

December 29, 2003.

## Life Is Just Like a Jigsaw Puzzle

By Toshio Murata

Reflecting back on my eighty years, I feel as if my life has been a giant jigsaw puzzle. In my early years, I had a number of strange, seemingly irrelevant and disconnected experiences. Then I began to realize that those "strange, seemingly irrelevant and disconnected" events were all meaningful and indispensable. They turned out to be pieces in my life's jigsaw puzzle that led me to Mises and to the purpose of my life -- the dissemination in Japan of Mises' ideas, philosophy and economics.

I was born in Kochi, famous as the birthplace of Ryoma Sakamoto who had contributed to overthrowing the Shogunate, and of Taisuke Itagaki who started the liberal and democratic movement following the Meiji Restoration. However, I did not feel particularly lucky in having been born in Kochi, because every prefecture has its own heroes of which it is proud.

In October 1886 my maternal grandfather was assigned a secret mission from Taisuke Itagaki, leader of the Liberal Party in Japan, to call the members in northern Japan for a secret meeting in Tokyo. In those days, in order to suppress the democratic movement the new post-Shogunate Government had prohibited any contact or communication among the members of the several political parties. To conceal his political assignment, my grandfather took with him, disguised as tourists, his entire family -- his wife and his three very young children, including my mother, then age five, all the way from Kochi to Fukushima. My grandfather accomplished his mission, and on October 24, the secret political meeting succeeded in having two rival political parties cooperate in establishing the Diet (or parliament). Unfortunately my grandfather died of typhus on the way back home. However, the first Imperial Diet convened in 1890.

My grandmother told me this story many times over, but to me it was simply an old folks' tale, a long and tedious reminiscence. Only later did I realize its role in the struggle for freedom and appreciate how it fit into the jigsaw puzzle of my life.

In December 1943, when I was a sophomore at the Yokohama Higher Commercial School, the Japanese Army drafted me into a heavy machine-gun corps. Later I entered the Military Paymasters' Academy in Beijing, and after finishing training, the Procurement Agency of the Shanghai Army Headquarters appointed me its officer to make huge procurement contracts with business firms.

One day at a luncheon, the major in charge of issuing banknotes for the Wang Zhao-Ming Government, said to me, "Rejoice! We are going to issue new banknotes with more zeros." I don't remember the exact denomination; it may have been ten or fifteen thousand *yuan*. At that time, I could not understand why he was so happy, because this would mean increasing the quantity of paper money and aggravating the inflation. However, soon after the end of the War a Chinese newspaper reported that the major and his subordinate officer had fled and joined the Red Army. They had been secret communists, working under-cover to hurt the Japanese Army. Then, I realized that they had intentionally created hyperinflation in the Shanghai area.

The Shanghai inflation did not become as serious as the 1923 inflation of Germany's banknotes, but it was serious enough. The banknotes were bulky and I still remember hearing a switchboard operator in the Procurement Agency calling her boy friend to help carry her salary home on a payday; he carried them in a pack on his back like Santa Claus, but his pack was made of wide open-mesh net so everybody could see what was in it; thieves weren't interested in the bulky paper money. Girls with no boy friends had to carry their salary in a rickshaw.

When the Army transferred me from Shanghai to Hanzhou, China, I wanted first to return some phonograph records borrowed from a civilian in Shanghai. I waited at a stop for a tram, but none showed up. Irritated, I asked a passerby why. He replied, "By army order, streetcars run in rush hours only." Then I recalled that as a part of my electricity saving plan in the Shanghai area I had drafted the order myself. The deadline for submitting the plan had been so pressing that I had incorporated in the plan as a last resort an order to stop streetcars except during rush hours. The casual idea of a twenty-one-year-old officer with bureaucratic authority had caused unanticipated inconvenience to the people of Shanghai.

In Hanzhou, the Army assigned me to the Military Field Hospital as the pay officer. Every day inflation accelerated. Commodity prices in the afternoon were higher than

those in the morning. In early 1946, the inflation in Hanzhou reached its final stage. Long lines of people with bulky packages of paper money to deposit waited in front of every bank teller's window. On each package, was written the number of banknotes and the name of the issuing bank. The tellers carried the packages, without opening to check the accuracy of the count, to a large depository; if they had taken time to count the banknotes, they would have paralyzed their business.

After the War ended, the Japanese Government established a Price Assessment Board to control the soaring commodity prices. Small labels were attached to those commodities whose prices were fixed, none on the commodities whose prices were not controlled. At first, the system seemed to work. I worked in a building near the Board and witnessed what happened. At first, the prices of only some commodities were fixed, but the list soon grew longer. When imported goods rose in price, the Board had to raise their prices accordingly. When the queues in front of the Price Assessment Board of producers and dealers who could not afford to sell at the controlled prices became longer and longer, more and more prices had to be increased. The Government had to post new prices regularly in the *Official Gazette* for ever more commodities and the number of price labels that had to be printed rose week by week. As the number of price-controlled commodities rose, as the frequency of price changes increased and as many additional clerks had to be hired, the entire price control system broke down. In a few years, the Government closed the Board.

After the War ended, I wanted to become a teacher. I had a license to teach business and English in high schools but had not finished work for a degree. When I applied to the Education Board, an official looked at my personal history and said, "We don't need a teacher with only a provisional diploma." His remark shocked me, because it had been the War that had forced me to quit my schooling. Fortunately, several months later, I found a full-time teaching position in a night senior commercial high school and a part-time teaching position in a missionary girls' senior high school in Kochi.

About that time, I read in a newspaper that, as a remedial measure, provisional wartime graduates could enter a college or university. Thus in April 1952, I began living a double life -- evenings, I was a teacher at the night senior commercial high school, daytimes a student at Kochi University.

While I was teaching at the missionary girls' senior high school, a U.S. Presbyterian Church missionary asked me to translate into Japanese a pamphlet by L. Nelson Bell, *A Medical Doctor Looks at the Virgin Birth of Christ*. I wrote Bell asking for permission to do the translation. It turned out that Bell was the father-in-law of the evangelical minister Billy Graham. Bell and we exchanged several letters. In one, I said I was looking for an economic system that could guarantee both freedom of thought and economic prosperity. Bell inserted my letter in the *Presbyterian Journal*. In response, I received from *Journal* readers in early July 1955 several books -- Keynesian, neo-classical and regular textbooks on economics. One *Journal* reader, James Francis Miller, then a law student in Lexington, Kentucky, sent me a copy of Mises' *Human Action*. Moreover, he arranged for the Foundation for Economic Education to add my name to its mailing list for *The Freeman*. One by one, I read the books sent me. I was attracted by *Human Action*. Instead of giving brief definitions of technical terms, as is customary in most textbooks, *Human Action* presented philosophical descriptions of each in depth. All the economic terms were closely connected with the axiom of human action. I realized that my understanding of economics had been fragmentary and superficial. Subjective value theory and methodological individualism explain how market prices are determined and why price controls can't work. I came to learn that private property is indispensable to freedom of thought, and that capital and creative ideas can bring economic prosperity. Finally, in *Human Action*, I found a clear and persuasive answer to the question I had asked in my letter: was there an economic system that could guarantee both freedom of thought and economic prosperity?

There were many difficult words in *Human Action* with which I was not familiar and it took me more than a year to begin to grasp its true meaning. I have since studied the book seriously and in 1991 even translated it into Japanese. As I had never heard or read such valuable ideas before, I charged myself with a mission to disseminate in Japan the philosophy and economics of Mises and libertarianism. In October 1955, I started publishing a four-page newsletter, entitled *Freedom and Economy*, with articles translated from various materials published by FEE. And in April 1957, FEE's President, Leonard Read reported on my activities in his *Notes from FEE*.

With a view to learning more about Mises, I became a visiting teacher from April through October 1956 under Professor Toh'ichiro Ichitani, Dean of the Economics Faculty of Osaka University. In the late 1930s, he had been a visiting professor in Vienna, Austria, and had studied there under Mises. Professor Ichitani told me that when

he met Mises, Mises had advised him to go to the Vienna Opera to learn about human beings, about human action; Mises had said that was important for the study of economics. He had translated Hayek's the *Pure Theory of Capital*, and the *Road to Serfdom* into Japanese, but, to my disappointment, he became a Keynesian and regarded Mises as extreme in advocating an unhampered market economy.

One day, while I was in Osaka, I received a telegram from Yujiro Iwai, president of the Iwai & Co., a leading trading company in Japan. Iwai had read the article about me in *Notes from FEE* and he asked me to visit him at his office in Osaka. When we met, I was impressed by his wide knowledge of *Human Action* and libertarian books. He asked me about my views on how to solve current farm, labor union, and foreign trade problems. After we had conversed for a few hours, he said, "I am president of a big trading company and wealthy. It is not surprising that I should support Capitalism. I have noticed that you are wearing a made-over army officer's overcoat and a pair of cotton work gloves. But you believe in Capitalism. You are a true believer in the free market! I will help you. Marxists go to Moscow to study Communism. You should go to the States to study free market economics." He urged me to apply for a fellowship to attend an American university.

In those days many people were disgusted with repeated strikes of labor unions. The Japan Teachers Union was promoting Socialism and Communism through their activities. To counteract them, I published the Japanese edition of F. A. Harper, *Why Wages Rise* in December 1958. In response to the book, Dr. Katsuichi Yamamoto sent me a postcard, in which he appreciated the timely publication and encouraged me to continue the activities. It was several years later that I came to know Yamamoto as the first introducer of the economic calculation theory of Mises to Japan in 1932. He criticized Tojyo's economic control and was suspended from his professorship in 1942. After the end of the World War II, he became a founding member of the Japan Liberal Party and, as policy maker for the Hatoyama Cabinet, set Japan's economic course toward free market.

In the summer of 1959 in my class in the girls' senior high school, I criticized the people's communes in Red China as an infringement of human rights. One girl reported the story to her parents who were Communist Party activists. They got angry with me and representatives of seven pro-Communist Party organizations pressured the principals of the schools where I was teaching to fire me as a "biased" teacher. As two

schools refused their demand, they were planning to resort to the next measure. But two weeks later on July 27, 1959, to my surprise and joy, NYU informed me that it would offer me a William Volker fellowship. Leonard E. Read, FEE's President, accepted me as the first foreign student to stay at FEE for a full year. All of a sudden, I was able to move from the hostile atmosphere of Kochi, to a friendly and encouraging intellectual environment in the States.

I enjoyed living at FEE during the school year 1959-60. There I made friends with the staff and their visitors, and learned many things. Mises' seminar at NYU was inspiring. It was a great honor and pleasure for me to be in direct personal relation with such a great scholar whom I admired so much.

I came back home in the fall of 1960, and in 1962 found a position as instructor at the Kanto Gakuin University in Yokohama. When the president asked my impression of the University's Faculty of Economics, I told him that, judging from the procedure followed and the discussions at Faculty meetings, the Marxian professors might take over the University. The Marxian professors were alerted when they discovered I was a student of Mises. Moreover, I did not join the Teachers' Union. And then, they assigned me to teach Marketing and Marketing Research, instead of Economics. Since I had never taken any marketing courses, I had to spend much time studying and preparing my lectures. Fortunately when I had been at FEE, Bettina Bien Greaves often took me when she visited a shopping center or a department store. Those experiences were a great help; I gained first-hand knowledge of the distribution revolution which most other professors of marketing did not yet have.

Instead of trailing other academicians in marketing, I decided to develop a new field -- real estate marketing. Real estate management had been one of my jobs when in the army hospital. Here again, Bettina played an important role. While driving around the New York area, she explained the features and estimated prices of houses we passed. This was a great help. Soon I was able to establish myself as a pioneer of real estate marketing in Japan. In 1965, the president of the *Real Estate Weekly Journal* in Tokyo appointed me his advisor, a position I kept until 1999. I compiled the first ever *American-Japanese Dictionary of Real Estate Terms* in 1973. Every summer for seventeen years, I planned and organized real estate tours to the States or Europe. When a tour guide on the chartered bus had nothing to say, I lectured the participants on the importance of private property and the free enterprise system.

In 1966, the Mont Pelerin Society held its general meeting in Tokyo. I proposed that Mises be invited to attend and to make a lecture trip of Japan. Mrs. Mises wrote that she refrained from showing him my letter in view of his age, then 85, and his health. If she had shown it to him, she said, he would certainly have accepted and he was in no condition to take such a long and strenuous trip.

In 1968, there was a student riot at Kanto Gakuin University, where I had been teaching since 1962. As I had anticipated, the Marxists gradually took over the leadership of the Institution. I moved to Yokohama College of Commerce in 1970 on condition that I should be permitted to teach the economics of Mises in my own way. I taught there until 1995 when I assumed the presidency of Yokohama College of Commerce, serving for four years and retiring in 1999.

If I had written my own books on economics, I could have established myself in Japanese academic circles earlier. However, I thought translations of Misesian books would benefit the Japanese far more than my own economics books. Thus, while continuing to fulfill my teaching and administrative duties, I translated into Japanese Mises' *The Ultimate Foundation of Economic Science*, his *Economic Policy*, and his *Human Action*. All copies were sold out. I also translated into Japanese the book by his wife, Margit von Mises' *My Years with Ludwig von Mises*. All these books have contributed to making Mises and the Austrian School of Economics known in Japan.

Now as I think back over my life, it becomes clear that it was the many "strange, seemingly irrelevant and disconnected" events that led me to Mises. My grandfather's pro-democratic political activism, my encounters with inflation, with Japan's educational bureaucracy, with price controls, and with Communists, as well as the publication of my letter in a small Christian journal in the United States and Leonard Read's report on my activities in *Notes from FEE* -- all became pieces in the giant jigsaw puzzle of my life. They not only helped me to understand and appreciate Mises when I met him, but they led me to my life's mission of disseminating in Japan the philosophy and economics of Mises and libertarianism.