

then the government and its capitalists have decided to raise the sugar supply for the entire country in Formosa, and proceeded to establish sugar companies under very high protection. In the early stage of the industry the government supplied, freely, seeds, machines for cultivation and refinery, and many other aids. To keep up, or rather, to raise sugar prices the government put up very high protective customs duties on sugar and passed a sugar consumption tax to be used for the payment of direct bounties to the sugar companies. At one time 80 or 90 per cent. of the cost of production was paid to the sugar masters in Formosa either directly or indirectly. Furthermore, the government gives a direct bounty of 50c on every hundred pounds of sugar cane raised. The sugar industry in Formosa is capitalized on a gigantic scale. In a little while its valuation has reached forty-two million dollars and it produced 517,520,000 pounds in 1912 and 681,179,000 pounds in 1917.

Nor is this all. When a group of capitalists start in the production of sugar they buy sugar lands from poor natives at very low prices. The purchase amounts, practically, to the confiscation of the desired lands from the farmers. The lands thus obtained are then tenanted at very high rentals. In this manner the natives are exploited, powerless and rightless, as a conquered people.

At present there are eight or nine sugar companies in Formosa, monopolizing practically the whole sugar territories. This division of the sugar territories is intended to regulate the production of sugar and the price of cane. Each company has a fixed sphere of influence within which this company buys the cane at its own price. The farmers cannot sell to others, so they are the easy prey of the sugar masters. Thus the Formosan sugar industry is built up for the sole interest of certain capitalists at the expense of the people and the natives. The sugar masters, moreover, are combined to sell sugar, in conjunction with the capitalist sugar dealers of the country, and regulate the home supply. Thus they keep up the prices artificially throughout the year. Before the war the Japanese had been paying more than double the price that was paid for sugar in America. The surplus product is

dumped into China and into other markets at less than cost price. This present year they have agreed among themselves to export 3,289,216 piculs, in order to keep up the prices at home at the present abnormal level. This is a typical illustration of the Japanese system of protection for capitalist industries. These sugar capitalists who have been making a vast profit every year by means of legal protection would crash into hopeless bankruptcy if they should be deprived of this protection. They live on government protection at the expense of the people.

In much the same way every big industry is protected by an elaborate legislative scheme. Thus, for instance, all big banks are, in one way or another, protected by special privileges. Yokohama Specie, Kangyo, Kogyo Banks and the Bank of Japan all have legal monopolies by means of which they exploit the people. The Kangyo Bank has the right to gather small funds by means of a lottery. The Kogyo Bank has been empowered to take a commission of \$1 on each \$100 on all imported capital.

There is perhaps no nation on the face of the earth that so generously and so bounteously protects capitalism and its interests as Japan. Indeed, it is the government of the capitalists, by the capitalists, and for the capitalists.

Again, the shipping trade and the ship-building industry are both subsidized for many years. For the last fiscal year the ship-building trades received an aggregate sum of one and one-half million dollars, while the shipping industry drew several millions from the public coffers. The biggest of these companies is the N. Y. K., with a paid-up capital of twenty millions and a reserve fund equally large. This company alone, which paid a dividend of 70 per cent. last year, nevertheless received some one and a half million in subsidies.

Thus modern capitalism in Japan is well protected and aided on the one hand, and tolerated, or rather encouraged, by the government in its exploitation of the workers on the other. To keep the working class in subjection to their greedy and brutal capitalist employers, the government has always put down every form of labor and socialist organization with an iron hand.