings tears to my eyes every time I think about it. These seven colleagues came together in his room and took an oath on the founding of Kyocera. ‘We gather here united, we vow to achieve goodness to the world and with its people, and hereby seal our oath with blood.’ Doesn’t the passion of those about to embark on a dream strike you?”²⁶

“Of course, the newly founded business did not get on track right away. Big corporations in Japan did not take the fledgling Kyocera seriously. So in the 1960s, Mr. Inamori took a plunge and visited possible business partners around America and Europe. He tried to develop new business ties through these trips, but no sales were made in spite of his efforts. It is said that, stranded in a foreign country, he was mortified with guilt, and cried in anguish.”²⁷

“Kyocera began to grow quickly after that, but in 1985, the company was harshly criticized by society for a violation of the Pharmaceutical Affairs Act. This criticism was the result of the company’s bone and cartilage products being provided to some patient before they had been officially approved by the government. For this action, the government banned Kyocera from this area of business for a period of time. There was media coverage about it daily and Kyocera faced its biggest crisis since it was founded. As the leader of the company, this scandal must have been an experience of agony beyond description for Mr. Inamori.”²⁸

“Also in the 1980s, Mr. Inamori envisioned going into a totally different field of business. After contemplating over it for half a year, he decided to establish a company called Daini-Denden (DDI). You all have a cellular phone, right? And you know how cell phone companies compete against each other. But in the mid-1980s there was only one telephone company (Denden Kosha or the current NTT) and no competition. This monopoly was reproached and the privatization of Denden Kosha became a big discussion. But no private company would challenge a monster of a company like Denden Kosha. Everyone thought there was no way any company could have a chance of competing against Denden Kosha.”

“Amidst all of this, Mr. Inamori was the first to take up the challenge. This challenge, if it failed, could cripple Kyocera, so in July of 1983, he stood before Kyocera executives to explain the ‘social significance’ of facing this challenge. We call this moral significance or moral cause. There were three causes here:

²⁶ Kazuo Inamori, *Inamori Kazuo no Gaki no Jijyoden* (Kazuo Inamori’s Autobiography), p.74.

²⁷ Kazuo Inamori, *Inamori Kazuo no Gaki no Jijyoden* (Kazuo Inamori’s Autobiography), pp. 88-92.

²⁸ Kazuo Inamori, *Inamori Kazuo no Gaki no Jijyoden* (Kazuo Inamori’s Autobiography), pp. 149-151.

to lower the expensive phone connection fees in Japan, to contribute to the healthy progress of the information society, and through those effects, to strengthen Japan's competitive edge and bring prosperity to the people of Japan. Mr. Inamori talked passionately that if DDI pursued these moral causes and conducted business according to them, then the challenge would be worthwhile and rewarded."²⁹

"It was like an ant challenging an elephant. The executive members must have been overwhelmed by the sheer magnitude of the undertaking and very noble cause. I can't help but suspect that there were at least a few Kyocera executives who thought, 'This is too reckless!'"

"In the end, after receiving consent from within Kyocera, an announcement of DDI's entry into the telecommunications market was made. To their surprise, the announcement was made soon after by two bureaucracy-led coalitions expressing intent to enter the market also. The first was a group of companies led by Japan Highway Public Corporation (present NEXCO) and the second was a group led by Japan National Railways (present JR). They both indicated their plans to facilitate fiber-optic networks using their highways and railways respectively."

"Mr. Inamori's DDI was in a tight spot. The situation may be expressed as being caught between a tiger (Denden Kosha) and two wolves (Japan Highway-led group and Japan Railways-led group). DDI was far behind Denden Kosha in funding and technology to begin with, and the entry of the two companies completely took away the option of installing and using optical fiber networks."³⁰

"Under the circumstance, demand for a pull-out of DDI grew daily. But Mr. Inamori took the predicament positively, followed moral causes, did what must be done, and prevailed. As a result, in 1987, all three companies (DDI, Japan Highway-led group, and Japan Railways-led group) officially started long-distance telephone services, but the two bureaucracy-led coalitions that had what should have been the winning edge fiber-optic networks suffered from declining performance and earnings, and had to revise their business schemes fundamentally. In hindsight, Mr. Inamori's DDI was the most successfully and consistently growing company of the three. That DDI is the present day KDDI, by the way."

²⁹ Kazuo Inamori, *Atarashii Nippon Atarashii Keiei* (New Japan, New Management), PHP, 1998, pp. 136-141. Kazuki Shibusawa, *Inamori Kazuo Dokusen ni Idomu* (Kazuo Inamori Challenges Monopoly), Nihon Keizai Shimbun, 2012, pp. 13-15.

³⁰ Kazuki Shibusawa, *Inamori Kazuo Dokusen ni Idomu* (Kazuo Inamori Challenges Monopoly), pp. 51-55.

Recognizing the company name, KDDI, the students looked at each other, impressed.

"I have said that life is a process of zigzagging your way forward, that the Mental Attitude of dealing with life's ups and downs positively will bring prosperity to your life. Don't you agree with me after hearing Mr. Inamori's life story?" I said and wrapped up my lectures with the story of his revitalization of Japan Airlines (JAL).

"The end of June 2010. This was the day JAL needed to present a reorganization plan to the bankruptcy court. But Mr. Inamori extended the due date to the end of August. It's a bit technical, but the reorganization trustees and those concerned with the Enterprise Turnaround Initiative Corporation of Japan begged Mr. Inamori to keep the officially pledged due date, but he did not bend in his conviction and extended the presentation by two months. Some said if he can't even keep his due date, there is no way he can revitalize the company."

"Why do you think he extended the deadline against all this?" I asked the students, and they were eager to put in their thoughts.

"Maybe there was a lot to do," one student commented.

"Maybe lots of new problems came up," another student put in.

"Maybe the original plan was unrealistic," other students commented.

I wanted to hear other thoughts, but we were running out of time. So I went on to conclude the lecture.

"If you remember, I have already mentioned that JAL drafted many reorganization plans before bankruptcy. You may have forgotten, but JAL executives wrote and rewrote plans and changed their target figures many times. They had revised them every year. On top of that, the government and political parties came in and the plan was revised by them again and again. The problem was that none of those plans were ever accomplished.

"The reason why they were unaccomplished was, ultimately, because it was never clear who was responsible for accomplishing those plans. Every one of the plans was drafted by just a small team, with a vague impression that someone else would actually execute those plans. Mr. Inamori's group thought this 'sidestepping of responsibility' was the true cause of JAL's demise. Therefore, unless leaders were trained to have a will strong enough to accomplish the company's goals responsibly, JAL's revitalization would remain

a delusion on paper. I have mentioned the leader training program before, and that was one of the major reasons for the two months extension of the reorganization plan's presentation."³¹

"Thank you all for your attention to the end. What I told you here are just bits and pieces of what Mr. Inamori proposed and experienced. But I hope you saw that he overcame many hardships, setbacks, and discouraging difficulties to deepen his philosophy and his passion to practice a 'Right Mental Attitude!'"

"So please, face forward, all of you, and follow your dreams with all your energy. If you ever hit a wall, don't despair and don't give up. Instead remember what you have learned here. Open up your notes, and ask yourselves, 'What is right as a human?' If you do that, you will find your way."

"I have shown that Inamori Philosophy, the philosophy that Mr. Inamori reached after many hardships, is a precious social philosophy that can augment the limits of traditional social philosophies. I feel Inamori Social Philosophy holds great significance and possibilities. I would like to stress this as my conclusion of the lectures. Thank you all very much for your honest comments and lively discussions. I have thoroughly enjoyed our talks. Thank you."

³¹ Iwao Taka "JAL Saisei, Futatsu no Kokoromi wo Waketa Mono" *Kyocera Keiei Tetsugaku Kifu Kouza (Kyocera Funded Management Philosophy Course)*, Kyoto University Graduate School of Management, 2014, pp. 59-61.

Epilogue

In concluding this book, I would like to present one practice we should learn from Mr. Inamori. I believe this story is something he would never touch on himself, unless someone like me told it.

Mr. Inamori constantly has expressed, "Goodness is something that is universally right, and universally right means that it can be recognized and accepted in any one's eyes. Things cannot be achieved by only pursuing one person's profit, convenience, or face-saving. The motive must also be acceptable to others." "In other words, you need to ask yourself, 'Is this selfish?' You need to check that you are not conducting business based on your own selfish thoughts or self-centered ideas." "I strongly believe that if the motive is good, and the process is good, there is no question about the outcome- it will be a certain success."³² Therefore, when he was requested to rescue JAL, he says he constantly asked himself, "Is the motive good?" and "Is this selfish?"

At the end of 2009, the government and the Enterprise Turnaround Initiative Corporation of Japan requested that Mr. Inamori take the position of chairman for JAL. He declined based on his inexperience in the air transportation industry, but the government's persistence finally convinced him to accept. On this occasion, he asked himself about the noble reasons of revitalizing JAL, and came down to the following three causes.³³ Then he vowed to conduct himself strictly, without any self-interest, based on those three causes.

- (1) If the revitalization of JAL were to fail, the whole Japanese economy would suffer.
- (2) The remaining employees of JAL and their families should be protected.
- (3) If the air transportation industry loses competitiveness, the flying public will suffer.

On February 1, 2010, Mr. Inamori officially took over as Chairman of JAL. Some said, "He is tarnishing his twilight years," but because he was certain of his three noble causes, these comments were complete nonsense to him.

He set about his new challenge with conviction that, "If the motive is good, and the process is good, there is no question about the outcome - it will be a certain success," but there were many obstacles before the eventual company's relisting. A magazine article in August of 2012 was especially assaulting. The title read, "Easy Money on 5 Billion Yen Unlisted Shares! The 'GREED' of Kazuo Inamori Privatizing JAL".

³² Kazuo Inamori, *Kokoro wo Takameru, Keiei wo Nobasu* (Elevate Your Mind and Expand Your Business), PHP, 2004, pp. 208-209.

³³ Kazuo Inamori, *Zero Karano Chousen* (Challenge from Zero), PHP, 2012, p. 196.

The article alleged the following: of the allocation of new shares to a third party (in an amount of ¥12.7 billion or about \$120 million) issued by JAL on March 15, 2011, ¥5 billion worth (¥2000 per share) were acquired by Kyocera, Kyocera acquired the shares knowing that JAL was starting to perform well, and Kyocera would realize an enormous profit with the relisting of JAL (on September 19th, 2012). Because of this magazine article, politicians and businessmen, pre-bankruptcy JAL shareholders, and many intellectual figures expressed outrage; accusing and attacking Inamori's actions.

I think this must have been the most gravely disheartening accusation for Mr. Inamori. He made a point to conduct himself with the purest of intentions, and pushed himself through bad health to rescue JAL. Yet the broader society was labeling as "greedy" and attacked him with these accusations. A normal person would have been enraged. But Mr. Inamori simply explained what needed to be clarified regarding the accusations, did not make excuses, did not hold a grudge, did not sue the magazine for defamation, and quietly endured with patience.

Common sense should have revealed the article totally absurd. But because of the amazing turnaround of JAL in an unprecedented short timeframe, along with the magnitude of profits, Mr. Inamori's efforts only appeared to suspicious minds as "greedy privatization by the chairman". According to the reorganization plan presented to the court beforehand, the operating profit projection for 2010 (ending in March 2011) was ¥64.1 billion. As it turned out, the actual profit was a figure far above forecasts of ¥188.4 billion.

In Mr. Inamori's honor, I would like to make clear that the allocation of new shares was nothing like an insider deal. JAL originally made financing requests to more than a few dozen companies, planning to issue ¥500 billion worth in new shares. But due to the Great East Japan Earthquake of March 2011, many of those companies were uncertain of their cash reserves and declined the request for funding as a result.

This may be improper to say, but amidst all the rejections, there were only eight companies remaining that, for various reasons, could not decline. Kyocera and JAL's managing underwriter Daiwa Securities, were in the position to ask the other six companies to support the funding burden, and thereby each had to finance an increased amount of ¥5 billion.

The other six companies that agreed to provide financing were insurance companies and travel agencies. I was once a board member of a major property and casualty insurance company, which leads me to say, that property and casualty insurance companies consider airline companies to be very important business clients. Therefore, if a major airline company requests funding, there

is no way, policy-wise, for the insurance companies to decline. Considering the volume of business transactions between travel agencies and airlines, it must have been the same for travel agencies as well. This is the background story of the ¥12.7 billion total which was barely collected by the eight companies.

In spite of all this, the magazine published scorching criticism. I say this again, an ordinary person could not have suppressed their rage. Kyocera management board and employees must have been so upset by the false allegations. Mr. Inamori's wife of sixty years, Mrs. Asako Inamori, who has shared both joys and sorrows with him, must have been devastated, too. Nonetheless, Mr. Inamori endured. In light of all this, I would like to share his following words.

"In your long lives, there will come times of disappointment and suffering. But especially in those times, you must hang on and sincerely work towards your ideals. The heavens will most definitely bow to such efforts, sincerity, and diligence."³⁴ "I decided that if I could truly believe that what I was doing right, then I would climb to any heights, overcome any obstacles, take any criticism, and keep on going towards my goal. And I kept demanding of myself and others the same unyielding attitude."³⁵

Kazuo Inamori was exposed to unexpected accusations during the revitalization of JAL. He experienced the torment of ungrounded criticism, but he always kept his word. He continued practicing a Right Mental Attitude and faced every hardship in a positive way. The true value of Inamori Philosophy specifically lies here. He did not just keep his thoughts in his head; instead he evolved them into an inspiring philosophy through their practice. Because he is a philosopher of action, his following words on life comparing it to a voyage must inspire many readers.

"If we were to compare life to a voyage on a great ocean, in order to lead life on the exact course of our wishes, we would have to paddle ourselves incessantly. But that would probably not take us far. We need to prepare our ships to catch other forces like the wind to propel us forward.

I believe the act of raising your sail and waiting for the wind, especially the act of raising the sail, is exactly the process of raising yourself to betterment.

³⁴ Kazuo Inamori, *Kokoro wo Takameru, Keiei wo Nobasu* (Elevate Your Mind and Expand Your Business), p. 62.

³⁵ Kazuo Inamori, *Kokoro wo Takameru, Keiei wo Nobasu* (Elevate Your Mind and Expand Your Business), p. 65.

If you think about it, there are not many things that can be achieved merely by your own power. Most things are only possible with other people's support. But in order to receive support, you need to raise your sail on your own. The act of raising your sail entails purifying your heart and pursuing 'What is best for others' and not just for yourself. This means that it is important to have an unselfish attitude.

A sail raised with a selfish heart of, 'me, me,' is full of holes. Even if the wind blew, it would just blow through the holes, and the ship would not pick up speed. On the other hand, a sail raised with a noble heart is a marvelous sail. It would surely be full with the wind of support."³⁶

I would like to again, show my respects to Mr. Inamori's philosophy and actions. At the same time, I hope this book sheds a new light on the understanding of Inamori Philosophy. I sincerely hope the new generations of the 21st century appreciate the value of this "next social philosophy" we unfolded, and endeavor to build a prosperous society with hope and confidence.

³⁶ Kazuo Inamori, "Watashi no Koufukuron" (My Theory on Happiness) *Kikanshi Seiwajyuku (Seiwajyuku Journal)*, Volume 125, February 2014, p. 25.