

JAPAN'S FEET OF CLAY

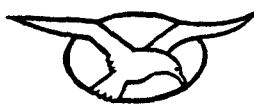
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LANCASHIRE AND THE FAR EAST

JAPAN'S
FEET
OF
CLAY

BY
FREDA UTLEY



W. W. NORTON & COMPANY, INC.
NEW YORK

PUBLISHED, MCMXXXVII
BY W. W. NORTON AND COMPANY, INC.
70 FIFTH AVENUE, NEW YORK
PRINTED IN GREAT BRITAIN
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FIRST EDITION

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CHAPTER I

Introductory: Japan's Bluff

I

Japan is putting up a big bluff to the world. She started the game of world politics and military aggression with the scantiest of resources, but unless her bluff is soon called she may actually achieve the success which could still easily be prevented.

Here is a country which claims to be the Britain of the East whose iron production is half that of Belgium, whose maximum coal production is $\frac{1}{7}$ and consumption $\frac{1}{6}$ of Britain's. A country which has, it is true, a large navy and mercantile marine, but whose supplies of oil have all to be imported and whose supplies of coal are very scanty. A country, again, which believes it can take Britain's former place as the workshop of the world—or at least of Asia and Africa—yet whose industrial organisation, with the exception of certain specific industries such as armaments, shipbuilding and textiles, is at a stage of development still in many respects medieval, or at best corresponding to that of 17th and 18th century England. Here is an Imperialist Power which produces capital goods—iron, steel and machinery—in such small quantities that far from being able to export them she cannot even supply her own needs, much less those of the colonies which her armies are conquering.

Japan's most important export is a raw material: the silk produced by peasant labour. This is a semi-luxury article sold almost exclusively to her main rival the U.S.A. Without the money she obtains from the U.S.A. for her silk she would be unable to buy the raw cotton for her principal industry; moreover, the whole of her social and economic fabric would fall toppling to the ground, since the majority of her peasants cannot exist without the subsidiary income they obtain from silk culture, and since the profits of her merchants from silk are her

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primary source of capital accumulation. All this is not to say that Japan is not rapidly entering new fields of industry and bit by bit re-orientating her national economy so as no longer to be so dependent on the American silk market. If her present bluff is not called she will soon possess herself of all China's very considerable resources of iron and coal, and potentially great cotton production, and develop Manchuria into a granary and a source of meat and dairy supplies.

'If', said the Japanese to M. Maurette of the International Labour Office, 'we have peace, we shall be one of the leading industrial nations of the world in 10 years' time.'¹ But the Japanese really meant 'if no one interferes with our triumphant course in China'. M. Maurette, like scores of other Europeans won over by the courtesy and seeming liberalism of Japan's industrialists and diplomats, believed in the pacific intentions of the Japanese business community, and failed to see that they meant peace *and* a free hand in China. Of course every nation prefers to get its own way without fighting, and since the Japanese are taught from the cradle that they have a divine right to rule on the mainland of Asia, the industrialists and merchants who entertain distinguished foreign visitors are quite sincere in hoping for peace—hoping, that is to say, that neither England nor the U.S.A. will stand in Japan's path and prevent her accomplishing her 'divine mission' to rule the lesser breeds of Eastern Asia, and in so doing create a great raw material basis for Japanese industry and an enormous closed market for Japanese manufacturers and traders.

I have here mentioned M. Maurette, not because the views in the book he wrote in 1934 are singular, but because they are typical of those expressed in dozens of other books and in hundreds of magazine and newspaper articles.²

Whereas most of the books written about Japan by those who pay a short visit to the country are full of admiration and sympathy for the Japanese, and accept all the well-known myths of the happy workers devoted to their employers, the textile fac-

¹ *Tour du Pacifique*, Paris, 1934. M. Maurette is the Assistant Director of the International Labour Office.

² For instance the series written for the *Daily Telegraph* in the summer of 1935 by Sir Ernest Pickering.

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tories resembling high schools for girls, the success of Japan on the world market being due to superior efficiency rather than to cheap labour, the strength of pacifist and democratic sentiment, the people imbued with loyalty and reverence for the Mikado, and so on, nearly all the books written by those long resident in the country, with the exception of publications subsidised or commissioned by the Japanese Government and printed in Japan, tell a very different story.

It is not the purpose of the present work to go into any detail concerning the vices and virtues of the Japanese, or either to justify or to condemn their aggression.

The Japanese are no different in essentials from other nations and what their rulers are striving to do now in the Far East is what Britain did 200 years ago in India, and what all the Great Powers have done whenever they got the chance in the past. Imperialism is Imperialism, white or yellow. The hypocrisy and cant which are the most repulsive features of Japan's brutality, perfidy and oppression in Korea, Formosa, Manchuria and China were also characteristic of Catholic Spain and Protestant England in the days when they were acquiring possession of the New World and of the Ancient East; nor does Japan's belief in her divine mission differ much from Britain's 19th-century talk of the white man's burden. Nevertheless Japanese Imperialism today is the most brutal, oppressive and destructive of all Imperialisms on account of the feudal features of her own national economy, and the medieval standards of her ruling classes, and on account of the proximity of the countries she has conquered and is conquering. The Japanese economic and social system, with its peculiar mixture of medievalism and 20th-century monopoly capitalism, renders her rule of alien peoples particularly oppressive. Whereas Japan's behaviour in Korea, Formosa and Manchuria recalls that of England in India a century or two ago, both as regards its brutality and the crudity of its methods of exploitation, it is at the same time far more thoroughgoing, all-pervading and efficient than was possible before the invention of the steamship, the telegraph, the railway, the machine gun and the aeroplane. Moreover, the proximity of Japan's colonies enables her to bring the full weight of her military power to bear on the conquered—she is not constrained to follow any counsels

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of moderation, or to tread the path of conciliation, because of the difficulty of holding down by force alone subject peoples thousands of miles from the metropolis.

Although alien rule is inevitably oppressive and stifling and a hindrance to the all-round economic development of a country, it is peculiarly so when the Imperialist country is itself backward, poor and uncultured, when it treats its own working class and peasantry like a colonial people, when it has not destroyed semi-feudal methods of production and ways of thought within its own borders. A country like Japan, that is to say, naturally resorts to the more primitive methods of profit-making in its colonies: the squeezing dry of the country by oppressive taxation and usury and even by direct confiscation of produce and forced labour. Nor are its methods of 'pacifying' and ruling the conquered territory in any slight degree modified and civilised by the necessity of rendering some account to the elected representatives of the people at home, who do not all voice the views of the ruling classes.

Japan's colonies are ruled by Generals and Japan herself is ruled by an absolute monarchy and its bureaucracy—her Diet is only a show and has never had power at any period of her history, so that there are no currents of liberal, labour, or enlightened conservative opinion to restrain the excesses of military rule in her colonial Empire.

A country with capital for export can and does to some extent improve the methods of cultivation in its colonies and so increases the quantity of raw materials produced, thereby enlarging its own profits, but a country like Japan which has insufficient capital to modernise its own agriculture is unlikely to utilise capital for expensive public works in its colonies.

The U.S.A. or England, for instance, if in control of part of China, would undertake irrigation and drainage works and build roads, and would probably even provide some benefits in the way of a few schools and hospitals, famine relief and so forth. Japan, which leaves her own peasants to suffer losses and even famine from the lack of necessary preventive engineering works, which has few roads and no hospitals or other most elementary social services for her own people, will certainly not provide any of these things for her colonial subjects.

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If a country must lose its independence it is better for it to fall under the dominion of a more or less civilised power with large capital resources than of a semi-civilised power with scanty capital resources such as Japan. The people of Manchuria, for instance, if they had the choice of being ruled by the U.S.A. or Japan, would undoubtedly choose the former, and those Indian patriots who imagine that Japan's advance will free them from alien rule are forgetting that it would place them under a worse tyranny than the British.

In any case it is now to the interest of both Britain and America not to attempt the partition of China into colonies of the Great Powers, but to develop her as a market and to see a stable national government established. They can afford to wait for their profits until peace, railways, roads and other economic developments under a more or less independent Chinese government shall have brought about an expanding market and increasing exports.¹ Japan's main interest, however, lies in keeping China disunited and unstable, and her main concern if she gets complete control of China will be to squeeze out quickly for her own desperate financial and economic needs cash, raw materials, food and everything else possible, by means of taxation, usury and thinly veiled robbery. She will not have the financial resources to develop even the agricultural possibilities of the country nor any policy besides squeezing out as much as possible from the peasantry. A country like Japan which has preserved its own semi-feudal agricultural economy is not likely to wish, or to be able, to destroy the same system in its colonies. Just as her ruling classes at home depend for a large part of their profits on the exploitation of the peasantry through rents in kind and domestic industry, so to an even more marked degree would they preserve the feudal features of China's national economy. It is safe to prophesy that China under Japanese rule would be even less prosperous than at present, even poorer, even less capable of buying Western manufactured goods. Indeed, the world has already seen the proof of this as regards Manchuria,

¹See for instance Sir F. Leith Ross's views as issued to the Press in Shanghai in June 1936, in which he warmly praised the achievements of the Nationalist Government and said: 'Our principal interest here is to promote the peace, the prosperity and the trade of China. . . .' (*Economist*, June 27, 1936).

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which is economically in far worse case now than before the Japanese seized the country. It is certain that China under a strong Chinese Government would offer a far larger field for European manufactures and capital than it would under Japanese rule.

For all her talk of being overpopulated Japan has never made any serious attempt to colonise new lands, and even her own Northern Island (the Hokkaido) remains only half inhabited. Nor is it the search for markets for her expanding industries which provides the driving force for expansion. Japan's main markets are and must remain outside the territories she is now seizing by force on the Asiatic mainland, and her rule in her colonies is not of such a character as to increase the purchasing power of the inhabitants.

The driving force of Japanese Imperialism is primarily loot, and an attempt to escape from her insoluble domestic problems; and secondarily the search for raw materials. Just as the Roman Republic conquered and plundered the Near East in order to get more and more provincials to tax and fleece by usury, so does Japan conquer and plunder the Far East in order to get millions more small commodity producers to exploit in the same way. The corruption amongst the Japanese officials and police in Korea, Formosa and Manchuria, and their merciless oppression of the native populations, the activities of the swarm of petty traders and usurers let loose upon the helpless people, all combined with so much talk of the Samurai spirit, of the superior virtues of the Japanese, of their mission to 'liberate' and lead the peoples of Asia, recall the picture of Roman provincial mis-government in the last days of the Republic. The hypocrisy of the Japanese and their belief in their divine mission were also typical of the Roman ruling class, amongst whom the notorious Verres was only more openly corrupt than 'Great Brutus', himself a moneylender on a big scale through his agents in the provinces. True, the Romans had not learnt to make fortunes by debauching their subject populations with narcotic drugs, as the Japanese are doing in Manchuria and North China, but one could continue to draw many other striking parallels. There is, for instance, a close similarity between the starving and dispossessed plebs of Rome, without whom there could have been

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no conquering Roman army, but who drew no profits from the conquests, and the starving and oppressed peasants of Japan, whose actual material conditions of life are no better than those of their Roman prototypes, and who pay in hunger, disease and unceasing labour for the greatness of Japan.

It is perhaps quite natural that these same 'Roman' features of the Japanese ruling class, their patriotism and 'loyalty' to the State—which loyalty, however, is quite compatible with defrauding the State or even rebelling against it—their belief in their own virtues, their feeling of racial and class superiority, their qualities of aristocrats or 'gentlemen', have endeared them to a large section of the British ruling class. Just as in the 19th century the gentlemanly Turk was admired by the British upper classes, so the gentlemanly Japanese has been admired ever since 1905. One can compare *Punch*'s cartoon of the Turk at the time of the Armenian atrocities, under which was written: 'Finest gentleman who ever slit a throat, Sir!' with the admiration of the Shanghai English for Japan's massacre of the inhabitants of Chapei in 1932.

F. T. Jane, the famous naval expert, wrote in 1904, when admiration for the Japanese amongst the English upper classes was even more fashionable than now:

'The Japanese also retains his old native dignity; European uniform has not abated one jot of that dignity, which we have all read about as having been beneath the kimono. Mostly, though not invariably, they are the descendants of the old fighting men, the Samurais. In the midst of the new order all the best of the old traditions live. . . . Whatever he may do, in whatever position he may be placed, the Japanese officer never forgets his dignity and further is always a gentleman.'¹

Admiration for Japan was much cultivated and propagated at that time, when England considered Russia the greatest menace to her Empire and was anxious to reconcile public opinion to the alliance with a 'Yellow race'. Today that admiration still remains, at least amongst a large number of Conservatives and most markedly at the War Office and the Admiralty.

This admiration is based partly on an imaginary picture of the 'gallant little Japanese', and partly on the belief still current

¹F. T. Jane, *The Imperial Japanese Navy*, 1904 (quoted in Hector Bywater's *Sea Power in the Pacific*).

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that the Japanese are the pupils of Britain who look up to their teacher and seek to copy her as far as possible.

As regards the English romantic illusions concerning Japan, there is first of all the idea that the Samurai resembled the knights of medieval Europe and that the Samurai code of Bushido corresponds to the code of European chivalry. All the schoolboys' illusions and imaginings about the gallant and romantic past of song and story echo in the picture of the knightly Samurai popularised by clever Japanese propagandists. It is felt that here in the modern world, or at least removed from us only by a generation, were Samurai riding about defending the weak, fighting for their lords, dying rather than submit to dis honour, living lives of poverty and abstinence, disdaining trade and industry; in a word living and behaving much like the knights of the Round Table. Irrespective of the falseness of this picture, and even of the disparity between the ideals of Bushido and those of Western European chivalry, in particular as regards the behaviour towards women and the attitude towards murder; irrespective also of the fact that the knightly idea was never lived up to in the East or in the West any more than either Buddhism or Christianity was practised, this idealised picture of old Japan casts its glamour over modern Japan. Similarly schoolboy admiration for the patriotic Romans, for Horatius and all the rest of the ancient heroes, mingles with admiration for these modern patriots who are also believed to sacrifice their lives without question in the service of the State.

Then, again, Japan is conceived of as a sort of fancy dress country full of cherry blossom and pagodas, pretty geisha in gorgeous kimonos, meek and lovely women, picturesque peasants quaintly dressed, attractive children and exquisite landscapes—a charming country and a charming people remote from the dust and dirt and drab clothing of our modern industrial civilisation and with all the glamour of a musical comedy or a masquerade.

Japan's façade is indeed a variegated one, changing according to the desires and ideals of the observer or reader whom the Japanese want to please or to impress.

To some Japan is depicted as the 'Britain of Asia', as the island Empire of the East, a nation of bold seamen and 'gallant

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officers and gentlemen', governed by a constitutional monarchy and possessing a modern industry and democratic liberties, but with the people imbued with unquenchable devotion and loyalty to their beloved Mikado; pure, moral, strong and incorruptible as against the unwarlike and degenerate, corrupt and cowardly Chinese—in a word a nation resembling the English as they like to imagine themselves.

To others she is depicted as the Germany of Asia; as a people disciplined and industrious, competing successfully on the markets of the world through superior efficiency, the diligence of her workers, the knowledge of her men of science, and the assistance rendered by the State to her business men and industrialists; a people tenacious and full of devotion to the fatherland, a nation of soldiers combining discipline and courage with super-organisation; stern faced, irresistible and governed by the Eastern counterpart of a Frederick the Great or a Bismarck.

Although the real Japan comes a little closer to being the Prussia of Asia than the Britain of Asia, it is fundamentally unlike all these romantic pictures, and in so far as it resembles another country, that country is Russia under the tyranny of the Tsars.

The real Japan is a country of half-starved peasants; of children working long hours and always hungry as in England a century ago; of women whose status, rich or poor, is practically that of slaves and whose picturesque kimonos mock the misery and frustration of their lives; of workers without rights to combine in trade unions or to form political parties to further their interests and improve their medieval standard of life; of women dragging coal in the mines like pit ponies; of sweated domestic industry with women and children working 14 or 15 hours a day for 2d. or 3d.; of crowded prisons and Asiatic torture practised to extract evidence; of murderous gangsters uncontrolled by the police; of deep-seated and widespread corruption blighting the nation's strength and poisoning its political life; of extreme contrasts between immense wealth and abject poverty; of extreme social tension and revolutionary ferment.

The real Japan is a seething cauldron of misery and injustice, social hatreds, revengeful passions, hysteria and chauvinism; a country of continuous conflict between landowners and tenants, employers and workers, monopolists and small industrialists,

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and also between men and women and between the young and the old.

The gentlemanliness and culture of the Japanese upper classes and their adaptation of the standards of Western civilisation, is merely a thin varnish spread over the surface of the old Japan.

The old style Japanese who loudly proclaim to the world the superiority of Japan's 'spiritual civilisation' are neither polite nor gentlemanly in the Western sense, they are merely ceremonious and formal. Their famed politeness is a conventional ritual, and consideration for others in the small things of life is either unknown to them or regarded as savouring of corrupting Westernisation. The tourist may admire all the bowing and scraping between acquaintances, and the polite manner of address, but no one who has mixed in a Japanese crowd, or travelled in a Japanese tram, or even walked along a street in the capital, can have failed to experience the roughness and lack of consideration typical of the Japanese male.

In the streets women carry packages and luggage whilst their men walk in front unburdened. Any man who treats his wife with consideration is regarded as a dangerous radical or at best as a crank.

It is of course above all with regard to the treatment of women that Japan has retained her Asiatic *mœurs*. Both social customs and the laws keep woman in subjection and give her a status only one degree removed from slavery. The Japanese woman has no legal personality, no social or political rights; she can be sold to a factory or a brothel by a legal contract signed by her father or husband or other male guardian, she can be divorced without cause at the will of her husband; a married woman has no property rights, and no rights over her children. Women are forbidden by law to join a political party and by social custom from going to places of entertainment with their husbands, from dancing or from any social intercourse with the other sex. Yet whilst women remain subject to a medieval or patriarchal code which deprives them of all liberty, they are exposed to all the brutality of the early forms of capitalist exploitation. They may not enjoy the social or political rights of men but they have to earn their living side by side with men in offices and factories and farms.

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Many writers have described the Japanese woman, some with horror at the life to which she is condemned, whether rich or poor, others with admiration for the qualities of gentleness, submissiveness, unselfishness and endurance which her treatment fosters. Here I am only concerned to point out Japan's remoteness from Western standards even on the surface, and her peculiar social atmosphere which, in addition to deep-rooted economic causes, fosters discontent and violence and social instability. Half Japan's population, the female half, is enslaved and is therefore frustrated, discontented and rebellious, or rendered stupid, apathetic and incapable of independent action or initiative; the discontent of the women of all classes brings the spirit of revolt and the ideas of Communism into the most aristocratic families in the country. The men, on the other hand, deprived of feminine society except that of geisha, prostitutes and café waitresses, knowing nothing of love and companionship in their home life, taught to regard women either as toys or as slaves to be driven by their owners, are overbearing bullies at home and ruthless employers in the factories, or they are libertines, or if young and poor they are fanatic revolutionaries.

The young, deprived of all Western amusements or ordinary social intercourse between the sexes and subject to the tyranny of their fathers and of an outworn social creed, are all in revolt against society. This is especially the case as regards the students, most of whom are underfed and all of whom are overworked on account of the cumbersome Chinese writing system, and in general because of the effort to acquire two different and contradictory cultures at the same time.¹

Heroism there is in Japan—not the heroism of swashbuckling Samurai, but the heroism of Radicals² and labour leaders who brave the horrors of torture in the police cells in their struggle to improve the miserable lot of the workers and the peasantry; the

¹As a French writer has expressed it in speaking of the *tristes plaisirs* of the Japanese, 'how can youth deprived of all amusements and feminine intercourse and at the same time overworked and underfed avoid turning either to revolution or to suicide.' (Andrée Viollis, *Le Japon Intime*.)

²"Radicalism" is the generic term in Japan for all 'dangerous thinking' and a Radical means a Communist or any other serious opponent of the 'system of private property' and the existing Constitution. The word has much the same meaning as in the U.S.A.

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heroism of unarmed peasants who with their wives and children fight the police sent to turn them out of the fields they have sown, or to confiscate the scanty stores of grain in their houses against sums due for rent and interest; the heroism of young factory girls whose homes are hundreds of miles away and who yet go on the streets to defy the tyranny of the employers in whose barracks they live; the heroism of working women who keep themselves and their families decent and clean on incredibly small incomes; the heroism of Japan's few liberals, like the veteran Ozaki, who all his life has been threatened by 'patriotic' assassins and by the authorities, and yet continues to oppose Japan's militarists and the oppressors of her people; the heroism of Japan's young students who in extreme poverty, and faced with the prospect of permanent unemployment if they offend the authorities, nevertheless continue to 'think dangerously'; to co-operate with, and sometimes to lead, the labour and peasant movements, to go on strike when an enlightened professor is dismissed and to defy the police tyranny which pries into their lives and watches over all their activities.

Japan is vulnerable not only because of her economic weaknesses but also because of her social weaknesses; because, that is to say, of the extreme social tension arising from the strong survivals of feudalism, from the diseased nature of her social structure, from her outworn, antiquated, oppressive and cruel laws, customs and constitution.

Japan's boasted civilisation that claims to combine the best of Western civilisation with the 'spiritual' qualities of her own Oriental civilisation, is a gigantic bluff, no less than her boasted national strength and the invincibility of her war machine. In fact many of Japan's own most distinguished men have deplored the sterility of Japanese civilisation and the failure of the Japanese mind either to synthesise or theorise. The quotation below is taken from an article in *Contemporary Japan*,¹ which far from being anti-Japanese is a semi-official publication in English designed to reveal Japan at her best:

'Japan has not achieved much in the basic sciences or displayed spectacular originality in the applied sciences. . . . The failure of the Japanese recently to produce anything purely their own, material or

¹September 1935. *The Japanese and Foreign Culture*, by Nyozeikan Hasegawa.

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spiritual, in the field of advanced civilisation, is evidence therefore not of any lack of cultural ingenuity but rather of the prolongation and extensiveness of their absorption of foreign things in everyday life, in which no little of what is generally accepted as entirely indigenous is in reality of alien origin. Japanese seldom digest theories of a civilisation though skilled in its application to their needs. Nor have they demonstrated ability to create a theoretical culture of their own.

'In the intellectual and spiritual realms as a result what is foreign and what is indigenous exist side by side in Japanese minds separate and even in conflict instead of fusing into a unity. No other civilised nation displays this phenomenon, though such a mental collision may often be seen when a backward nation comes into contact with an advanced people. . . . It is the failure of the Japanese to derive from imported civilisation, regardless of the degree of its advancement, any stimulus for the creation of their own spiritual culture that accounts in large measure for their retention of a purely indigenous spiritual attitude that has come down from remote times, without making the progress that usually attends the contact of one form of civilisation with another.'

The writer continues:

'When called upon to formulate their mental attitude as a nation they can only react in a negative manner against what is foreign, especially of an intellectual nature, and fall back upon that ancient modicum of spiritual culture born of their own country.'

It is the main purpose of this book to destroy a few of the illusions concerning Japan's power, efficiency and culture; to explode the false notions both of her invincibility and of her real purpose; to show both her weakness as an ally and the danger she will ultimately become if her bluff is not called and she comes closer to being in fact what she is now only in fancy and outward appearance.

At the outset one can recall how strong and powerful Tsarist Russia seemed before 1905 and even before 1914. She also was a colossus with feet of clay; she also was a semi-barbaric, semi-medieval state with a peasantry no better off than the serfs which their grandfathers had been, but with a coating of 'Western Culture' and Constitutional Government and with some giant factories. She also had her 'Little Father' the Tsar, supposedly revered and beloved by the masses and holding something of the same position as the Mikado. Before 1905, indeed, the peasants and even the urban workers looked to the

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Tsar to save them from the oppression of the employers and bureaucrats and landowners just as the majority of the Japanese people do today. She also had her façade of a Diet to cloak the police-monarchy behind; she also had a powerful revolutionary movement which no terroristic measures of the government could destroy; she also had a vast Asiatic Empire. Without pushing this analogy too far, since there are important differences as well as resemblances, and since such important changes have occurred in the international economic and political situation since the world war, one can usefully recall to the present admirers of Japan and her military might the broken reed which Tsarist Russia proved to be when the war test came.

The Japanese have not adopted from the West more than its technique and its clothing. As far as the Government is able it shuts out Western philosophy, Western political theories, Western science in anything but its technical aspects, Western conceptions of social and political equality and liberty. The Japanese ruling classes have done their best to obtain all the benefits of Western technique whilst retaining their medieval morals, customs and laws, and stifling the spirit of scientific enquiry which is the father of new inventions. They try to train the young in Western science whilst shutting them off from Western thought and above all from Western political theory, by threats and drastic punishments. They want the young men to understand the mechanics of the universe in order to build power stations and battleships, and yet to retain the religious and political beliefs of an Egyptian under the Pharaohs. Absurd myths are taught to the children in the schools under the name of history, and any teacher who casts a word of doubt on the myths concerning the divine origin of the Emperor and the lives of the early Emperors, is prosecuted as a Radical or 'dangerous thinker', or, at the very least, deprived of his livelihood. Even in the Universities the same puerile myths are 'studied', and it is *lèse-majesté* to inform students of the dates when the myths were first recorded, since this indirectly reveals the fact that they are a human invention.¹

¹For instance a certain Dr. Inouye, a professor of the Imperial University and member of the House of Peers, was disgraced and dismissed for having written the following passage:

"The sacred Imperial message, which might be said to constitute the fundamental character of our Empire, is referred to in the Nihon-gi. The

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The Japanese Government's outlook is somewhat like that of the medieval church at its worst in its fostering of superstition and obscurantism and in its crushing of all independence of thought.

The whole educational system of the country is designed to make the children learn to copy but not to think. It is even admitted that it is undesirable to develop a pupil's intelligence because that makes him think. The Japanese assumption is that if people once begin to think they are sure to think 'dangerous thoughts', i.e. begin to question all the outworn creeds and to criticise the political institutions and economic structure of Japan.

The study of sociology is forbidden in schools and universities and many of the Western books in the libraries are not allowed out to the students.

Japan has neither representative institutions, nor a free Press, nor a Western juridical system with the Executive separated from the Judiciary. There is no Habeas Corpus and the police arrest whom they please and keep people in the police cells as long as they please, without trial. In short Japan is a police state ruled by force, not by laws and the consent of the governed.

For all the persecution of 'dangerous thinkers', the mass arrests of Radicals, the persecution of liberals and social reformers of all kinds, for all the stamping out of every sign of free thought and of all movements which aim at any change in Japan's outworn political system, there is no country where the revolutionary movement is more ardent, where discontent and the spirit of revolt are so widespread and so fierce. The Japanese have no safety valve for their discontents, no palliative for their misery and despair. Not only the peasantry and the working class but also the students, the small shop-keepers, the artisans and owners of small workshops live lives almost devoid of pleasures and distractions, lives which are uniformly grey and hard and constantly overshadowed by want and discomfort. The workers, the

Nihon-gi was written in A.D. 720. It dates from the Nara period. It was in the Nara period that the idea was first recorded as an old tradition.'

For this he was charged with having made statements 'destructive of the fundamental character of the Japanese Empire because they make infallibility of the Imperial Throne conditional'. For this incident see T. O'Conroy, *The Menace of Japan*.

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peasants, the artisans and shopkeepers and students are all overworked and full of hatred for the rich. Even those who get enough to eat have no pleasures to distract them from their envy of the few who live in comfort and luxury and enjoy the 'corrupting pleasures of Western civilisation'.

II

The attitude of British Conservatives and even of certain Liberal circles towards Japan is a curiously contradictory one. On the one hand it is still imagined that Japan can be made to play the part of junior partner of the British Empire in 'preserving the peace' of the Far East, on the other hand it is argued that Japan is now so strong that it is no use trying to stop her course of armed aggression on the Asiatic mainland.

According to the first line of argument anything is better than the present disorder in China, and Japan is Imperialism's bulwark against Communism in Asia much as Constantinople once was Christendom's bulwark against the Turk.

As it is expressed by the well-known naval expert, Hector C. Bywater:¹

'If the Pax Japanica is the only alternative to chaos few British people will hesitate to make their choice.'

The underlying assumption is that if Japan 'pacifies' China and 'opens it up' together with Mongolia, i.e. if she conquers these countries, the process will be accomplished by Japanese blood and British treasure, by the Japanese army backed by British loans, credits and munitions. The view is that since Japan's financial resources and heavy industry are too weak for her to pay the costs of conquest, or to invest in her newly won colonies herself, Britain would gain a field of investment without having to fight for it. Since it is certain that the British people today would never stand for an open war for the partition of China, it is thought that a new kind of Anglo-Japanese alliance—avowed or secret—can be established in which Japan would do the 'dirty work' and England would supply the money. Subsequently, it is thought, England would supply the capital goods

¹*A Searchlight on the Navy*, p. 281.

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and contract services whilst Japan makes the manufactures of mass consumption.¹

This is at bottom the view of those interests which sponsored the Federation of British Industries' mission to Japan and Manchuria in 1934.

Then there is the idea that if Japan is fully occupied in Manchuria, Mongolia and North China, she will cease to be a menace, to Australia or any other of England's South Pacific possessions. In particular they hope that if Japan goes on spending at her present rate on land armaments she will have no resources left for naval building. There is also the hope that Japan may become involved in war with the U.S.S.R. which would, whatever the outcome, exhaust her and cripple her for a generation.

All the above assumptions are, however, on closer examination found to be quite fallacious. True as it is that Japan needs the assistance of British finance and heavy industry, she has not the least intention of letting Britain in as a partner once she gets control of China. Unsecured loans and purchases by Japan from Britain, yes, but direct investment in Manchuria or China, no. This appears clearly from Japan's behaviour in Manchuria; it accounts for the restrained tone of the Federation of British Industries' report in 1934 and for the failure of the British Treasury expert, Sir F. Leith Ross, to come to any terms with the Japanese in 1935-36.² British loans are of course very much desired by the Japanese Government but there is no intention of

¹As some consolation to Lancashire for the complete loss of the China market, she is told that allowing the Japanese a free field in China will keep the latter out of South America and other markets where her competition is not very severe. For instance Professor T. E. Gregory stated in February 1934, at the Royal Institute of International Affairs:

"I think we ought to go in for a policy of dividing the East and West. I think we should be prepared to sacrifice to Japan a very large slice of the Far Eastern Markets provided that Japan is prepared to leave South America to us."

"In an article concerning Sir F. Leith Ross's Mission the *Financial News* (a paper hitherto in favour of an agreement with Japan) writes:

"It was obvious from the beginning that Japan had a long list of demands and desires to present to Britain, but that there was not a single point on which she was prepared to yield to British interests. . . . It might have been possible to agree on new British capital investment in China, with Japan delivering the goods to be paid for out of such British loans, and with Japan virtually getting the political control of such investments. But such propositions, of course, were not worth talking about.' (July 31, 1936.)

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letting British companies set up in business in Manchuria, and there would not be in China either. Although foreign capital is required by Japan to develop Manchuria, and even if for a few years Britain would therefore get orders from Japan for iron and steel and some machinery destined for China, and could give very profitable loans and credits to Japan, it is precisely to free herself from such dependence that Japan wants China, and it would not be long before Britain, together with all the other powers, had the Chinese door closed and bolted in her face. Moreover, the value of all the huge British investments in China would be gradually reduced or destroyed by the innumerable means at the disposal of the Japanese, which have already been tried out successfully on the much smaller amount of foreign business in Manchuria.

As regards cotton goods the control of China, far from keeping Japan out of Lancashire's remaining markets, would eventually give her a raw material basis which would render her competition even more severe than it is at present. It is the hope of getting control of the cotton fields in North China and of extending and developing them, which is one of the compelling motives behind the present Japanese advance. The possession by the Japanese of large supplies of cheap cotton close at hand would indeed be the last straw for Lancashire.

The other main line of argument, curiously contradictory to the first, but put forward by the same groups, is that Japan is already invincible in the Far East, that her course of aggression cannot be held up anyhow, so the wisest policy is to make the best of it by quickly coming to an understanding with her to ensure her goodwill and her willingness, if not to let Britain share in the spoils, then at least to leave British interests in China intact. It is constantly argued that Japan is invulnerable in the Pacific, that the size of her navy and her proximity to China make it quite impossible for either England or the U.S.A., operating from bases thousands of miles away, to stop her. That is to say, it is precisely those who think the weakness of Japanese heavy industry and lack of capital will induce her to be England's junior partner in the Far East, as she was before 1914, who argue that she is invulnerable in the Pacific on account of her naval strength. Yet it is well known that wars

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nowadays are determined by the degree of material resources and technological capacity, i.e. by the strength of the industrial organisation of the combatants. Wars are won now by weight of iron and steel, by the capacity to produce munitions and aeroplanes and poison gas. Although armies still march on their stomachs food is not all, and Japan has neither the bread and butter of industry, coal, iron and oil, nor abundant food supplies, nor other raw materials. Nor has she substantial foreign investments to finance her purchases of these abroad. Her industrial organisation is weak, since heavy industry as a whole, and engineering in particular, are undeveloped, and since a very large proportion of her production of all goods comes from the workshops of artisans and from domestic industry where little machinery is used, and the waste of man power is very great.

Japan is even more vulnerable in the matter of agriculture since her primitive technique means shortage either of food or of man power in war time.

At the same time the condition both of her peasantry and of her workers and lower middle classes, as will be shown in subsequent chapters, makes Japan a country seething with unrest and rebellion, and the breaking point may come at any moment. The terrible poverty of the Japanese people and the revolutionary ferment amongst all classes, except a small circle of wealthy men, would certainly break out in social revolution if Japan suffered even one severe defeat, or found herself involved in a long and costly war, or even if she were faced with economic sanctions. Up to now the floodgates have been held back by Japan's military successes, by her success in flouting England and the U.S.A., and by the mirage of an end to poverty and hunger through foreign conquest. Any major reverse would force open the gates and Japan would be swept off her insecure foundations and submerged in the flood of revolt.

Yet Japan continues successfully to put up her bluff to the world and certain influential British statesmen remain convinced that she would be a strong ally, and that, in spite of her strength, she would be satisfied to remain England's junior partner as before 1914. In justice to the Japanese it must be said that this latter dangerous illusion is of Britain's own making. The belief that Japan is still the useful and obedient

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younger brother who will help Britain to defend her Imperial interests in the Far East and be perfectly satisfied if given only social recognition as a 'Great Power' and a measure of political support, is held by certain circles in England in spite of the many proofs to the contrary which Japan has given in word and action.

As an American writer has succinctly remarked with regard to the admiration of British admirals and of certain British statesmen for what they still quaintly call the 'little yellow brother' or the 'Sister Island Empire':

'Few such sentimentalists seem to be aware of the fact that in the Far Orient today Japan is full grown and regards England as her "little White Brother" becoming more of a nuisance every day.'¹

The fact is that Japan now considers herself strong enough, or England and the U.S.A. weak enough, for her to strike out on her own, that she resents British patronage and is determined to acquire her own independent Empire in the East. She has administered one angry rebuke after another to those who believe that she still accepts England as her mentor, as her agent in the councils of the West. Take for instance the response of the Japanese Foreign Office to the statements made by various peers in the House of Lords' debate on April 3, 1935, at which many offers to 'mediate' between Japan and China were made.

'Lord Peel's suggestion that Great Britain should offer to mediate evoked from the spokesman of the Foreign Office the observation that Great Britain seemed to think that she ruled all the waves including those of the China Sea. Between Japan and China there was nothing to mediate about. . . . If Britain wished to promote a Chinese-Japanese Entente she would only do nothing.'²

From the time of the seizure of Manchuria to the famous Amau 'Hands off China' statement in April 1934, and with special vehemence during Sir Frederick Leith Ross's economic mission to China in 1935-36, the Japanese have continued their

¹Edgar Snow in *Far Eastern Front*. The writer was correspondent of the *New York Sun* in China.

²Lord Addington for instance said 'that we in Great Britain were uniquely fitted for playing the part of mediator between Japan and China' and that we should be prepared to 'place our experience at the disposal of Japan'; experience as administrators of colonial territories 'with real concern for the welfare of the inhabitants'. Lords Peel and Newton spoke in the same vein (*Times*, 5.4.1935).

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open proclamations of their paramount rights in China, their determination to control China and to let no one else in. Indeed, when in the autumn of 1935 Britain 'dared' to send Sir Frederick Leith Ross to China to investigate conditions, and to try to do something to retrieve the losses incurred by British investors by assisting the Chinese Government to institute a currency reform, the Japanese were furious at this poaching on their preserves, as they considered it. The Japanese Press was full of angry abuse and insistence that no other Power should do anything in China without first consulting Japan.

Ever since Britain's failure to prevent Japan seizing Manchuria the Japanese have grown more and more confident and arrogant and convinced that the day of the 'British lion' is done.

In particular, since the calm acquiescence of the British Foreign Office in Japan's 'Hands off China' statements, the Japanese Press has more and more openly proclaimed its contempt for British Imperialism. Whenever a friendly gesture to Japan is made by the British Government or by some British statesman, this is interpreted as weakness, as recognition of Japan's strength and of Britain's inability to restrain her career of conquest on the mainland of Asia. I give below a few typical extracts from the Japanese Press, the tone of which will perhaps come as a surprise to those English people who still believe in the myth of Anglo-Japanese co-operation for the benefit of the British Empire, and who have preserved their sentimental illusions concerning the common interests and common ideals of the 'two island empires'.

In June 1935 the Japan Society gave a banquet to the Japanese Ambassador Matsudaira on his departure from London, at which Sir Samuel Hoare stated:

'I wish the Japanese Ambassador to tell the people of his country when he returns there in a few weeks' time that British people are very conscious of the fact that the two nations have many things that matter most in the world in common. They are both great island powers and both have the inestimable blessing of living under a hereditary monarchy. . . . We regard a proper understanding and collaboration between our two countries as essential not only to the stability of Asia but to the prosperity of the whole world.'¹

¹*Morning Post*, 20.6.1935.

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When Matsudaira arrived in Japan and reported to the Foreign Minister Hirota the Japanese Press was full of exultant comments on Britain's recognition of Japan's invincibility. The following extracts are typical:

'The British Government is well aware of the fact that nothing can be done politically or economically in the Far East without Japan's understanding. . . . British civilisation is falling into the background and taking advantage of this opportunity the European powers are beginning to lift their heads. At any rate Britain has lost its weighty power in the world since the Manchurian incident. The Powers have begun to start free actions since Britain has fallen into the background. Britain will gradually be forced to readjust its overseas branch offices as it has lost its fighting spirit.' (*Nagoya Shinaichi*, 1.8.1935.)

'The control of events in the Far East is determined by Japan. Britain has now come to realisation of the fact that she must depend on Japan in the Far East. . . . We Japanese should be magnanimous enough to meet Britain in her new attitude with open arms.' (*Miyako*, 9.8.1935.)

In spite of the magnanimity towards the dying British lion advocated by this newspaper, it goes on to say that Japan must insist on the removal of the restrictions on Japanese trade in British Empire markets and on Britain agreeing to Japan's naval claims.

Japan's present attitude towards Britain recalls in some respects that of Germany before the war. Germany also considered that England was degenerate and weak and unable to defend her vast Empire. But Germany did not, like Japan, at the same time angle for British loans, and Germany was a giant in fact not a bluffer like Japan.

Summarising the press accounts of what Matsudaira said to Hirota, the *Japan Advertiser*¹ stated that the public had been told that the Far Eastern policy of the Baldwin Cabinet was tending towards recognition of Japan as a stabilising force in that part of the world and in favour of co-operation with Japan for the preservation of British interests in China. The same paper reported that Hirota had a scheme for trading the co-operation which Britain desires against Britain's support of Japan's naval claims and a more liberal trade policy on the part of the British Empire.

¹ 10.8.1935.

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The Japanese are fairly confident now that the policy of the British Conservative Government is to co-operate with them in China in order to safeguard existing British interests there. Indeed, since the mission of the Federation of British Industries to Japan and Manchukuo in 1934 the Japanese have more and more confidently assumed that Britain is prepared to retreat from North China altogether provided her interests south of the Yangtse are guaranteed by an understanding—or alliance—with Japan. This confidence was strengthened all through 1935 by the British Foreign Secretary's pronouncements in and outside of Parliament, and was further reinforced by the report alleged to have been made by Matsudaira on his return to Tokyo in the autumn of 1935. The talk in Japan then was of demarcation of spheres of interest in China, and the proposal seemed to be that Japan should be left a free hand in North China whilst allowing Britain to finance Chiang Kai Shek's railway construction in Sechuan and elsewhere south and west. But according to the Japanese Press, Britain wanted the support and security given by an understanding with Japan before she would give any loans or assistance to Chiang Kai Shek for the economic development of Central or South-Western China. The Leith Ross mission came as a shock to the Japanese and caused both consternation and anger at the idea of Britain looking after her Chinese interests herself. The fact of his coming, the remarks he made, and the arrangement for bringing China into the sterling bloc, were regarded as a reversal of the British Foreign Office policy on which they had long counted as assuring them a free hand in East Asia.

Japan's luck has indeed held for a long time. Her quiet assumption of control in North China in 1935 without any action by Britain to prevent her, although British Imperialism has far more at stake in North China than in Manchuria, has been rendered easy first by Britain's preoccupation with the menace of a re-armed Germany and then by the threat from Italy to British interests in Africa. Although there is as yet no such understanding between Italy and Japan as almost certainly exists between Germany and Japan, and although Japan early in 1935 even annoyed Mussolini by her friendly gestures to Abyssinia, Italy has proved no less useful as an unwitting ally than Germany as a

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passive ally. The somewhat abrupt change in certain British circles in the summer of 1935, from hostility to Japan to advocacy of an understanding with her for the preservation of British interests in China,¹ was undoubtedly due to the need for Britain to concentrate her strength on the preservation of her African interests even if this entails the loss of a further large part of China to British trade and investment. Egypt and Britain's other African possessions can be more easily defended than Britain's partly frozen and far distant assets in China; moreover, trade with Africa is growing, whilst trade with the Far East is decreasing.² In her half-hearted attempts to hinder Mussolini from seizing Abyssinia, Britain was defending the route to India from any future menace. What is not fully realised in England is that the route to India needs defending equally or even more urgently in the Far East. If Japan once acquires hegemony over China whether directly or in camouflaged forms, India will be menaced by a mightier and more dangerous enemy than Italy. Japan has made no secret of her ultimate intentions. She has proclaimed through the mouths of generals, professional patriots, politicians and statesmen her determination to free not only China but India and all Asia from the 'domination of the white race', to establish her 'Imperial way' and smash the effete peoples of the West.

Japan's policy was announced to the world as early as 1927 in the secret Tanaka Memorandum which, whether spurious or not, only sets out in complete and detailed form what various War Office pamphlets,³ General Araki, the famous Black Dragon Society, the other patriot societies, and the young officers have for years been proclaiming from the housetops. General Araki, when War Minister in 1932 and 1933, continually referred to British oppression of the people of India and to Japan's divine mission of Pan-Asianism. In 1935 Major-General Tada, Commander of the Japanese garrison in North China, issued a pamphlet to the Japanese Press representatives at Tientsin en-

¹For instance, the September issue of the *Round Table*, but in the March 1936 issue this suggestion is abandoned.

²In the first 6 months of 1935 Asia took 18% of Britain's total exports against 23% in 1924, whilst Africa took 11% as against 6% at the earlier date (*Board of Trade Journal*).

³In particular the War Office pamphlet issued in October 1934.

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titled 'The Basic Conception of China', in which he wrote as follows¹:

'The international situation . . . may be regarded as the beginning of a racial war for the emancipation of the coloured people who form the greater part of the human inhabitants of the world from the enslaving oppression by the whites. . . . It is also the beginning of a spiritual war for rectifying the material civilisation of the West by the moral civilisation of the East. Those two great missions from Heaven are the natural obligations which our Japanese Empire must bear.'

It would appear that whenever Britain momentarily wakes from her stupor, or rather gets over her dread of interfering with Japan for long enough to assert herself, she quickly relapses into acquiescence, either on account of an apparent change to more moderate counsels in Tokyo, or because of the renewed influence in London of the advocates of an Anglo-Japanese understanding.

What is the explanation of the attitude of those Conservative and City circles which see the best course for British diplomacy in an understanding with Japan? Is it really thought that Japanese soldiers can be used to defend British interests in China and even to 'open up' China and 'pacify' her, in the interests of British finance and heavy industry, now that Britain finds it hard to pay for the ships and men necessary for the defence of the far-flung British Empire of our school books?

Is it really possible that our industrialists and bankers think that if Japan is given a free hand 'on the mainland of Asia', she will for ever cease from troubling and leave South China, Australia² and the Dutch East Indies alone, although it is only in these countries and in India that Japan can 'fulfil her destiny' by obtaining the raw materials which are essential to her?

Is it seriously thought that if Japan should fight the U.S.S.R.

¹Pamphlet issued to the Japanese Press at Tientsin, 28.9.35 (*Manchuria Daily News*, 2, 3 and 4 October, 1935).

²This is a view held by many Australians, who combining dislike of the U.S.S.R. with fear of Japan and respect for her as their second largest customer for wool, would be very glad to see her attack the U.S.S.R., and make no secret of their sentiments. For instance at a State luncheon in Melbourne given in honour of Debuchi (late Japanese Ambassador to the U.S.A.), Sir Frank Clarke, President of the Victoria Legislative Council, said that Australia wished Japan well so long as she confined her expansion to the north and west (*London Times*, 7.9.1935).

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backed by British credits—she will certainly never attempt the job without British financial backing—Britain would reap anything but disaster whatever the outcome? Disaster, moreover, not only in Asia, where a Japanese victory would set her on the way to becoming a real menace to the British Empire and a Japanese defeat would probably mean Communism in both Japan and China, but also in Europe, where Germany would be certain to seize the opportunity to start war.

Every student of history knows that Rome entered on her decline when she began to relegate the defence of her frontiers to the barbarians half within and half without the Roman pale. In spite of the pitfalls of historical comparison can one avoid seeing signs of the decline of British Imperialism in the present attitude to Japan in the Pacific?

This view ultimately comes down to the argument that 'what cannot be eschewed must be embraced'. However, world politics is not a comedy, and unfortunately in this case the kiss which Japan will return for the embrace will certainly be the classical kiss of betrayal. The rulers of Japan are out for colonies and Empire, not for friendship and self-sacrifice. If Japan is allowed to entrench herself in Manchuria and China and subsequently to develop her strength unmolested, her next step must inevitably be to turn on Singapore and the Dutch East Indies and finally on India and Australia—in a word to tear the British Empire to pieces. Japan will not even extend to her foolish and cowardly friends the privilege Cyclops accorded to Ulysses, since the British Empire will not be devoured last but next.

Those British Imperialists who claim that Japan must be allowed to expand in order to keep the U.S.S.R. in check, whether or not they themselves believe in the myth of Japan's invincibility, welcome it and propagate it as a convenient excuse for allowing Japan to proceed unchecked in her course of armed aggression in Eastern Asia, believing that her expansion is necessary to save the British Empire from Communism. This school wishes to see Japan strong and is ready even to give her credits to keep her going if she is weak, ignoring the great danger which Japanese Imperialism constitutes to vital British Imperial interests.

The answer to this latter argument is obvious from the whole

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course of world events in the past decade. It is indisputable that Russia's preoccupation with her internal economic affairs and her limitless resources and territory render her policy one which seeks peace above all things. Of this desire the Soviet Government has given innumerable proofs both in the East and in Europe. Moreover Stalin has clearly stated that Communism is not for export.

What is shared in common by all the advocates of an Anglo-Japanese understanding, or of a free hand for Japan in the Far East, is the belief, real or assumed, that neither Britain nor the U.S.A. can stop Japan expanding somewhere on account of her invincible strategic position in the Pacific.

What is ignored or not realised by all those who insist on Japan's invincible position are her economic and social weaknesses.

Japan's armed aggression could easily be checked without war.

Economic measures against her would be quite sufficient. I am aware that it is usually said in answer to this argument that economic measures must inevitably lead to war. This is, however, not the case with regard to Japan. She cannot proceed without the tacit consent of England and the U.S.A. It is not a question of blockading Japan; it is merely a question of refusing to buy her goods or supplying her ourselves with oil, iron, cotton and machinery, and of refusing her the credits she is now still able to obtain. Refusal to buy from her for a few weeks would indeed be sufficient. Japan cannot attack England or the U.S.A. for the same strategic reasons that they cannot attack her, so that there is no reason at all why economic sanctions need lead to war.¹ True, there are parts of the British Empire which could be attacked but even Japan cannot imagine that Britain would not defend them, and even Japan would not dare to challenge the joint strength of Britain and the U.S.A. Moreover, the seizure of Malaya or Hong Kong or Borneo would not solve Japan's raw material problem and she would still be in no position to carry on a war for long.

¹Italy, for instance, is geographically in a position to attack the British Empire in a vital spot and although the present writer does not accept the arguments used to justify the abandonment of Abyssinia to Italian aggression it is true that Italy is economically somewhat less vulnerable than Japan.

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A brief period of collaboration between England and the U.S.A. is all that is necessary. Japan would collapse in a few weeks, if she could no longer sell her silk in the U.S.A., and her cotton goods in India and the British colonies, and could get no credits to buy iron, oil and armaments. She cannot obtain all the essentials she requires from anyone but the U.S.A. and the British Empire, and no one but the U.S.A., Britain or France can give her credits on a large scale. She cannot sell large quantities of goods to anyone else. She is indeed so vulnerable that even the serious declaration of such joint action to oppose her would almost certainly stop her aggression.

Already Japan is spending nearly half her budget on armaments and almost all the rest as interest on loans. Each year she issues more loans to meet the ever widening gap between revenue and expenditure and she has already used up all the reserves accumulated in three decades of virtual peace (1905-35).

It is a question of whether the internal financial and social collapse will not come before she is able to draw a profit from her conquests, and it would do so if she were opposed, instead of tacitly assisted, by Western finance.

The tragedy of the past five years has been that when, as in 1932, the U.S.A. was anxious to co-operate with Britain to restrain Japanese aggression Britain was unwilling; and that when, as in 1935-36, Britain tentatively sought to co-operate with the U.S.A. to strengthen the Chinese Nationalist Government the U.S.A. had turned back to isolation.

England and the U.S.A. will not forever be in the favourable position they are in today. Leave Japan to proceed in China, be afraid to call her bluff, let her have time, and she will be able with the possession of Chinese iron and coal and cotton, and with the profits from squeezing the masses of the Chinese people, soon to acquire the military invulnerability which she is falsely supposed to have already. In that event she may one day realise the dream of her ruling classes and become the mistress of Asia and of the South Pacific and cast her shadow over the whole world.

CHAPTER II

Japan's Poverty in Raw Materials and Dependence on Foreign Trade

A survey of Japan's resources in the matter of the bread and butter of industry: coal, iron and oil, reveals perhaps more clearly than any other aspect of her national economy that Japanese Imperialism is primarily a military rather than an economic Imperialism. In other words her position as a Great Power is due to the sword, not to any economic strength, and her expansion on the mainland of Asia is a predatory expansion; not one due to the urge of an expanding and powerful home industry searching for markets and areas for development. In this Japan offers a striking contrast to Germany, seeking an outlet for its enormous iron, steel and machinery production. Just as there are many features of Japan's economic structure which resemble those of 18th, 17th and even 16th century England, so also is her Imperialist expansion and ambition of the type of England in those early centuries. In the 17th century England went east to strip India of her riches by the sword, and in the 18th century continued her Imperialist expansion owing to the urge of her merchants for new areas in which to accumulate capital by unequal trade and thinly veiled robbery of the conquered peoples; today Japan has been driven to armed aggression not by the need of markets for the products of her puny heavy industry, but firstly by the desire of her semi-feudal land-owning class for loot—indemnities—and for more peasants to exploit, and secondly, by the urge of merchant capital seeking larger areas for profit than the extremely small home market can provide. In the second stage, which followed the rapid expansion of Japanese light industry during and after the world war, the urge to expansion has been greatly reinforced by the need for iron, coal, non-ferrous metals, oil, cotton and wool, in all of

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which Japan is either completely deficient or very inadequately supplied. Japan's aggression on the continent of Asia is also due to her desire to monopolise its raw materials, the desire to prevent others from using them as much as the desire to get them for her own use.

No other Great Power except Italy is so poor as Japan in the primary sources of wealth: agriculture (including livestock breeding and timber resources) and mining. She has little iron, little coal, little oil, no nickel or any other alloy for making steel. Hence she cannot without supplies from abroad make either the machinery required for manufacturing goods, or armaments, or ships, or railways or automobiles. Without imports she cannot even clothe her peasantry and workers—much less export textiles. True she is the world's largest silk producer, but since this is the fibre which takes most labour to produce and is most expensive and fragile, she cannot clothe her whole population in it, nor build up a large export trade in Far Eastern markets for silk tissues. She must export silk to buy cotton. She is now the world's second largest producer of rayon, but she imports most of the wood pulp from which it is produced.

A consideration of Japan's food supplies is reserved for Chapter X.

First, then, as to iron and coal, without an adequate supply of which no country can be industrialised in peace, much less fight a modern war. In view of the high tonnage cost of coal and iron a deficiency of those materials is the most serious deficiency a nation can suffer from, and the degree of industrialisation of a country can be measured truly only by its fuel and iron consumption.

To compare Japan first to the less important producers, she herself has an iron ore production only $\frac{1}{3}$ that of the Malay States. Even together with Korea her production is only a little larger than Italy's. If we compare her to Britain—which itself imports a large quantity of iron ore—Japan's, Korea's and Manchuria's production combined is only a small fraction of it, viz. 14%.

In fact, Japan's production is so small as to be insignificant in comparison with that of other countries. Moreover, her scanty iron ore deposits are scattered over various parts of the country

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in small quantities and the cost of transport to the centres of production adds very substantially to the cost of her pig iron production. She has no large deposits close to her coal mines.

The following table compares Japan's latest available production figure with that for other countries before the world crisis (1929):

I

WORLD PRODUCTION OF IRON ORE¹ (1000 LONG TONS)

United Kingdom	-	-	13,215	Luxemburg	-	-	-	7,452
Newfoundland	-	-	1,494	U.S.A.	-	-	-	73,028
India	-	-	2,429	France	-	-	-	49,938
Australia	-	-	853	Italy	-	-	-	722
Total British Empire			<u>18,900</u>	Poland	-	-	-	649
Japan and Korea	-	-	828	Germany	-	-	-	6,373
Manchuria	-	-	<u>1,070</u>	Malay States (1934)	-	-	-	1,154
Japanese Empire	-		<u>1,898</u>					

It is true that Japan is said to have been conserving her iron ore deposits for the time of war when she may be cut off from outside supplies or have difficulty in getting them. This is probably no longer the case, since production in Japan and Korea in 1933 was 40% higher than in 1931 and has surpassed the previous maximum of the post-war boom period, that of 1919. Japan's deposits are so pitifully small that the total of her reserves—80 million tons at the very highest estimate—is only equal to a little more than the amount actually mined in the U.S.A. in one year before the world depression. At the American per capita rate of consumption Japan's total deposits would only be sufficient to last two years. Nor do Japan's colonies compensate for this weakness. Korea has deposits estimated at only 10-40 million tons. Manchuria is, it is true, in a different category, having 740 million tons.² This has always been one of the main attractions of Manchuria for the Japanese. But, and it is an important but, although Manchuria is estimated to contain 75% of China's total iron deposits, the Manchurian ores are

¹Statistics of Iron and Steel Industries for European Countries, U.S.A. and Australia. The British Empire figure includes countries not given in the table.

²396 million tons of actual ore containing 166,000,000 tons of iron and 555 million tons of 'potential' ore containing 202 million tons of iron.

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mainly of very poor quality, having for the most part an iron content of only 35%. Only about 6 of the 740 million have an iron content of 60-70%.

China's highest grade ores are in the Yangtze valley, where the iron content is from 60-70%. To make clear how low is the quality of Manchurian ores it need only be stated that in the Lake Superior region of the U.S.A. there are millions of tons of similar ores not counted as ore at all, since the preliminary process of extraction is too expensive to be worth while.¹ Accordingly iron extraction in Manchuria is not a commercial proposition even with the extremely cheap Chinese labour with which the mines are worked. It is only the exigencies of military requirements which lead to the deposits being worked at all. The cost of extraction is so high that it is only Government subsidies, given through the South Manchurian Railway, which cause these ores to be used to any considerable extent in place of imported ore and scrap iron.

It is, however, to be noted that some of the best iron deposits in China are to be found in the mountains separating the Chihli plain from Mongolia, i.e. in Chahar. Here there are estimated to be 90 million tons with an average iron content of 50% and these are now in Japan's possession.

The Korean ores have an iron content of about 50%. For Japanese iron extraction taken as a whole, the average net recovery is very low, viz. 30% as compared with 50% for the U.S.A. and 64% for Malaya.

In 1934, at its peak figure of 986,000 long tons, Japan's and Korea's combined output only supplied about 31% of Japan's consumption. If the 1933 Manchurian output is included, the proportion is about two-thirds.

Even if it is conceded that a nation can build up an iron and steel industry on imported foreign ores, Japan's total consumption of iron ore is found to be extremely small. In 1934 it was only 3·1 million tons as against the 1929 figure of 17·3 for Britain and 21·3 million each for Belgium and Luxemburg.

Japan has of recent years imported large quantities of scrap iron, but even so her production of pig iron only comes to 3·8% of the world's total, or to 5% if the Japanese Empire is taken to

¹See Bain, *Ores and Industry in the Far East*.

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include Manchuria. This compares with 22.2% for the U.S.A. and 15.5% for the U.S.S.R. Moreover, these are 1932 figures, showing Japan's production greatly increased and the U.S.A.'s greatly diminished. If we compare the 1929 figures for other countries with Japan's topmost figure—1934—we get the comparison given below. This is the more useful comparison as it shows what each country is capable of in normal times, i.e. their usual productive capacity, as compared with Japan's topmost figure to meet the present large demands of her war industries.

II

OUTPUT OF PIG IRON (IN MILLION METRIC TONS)

Japanese Empire, incl. Manchuria	-	-	-	2.4
(of which Japan and Korea—1.9)				
Britain	-	-	-	7.7 ¹
India	-	-	-	1.41
Italy	-	-	-	0.72
U.S.S.R. (1934)	-	-	-	10.4
U.S.A.	-	-	-	42.9
Germany and Saar	-	-	-	15.3
France	-	-	-	10.3
Belgium	-	-	-	4.1
Luxemburg	-	-	-	2.9

Thus the Japanese Empire, inclusive even of Manchuria, actually produces a little less pig iron than Luxemburg and little more than half as much as Belgium. Her per capita production is only 30 lbs. as against 700 in the U.S.A. Even with the new blast furnaces now being constructed to meet the expanding demands of the war industries the total will only be 3 million tons. In fact in pig iron production Japan must remain a pygmy in comparison with the other Imperialist powers, unless and until she controls all China's resources.

Japan's industrial fabric is built on sand, the very foundations of her power are lacking. Although her production of pig iron is so small compared to that of all the Great Powers, it supplies more than half of her requirements, so that in steel also her output compares very unfavourably with that of every Great Power, and did not until 1935 come up to the Belgian level.

For although Japan is now 89% self-sufficient in steel production and has doubled her output since 1929, her total in 1934

¹In 1913 the British figure was 10.26.

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was only 4·2% of world production and compares as follows with that of other producers:

III

STEEL PRODUCTION (MILLION LONG TONS)

Japan, 1929	-	-	2·29	Belgium, 1929	-	-	4·07
Japan, 1934	-	-	3·74	France, 1929	-	-	9·55
Japan, 1935	-	-	4·46	Germany (incl. Saar)			
Britain, 1929	-	-	9·64	1929	-	-	18·16
Britain, 1935	-	-	9·84	Italy, 1929	-	-	2·11
Luxemburg, 1929	-	-	2·66	U.S.A., 1929	-	-	56·43

This figure of 4·46 million for Japan is a peak figure reached to meet what corresponds to a war-time demand. In 1931 production was only 1·86 million tons and it is only war orders plus the advantages of depreciation which have enabled the steel producers to double their production.

Iron production has not been able to keep pace, so that imports of pig iron, and especially of scrap iron, have increased fourfold since 1931 and in 1934 amounted to 2 million tons. Part of this import is no doubt a war reserve, since steel production has only doubled, not quadrupled. Nevertheless it shows clearly Japan's vital dependence on imports of iron or scrap which have recently been nearly equal in quantity to the iron production of Japan, Korea and Manchuria combined.

The backwardness of Japanese iron and steel production is due even more to the high price of coal than to the need to import ore and scrap.

True, Japan's coal production compares much better than her iron production with those of other important countries, and she is 91% self-sufficient, but she is extremely poor in coking coal for iron and steel production, her total per capita consumption is very low, and the price of her coal very high.

Coal production in Japan Proper is now at the rate of 36 million metric tons per annum. Together with Korea, Formosa and Karafuto she produces 40 million metric tons. This compares with 262 million in Britain, 163 million in Germany, 53 million in France, 46 in Poland and 552 in the U.S.A. before the world depression. Manchuria produces 9 million tons annually, of which something less than half is exported.

The 1935 figure of coal consumption for Japan Proper is

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38 million metric tons, and for the Japanese Empire (excluding Manchuria) 44 million. This compares as follows with that of other countries:

IV

COAL CONSUMPTION (IN MILLION LONG TONS)

								Year.
Japan Proper	-	-	-	35	-	-	-	1934
Britain	-	-	-	173	-	-	-	1929
Belgium	-	-	-	38	-	-	-	1929
Germany	-	-	-	124	-	-	-	1929
France	-	-	-	89	-	-	-	1929
Poland	-	-	-	32	-	-	-	1929
U.S.A.	-	-	-	528	-	-	-	1929

Although Japan's figure is so low, it has also to be remembered that practically the whole of it is utilised for industrial purposes, since heating of houses by coal fires or stoves or central heating is practically unknown. Whereas England, with a population of 44 million, consumes about 40 million tons of coal yearly for domestic purposes, Japan, with her 69 million population, consumes only $5\frac{1}{2}$ million tons for non-industrial purposes.

The low total consumption indicates the smallness of Japan's pig iron and steel production just as the poor quality and high price of Japanese coal is one of the chief obstacles to the economic production of pig iron in Japan.

The best comparison which can be made to show Japan's poverty in coal resources is shown in table V on page 44.

Manchuria's importance to Japan lies rather in its deposits of coal than in its low grade ores, but even so it has no abundance of coking coal and the total reserves are small compared with those of the rest of China, viz. 1·8% of China's total.

It is coal no less than cotton which is impelling Japan to get control of North China as well as of Manchuria. She has already almost complete control of Chihli where there are two good fields of coking coal, and where the British-owned Kailan Mines produce more coal than any other enterprise in China Proper. If she swallows all North China she will acquire the large deposits of coking coal in Shantung and Honan. In fact most of China's coking coal is in Manchuria and North China and by far the largest coal field in China is that of Shansi, where the reserves are estimated at the very large figure of 127,127 million tons.

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V ESTIMATED COAL RESERVES¹

	Total reserves Million metric tons	Per capita reserves Tons
Japan and Korea	8,051	115
Manchuria and Jehol	4,610	
Total	12,661	171
Britain	189,533	4,070
Germany	423,356	6,225
China	992,185	2,211
Italy	243	5
U.S.A.	3,822,364	34,274
U.S.S.R.	1,200,000	7,000
Australia	163,253	23,322
India	78,555	276
Indo-China	20,000	909
Dutch East Indies	1,417	22

In his book, *Ores and Industry in the Far East*, H. Foster Bain has pointed out that China is the only Far Eastern country with considerable deposits of coal suitable as the basis for a metallurgical industry, but that she has no corresponding supplies of usable iron ore. Iron is only obtainable in sufficient quantity, and within reasonable distance, in Malaya, the Dutch East Indies and the Philippines, and even in the two latter it leaves much to be desired with regard to quality. Only India, of all Far Eastern countries, has really large deposits of good ore. Hence—since commercially iron must go to coal not coal to iron—the only practical development of a metallurgical industry on an economic basis in the Pacific is in China from Chinese coal and imported ore.

For China's coal to be of real use to the Japanese, they must also acquire the iron ore of Malaya, the Philippines, etc., and eventually they will also want those of India and Australia. Hence, it may be remarked in passing, those who imagine that

¹There are of course no exact figures of coal reserves for each country and the certain reserves are in each case much smaller than the various estimates. The above table is based on figures given in Bain's *Ores and Industry in the Far East*, the *Economic Handbook of the Pacific and Power Resources of the World* (World Power Conference, London, 1929).

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Japan is now safely pre-occupied in Manchuria and North China for many years to come are likely to be rudely disillusioned.

At present Japan imports iron mainly from the Chinese provinces of Hupeh and Anhwei along the Yangtze and from Malaya, where she has acquired important mining concessions.

Although an iron and steel industry can be built up on imported ores provided plenty of good coking coal is available, when a country has neither the one nor the other the cost of production becomes prohibitive and production can only be undertaken with Government assistance.

The high cost of transport of such a heavy product adds greatly to the cost of production. For instance, whereas in England before the depression British ore cost \$3.50 per ton of pig iron produced, when imported ore was used the cost was \$9.30. Japanese iron and steel costs of production are excessively high owing to the high cost of coal and of iron ore and the costs of transport. A very useful table of comparisons with other countries was given a few years ago by the U.S. Assistant Commercial attaché in Tokyo.¹

VI

COST OF RAW MATERIAL PER TON OF PIG IRON

	Ore	Coke	Total (including other material)
U.S.A. Pittsburg	\$9.90	\$4.00	\$14.50
France, Lorraine	3.40	9.00	12.40
France, Luxemburg	2.40	8.40	10.80
Belgium	6.00	8.00	14.00
Germany on Swedish ore	8.70	4.60	13.70
Germany on Lorraine ore	7.60	6.00	13.60
Britain, imported ore	9.30	5.75	15.60
Britain, native ore	3.50	8.00	11.70
Japan	8.50	8.50	18.00
Manchuria	5.00	5.00	11.00

It will be noted that, whereas in Japan both coke and ore are at the same level of 8.50, in every other country where the coke is as expensive the ore is much cheaper—half the price or less—

¹*Far Eastern Review*, February 1929; J. K. Ehlers, *Japan's Iron and Steel Industry*.

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and where the ore is as expensive as in Japan then the coke is much cheaper. Only in Japan are both expensive. Accordingly the total for Japan is higher than anywhere else. The table in fact illustrates the fact that, whereas it is feasible to bring ore to coal, and even sometimes coal to ore, it is never commercially profitable to transport both, or to produce pig iron with high priced home coal uneconomically produced. The price of iron will inevitably be uneconomic as in Japan.

As to why the price of Japan's coal is so high, it is worth quoting the following from the report of the United States Assistant Commercial Counsellor:

'The high cost of coal which presents such an obstacle to the iron and steel industry is due to a variety of causes. The mines in Japan proper are in general of thin seams and faulted structure and are troubled with seepage and gas. The production of coal per miner annually is lower than in other great coal producing countries, although, of course, the amount of machinery is much less than in Western countries. The production per miner before the war was 124 tons annually. In 1929 this declined to 106 tons, but has since risen to about 150 tons per man.'

This 150 tons per man per year has since that date risen to 203 with improved equipment and more intensive labour, but even now is only 75% of the British annual figure per man, although an average of less than 5 shifts per week is being worked in Britain. If the output per shift is taken, the Japanese figure would correspond to only 69% of the British figure in spite of the much longer working day in Japan.¹

Compared with the U.S.A., of course, Japan comes out very much worse than if compared with England. In 1929 the yearly output per person employed in bituminous coal mining in the

¹The yearly figure for Britain per person employed was 270 tons in 1929 and 262 in 1933 according to the *Statistical Abstract for the United Kingdom*. The 1934 figure was 22.9 cwts. per shift per person employed in Britain. The Japanese figure per shift (also all workers) was 0.802 metric tons in 1932 = 15.8 cwts. No later data are available for Japan.

One can also compare Japan's peak figure of 15.8 cwts. with the 1929 figures given for certain European countries in *Statistical Tables relating to British and Foreign Trade and Industry*, issued by H.M.S.O. in 1931, viz.:

Poland	-	-	-	24.9	Upper Silesia (German)
Ruhr	-	-	-	23.5	(in 1927)
					Czechoslovakia - - - 26.27

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U.S.A. was 949·7 tons against Japan's 106 at that date and 203 in 1933.

The high price of coal in Japan is not only a primary cause of the backwardness of the iron and steel industry and of the poor development of engineering, but also of the slow progress of industrialisation as a whole since it makes the use of power very expensive.

Pig iron has to pay an import duty of 1·66 yen a ton to make it possible for the Japanese pig iron producers to operate although they are exempt from taxation. Hence the prices of steel and machinery are rendered excessively high, retarding the completion of the industrialisation of the country. Since it is impossible for the small commodity producer to afford machinery, handicraft production is kept alive.

Even when all the adverse factors are taken into consideration, the cost of coal in Japan remains according to all foreign investigators inexplicably and unreasonably high. That this is due to the monopoly position of the producers and sellers—who are either the same firm or linked up with one another—is obvious from the fact that Japanese coal is sold cheaper in China than in Japan.

Average quotations on best quality lump coal were 20·63 yen per metric ton in 1929 and 15·72 yen in 1933. In January 1936 they were 17·65. These figures amount to £2·0·0 in 1929, 18s. 4d. in 1933, and £1 os. 5d. in January 1936 in sterling, and compare with the British export price of 16s. per ton at both dates. Still higher prices prevail in the principal consuming centres which are distant from the mines. The above are monopoly prices allowing huge profits. The Bureau of Mines of the Ministry of Commerce and Industry has estimated the production cost of coal in Kyushu, the most important coal field in Japan, at 5·56 yen per ton and in Hokkaido at 4·50.¹ This means 11s. 8d. and 9s. at par and 6s. 5d. and 5s. 3d. today. Yet the Showa Coal Company on the basis of this estimate has claimed that coal mining in Japan can only be profitable with a price in Tokyo of from 9·70 to 10·20 yen,² i.e. 19s. 6d. to £1 os. 5d. at par.

¹American Council. Institute of Pacific Relations, *Memo. on Coal in Japan and Manchuria, Far Eastern Survey*, vol. 11, No. 1 (1933).

²Economic Handbook of the Pacific Area, p. 493.

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These figures compare with the British 1929 price of not quite 14/- per ton gross sold at the mine and 13/6 average value per ton raised. The U.S. figure for 1929 was only 7/5.¹

Although costs have been very much lowered since 1929 in both English and U.S. mines, even the above high figures compare very favourably with the Japanese. Even if we allow 25% as the difference between the price at the mine and in Tokyo² the Japanese (1936) figure comes out at 15/-. Thus in spite of the depreciation of the yen Japanese coal costs more than British which is now below 14s. at the mine.

Coal and iron are the basic and indispensable minerals for any industrialised nation, but there have also to be considered the non-ferrous metals which are essential for the carrying out of modern war, viz. aluminium, antimony, chrome, copper, lead, manganese ore, mica, nickel, tin, tungsten and zinc.

Japan has abundant supplies of only one of them, viz. copper, and even in this she is not completely self-sufficient, but imports about 20% of her requirements. Her production of lead, zinc, tin, manganese and tungsten ranges from 10% to 50% of her needs. With regard to the remaining three on the above list—nickel, antimony and bauxite (for aluminium manufacture)—she is entirely dependent on imports. Although the Far East holds the bulk of the world's supply of tin, tungsten and antimony, it is the Malay States, Siam and the Dutch East Indies, not Japan, which are rich in tin, and it is China which supplies 63% of the world's production of tungsten and 80% of its antimony.

Accordingly Japan is also dependent on imports for steel alloys and for bauxite, which is as essential to an air force as iron and steel are to an army or a navy.

Japan has practically no supplies of oil. Her oil refining industry, working on imports, now supplies her with 36% of her whole consumption of petroleum products for fuel. Yet she produces only 20% of her requirements of lubricating oil—the most important derivative of petroleum for industrial purposes.

Japan makes up to a considerable extent for her shortage of

¹*Statistical Tables relating to British and Foreign Trade and Industry.*

²This is the percentage difference between the British price at the mine and the market price.

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coal and oil by hydro-electricity, but the development of her water power resources appears to have reached its limits and even to be already endangering the adequate irrigation of her rice fields.¹ Her present production of hydro-electric energy compares as follows with that of other countries with developed water power:

VII

ELECTRICITY PRODUCTION IN MILLION K.W.H. (1933 OR 1934²)

Japan	18,160	of which 15,713 is hydro-electric
Canada	19,328	" 19,000 "
France	15,300	" 6,665 "
Italy	11,884	" 11,560 "

Advanced as Japan is in hydro-electric power generation, this does not compensate her for the lack of coal and oil; ships cannot be run on such power nor automobiles nor aeroplanes.

With regard to chemical raw materials, Japan is better situated than with regard to metals, coal and oil. In particular, as some small compensation for the losses she frequently suffers from earthquakes, Japan has fairly abundant sulphur resources. It is to be noted that sulphuric acid plays a rôle in the chemical industries comparable to that which iron plays in general manufacture. It is essential to the manufacture of fertiliser, to refining petroleum, pickling iron and steel, manufacturing nitro-cellulose, nitro-glycerine, celluloid and a multitude of other chemical products.

Nevertheless Japan has no such easily accessible supplies of sulphur as Texas or Sicily which together supply most of the world demand.³ Although Japan could supply all her own requirements the cost of obtaining sulphur locally is very high and she cannot compete on the world market in normal times.

As regards salt, Japan requires one million tons annually for industrial purposes and has to import about 65% of this. She obtains only a small part of her imports from Kwantung and

¹See Chapter V.

²League of Nations Statistics.

³Figures of world sulphur production were as follows in 1933 in thousand metric tons:

U.S.A.	1429	Japan	114
Italy	402	Total, incl. others	1980

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Formosa. Most of her import comes from Egypt and Italian Somaliland. There is now a plan, sponsored by the military authorities, for intensive development of the salt fields in Manchuria. For this purpose a special Company has been formed, the Manchuria Salt Co., which proposed to increase salt supplies from Manchuria by 700,000 tons. However, it will be some years before any such amount can be made available so that salt, which is required for the manufacture of poison gas, as well as for that of caustic soda and other chemicals, is another raw material with regard to which Japan would be in difficulties in time of war.

The fertiliser branch of the chemical industry is one of first rank importance to Japan, since her high rice yield per acre is only made possible by the copious use of mineral in addition to organic fertilisers.

The output of superphosphates and ammonium sulphate has been enormously increased of recent years. Japan in 1934 produced a little more than her consumption of ammonium sulphate, but her total production together with Korea's was only 35% of Germany's 1929 figure and a little less than England's. This chemical is of very great importance for the munitions industry, which explains the extremely rapid growth of the industry under Government protection. The surplus production is not yet large enough to warrant confidence that the farmers would not go short in time of war.

The land must be nourished with phosphorus as well as nitrogen, and although superphosphates are not of use in munition making their production has also expanded, though at a much slower rate. The phosphorite rock is obtained mainly from the U.S.A. and Egypt, but also in increasing quantities from Oceania, from the Japanese mandated island of Angaur, and from Nauru under New Zealand's mandate. Angaur has deposits reckoned at 1·7 million tons, and the annual production is now 65,000; Japan imports a total of 709,000 tons.

This is a high tonnage material of which Japan would experience difficulty in getting sufficient supplies in war time. During the Great War the freight charge amounted to half the value of the rock. Yet Japan must obtain supplies if her rice fields are to produce as high a yield as now. She has adequate supplies of

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potash which is also required, though it is of less importance than the nitrogenous and phosphorite fertilisers.

What, then, of the raw material for the textile industries, which are Japan's only really successful industries.

It is a striking fact, illustrating the perversion of Japanese national economy, that the only raw material which she produces in abundance, silk, is mainly exported, not manufactured into cloth at home. This is due to the American tariff against silk goods and to the impossibility of selling large quantities of silk tissues to Far Eastern markets, which are all markets with low purchasing power. Japanese economy is forced to adapt itself at whatever cost to the demands and restrictions of the U.S.A. Thus she exports her own raw material to the U.S.A., which produces no natural silk, and imports raw cotton for her looms from the U.S.A., which has a superabundance of the latter. Even so her silk sales no longer realise enough to buy all the cotton she needs although more than two million of her peasant households are engaged in silk culture. But whereas 85% of Japan's silk goes to the American market, only 18% of the U.S.A.'s cotton production goes to Japan. Nothing could more clearly illustrate than this unequal trade the dependent position—the almost colonial position—of Japan in relation to the U.S.A.: Japan desperately needs the U.S.A. as both seller and buyer, but the U.S.A. could dispense with Japan as either without catastrophic or even very serious results.

Japan's prosperity is in fact dependent to a very large extent on American prosperity, as is frankly recognised by her economists.

In 1933 and again in 1935 the position of Japanese agrarian economy was somewhat improved simply and solely because there was a revival of business activity in the U.S.A., which meant an increased demand for silk and higher prices in Japan. On the other hand, the worst years of the depression in the U.S.A. have been disastrous for Japan—1930, 1931, 1932 and 1934 when cocoon prices fell 60 to 70% below the 1929 figures. Hence Japanese prosperity is dependent on the prosperity of her most dreaded rival for control of the Pacific more than on any other single factor. Hate and fear the U.S.A. as the Japanese militarists or naval men may, Japan cannot live without her,

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and Japanese statesmen and business men must always anxiously watch the curve of American business conditions. If it moves upward then the foundations of their own national economy are safe; if it moves downward ruin threatens Japan.

Japan's position is rendered specially weak by the fact that the U.S.A.—and the rest of the world—can do without silk, except for aeroplanes and parachutes, but the world cannot do without cotton. This is the Achilles' heel of Japanese national economy, which even today, with silk exports occupying a much smaller percentage of her total exports than before the world depression, is still precariously based on silk produced by peasant labour. For silk exports provide the raw cotton which, made up into cloth and exported, provide the wherewithal to import iron, steel, machinery and armaments. The foundation is silk, and silk is not only a dispensable luxury article, but can be displaced by rayon and is more and more being so displaced even within Japan itself.

But, some will say, in rayon Japan has now made gigantic strides forward and has become the world's second largest producer. True; but she has to import the raw material for this textile also. Although her own supplies of wood pulp are sufficient for her paper industry, she imports most of the wood pulp required by her rayon industry.

Lastly there is the recently developed and rapidly expanding woollen industry of Japan built up on imported Australian wool. Manchuria as yet supplies no wool, and although the Japanese intend to develop sheep breeding there, it will be a long and difficult business. The Mongol herdsmen prefer to continue with their old breed of sheep, producing good meat and skins for clothing but poor wool, and only Japanese ranches financed on a large scale will ever lead to Manchuria becoming an important centre for good wool-bearing sheep. So far no progress has been made; it requires much capital and therefore, as in regard to many other bright projects of the Japanese Imperialists, nothing has yet been done.

Of course it is true that England and all the European cotton manufacturing countries import their raw cotton from the U.S.A., India and Egypt. True, also, that they import their wool from Australia and South Africa and their wood pulp or

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wood from the Baltic countries or from Canada. However, England has her coal and her iron and her machinery to export in exchange and Germany her vast metallurgical and machinery and chemical production; Japan has neither—only silk and goods manufactured from imported raw materials.

How precarious then is Japanese national economy. Even in peace time she can only make both ends meet by a feverish expansion of exports of cheap manufactures. Her imports of essential raw materials, of the very bread and butter of industry, can only be obtained so long as the U.S.A. has need of her silk, and so long as the British Empire suffers her to send her textiles and less important manufactured goods to India, Malaya, Africa, etc. During the past four years or so the exceeding cheapness of Japanese goods has enabled her to flood the bazaars of the East with cheap cotton cloth, cheap artificial silk and even cheap woollens; with electric bulbs, with rubber footwear, with soap and beer, buttons and jewellery, pottery and glass, cutlery and nails, even with cheap bicycles, and so to some extent to compensate for the catastrophic fall in her silk exports.

All this, as will be shown in subsequent chapters, has only been made possible by means of inflation, reduced wages, a shrunken home market and acute agrarian distress. Japan's export has been a hunger export, a desperate effort to make ends meet, to keep afloat her almost bankrupt national economy. It has in fact been like a perpetual bargain sale made on account of the ever continuing need for basic raw materials, machinery and armaments. The return to the masses of the people for the immense amount of energy and time expended in producing Japan's manufactures has been infinitesimal.

Japan has been using up her human capital and the toll will be paid later in a C₃ nation, since the whole population has been undernourished and is eating even less rice per head than in the post-war decade. Already Japan has a far higher death rate than any Western nation¹ and the death rate from infectious diseases and pulmonary diseases is excessively high.

In spite of all her efforts she has not been able to compensate

¹For 1926-1930 Japan's annual average death rate per 1,000 inhabitants was 19.3, as against 11.2 for Germany, 12 for Britain, 15.1 for France (*Statistical Yearbook of League of Nations*).

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for the fall in her silk exports by the export of manufactures made from imported raw materials. The unfavourable balance in her trade has grown larger, not smaller, during these past years during which the whole world has been roused by the 'menace of Japan's trade expansion'. With silk exports fallen 60% in value since 1929, Japan has barely been able to pay for her imports of raw materials and semi-manufactures by exports of manufactures and semi-manufactures, and has had nothing with which to pay for her imports of finished goods—mainly machinery—except a small and insufficient quantity of raw materials. Hence her continuous unfavourable balance:

VIII

TRADE IN RAW MATERIALS AND MANUFACTURES

Not including re-exports and re-imports (million yen)

	1934	1933
Imports of raw materials and semi-manufactures	1,816	1,510
Exports of finished goods and semi-manufactures	1,845	1,571
Exports of raw materials	96	74
Imports of finished goods	276	220
Food imports, less exports	2	15
Miscellaneous exports, less imports	17	21
Unfavourable balance	136	79

Actually, then, Japan does not even now export sufficient manufactures to pay for her essential imports. For all her bargain sale prices the volume of her exports is not sufficient to pay for the full cost of her food, iron, oil and machinery imports, of her raw cotton and wool and wood pulp. It is as well to remember that, however impressive it may sound that Japan in 1934 exported 2,577 million square yards of cotton cloth against Britain's 1,993 million yards, the fact remains that she only received £28·7 million, whilst Britain received £39·8 million.

Indeed Japan's trade balance, although less unfavourable than during the post-war decade, is still adverse.

IX

JAPAN'S TRADE BALANCE (IN MILLION YEN)

1929	1930	1931	1932	1933	1934
- 68	- 76	- 89	- 21	- 56	- 110

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It is clear that the more Japan exports the more raw materials she needs to import. Only in 1932, with the advantages she enjoyed through having bought in supplies of raw cotton in 1931 before the fall in the yen exchange rate, did Japan almost achieve a balance between exports and imports. By the following year she had already slipped down the hill again. Again, although in 1935 she achieved almost an exact balance in her exports and imports, during the first six months of 1936 she had an unfavourable balance of as much as 300 million yen.

Nor is this all. Japanese exports of all kinds of goods produced from cotton—whether yarn, cloth, knit goods or clothing—are not sufficient to pay even for the cotton she consumes for her own needs. In 1934 she imported raw cotton and cotton products valued at 746 million yen and exported manufactures of cotton only to the value of 616—a difference of 130 million yen. In 1929 the difference was only 35 million yen, showing the subsequent real loss to her national economy caused by her dumping of cotton piece goods. There is also no doubt a large amount of cotton imported for war purposes. Nevertheless, even in normal times, as witnessed by the 1929 figure, Japanese exports of cotton manufactures, for all the excitement they cause in the world markets, are not sufficient to pay for her own cotton consumption.

The lower unfavourable balance of 1933, as compared with 1934, is due in part to the higher value of silk exports in that year, and the same is true of Japan's improved position in 1935. Silk, and only silk, can redress the balance for Japan, for silk is practically the only commodity—with the exception of fish—which Japan has to sell besides her labour power.

Moreover, even in order to sell her labour power, that is to say, even in order to exist by processing imported raw materials, Japan must depend mainly on the goodwill of the British Empire and the Dutch East Indies and on the goodwill, or on the political control, of China. For Japanese manufactures have one and only one pre-eminent quality—cheapness. Accordingly her markets must be those which contain the poorest of the world's peoples—India, China, the Dutch East Indies, the South Seas and Africa. Although Japanese goods have been sold in Western markets, and will even perhaps be sold in larger quan-

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ties in the future, the markets of the East must remain of paramount importance to her, since they consume far larger quantities of cheap cotton goods than any other part of the world.

Britain's action in putting quota restrictions on Japanese goods, plus the inevitable decrease in the advantages Japan has derived from inflation of recent years, have already had their effect in 1935 and 1936. Japanese exporters are already sounding the alarm, Japanese cotton and woollen manufacturers are already curtailing production and the Japanese Press is already suggesting political bargains with Britain for the purpose of opening wider the gates of the British Empire to Japanese goods. The more Japan depends on exports of cheap manufactures, and the less she depends on raw silk, the more dependent she becomes on access to British Empire markets and the less dependent on the American market—for the U.S.A., as the richest country in the world, must remain the largest market for the most expensive of textile fibres. The U.S.A. takes 90% of Japan's raw silk exports, whilst the British Empire takes 34% of Japan's total exports—which means principally textiles. Whereas Japanese silk exports used to account for 44% of her total exports, in 1934 they accounted for only 13% and in 1935 for 16%. Whereas in 1929, 42·5% of Japan's total exports went to the U.S.A., in 1934 the percentage was only 18·3.

As against this decline the percentage taken by the British Empire has risen from 22% in 1929 to 34% in 1934. This has occurred in spite of the quota restrictions on Japanese textile imports in India, which have reduced India's percentage of Japan's total exports from 13·65 in 1932 to 10·97 in 1934.

Whereas the measure of the increase in Japan's exports to the British Empire is roughly that of the increase in her exports of textiles, the measure of the decline in the exports to the U.S.A. is that of the decline in silk exports, only slightly modified by increased exports of minor manufactures such as tinned foods, pottery and electric bulbs.

The price of silk fluctuates far more violently than that of any other Japanese export, and it fluctuates not according to the quantity produced but according to the American demand. Indeed, Japan now exports almost as large a quantity of raw

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silk to the U.S.A. as in 1929, but she gets little more than a third of the price even in yen values.

X

JAPANESE EXPORTS OF SILK AND SILK MANUFACTURES

	<i>In 1,000 yen</i>				
	1929	1932	1933	1934	1935
Raw silk only	781,040	382,366	390,901	286,794	387,000
Total silk and silk manufactures	944,552	437,286	459,194	374,113	474,000

These figures are those of total exports, but since between 85 and 90% goes to the U.S.A. it is clear that the latter has Japan at her mercy. Japan must sell her silk to the U.S.A. if the foundations of her national economy, and particularly of her agrarian economy, are not to crumble. The peasant left with no return on his cocoons cannot pay his rent or interest or taxes because his rice cultivation is in any case carried on at a loss. Always on the edge of starvation, the shutting off of the American market would precipitate him into the abyss, dragging with him the landlord and the traders and the moneylenders and through them the banks and the industrialists.

Although up to 1930 Japan had a favourable balance of trade with the U.S.A., the position was growing less and less favourable each year for Japan as silk prices fell and cotton imports rose. Since 1932 she has had an ever growing adverse balance.

XI

TRADE WITH U.S.A.

	<i>Japanese exports to U.S.A. (million yen)</i>	<i>Imports from U.S.A. (million yen)</i>	<i>Trade Balance (million yen)</i>	
			<i>With U.S.A.</i>	<i>With World</i>
1925	1,006	665	+341	-267
1932	445	509	-64	-21
1933	500	620	-120	-56
1934	398	770	-372	-110

The position can be yet more clearly illustrated by the fact that in 1927 Japan could buy about 30 lbs. of American cotton

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for 1 lb. of her own raw silk, whereas in 1932 the same quantity of raw silk was only worth 9 lbs. of cotton.

Japan can but oscillate between the Scylla of dependence on the U.S.A. and the Charybdis of dependence on British Empire markets. Deprived of both, her national economy could not continue to function for a week. She would have neither raw materials nor markets. And yet England and the U.S.A., which could destroy Japan at a stroke by the simple process of refusing to buy from her, allow her to go on brandishing her sword over the Pacific and slicing pieces off the living body of China on the assumption that she is invulnerable and irresistible in the Far East.

Japan is also vitally dependent on the West and on the U.S.A. for her imports.

Her most essential imports are iron, steel and machinery, oil, steel alloys, phosphorites, wheat, sugar, rubber, wool, cotton, rice, wood pulp, timber and hides.

Almost the whole of Japan's imports of iron and steel come from the U.S.A., England and Germany, which supply 36.2%, 20.5% and 25.5% respectively. True, larger quantities could be obtained from Germany and other European countries—Belgium in particular. But it would not be possible for Japan to depend entirely on iron ore imports from Far Eastern countries as a substitute for pig iron and steel imports. Moreover, the transport costs would be extremely high and the resulting production costs of iron and steel excessive, even if she controlled the sea routes of the Pacific.

Machinery must also be counted as one of Japan's essential imports. The import of machine tools is of special importance, having increased over 400% since 1931. Imports of internal combustion engines have increased by as much as 50%. The U.S.A. supplied 31% and Germany 28% of the total imports of machinery in 1934.

Taking iron and steel and machinery and automobiles as one group, the import in 1934 amounted to 300 million yen, which is 13.6% of Japan's total imports and compares with 731 million paid for raw cotton. Machinery imports came to less than half of this latter sum, but nevertheless, since these and steel can only be obtained from Europe or the U.S.A. and are absolutely

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essential to Japan, here also is a most vulnerable place in her national economy. The subject of Japan's weakness in heavy industry is dealt with in detail in the next chapter.

As regards oil, Japan would not have nearly enough for a naval war even if she could obtain all the production of Sakhalien. This she could hardly do since it would involve her in hostilities with the U.S.S.R., an outcome which she would be desirous of avoiding at all costs since her Empire would then be in danger from a land attack as well as a sea attack. In any case, the production of Sakhalien is only some 2,800,000 barrels a year, whereas Japan consumes even in peace time (1931) 12,858,000 barrels. She produces only 1,630,000 herself, so that even with the total from Sakhalien she would be over 8,000,000 barrels short. She would only be able to remedy the shortage if she could get hold of the wells of the Dutch East Indies or Borneo.

Japan obtains most of her wheat imports from Australia. Her only alternative markets are the U.S.A., Canada or the Argentine. None of these countries would supply her in the event of a war or economic blockade. She could not obtain wheat from China or any other Far Eastern country. Japan's production and requirements of wheat are dealt with in Chapter X.

Rubber can only be obtained in large quantities from Malaya, Dutch East Indies, Borneo and Ceylon. Some supplies are available in South America, French Indo-China and Siam, but most of the rubber produced in these countries is wild. Siam's production is insignificant, viz. about 4 thousand metric tons a year as against 450 thousand in Malaya. Japanese consumption is at the rate of 50 thousand tons a year.

However, since Japan's lack of supplies is shared by most of the world, including even the U.S.A., it is not intended to stress it here.

Cotton is bought by Japan almost exclusively from India and the U.S.A., and outside growths, such as Persian and Turkish and Brazilian, are so small that even if she could obtain them they could not fill the gap.

Wool is bought by Japan almost exclusively from Australia, which alone, except for South Africa, produces the merino wools required by her industry to produce the light worsted goods sold

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in Far Eastern markets. It is true that the woollen clothing which her soldiers must have for campaigning in cold climates like that of Manchuria and North China could be made of coarser wools obtainable in the Argentine. There are no large supplies to be obtained on the mainland of Asia.

Next to coal and iron, and ranking perhaps as of even greater importance to Japan, is cotton, since her cotton and rayon textiles are the one export she has which is both large and profitable. It is the need of sure and cheap supplies of cotton which has as much or more than any other cause driven Japan to attempt the seizure or control of North China during the summer of 1935. For the main cotton growing districts of China are all in the north. Shansi and Hopei alone in 1934 produced 187,943 tons. True, Japan's yearly consumption is at the rate of about 600,000 tons, so that North China does not produce nearly enough to free Japan from dependence on American and Indian supplies. Moreover, Chinese cotton is of inferior quality. But the Japanese hope to effect a very big increase in Chinese production if they once control North China. It used to be said in Japan that Manchuria would soon produce enough cotton for Japan's needs, but it would require 2,000,000 acres to do so and the maximum amount of suitable land available in Manchuria is only 750,000 acres. The area actually sown in 1934 was only 200,000 acres.

Hence the necessity from the Japanese Imperialist point of view of taking North China as well as Manchuria. This aim and the underlying economic motive were quite clearly expressed in a Kokutsu message from Tokyo on 2 June 1935, which ran as follows:

'For the purpose of true and lasting economic co-operation between Japan and China, Japan has first of all to extend aid in the development of cotton cultivation in Hopei, Shantung, Honan and Shensi provinces of China. The entire crop of cotton from these provinces should be exported only to Japan. Besides Japan will undertake the export of other agricultural production of North China.'

This was in fact one of the demands submitted by the Japanese Ambassador Ariyoshi to Nanking in 1935, according to the Tokyo Press reports.

It can easily be imagined of what the Japanese cotton indus-

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try would be capable if Japan got a monopoly of Chinese raw cotton and controlled and extended its cultivation scientifically.¹ Even with imported American and Indian cotton Japan can easily beat all competition, but with cheaply produced supplies transported the shorter distance from China, and with all the foreign merchants' charges cut out, Japan would reap enormous profits from her piece goods exports and eliminate competition all over the world except in the finest goods.

This dream of Japan's is more likely to be realised than the one of establishing a large independent metallurgical industry in the Far East. Moreover, if Japan gains political and financial control over Chinese raw cotton, she will be able to prevent the growth of the native Chinese cotton industry which constitutes a greater threat to her own industry than that of any other country.

In general the fact must not be lost sight of, that in attempting to get control over all China, Japan is attempting not only to gain possession of raw materials and markets and of millions more agriculturalists to squeeze, but also to lay the bogey of Chinese industrial development and trade competition. Japan is mortally afraid of what may happen to her own industries and exports if once China starts on the road of industrial development and becomes her rival in all the markets of the Far East as well as in the Chinese market. Hence she is endeavouring to obtain a monopoly of Far Eastern supplies of essential raw materials rather than merely making good her own deficiency in supplies.

There are, of course, countries like England, with an unfavourable balance of trade and small raw material resources, which

¹ *The Manchester Guardian* of 28.8.1935 reported that the Japanese had a 15 year programme for cotton growing in North China and for the co-ordinating of all Chinese cotton manufacturing also. According to this plan coarse grades only are to be made in China, and Japan is already taking over the management of Chinese mills, many of which are in financial difficulties. As regards cotton growing in North China the plan is to plant a minimum of 2 million acres with American seed by 1936.

'Japan believes that by the exercise of proper police supervision she will be able to change completely the habits of the Chinese farmers who will first be limited strictly to American seeds, following on which cultivation will be conducted under the supervision of experts who will have the backing of the local police in enforcing their orders.'

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nevertheless have the means to import all the necessary raw materials from the proceeds of past foreign investments. Japan, however, is on balance a debtor not a creditor country. Although she has some investments abroad she has a larger foreign debt.

The late Finance Minister Inouye, who was assassinated by 'patriots' in February 1932, after a determined effort to put the yen back on a gold basis and to balance Japan's revenue and expenditure, stated that Japan needs 300,000,000 yen per annum additional income 'in order to rehabilitate her credit in the counting houses of the world', and stigmatised those who objected to foreign capital penetrating the country as 'blatant patriots'. In a course of lectures delivered at Kyoto University in 1926 he said:¹

'To those who indulge in this variety of cheap sentiment I have my answer, that I cannot see Japan as a country which has any possible chance of becoming an excess exporter for a very long day to come; that you cannot restore conditions here merely by poring over the Customs returns.'

Further on he observes that Japan's invisible trading receipts are dwindling, and that to get the 300,000,000 yen which she requires annually to rehabilitate the national credit on a permanent basis, he can see 'one source and only one which she might tap and that is her deep sea carrying trade'. He goes on to show that Japan has 'never been wealthy enough for her people to indulge in foreign investments'.

As early as 1926 Inouye had said that the whole of a sum of 3,600,000,000 yen made during the war had been used up in payment of Japan's excess of imports year by year. Since the end of the post-war boom Japan has had an excess of imports paid for in gold or foreign balances previously accumulated.

In 1930, that is to say just before Japan started to depreciate the yen and embark on her period of 'phenomenal trade expansion', she had an adverse visible balance of 155,000,000, and had an additional sum of 14,903,000 yen to pay in settlement of her invisible items. This was made up by shipments of gold.

Today Japan still has an unfavourable balance in her invis-

¹*Problems of the Japanese Exchange, 1914-1926*, by Junnosuke Inouye. Published in England in 1931.

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ible as well as her visible foreign trade. Her recent investments are for the most part not yielding a profit, and at the same time the burden of her foreign interest payments—mainly on State loans—has become heavier owing to her depreciated exchange. According to the latest reckoning of the Yokohama Specie Bank, Japan in 1934 had an excess of imports of 43 millions in her invisible foreign trade.¹

To create and maintain a highly developed industry, a country must either possess, or be able to buy, immense quantities of metals. To buy them if it does not possess them, and has no revenue from foreign investments, it must either export goods or seize them by force. Japan has neither metals nor coal nor any of the primary raw materials for manufacture. She can only export goods if she can get the raw materials to make them from—the only requisite she has in her own territory for making them is labour power and some water power. But human beings can be used not only to labour but also to fight, and Japan shows that she considers this on the whole the cheaper and easier way

¹According to the estimates of Mr. Kenji Kodama, President of the Yokohama Specie Bank, reproduced in the *Japan Advertiser*, Annual Review for 1934-1935. The details are as follows:

<i>Exports</i>	<i>1934 (1,000 yen)</i>
Interest on investments and profits from enterprises in foreign countries	226,700
Remittances and money brought back by emigrants	89,600
Net profit on Shipping	133,300
Net profit on Insurance	10,000
Foreigners' consumption in Japan	62,000
 Total	 521,600

<i>Imports</i>	
Payment of interest and redemption of funded foreign borrowings	221,700
Japanese consumption in foreign lands	55,100
Profit from foreigners business and investments	19,000
Government expenses (excepting those for embassies, legations, consulates and students ordered abroad)	32,000
Extraordinary payments	237,000
 Total	 564,800
Excess of imports	43,200

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of getting what she needs. Hence her present piecemeal conquest of China.

Japan imagines she can make up for her industrial weakness by conquest. She believes if she can become the dominant power in Eastern Asia by the might of her army and navy, she will be able to build up a secure heavy industry on the ore and coal resources of China and of the islands of the Pacific—and ultimately of India and Australia.

At present she is only a pygmy brandishing a huge sword which she has not got the muscle to hold long, but the giant she is attacking—China—has no sword at all.

The Powers whose interests she ultimately attacks—Britain and the U.S.A.—are incomparably stronger than Japan at present, but naturally they will lose this advantage in a few years' time if Japan is not checked in her career of conquest and robbery, and manages to acquire control of all China's actual and potential mineral and agrarian resources. In that event Japan, far from being satisfied, and far from being likely to turn her attention northwards against the U.S.S.R., as many English and Australian statesmen imagine, will threaten all the countries of the Pacific.

For China's resources cannot suffice her and her 'destiny' must lead her south to the Philippines, the Dutch East Indies and Australia, and west to India.

CHAPTER III

The Real Fabric of Japan: Industry

It has already been indicated in the last chapter how weak Japanese industry is; how fragile the foundations of her industrialisation. This is not all. Even with imported iron and steel she has been unable as yet to build up anything but a weak engineering industry, and even with imported machinery the extent of mechanisation, in all but a few outstanding industries, is excessively low. Not only are the Japanese rice fields cultivated without the aid of machinery, but in many of her so-called 'factories' the work is still done by hand, and a large proportion of the goods she produces comes from the tiny workshops, not counted as 'factories', where master craftsmen and apprentices work with the same tools as their ancestors in feudal times. Another large percentage comes from the homes of the peasantry whose women and children are sweated in domestic industry in the hours they are free from labour in the fields.

In Japan a few large scale enterprises rise like islands in an ocean of small scale primitive industry. Naturally to the casual visitor it is the islands which strike the eye. Hence the many glowing accounts of the high level of technique in Japan, the marvellous organisation, up-to-date machinery and so forth, to which are ascribed her successful attack on the world market. Such glowing accounts range from the reports of the International Labour Office to those of certain M.P.s and industrialists who write to the Press stating confidently that it is not low wages but superior organisation and technique which enable Japanese manufacturers to drive the goods of their rivals off the world market.

Nevertheless, any examination of Japanese official statistics, coupled with some observation of what can be seen in any day's walk through the back streets of her cities, show how false is the conception of Japan as a highly industrialised, mechanised

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modern country. Look into the little sheds and houses where buttons or glass or footwear or even parts of bicycles, lamps, etc., are being made. See the small children working any number of hours per day since they are not engaged in factories employing '10 or more persons' and so do not come under the Factory Act. See the primitive tools, or at best the small motor worked by electricity which gives a larger output than in the old days. But even with this amount of mechanisation most of the work is still done by human muscles.

Although the Japanese population works so hard and so long, although children of 12 and even less can often be seen in the shops of the artisans, and work after 14 is general, and although hours even in large factories are so much longer than in the West, Japan's actual production each year, in proportion to her population, is very much less than that of almost any Western country, and infinitely less than that of the U.S.A. or Britain. For the energy resources of Japan, the number of coal and oil 'horses' which are working for her, are so few, and the extent of mechanisation is so much less than with us, that, if we compare the amount of work done with the numbers of the population in the U.S.A., England and Japan, we find Japan very much weaker than either—weaker even than such countries as Poland. The American engineer, T. T. Reed¹, has brought together figures of the world's output of work on the basis of a calculation that two pounds of coal properly utilised will do the work of one man per day, and that, as actually used in steam making, $3\frac{1}{2}$ barrels of oil consumed are equal to one ton of coal. His calculations also take into consideration the developed water power of each country. It is true that his figures, as given below, relate to 10 years ago and that Japan has further developed her hydro-electric power since then, but the gap between her and Britain, not to speak of the U.S.A., is so enormous that even if she had doubled her electrical energy production, it would have little effect on the comparison.

The last column, calculated on the basis of T. T. Reed's figures in the first two, is intended to show how many coal, oil and electric 'robots' per human inhabitant are working in each

¹In 'The World's Output of Work', *Mechanised Engineering*, vol. 48, 1926. Quoted by N. Foster Bain in *Ores and Industry in the Far East*, p. 17.

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country. Whereas in Japan there are only twice as many days of work done per year as there are inhabitants, in England there are 24, and in the U.S.A. 36. Even Italy has more non-human productive power than Japan—only India and China have less.

XII POPULATION AND WORK OUTPUT

Country	Figures		
	Population (in 1,000)	Work output (man days per year) (in 1,000) ¹	Work output per inhabitant (in man days per year)
U.S.A.	105,711	3,805,596	36·0
U.K.	44,169	1,060,056	24·0
Germany	59,853	897,795	15·0
British India	247,003	345,804	1·3
France	39,210	341,127	9·0
Belgium	7,466	141,854	20·0
Japan	55,963	123,118	2·2
Italy	38,901	120,593	3·1
Poland	27,558	115,743	4·0
China	427,179	513,214	1·2

Viewed again as to total output, Japan, with twice as large a population as Poland, has only a slightly higher work output, and with a population 8 times larger than Belgium has a smaller work output than the latter.

Could any comparisons show better than this the weakness of Japan? Weakness, that is to say, if it is true that countries are militarily powerful in proportion, not to the size of their population and armies alone, but according to their work output. For only countries strong in this sense have enough surplus energy or power to be able to release large numbers of their people for fighting, i.e. for non-productive purposes.

The last war clearly showed that what ultimately counts most is power resources and food resources; in other words possession of the bread required by human beings and the bread required by machines: coal and oil, plus the possession of the machines themselves, to utilise these resources.

When a large proportion of the adult males are withdrawn

¹Work output on the basis of population plus equivalent man power produced from water power and fuel.

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from production to fight, then, provided there is not too great a disparity in population and land area, that nation which has the most non-human energy and machines will win. Germany held out so long just because of her superb organisation, her high development of technique and power and scientific land cultivation, in spite of the overwhelming advantages of the Allies with regard to man power and raw materials. But in the end she was beaten by the inexhaustible non-human productive forces of the U.S.A. and Britain—by coal, oil and machines and by the New World's food resources. Tsarist Russia, on the other hand, collapsed first in spite of her colossal population and land area because she depended so largely on human muscles. She could not afford to withdraw the millions she withdrew from the cultivation of the soil, and from the production of consumers' goods; there were not enough machines to take the place of the men drafted into the army and production fell so sharply as to involve the breakdown of her national economy, chaos and revolution.

Japan is actually in very similar case today in spite of all her bluffing. With nearly half the work of the country done by human hands and little more than half by coal, oil and hydro-electricity, she could not sustain the strain of a modern war.

Even the strain of her present armament expenditure has nearly broken her national economy, nearly strangled her peasantry. The greater part of her population is already on the border line of starvation and could not draw its belt any tighter in any national emergency.

In order to get any true picture of Japan's industrial structure one must first estimate what place industry as a whole occupies in her national economy, secondly how much of her industry is modern large scale industry, and lastly what share heavy industry takes of her total production.

Agriculture still occupies nearly half the Japanese population. The next largest occupation is non-factory industry—i.e. workshops employing less than 5 persons—and the third largest is commerce. Factory industry, even if we include places employing only 5-10 workers, comes only fourth. There are in fact only twice as many factory workers as there are landlords, viz. 2 million against nearly 1 million out of a total of 29 million

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adults classified in the last census as having an occupation. The following table shows the relatively small number of factory workers and the very large number of artisans or casual workers.

XIII

NUMBERS IN EACH CATEGORY OF OCCUPIED PERSONS.

CENSUS OF 1930. ADULTS ONLY.¹

(In thousands)

Total population	- - - - -	64,067
Total having an occupation ²	- - - - -	29,221
(I) Factory workers	- - - - -	2,032
Small independent producers in industry and transport	- - - - -	1,200
Casual workers ³	- - - - -	1,963
Total of the above	- - -	5,196
(II) Transport workers	- - - - -	532
Miners	- - - - -	202
Total of I and II	- - -	5,929
(III) Working peasantry, including agricultural labourers	- - - - -	12,800
Landlords	- - - - -	1,000
Employers in agriculture ⁴	- - - - -	500
Total of III	- - -	14,300
(IV) Commercial employees	- - - - -	2,200
Employees of Government and private offices and professions	- - - - -	1,800
Small independent commercial agents and professionals	- - - - -	1,500
Employers in industry, transport and commerce (whether factory or handicraft)	- - - - -	1,800
Total of IV	- - -	7,300
Fishing	- - - - -	585
Domestic service	- - - - -	806

¹Does not include juveniles. These come to about 10% or 11% of the adult occupied population. There are accordingly some 3,000,000 juvenile workers not included in this table.

²This figure does not include the wives of peasants or their children working at home. It includes employers, independent workers (artisans) and wage and salary earners.

³The 'Hi-Yatoi', who are engaged and paid by the day, though frequently working long periods for the same master.

⁴These 500,000 are usually also landowners, but may be large tenant farmers.

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Thus, only 7% of the occupied population works in factory industry. We also know that the total number engaged—whether as principals or workers—in manufacturing industry was 5·4 million at the last census. Accordingly, factory workers constituted only 36% of the total of those in manufacturing industry. The latest figures available, which are those for 1935, show Japan with 2,234,000 factory workers, 227,000 miners and 557,000 workers in transport and communications.

There are accordingly just about the same number of day labourers as factory workers. Day labourers means largely not coolies but 'journeymen', in the original and pre-capitalist sense of the word:¹ qualified handicraft workers employed by a master artisan but paid by the day. They work together with the young apprentices who do not figure in the above estimates at all. Today it also includes workers in enterprises employing less than 5 persons, and accordingly not classed as factories, and workers temporarily taken on in factory industry. If the master artisans are also considered the total of non-factory industrial workers comes to over 3 million against 2 million in factories.

According to calculations made by the Japanese economist, K. Takahashi,² 46·1% of the total number of industrial workers are employed in establishments with 5 workers or less.

Moreover, many even of the enterprises classified as factories use little or no power-driven machinery and in the general organisation of production are at the stage of capitalist evolution known as 'Manufacture'.

Nor are the tiny establishments of master craftsmen and apprentices limited to the small cities and villages. In Osaka, Japan's foremost industrial city, out of 19,000 industrial establishments existing in 1924, 13,000, i.e. 68%, employed less than 5 workers.

The clearest proof of the amazing preponderance of the small

¹The French word *journée* was corrupted into 'journey' in England as the designation of skilled workers not admitted into the Guilds as masters.

²See Mitsubishi Economic Research Bureau's 1936 publication, *Japanese Trade and Industry*, p. 63.

It will be understood that the figures arrived at for the numbers of non-factory as distinct from factory workers vary somewhat on account of the uncleanness of Japanese statistics which sometimes put the masters and workers in the tiny enterprises together and sometimes do not, and which sometimes include non-manufacturing industry and sometimes do not.

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manufacturer or artisan is given by the fact that out of a total of 5,378,000 engaged in manufacturing industry exclusive of dependents, 1,340,000 were 'principals' and 3,360,000 workers with 308,000 staff. This means that the ratio of principals to workers is 2 : 5. It will be readily understood that in such tiny enterprises little or no machinery is employed, although it is true that the widespread availability of electrical power enables some of the artisans to employ small motors, if and when they can accumulate sufficient capital.

What is of particular interest, as revealed by the census of 1930 compared with that of 1920, is the fact that the number of persons in industry remained at practically the same figure at the two dates, viz. 5·3 million. Insofar as there was any change it was a reduction of 9,688. Japan was not even able during those ten years to reabsorb as many workers into industry as there had been during the post-war boom. For the yearly increase of population of some 900,000, industry has offered no opening. Yet between 1920 and 1930 the occupied population increased from 27,378,155 to 29,220,550. Where did the increase of 1,842,395 go? It did not remain in agriculture, for according to the census, the number of persons occupied in agriculture remained at 14 million. The only categories where the numbers occupied increased very largely were commerce, the civil service and the liberal professions. The number engaged in commerce increased by nearly 1½ million in the decade, and those in the public service and liberal professions by nearly 400,000.

These figures have been given mainly to show the astonishingly large proportion of the population engaged in commerce and the tremendous increase in the decade 1920 to 1930. Actually, of course, those engaged in commerce merge with those engaged in manufacture since the master craftsman usually sells his own products in a shop which consists of his workroom. Nevertheless such artisans are included under the heading industry, not under commerce.

Even if this fact is left out of consideration the inherent wastefulness and the primitive nature of Japan's industrial organisation is clearly revealed by the fact that there are nearly as many persons employed in trade as in industry, viz. 4·4 million in the former as against 5·3 million in the latter. This means that 15%

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of the occupied population are engaged in commerce as against 18% in industry. Many of the former are the agents or jobbers who form the large class of middlemen between the merchant houses, or the larger manufacturers, and the multitude of tiny commodity producers. They travel round giving out raw material and collecting the finished product from the artisans, from the small 'factories' and from the homes of the peasants and other households. Japan's greatly increased silk output since 1920, the enormous increase in her production of textiles—not only cotton but also wool and rayon—and the increase in her production and export of a number of other less important articles of consumption such as knitwear, rubber goods, etc., have all led to an increase in the number of middlemen, agents and jobbers. The fluctuations in rice and silk prices keep alive a host of petty speculators and merchants.

XIV CENSUS OF OCCUPATIONS (IN MILLIONS)

	1920	1930
Total population	55·963	64·067
Total occupied population	27·378	29·221
Unoccupied persons	28·585	34·846 ¹
Agriculture	14·128	14·156
Fishing	0·558	0·568
Mines	0·424	0·236
Industry	5·300	5·290
Commerce	3·188	4·463
Communications	1·037	1·108
Public Service and Liberal Professions	1·442	2·031
Domestics	} 1·301	0·806
Others		0·561

Industry has not been able since 1920 to absorb the surplus population of the village. Insofar as this surplus population has found an occupation it has been in petty trading,² speculation and usury.

¹The increase in the percentage unoccupied (54·4 as against 50·9) is no doubt due to the non-inclusion of juvenile workers in the 1930 census.

²The following quotation from an article by Dr. Washio, in the *Trans-Pacific*, is of interest in this connection: 'Since about the close of the Meiji era in most suburban communities of this city, for instance, retail shops are so overwhelmingly numerous that you wonder to whom they sell. In fact they are

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The large number of small shops is indeed one of the most striking visible signs of the wastage of human energy and time in Japan. According to the 1929 statistics, there was in Tokyo one retail shop to every 9·5 houses and to every 43 inhabitants. Nor is this the case only in the capital city. For instance, recently one read in the Press of 200 retailers demonstrating against the co-operatives in one small town—Urawa, the capital of Saitama Prefecture. Those foreign observers who write so glibly of Japan's strength consisting in her wonderful organisation, rationalisation of industry and so forth, would do well to note the tremendous waste of national resources and energy which is involved in the maintenance of hundreds of thousands of tiny shops where half a dozen customers a day is frequently the most to be expected, and in the existence of a multitude of small middlemen handling Japan's agricultural produce.

Whereas in regard to the percentage of the population engaged in industry Japan falls behind almost every country of Western Europe, in respect of numbers engaged in commerce she heads the list:

XV

PERCENTAGE OF POPULATION IN INDUSTRY AND COMMERCE

(*Statistical Year Book of the League of Nations, 1926*)

	<i>Percentage of population in industry</i>	<i>Percentage in commerce</i>
Japan	19·4	15·1
Switzerland	44·1	11·7
Britain	39·7	13·9
Belgium	39·5	10·7
Holland	36·1	11·7
Germany	35·8	8·7
France	33·9	10·4
Czechoslovakia	33·8	6·0

selling and buying mainly among themselves. Who then is paying for their aggregate existence? It is in the last resort chiefly the farmers. They buy cheap from farmers and sell high among themselves. In late years even chances of selling among themselves have been progressively limited by the growth of department stores. What if their chances of buying cheap from the farmers are to be limited by rural co-operative marketing? Anything that goes in the name of controlled economy, State or private, tends to drive them out of business, and yet they constitute a large proportion of the urban population and a growing part.'

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Japan has no large tourist industry like Switzerland, nor is she the world's greatest entrepôt market and centre of an enormous empire like London, and yet a larger proportion of her inhabitants are engaged in commerce than in either of those countries.

Another fact which bears witness to the excessively large number of middlemen (jobbers, commercial travellers, etc.) in Japan is the number of passengers carried, as compared to freight, per kilometre of railway lines in operation. The number is estimated to be the highest among those of the Powers.¹

It might indeed be argued that Japan is still in her mercantile age as regards the greater part of her national economy, for her condition corresponds in many respects to that of England in the 17th and 18th centuries, when the agents of the merchant houses rode about the countryside of Yorkshire and the West Country giving out raw material and collecting the finished cloth. The use of electricity has indeed assisted this early form of industrial organisation to survive in Japan side by side with the great concentrations of capital represented by the big cotton and rayon factories, the iron and steel foundries, the armament concerns and a few other industries, which have developed along modern lines. Nevertheless this is not the primary cause, but rather a mitigating factor in considering the low productive capacity of Japanese industry. In any case the use of electric power in production in the small workshops is not general. Even in the establishments classified as factories, i.e. having 5 or more workers, $\frac{1}{5}$ have no prime movers.

Nor is it to be thought that amongst Japan's actual factories employing her total of 2·2 million factory workers the large modern factory predominates. On the contrary more than half of the total of 50,000 factories employ 5-9 workers, and the number of establishments employing more than 100 workers constitutes only 5% of the total. Even if we consider the question from the point of view of the proportion of the total of factory workers employed in large establishments—if we designate by that term places employing 500 or more workers—then the percentage is only 35. As against this, the smallest factories employ-

¹From figures in the *Economic Handbook of the Pacific Area*, edited by Frederick V. Field, New York, 1934.

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ing 5-9 workers employ 10% of the total and constitute 56% of the total number of factories.

It is, however, typical of Japan's industrial structure as a whole that the really large modern factory with 1,000 or more workers plays a larger rôle than either the medium sized factory with between 50 and 100 workers or the fairly large factory with between 500 and 1,000 workers.

It should be borne in mind that the small establishments employing less than 10 workers but more than 5, although appearing in the official statistics of factories, are not subject to the Factory Acts. This means that there is no labour protection, no limitation of hours, no check on the employment of young children in these very numerous small enterprises, any more than in those employing less than 5 workers.

It is not even the case that the small factories are disappearing as industrialisation progresses. The number of places employing 5-9 workers has increased proportionately since 1914,¹ and the percentage of the total factory workers whom they employ was the same then as now. It is of interest to note that in 1927 there were found to be 2,362 'factories' in existence which date back to 1868.²

The number of those industries to which modern large scale methods of production and technique have been extensively applied is very small and consists mainly of those working largely for export like the cotton and rayon industries, the flour, sugar, beer and canning industries, the metallurgical enterprises mainly engaged in armament manufacture and shipbuilding and the heavy chemical industry. These did not exist in the pre-modern era and are necessarily large undertakings involving huge capital expenditure and a large labour force.

As against the few large scale industries, in those industries which supply the consumption needs of the masses of the Japanese population there is hardly any large scale factory production at all. The typical figure is the master craftsman with his apprentices and one or two journeymen. It is simple to mark off the production of goods for export from those for home con-

¹In 1914 only 46.2% of the total number of factories employed 5-9 workers.

²*Industrial Labour in Japan*, p. 19.

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sumption because the latter are peculiar Japanese goods designed for the needs of a standard and mode of life which have hardly changed since feudal times. Just as the apprentices live in and receive payment only in kind as in the feudal period, so do the customers sleep on the same rush mats, wear the same clothing and the same wooden footgear, eat the same food, shiver in winter in the same flimsy wooden houses inadequately heated by a stone bowl with a few lumps of glowing charcoal, and in general live very much the same life as in the days of the Samurai.

It is this peculiar retention of a medieval mode of living, and above all of a medieval standard of living, among the majority of the Japanese population, which is part of the secret of the cheapness of Japan's export goods. To that aspect I return in a subsequent chapter. Here I am concerned to show how the small producer has survived. As to why he has done so and why the mode of life has not changed is another question to be dealt with later.

Even in the case of goods made on Western patterns for export the small workshop, the small and medium sized factory and domestic industry predominate in most lines.

The Tokyo Chamber of Commerce gave the following estimate for 1931 of the share of the smallest establishments (employing less than 5 workers) in the total output of various important manufactures: cotton piece goods 18·8%; woollen textiles 28·8%; silk textiles 55·1%; knitgoods 27·4%; hats 29·1%; pencils 91·5%; pottery 60·8%; bicycles 65·5% (not only parts but also assembling).

Nor is it to be surmised that the number of small factories and tiny workshops, or the proportion of goods produced in the homes of the peasantry and workers, is diminishing now in consequence of Japan's rapid trade expansion. True that the number of big factories has increased, but the number of tiny enterprises has increased more rapidly.¹

¹This is true even since Japan's rapid trade expansion period which began in 1932. According to the Tokyo metropolitan police board there was a net gain of 311 small factories in the first 6 months of 1932 whilst the Osaka statistics indicate an increase of approximately 1,000 in 1932. Only 4,600 additional people were, however, employed by the new Osaka factories, so that the average number employed per 'factory' was less than 5.

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Almost the whole production of silk comes from very small local establishments. In 1929 when sericulture was still flourishing there was a total of 66,400 reeling factories of which 98·5% had less than 10 basins. The number with over 1,000 basins, which means a fairly large factory, was only 8. By 1931 there were only two such large factories. In 80% of the total of 60,351 filatures existing in 1933, hand reeling methods were still employed, and 31% of the total basins in the country were hand reeling basins. The total number of operatives employed is nearly half a million, so that the reeling of silk is Japan's largest single industry. Yet there are only two large companies owning several establishments. One of these (the Katakura) is in reality a family enterprise, whilst the shares of the other (the Gunze) are owned by Mitsui and Mitsubishi—Japan's two largest trusts. Even the inclusion of the few big factories does not prevent the average number of operatives per factory working out to only $7\frac{1}{2}$. It can accordingly be understood that the greater part of Japan's raw silk production comes from little semi-household reeling factories employing about 5 workers. Silk reeling is in fact little more than an extension of agriculture and the filatures are slight expansions of former household industry. Both the 'owners' of the filatures and the operatives form part of the agrarian population, and the same man who lends to the peasants on the security of their future crops, and of their future cocoon production, is frequently the owner of the local filature and also a landowner.¹ It is accordingly impossible to reckon how much capital in Japan is invested in sericulture, and most estimates of capital investments ignore the tiny filatures.

Nor is this the case only as regards silk. There are a whole series of industries which are still mainly handicraft, or semi-handicraft, family industries where estimates of capital invested are impossible to make.

Accordingly, whereas as regards numbers employed the very small factory and handicraft production far outweigh modern large scale industry, with regard to capital invested the big en-

¹ An interesting article in the *Frankfurter Zeitung* of 29.4.34 gives a description of how the factory owners and landowners in the rural-industrial areas being one and the same people can command their labour force hither and thither as between agriculture and industry.

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terprises account for a disproportionate share and we find an extreme centralisation of capital.

Over 65% of Japanese capital is invested in 1·5% of the total number of companies, while only 2·1% is invested in 60% of all the industrial and commercial companies of Japan. Again, some 83% of invested capital is under the control of companies with a capital of a million yen or more, and less than 4% is held by those working on a capital of less than 100,000 yen.

Statistics of capital investment further reveal the importance of merchant capital. In 1929 out of a total capital of 13,790,758 thousand yen invested, 42·7% was invested in commerce and banking as against 44·7% in manufacturing industries and mining. Transport accounted for a little more than 10% and the insignificant remainder was in agriculture and fishing.

The extreme concentration of capital in industry is naturally most striking in heavy industry. In engineering, for instance, out of a total paid up capital of 87,000,000 yen in large enterprises, four trusts—Mitsui, Mitsubishi, Okura and Furukawa—control the whole. In Chapter VII some account is given of the variety of interests of these great horizontal and vertical trusts.

What, then, of the large scale modern industry of Japan?

As everyone knows it is in cotton textiles that Japan is now supreme, having been able to take first place in the world market by ousting Britain from her 150 years of supremacy. Second to cotton textiles comes rayon, of which Japan is now the second largest producer in the world. In the latter industry, which has only developed during the past 6 or 7 years, almost the entire production comes from large factories. In the case of cotton textiles the position is somewhat different. In cotton spinning there is a very high degree of capital concentration as well as centralisation. The whole production comes from the modern factories of a few big firms united together in an effective cartel: the Japan Cotton Spinners' Association.¹ With regard to weaving, however, the very small factory of 10 looms or less still predominates. There are also many medium-sized factories individually owned. Only about half of the goods even for export are made

¹There are 7 large companies, only one of which—the Kanegefuchi—is a Mitsui subsidiary.

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by the big companies which combine weaving with spinning. Their cartel controls only 45% of the wide power looms in the country (i.e. the looms used for making export cloths) and only 28% if all power looms are included.¹

According to the 1928 figures of the Department of Commerce and Industry, 93% of the cotton weaving factories actually had less than 10 looms.

If one takes silk and cotton weaving together an even more astonishing position is revealed, for half the operatives are employed in establishments with less than 5 workers—i.e. in non-factory industry.

These figures all refer to power looms. There are in addition still a considerable number of handlooms not only in silk but also in cotton.

This, then, is the position even in Japan's foremost industry—cotton textiles; in the one Japanese industry of decisive importance in the world market.

Although Japan takes such pride in her world supremacy in cotton goods, and although her competition has frightened not only Britain but every Western manufacturing country, her textile industry is really like some abnormal growth, like a gigantic tumour or overgrown limb which renders her whole national economy lopsided and unbalanced, if not actually crippled. It has developed to gigantic proportions whilst other industries have remained atrophied. Or perhaps a better simile would be that of the child who grows abnormally fast and achieves height without strength. For in Japan the rapid growth of textile manufacture, and the recent rapid, though still much less noticeable, growth of a number of industries producing consumption goods such as rubber shoes and tyres, electric lamps, cutlery, hardware, soap, bicycles, pencils and fountain pens, clocks and so forth, has not been balanced by any proportionate growth of heavy industry. Moreover, such heavy industry as exists is almost wholly designed for the production of armaments and survives only with the support of subsidies, exemption from taxation and high tariff protection. The manufacture of machinery and machine tools, in particular that of primary machines for

¹Japanese kimono cloth is woven only 12-14 inches wide on very narrow looms.

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the making of machinery, is very poorly developed. The bones and sinews of Japan's industrial structure are accordingly lacking: iron, steel and engineering. Her industrial structure is rickety.

How lopsided the industrial structure is can be best realised by a few comparative figures. Bearing in mind all the time that only 18% of the Japanese occupied population is supported by industry, and that the total number of factory workers is only 7% of the occupied population, let us see what proportion of this 7% are engaged in heavy industry:

XVI

PERCENTAGE OF TOTAL FACTORY WORKERS EMPLOYED IN THE VARIOUS BRANCHES OF INDUSTRY IN 1933¹

Textiles	-	-	-	-	-	-	-	-	47·8
Metal Industry	-	-	-	-	-	-	-	-	6·6
Manufacture of machines, tools, implements, etc.	-	-	-	-	-	-	-	-	13·1
Chemicals	-	-	-	-	-	-	-	-	8·6
Ceramics	-	-	-	-	-	-	-	-	3·8
Foodstuffs	-	-	-	-	-	-	-	-	7·5
Timber and wooden manufactures	-	-	-	-	-	-	-	-	3·5
Printing and Bookbinding	-	-	-	-	-	-	-	-	2·8
Gas and Electricity	-	-	-	-	-	-	-	-	0·4
Miscellaneous	-	-	-	-	-	-	-	-	5·9

The preponderance of light industry is startlingly shown in the above table, textiles alone employing nearly half of the factory workers as against less than one-fifth in metallurgy and engineering. If we take the textile and food industries together they account for 55% as against only 28% for the trio: metallurgy, engineering and chemicals. Yet the latter in any truly industrial nation would far outweigh the former. In England, for instance, there are 2·7 million in the heavy industry trio as against 1·3 million in textiles.

Japan's heavy industry consists mainly of plants for armaments production and shipbuilding. Take these away and there is little left, except the electrical industry and locomotive and rolling stock building. If one takes for instance the manufacture of metal working machines and machine tools, Japan cannot supply 50% of her requirements even with her production

¹Figures of the Department of Commerce and Industry in *Kokusei Gurafu*, 1935.

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figure pushed up 66% in 1934 over 1933. The production of machine tools, requiring both skill and a quality of steel as yet hardly made in Japan and having to be imported, has progressed only a little even since 1931. The value of the total production in 1933 was only 7,898,000 yen.

Again, the total number of those engaged in making engines is only about 10,000 and the value of the total product about £3½ million, at its present maximum figure, as compared with England's 1924 production valued at £13 million. Yet engine construction is one of the most important branches of 'machine building' in Japan.

It is of course true that light industry, in particular textiles, employs a proportionately larger number of workers than metallurgy or engineering, and this disproportion is further accentuated in Japan by the existence of so many small factories with little machinery. Nevertheless this fact does not do away with the discrepancy in the importance of light and heavy industry in Japan. If we examine the figures of the total annual value of the output of Japan's various industries, we find textiles and other light industries swamping the rest, in spite of the fact that the prices of Japanese iron and steel and machinery are abnormally high monopoly prices. In table xvii, page 82, figures are given for 1929 and 1933 to show the position before and after war orders had raised the figures for iron and steel, both as regards quantity and price, to record levels.

Although the heavy industry and chemicals group make a better showing here and have enormously increased their share since 1929, nevertheless as against their combined percentage of less than $\frac{1}{2}$ in 1929 and not quite 40% in 1933, textiles and food-stuffs alone still account for roughly one-half of the total value of Japan's industrial production. Rayon is included under the chemical industry in the above calculations.¹ If only metallurgy and engineering are considered, in spite of all the advantage a comparison according to the gross value of the product gives these industries selling only on the home market at monopoly prices, they account for merely 22% of the total. As against this in England the net value of the production of metals, machines, implements, and conveyances, i.e. of the same industries as those

¹Rayon, 104 million yen 1933; 45 million yen 1929.

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included in 1 and 2 in the table below, came to 37·4% of the total value of the product of all manufacturing industries. If gross values were considered, as for Japan, the percentage would be a good deal higher in view of the large percentage cost of the raw material in metallurgy and engineering.

XVII

VALUE OF TOTAL PRODUCTION OF FACTORIES ACCORDING TO INDUSTRY

(Includes all factories with equipment for 5 or more workers)

	1929		1933	
	In thousand yen	Percentage of total	In thousand yen	Percentage of total
Metals	689	8·9	888	11·7
Machine and Tools ¹	682	8·8	805	10·7
Chemicals	1,078	13·9	1,300	17·2
Total above 3	2,449	31·6	2,993	39·6
Textiles	2,998	38·8	2,696	35·6
Foodstuffs	1,125	14·5	1,017	13·5
Total textiles and foodstuffs	4,122	53·3	3,713	49·1
Ceramics	220	2·8	212	2·8
Lumber and Wood-work	194	2·5	183	2·4
Printing	183	2·3	169	2·2
Gas and Electricity	50	0·6	—	—
Bleaching, Dyeing, etc.	302	3·9	—	—
Miscellaneous	247	3·0	282	3·7
Total	7,767	100	7,554	100

Moreover, this table seriously underestimates the value of the products of light industry since it only takes account of the products of factories where at least 5 operatives are employed, and we have already seen what a large rôle is played by the small workshops employing less than this number and by domestic industry. For instance, in the case of the toy industry, which here

¹Includes all engineering, shipbuilding, locomotive production and electrical engineering.

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comes under 'miscellaneous', the value of its exports is now larger than the total value of its factory production. Hence all estimates based on the value of the product seriously overestimate the importance of heavy industry.

The fact that even in engineering a large rôle is played by the small workshops and by domestic industry,¹ constitutes a grave weakness, inasmuch as such workshops possess no high precision machinery or tools, which are too costly for their very meagre resources. This defect was recently discussed in an article by Lt.-General Katsura Hayashi who, in co-operation with the chief of supplies of the War Ministry, wrote a pamphlet entitled: *How will our industries operate in the event of war?* Organisationally the small engineering workshops have been linked up with the big enterprises which farm out to them part of their contracts for machine construction. That is to say, various parts are made in the small enterprises and completed or assembled in the big factory.² This system, whilst calculated to utilise to its utmost limits the whole productive capacity of the country, is nevertheless a dangerous and wasteful one when it comes to machines or armaments in which accuracy and exactitude according to specification are of primary importance. It has been suggested that one of the reasons for the excessively large number of flying accidents in Japan is the technical defects of the aeroplane engines, arising from the failure of the manufacturers of the various parts to keep strictly to standard.

In particular, the new branches of engineering—aircraft and automobiles—which have grown up out of the shipbuilding industry and the ordnance and tank departments of the arsenals, are obliged to have a considerable number of their parts manufactured in small enterprises.

¹Only 34% of the machinery produced in Japan comes from factories employing 500 or more workers as against 45% from medium sized establishments (50-500) and 17% from those employing only 5-9 workers.

²Jiji, 13.2.1933, writes: 'It is believed that in view of the big demand the armaments industry will as hitherto transfer the second rate contracts to small enterprises but to a larger number than last year. The basic factories producing for the army in 1933 numbered 644 and the second rate enterprises numbered 788. Thus the total number of enterprises working for the armaments industry was 1,422. In 1933 it is proposed to double this figure.' According to the book, *If Japan Goes to War*, by Tanin and Yohan, the Ministry for War already has to deal with 3,000 enterprises.

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An article published in a Japanese paper¹ shows that the firm which secures an army or navy contract for aeroplane manufacture actually has to secure the co-operation of about 450 small 'factories'. Nor is this all, for each of these tiny enterprises sub-divides its work among a few other workshops or even households. In fact the organisation of this essential war industry resembles that of bicycle manufacture (see p. 93). There are some four big enterprises which finance the making of the various parts and assemble the finished planes. There is little doubt that it is this system of production which accounts in large part for the inefficiency of the Japanese Air Force and the low level of civilian flying, for engines made under these conditions are necessarily of low quality and very unreliable.

In the production of capital goods Japan does not even compare with England. Even in shipping, her foremost branch of heavy industry, the tonnage launched is only 11% of Britain's,² although the British shipbuilding industry even in 1929 was in a very depressed condition working far below its productive capacity. As regards the total tonnage possessed the latest figures (1935) show Japan with only 4 million tons as against Britain's 17 million, i.e. less than one-quarter. Nevertheless in this respect it must be admitted that Japan is not so unfavourably situated.

It is with respect to the figures of machinery production as a whole that Japan appears as a veritable pygmy compared with England.

In 1929 with the yen at par the Japanese machinery and engineering industry produced goods to a gross value of £68 million. The corresponding figure for England was £472 million.³ These figures for both countries include shipbuilding, vehicle building and automobile production.

True that Japan has very greatly increased her production figures since the 'Manchurian affair' in response to the enormous military and naval demands and assisted by the depreciation of the yen, the boom in the export industries, and the newly

¹*Nichiro Tausen*, 29.9.1933.

²165,000 tons in 1934 against Britain's 1,522,000 in 1929.

³Figure from the report of the Balfour Committee on Industry and Trade: *Further Factors in Industrial and Commercial Efficiency*, Appendix II, pp. 60-61.

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begun exploitation of Manchuria. Nevertheless, the figure reached in 1934 is only 1 milliard yen, which although it represents a 47% increase on 1929 in yen values, is only equal to £58 million at the current exchange rate. This is not to deny that a big advance has been made but the advance is in part represented by inflated prices¹ and not entirely by increased production. Japan has not achieved anything approaching independence in machinery production since imports have also risen. In fact the extra demand from Manchuria which has led to an export of machinery from Japan to her puppet kingdom, which export incidentally has somewhat turned the heads of the Japanese economists, has led to increased imports to fill the gap in the Japanese supply. Imports amounting to over £8 million in 1934 still supply 14% of the demand for machinery since Manchuria must be counted as Japanese territory.

If we add Japan's imports of iron and steel—other than pig iron—amounting to 145 million yen in 1934, it becomes very clear that Japan has no surplus of capital goods to develop her newly conquered territory. Indeed, far from being able to export capital goods she has to import them for her own use as well as for that of her colonies.

It is the undeveloped state of heavy machinery production (engineering equipment and equipment for the armament industries, steam turbines and mining machinery) which is felt in Japan as her gravest weakness since it is precisely such enterprises which are needed for the rapid transition to the production of war materials on a large scale.

The largest items on Japan's import list are internal combustion engines, metal working machinery, parts of automobiles and firearms. She does not even manufacture enough sewing machines to meet her requirements and has to import a large part of her spinning machinery although she now produces her own looms. The largest of the spinning and weaving machinery makers in Japan can only turn out about 60,000 spindles per annum and the much vaunted Japanese invention, the Toyoda loom—one of the few inventions ever made by Japanese en-

¹In October 1935 the index of wholesale prices of metals according to the Mitsubishi Economic Research Institute stood at 218·7 with December 10, 1931, as 100.

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gineers—was not found a success when Vickers undertook its manufacture for sale in European markets.¹

What then of the newest branches of Japanese industrial production: automobiles and the chemical industry? Ford and General Motors both have large assembly plants in Japan and the great majority of the cars sold are theirs. Such native Japanese automobile production as there is has sprung up over the last 3 or 4 years only and directly in response to War Office orders for tanks and trucks.

There are only a few firms and since they cannot supply anything but a small quantity, and this of inferior quality, the bulk of the army orders has still to be handed over to Ford and General Motors. In 1933, 17,790 cars were sold in Japan of which only 10% were made in Japan. The bulk of the remainder came from the assembly plants. This in spite of the fact that since 1928 subsidies have been given for the manufacture of automobiles, and even to the owners of cars fit for military use, and in spite of a 42% duty on imported parts, a 35% duty on imported engines and an even higher duty on completed cars.

There is only one car per 800 persons in Japan as against one per 22·4 persons in England, and 4·79 in the U.S.A. Moreover, in Japan horse transport is almost non-existent and the loads which are not carried by automobile or railway are carried by human beings. Although the coolie pulling or dragging enormous loads is not the typical figure he is in China, he can nevertheless very frequently be seen, not only on Japan's country roads, but even in her big cities. Indeed the greater part of the automobiles she possesses, viz. 63%, are passenger cars, taxis, private cars and buses, and only 34% are trucks. (The remainder are special cars, i.e. cars for military purposes.)

If the latest schemes for building new automobile works, and for adapting certain machine building works for automobile production, are carried out, the output capacity of this industry will by 1937 be two or three times greater than in 1934 when it was 9,700 autos and 1,370 tanks. Actual production that year was, however, only 2,701 autos and 380 tanks.

This maximum output capacity of less than 10,000 automo-

¹See account of tests of automatic looms showing the Toyoda as the least satisfactory in *Journal of the Textile Institute*, March 1932.

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biles compares with an actual output in 1934 of 342,499 in England, 45,551 in Italy, 52,400 in Germany, 175,000 in France and 1,370,728 in the U.S.A.

Automobile production being so slightly developed, and the military authorities appreciating the great importance of this industry, large subsidies are being paid by the War Department under the 'Act for the Protection of Manufacturing Motor Cars for the Army'. This is inducing various machine building enterprises to embark on automobile production. The lead in this development is being taken by the shipbuilding enterprises, i.e. by Mitsubishi. Without subsidies no automobile industry could develop now any more than in the past, since Japan's technical backwardness is reflected in the extremely high costs of production in both this and every other engineering enterprise. Moreover, since the civilian demand is extremely small, and since profitable automobile manufacture requires a very large output, the industry could obviously not develop on its own. The chairman of the Dzidosha Seijo Automobile Co. has stated that in order to build up a big automobile factory they must be prepared to lose 5 million yen a year for at least 5 years, and this means in Japan that a State subsidy of this amount is demanded.

Civilian flying is hardly developed at all in Japan in comparison with other great countries. One frequently reads articles in the Press bewailing this fact and giving various explanations for it: lack of capital, geographical conditions, the view that civil aviation is merely a reserve for military aviation, the existence of so many fortified zones over which aviation is prohibited. This latter reason is regarded as a very important obstacle.

Japan has indeed got an Imperial Aeronautical Society to encourage civilian aviation. This society has been in existence for 20 years, but has contributed nothing to the development of flying. It has been unkindly described as existing solely for the purpose of giving medals and other honours to foreign aviators coming to Japan in airplanes and of holding funeral services for the Japanese victims of aviation.

There is only one company—the Japan Air Transport Company—interested in commercial aviation, and a few years ago, in spite of the large subsidies it has for years received from the Government, it could not even run a regular service between

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Osaka and Tokyo. Today it has got as far as opening air communications between Japan and Manchukuo. There are only 152 non-military aeroplanes in Japan as against 1,055 in Britain, 1,072 in Germany, 1,654 in France and 9,284 in the U.S.A. As regards military planes, Japan has only 1,000 against 3,000 in the U.S.S.R.

It is roughly true to say that no large scale engineering enterprise in Japan has arisen except in response to a war demand and with the assistance of the Government. This applies to iron and steel production, which are exempted from taxation as well as given high tariff protection, and it applies equally to all kinds of machine manufacture, shipbuilding, automobile and aeroplane enterprises. Just as the manufacture of armaments was the first Western industry to be introduced into Japan, so, together with shipbuilding which is also Government subsidised for naval purposes, it has remained the most important—barring textiles.

Around the armaments industry there are grouped its auxiliaries. In the words of the authors of *Merchants of Death*—‘Japan has a “National economic system” which clusters around the arms factories like a medieval town encircling a baron’s castle.’

This is a particularly apt description of the system of manufacturing aeroplanes but it applies also to other branches of engineering.

However, there exist in Japan not only this ‘medieval town’ arisen to provide for the wants of the Samurai of today—but also, if one continues the analogy, free towns of a new bourgeoisie, viz. the textile manufacturers and makers of a few other lines of consumers’ goods for export. These industries have grown naturally out of handicraft and domestic industry without State aid. They represent the true capitalist development of Japan and they are incomparably sturdier and more advanced in technique, skill and organisation than any branch of heavy industry which produces by command of the feudal owners of the country’s wealth and political power.

But owing to the strength of the feudal survivals, as will be analysed in Chapter VII, this wing of industrial enterprise, representing spontaneous capitalist development from the ranks of the middle class, is itself unhealthy and lopsided. It has not the freedom to develop unhampered to full stature in all its

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limbs. The medieval baron prevents this. In other words large scale capitalist industry on modern lines is unable to develop in all branches of production both on account of the smallness of the internal market and, or, because of lack of capital. It has remained confined to the production of those consumers' goods which can be exported, and which require comparatively little capital to initiate.

It is not the intention of the author here to dwell any length of time on the subject of the cotton industry with which an earlier work has dealt fairly exhaustively.¹ Its enormous importance to Japan's national economy can immediately be seen from the previous tables.

Since my study of the Japanese cotton industry was written that industry has advanced to take first place in the world market with regard to the quantity of its exports and has ousted Britain from her century old supremacy.

Meantime, however, the quantity of cotton goods sold in Japan has been greatly reduced, reflecting the ever worsening economic position of the peasantry, the lower middle class and the workers. The further Japan's trade expansion extends the more her home market contracts, since that expansion is based on the ever cheaper labour costs of production, made possible by the ever more miserable conditions of the peasantry whose daughters are the workers in the cotton mills.

The position of the woollen industry illustrates Japan's present disadvantages when it comes to an article in which the imported raw material forms the larger part of the costs of production, and so partly outweighs the advantage of cheap labour and exchange depreciation. It also illustrates the comparatively slow progress of an industry which caters mainly for the home market. Exports by 1934 were seven times as large in yen values as in 1932, but only amounted to a total of 30 million yen (about the same value as that of toy exports), and were mainly to Manchuria and China. The gain through yen depreciation which enabled the Japanese manufacturers to capture the home market was a limited one, since the majority of the population are far too poor to buy cloth made of wool, although winters are as cold or colder than in England. By 1934 the industry began to

¹*Lancashire and the Far East*, by Freda Utley, G. Allen and Unwin, 1931.

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find itself in difficulties and production of yarn was 7% less than in 1933 in spite of the increased export. Imports of wool fell 25% in quantity and by the end of the year the Wool Industrial Association was curtailing output by 48%. As yet the finishing of tissues made of wool is not sufficiently perfected to make Japanese goods competitive with those of Europe or the U.S.A., and in any case Japan also suffers from the remoteness of markets and import restrictions. The great markets of the Far East which made the prosperity of her cotton industry are, like the Japanese home market, too poor to buy much woollen and worsted. Accordingly the woollen industry is likely to remain small in stature in comparison with cotton or rayon.

In the woollen industry the concentration of capital, with the advantages this gives in organisation, technique and sales, has proceeded much less far than in cotton and rayon. Not only does the very small enterprise of 30 to 50 looms, coupled with household industry, play an even larger rôle in weaving than in the cotton industry, but even the spinning of worsted yarns is not yet all under the control of a cartel.

The rayon industry suffers from none of the limitations of the woollen industry and has during the past 5 years been making gigantic strides forward side by side with the cotton industry. In 1934 the value of artificial silk exports at 113 million yen was nearly a quarter of the figure for cotton piece goods. Japan has indeed become the world's largest exporter of artificial silk and is second only to the U.S.A. as a producer.

Rayon yarn and cloth are mainly produced in large factories, frequently by the same companies that own the cotton mills. In fact more than half the capital invested in rayon comes from the cotton spinners. Six companies alone produce 80% of the total production, so that this is an industry in which capital concentration has gone very far and which has nothing in common with the small scale industries we have surveyed.

Japan's emergence as one of the main world producers of rayon has occurred during the past 4 years. Production has increased at such a pace that in 1934 it was 54% larger than in 1933 and five times as large as in 1929. It now constitutes 18% of the world's total.

The rayon producers have an advantage over the cotton

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spinners since proportionally the raw material—wood pulp—costs much less and the advantages of cheap labour are accordingly even greater. Chemicals and electric power which constitute a larger proportion of the cost of production than in cotton yarn are in yen values. Accordingly so long as the yen remains depreciated the rayon manufacturers are able to make even larger profits than the cotton manufacturers,¹ and to produce corresponding qualities at a lower price. For instance, whereas the material in the medium count of cotton yarn known as 44's, accounts in Japan for 80% of the cost of production, in the corresponding grade of rayon, pulp accounts for only 22 to 23%.

In a word the Japanese rayon manufacturers, having the same advantage as the cotton spinners with regard to cheap labour, have a greater advantage as regards raw material costs. So colossal have the profits of the rayon companies been since 1932 that it has been calculated that the entire cost of a new plant could be written off in 2½ years. During the first half of 1934 profits rose to their maximum, amounting to 56·5% of the total capitalisation of the 6 leading companies. The rayon manufacturers now claim that they can undersell the whole world not only in rayon but in corresponding grades of cotton. Rayon's gain has to a large extent been natural silk's loss and has been disastrous for the agricultural section of the population, as will be shown in the next chapter.

Rayon manufacture should really be considered as part of Japan's successful development of a chemical industry. Her chemical industry has been stimulated and assisted on account of its military importance. It is well known that rayon factories can quickly be converted into explosive factories. Similarly the manufacture of ammonium sulphate has been encouraged, mainly on account of its importance to the munitions industries in war time. Japan and Korea now have a production capacity beyond their current consumption, viz. 1,625,800 tons in 1935 against a consumption of 1,020,000. Accordingly, Japan has a surplus for war requirements although not a large one.

The fact that the heavy chemical industry, like iron and steel,

¹The production cost of 120 denier medium quality ranges between 50 yen and 60 per 100 lbs. which in 1934 was below the cost of the corresponding quality of cotton yarn (44's). See *Japan Advertiser*, Annual Review, 1934-35.

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has developed in response to war demands, not according to the internal market demand, is shown by the fact that the hectic growth of ammonium sulphate production has not been paralleled by any similar increase in the production of superphosphates. For although phosphates are equally necessary for the rice fields, they unlike nitrogenous fertilisers—of which ammonium sulphate is the principal—have no military value. Accordingly, whereas the production of ammonium sulphate has increased threefold since 1929, that of superphosphates has only increased from 947,204 tons in 1929 to 1,125,000 in 1934. The productive capacity of the ammonium sulphate industry at 1·6 million tons means a 540% increase over the 1929 production. In 1931 a licence system was imposed on imports of ammonium sulphate 'on account of the national need of protecting a potential war time industry'.

Since the decline of the yen such protection has ceased to be necessary, although Japan still imports some ammonium sulphate—probably because she is accumulating war time reserves from her own production.

Japan is self sufficient in caustic soda and exports a few thousand tons. Cement is another industry of great importance in war time for fortifications, roads, etc., and Japan, although working at only 50% or 57% of capacity, has a surplus of cement for export. The small consumption (4 million tons including Manchuria) shows the small amount of construction work on roads, harbours, large factories or other buildings of solid construction.

When one has dealt with the above goods one has come to an end of the exporting industries in which large concentration of capital and up-to-date technique are predominant, although not universal.

If one turns to any other of the industries whose products have of recent years appeared on the world market, from rubber goods and toys to bicycles, or to pottery which has for long been an export article, one finds the small scale enterprises predominating and in some even domestic industry playing an important rôle.

According to the *Oriental Economist*¹ 'Miscellaneous industries',

¹September 1934.

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operated by workshops employing 5 or less workers, keep in employment 2½ million people and their share in Japan's export trade is 104,000,000 yen.

Take for instance the rubber goods industry. Japanese rubber shoes are widely sold in India, China, Africa and even South America. A large proportion of the population of these poorest of countries who used to go barefoot now wear Japanese rubber shoes. Yet according to a report in the *Trans-Pacific* of 2 January 33, with the exception of tyres and tubes, most rubber products are made in households. Although this is presumably an exaggeration the official figures show that there are as many as 748 rubber works and that 50% employ only 5-30 workers. As in so many other Japanese industries, the parts are given out to be made in households and assembled or stuck together and finished in a small factory.

Similarly with regard to bicycles, although one might have imagined that these would naturally be produced in fairly large modern factories. Not only does Japan export bicycles, but there are probably no cities in the world where the bicycle seems so ubiquitous as in Japan. The push bicycle is to a large extent Japan's substitute for the automobile and the horse, and the acrobatic feats performed by tradesmen's delivery boys on bicycles balancing enormous weights on one uplifted hand are one of the wonders of the streets of Tokyo and Osaka, and the cause of frequent accidents to pedestrians and taxis. The narrowness and poor state of most Japanese roads, as well as the general poverty of the country, prevent any large extension of motor traffic. The production of bicycles is regarded in Japan as mainly artisan's work suitable for home and small workshop industry. There are some 770 'factories', of which 367 employ less than 5 workers. These numerous little establishments are engaged in making parts of bicycles and only the assembly factories are fairly large enterprises. There are only two in Tokyo and one in Nagoya. The 770 factories occupy the rôle of domestic production in certain other industries, being directed and financed by the big enterprise which gives out the material and collects the finished parts.

If one turns to iron manufacture and cutlery one is back again in the medieval setting of hand labour. Nails are still made by

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hand even in Tokyo, and, as regards cutlery, in the main centre, Sakai near Osaka, there are some 500 manufacturers employing for the most part less than 5 workers.

Japan's pottery and porcelain industry whose products appear on the world market in large quantities, not only in the Far East but also in the U.S.A. and Europe, is mainly a village household industry. As illustrating the contraction of the home market during the past three years of Japan's phenomenal trade expansion, it can be noted that although exports have nearly doubled since 1932 production has remained at about the same figure.

It would be wearisome to go into any more precise detail of the size of establishments for each industry. Enough has been said to show that in almost every branch of industry the small enterprise and domestic industry play the most important part.

In every important branch of engineering the big trusts which dominate Japanese economic life have an interest and own factories. In fact they own practically all the large scale enterprises whilst at the same time financing and organising domestic production and artisan production. Why is it that they do not develop and extend the large factory? This is the riddle which continually presents itself to the investigator of Japan's national economy. The answer to this seeming riddle is given in Chapter VII. Here it is sufficient to call attention to the narrowness of the home market and the intermittent nature of war demands, which are the only demands which in Japan stimulate the development of heavy industry. Exports are in normal conditions not to be expected on account of the high costs of production of Japanese machinery. It can also be noted here that whereas the workers in a large scale factory can and do strike for better conditions in spite of police terror, this is impossible for a scattered multitude of artisans and house workers. The latter are, in fact, just as dependent on the big capitalist as the factory workers, but they are even more defenceless.

That the extension of domestic industry and of small local enterprises is to a considerable degree a deliberate policy can be seen from articles, speeches and public pronouncements. The 'Military Fascists' have for long been preaching 'Industry to the village' as a solution for agrarian distress, and the Ministry of

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Agriculture has recently been working out plans for the encouragement of industrial activities in rural communities.

The following extract from an article by Viscount Ohkochi, published in the September 1935 issue of the semi-official *Contemporary Japan*, is of considerable interest as describing the type of village industry already in existence, as well as showing the plans advocated for a far going extension of rural domestic industry.

'I myself run a factory in a certain village in Niigata prefecture for the manufacture of piston rings used in the engines of automobiles and airplanes. There are some 600 workpeople in this factory of whom 500 are women. . . .

'The excellent results obtained at my factory are due mainly to the use of specially devised machines and the discarding of machines of the old type. The women are recruited from the surrounding villages and live in some instances about 3 miles away. They give eloquent testimony that in this particular kind of work women can attain even greater efficiency than men.'

'It would be a good thing if the machines necessary for the production of power and for the manufacture of parts be loaned to individual homes by the village factories, and if the management of the factories go the round of the homes to see that there is an adequate supply of materials and to buy the products if found satisfactory.'

Viscount Ohkochi further insists that the universal machine tool requiring skilled labour has had its day and that the single duty machine tool of today can be easily operated by unskilled women's labour. He recognises that the iron and steel and chemical industries cannot be transported to the village, but specifies the following as easily transferable: fine machinery, electrical appliances, automobile and bicycle parts—in fact most of those industries in which the value is created more by labour than by the raw material.

In spite of the rosy picture drawn by such public men as Viscount Ohkochi, domestic engineering production is not as skilful and accurate as that of a trained and permanent labour force.

For this we have the word of the military authorities.

Furthermore, where are the mechanics needed to construct and keep in repair the 'single task machine tools' to get their training and experience if nothing is left of the factory or workshop but an assembly plant?

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The Japanese lack of a skilled force of permanent engineering workers and the prevalence of household industry leads to a generally low level of engineering technique,¹ to the unreliability of Japanese aeroplanes and automobiles and to the absence of mechanical inventions and mechanical skill. The Japanese are still vitally dependent on the West for all machinery which is at all complicated, and they have shown no signs of inventiveness with regard to the peculiarly Japanese industries where there is no Western model to copy.

¹Whereas the gross output per person employed in the production of engines was £370 per annum in England in 1924, in Japan it was only £185 in 1931. In shipbuilding the output per worker is 3·3 tons in Japan as against 9 tons in England.

CHAPTER IV

Agriculture

No other aspect of Japan is so important as her agriculture for an understanding of the causes of her lopsided development and of her fundamental weakness, and for an appreciation of the reasons for her present headlong course of aggression in China. The low level of technique in her agriculture constitutes her major economic weakness and the condition of her peasantry constitutes her basic social and political weakness. We have already seen how strong are the pre-capitalist features of Japan's industrial organisation, but in agriculture the feudal survivals occupy the foreground, not the background of the picture. It is these feudal survivals, or Asiatic backwardness, which not only prevent the introduction of modern technique in farming, but also hold back the all-round development of modern industry, since they prevent the accumulation of capital and restrict the size of the home market.

It is Japan's unsolved agrarian problem which like a canker poisons her national life and drives her ruling class to perilous military adventures in a vain effort to escape the Nemesis which awaits them at home. It is the position of the peasantry which is at one and the same time the cause of the flowering of the Japanese textile industries—which owe their success to the abundance of cheap female labour from the villages—and of the stunted growth of her heavy industry and the widespread survival of handicraft production. Japan's agrarian problem is at the root both of the excessively low wages paid in her industries and of the high cost of her food; it is her agrarian problem which accounts for her being at the bottom of the scale as regards the amount of non-human labour power expended in production, and for the low total value of her national wealth and income. Here is a Great Power with the third largest navy in the world, and aspiring to the hegemony of all Asia, whose peasantry live

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and till the ground with practically the same primitive implements and in practically the same way as their ancestors centuries ago, and who are exploited by a host of landowners and usurers in much the same manner as they were before the 'Revolution' of 1868. For most of the Japanese peasantry still have to render up half or more of the harvest from their tiny farms as rent in kind to a landowner. They still cannot for the most part eat the rice they bring forth from the soil by hard, unpleasant and unremitting labour, but even at the best of times have to live on barley, millet, sweet potatoes and some imported rice of inferior quality. They are forced to sell their daughters into what is practically slavery in the brothels of the towns, or to send them as indentured labourers to the factories, or to supplement the meagre returns from agriculture by sericulture or some other domestic industry in which their women and children work unlimited hours undisturbed by any Factory Acts. The standard of life of the Japanese peasantry is on a feudal or colonial level little higher than that of the masses of the Chinese or the Indian peoples, and actual famines have occurred in various districts of recent years. A detailed description of the terrible poverty of the peasantry will be given in the next chapter. First it is necessary to survey the main economic facts relating to Japanese agriculture and to indicate the historical reasons for the backwardness of her agricultural development.

Owing to the mountainous nature of the country only 18.9% of Japan's total area is arable land and 15.5% is actually cultivated. On her 5.9 million hectares of cultivated land there are now 5.6 million farm households, i.e. a little less than half of the total number of households in Japan, and somewhat over half the total population of the country, since the average size of the 'farming family' is larger than that of the town family. Although the percentage of households occupied in agriculture has gradually diminished from year to year, the absolute figure continues to increase at the rate of some tens of thousands yearly, so that the land is called upon to support more persons every year. In other words industrial development has not at any period kept pace with the increase in population, so that pressure on the land has continually increased. Thus, whereas in 1929 the total number of households was 5½ million, by 1932 it was 5.6 million.

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At the same time the cultivated area is slightly less than 15 years ago, so that the increase in population has in no way been provided for by extension of the arable land. Although it is true that the greater part of the arable land in the main islands is already intensively cultivated, there are considerable areas which could be brought into cultivation if capital were available, but as in all else appertaining to Japanese agriculture, capital never is available.

Since the number of families on the land has increased, and the cultivated area has somewhat decreased, the number of those engaged in cultivating each hectare of land has increased.

If one considers only the occupied adult population, 53% in 1920, and 48% in 1930, were working on the land either as peasant proprietors or as tenants or as labourers (viz. 14,128,000 out of a total of 27 million in 1920 and 14,156,000 out of a total of 29 million in 1930).¹

The total of 5,642,509 families cultivating the land is divided up as follows:

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	<i>Proprietors</i>	<i>Tenants</i>	<i>Part tenants and part proprietors</i>
Total Percentage	1,754,537 30·6	1,498,596 26·7	2,389,376 42·7

As may be imagined, most of the peasantry cultivate farms so small that in America, and even in most parts of Europe, they would be called gardens. The total area cultivated would, if equally divided, give less than $2\frac{1}{2}$ acres per family. Unequally divided as it is, 34·5% work an area of $1\frac{1}{5}$ of an acre, another 34·3% between $1\frac{1}{5}$ and $2\frac{1}{2}$ acres; and 22% an area of just under 5 acres. Only 1·4% have more than $12\frac{1}{2}$ acres. This means that 69% work plots of $2\frac{1}{2}$ acres or less. If we consider only land owned, and exclude tenants, the proportion of tiny holdings is even higher, viz. 49·7% with less than $1\frac{1}{5}$ acres and another 25% with between $1\frac{1}{5}$ and $2\frac{1}{2}$ acres.

¹Since the total population increased at a greater rate than the working population between the two dates it would appear that more juniors were included in the working population at the earlier date.

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Nevertheless, small as are these plots they could support their cultivators were they allowed to retain possession of the rice or barley they produce, or to sell it for their own profit; that is to say, if they were free of the tremendous burden of rent, taxation and interest, and were able to buy fertilisers at non-monopoly prices. But as shown above, nearly 70% of the farming households are tenants for all or part of the land they cultivate, paying from 50% to 60% of the harvest to a landlord. Of the remainder about half goes on fertilisers. As regards the small peasant proprietors, taxation, monopoly prices for industrial goods and the necessity of borrowing at usurious interest rates in years of poor harvest, have long ago reduced them to such a state of indebtedness that their condition is little if at all better than that of the tenants. In fact, those classified as peasant proprietors may be just as much *de facto*, though not *de jure*, tenants as those classified as such, since they are frequently paying nearly as much in interest to usurers as the tenant pays in rent, and are in addition burdened by very heavy taxes.¹

Japanese statistics obscure the distinction between landowner and peasant proprietor. In view of the large number of petty landowners, this failure to distinguish the one from the other has serious defects when one attempts to get a picture of the Japanese village, and to estimate the number of the entirely parasitic elements on the land who do no farming themselves and live on the produce of the cultivators. Nevertheless, it is possible to calculate the number of landowners who let their land although the number is not clearly stated in the official statistics.²

In 1932 there were 975,838 landowners. The peculiar nature

¹As Professor Tawney has pointed out in connection with China—‘Ownership and tenancy are somewhat treacherous terms. Their legal is not always identical with their economic connotation’ (*Land and Labour in China*).

²The statistics of the Department of Agriculture and Forestry give figures for the number of households of cultivators at 5,642,509 and another figure for the number of ‘owners of arable land’, viz. 5,120,338. By deducting from the former figure the number of tenants 1,495,596, one gets the number of ‘owners’ (i.e. peasant proprietors) less landowners, viz. 4,144,500. Accordingly the difference between 4,144,500 and 5,120,338 gives us the number of landowners: 975,838.

These and previous figures in this chapter are the figures for 1932, which are the latest available in the 1935 *Statistical Abstract of the Department of Agriculture and Forestry*.

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of Japanese farming leads the richer peasants who own more land than they can themselves cultivate to let out some of it to a tenant or several tenants, rather than cultivate it by hired labour; and leads the landowners who do not farm at all to let out their lands to a multitude of tenants instead of to one or two large farmers as they would do in England. With some rare exceptions no landowners have undertaken large scale modern farming with machinery or even large scale farming with animals to draw the plough. The landowner has seen a surer and an easier profit by letting his land in small parcels and receiving half or more of the produce as rent. He has to invest no capital and runs no risk. Such landlords are entirely parasitical and there are nearly a million of them in Japan.

If at the Restoration of 1868 the peasants had really been freed from their feudal burdens and left to develop as free peasant proprietors, even indeed if fixed cash rents had been substituted for rents in kind, the rise in prices would have gradually eliminated the old type of purely parasitic landowner and the peasants would have had a better chance of controlling the rice market. At the same time there would have been a gradual differentiation of wealth among the peasantry, so that some would have become rich and others lost their lands altogether and become labourers. Capital would have been accumulated in the hands of the more successful peasants, and large scale modern methods of cultivation would in time have been introduced. Japan would not today have been a country where the real costs of production in agriculture are excessively high and the output per man, as distinct from that per acre, excessively low. The continuation of rent payments in kind, combined with heavy taxation by the State for an artificial fostering of urban industry and for armaments, have prevented a capitalist organisation of agriculture and the introduction of modern technique. The possibility of capital accumulation in the hands of the peasantry, and so of the ownership of the land passing into the hands of richer farmers, and out of the hands of both parasitic landowners and the poorer peasantry, has been precluded by the feudal survivals. It is of interest to note that in the Turkish Empire payment of taxes in kind similarly preserved the old forms of production until quite recent times.

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At first sight it is difficult to reconcile the position of the peasantry today with the fact that they are supposed to have been 'liberated' at the Restoration of 1868, when the feudal aristocracy was bought out by the new State which gave them State bonds in exchange for their rice revenues. The explanation is to be found in the following facts. The peasant under the Tokugawa regime did not usually give up half the harvest to a Samurai, but paid it as a tax to the *Daimyo* (who corresponds to a Baron or Count in Europe), the *Daimyo* paying their yearly stipends to the Samurai from the proceeds. The main exception was in the south, where in Satsuma there were 'go Samurai' or farmer warriors directly owning the land, whose descendants are landowners today. The peasantry, like the Samurai and *Daimyo*, were in debt to the merchant class, many of them having mortgaged their lands in order to pay their taxes or dues to their feudal overlords. Although under the feudal law the peasant could not alienate his land, the evasion of the law had become so prevalent that in effect it was equivalent to the sale of land¹ and by the early 19th century the merchant-usurer class already owned a considerable amount of land in fact though not in theory.² The Restoration Government recognised the fact of this alienation, and many formerly secret tenures were subsequently proclaimed and possession recognised. Thus when the peasants in 1871 were liberated from the payment of the exactions of their feudal lords and made to pay a cash tax to the State instead, most of them, or a very large part of them, were already being exploited by new landlords or by usurers.³ Those who in actual fact became free, without having previously mortgaged their lands, were soon compelled to do so by the need to pay taxes in money. The need to get cash to pay heavy taxation in a country of undeveloped transport and markets naturally soon delivered the peasant into the clutches of trading-usurer capital,⁴ and either turned him into a tenant or burdened

¹Matsuo Takizawa, *The Penetration of Money Economy in Japan*, pp. 73-75.

²See article of Professor Honjo in the *Kyoto University Economic Review*, July 1932.

³For further details concerning the way in which a large proportion of the peasantry failed to get possession of the land on the 'abolition of feudalism', see Chapter VII.

⁴In 1873 the ordinary rate of interest in the country ranged from 12-36% according to McLaren's *Political History of Japan*, p. 88.

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him with such high interest payments that he became landless in fact if not in theory. The process was facilitated by the economic crisis which followed the 'Revolution' and by the foreign wars in which the New Japan soon engaged. The fact that the tax in money was regarded as harder to bear than the former deliveries of rice is witnessed to by the historian¹ and by the riots which occurred when it was first imposed² and which caused a reduction in the rate of assessment in 1872. By 1884 the declared value of mortgages amounted to 16·3% of the legal valuation of all landed property and the actual value of the mortgages was much higher.³ From the figures available of sales in 1883 and 1884 the French historian La Mazalière concludes that if the rate of sales had been continuously as high it would have meant that 20 years were enough to see a complete change of the ownership of land.

Except in the former territory of the Satsuma and Choshu clans where most of the Samurai appear to have maintained possession of their lands owing to the dominant position they acquired at the Restoration, the landlord class today in Japan is not for the most part of Samurai origin, although a number of ex-Samurai in various parts of the country were assisted to buy land by the sale to them of Crown lands at half price.⁴ In other words, the landlord class today is not preponderantly of 'aristocratic' origin. The feudal aristocracy had for a long time before the Restoration been losing its dominant position in the national economy to the rising class of merchants and usurers. Both Daimyo and Samurai were heavily indebted to the merchant-usurer class, or had become socially merged with it through intermarriage, adoption, and in the case of the southern fiefs in particular through the Daimyo and Samurai themselves having become merchants and usurers.⁵

This fact does not, however, matter since the productive re-

¹La Mazalière, *Le Japon, Histoire et Civilisation*, vol. 5, p. 405.

²See Marquis Matsugata's 'Japan's Finance', p. 368, in *Fifty Years of New Japan*.

³La Mazalière, vol. 5, p. 132.

⁴McLaren, *A Political History of Japan*, p. 88.

⁵Japan in 1850 was at much the same level of economic development (and also political development) as England in the 15th century, except that in England the peasants were no longer serfs, since cash rents had been substituted for labour services in most cases.

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lationships on the land were not changed, since capitalist methods of production did not, and have not till this day, penetrated into Japanese agriculture. The number of big estates is comparatively small and even where the ownership of the land is concentrated it is almost always left subdivided into small lots among tenants. This is true even in such exceptional cases where as many as 4,000 acres belong to one family.¹

The big estates exist mainly in the Hokkaido—the northernmost island—which was colonised after the Restoration and where there is some fairly large scale modern farming carried on with hired labour and animal power. But even in the cold Hokkaido, where the type of agriculture called for is along North American lines with machinery, large fields and some cattle and dairy farming, the failure to invest capital in agriculture, and the transference of the old parasitic type of landholding from the main island to this virgin soil, prevent full utilisation of the land and leave large stretches lying waste.

In order to understand why it is that payment of rent in kind, and the cultivation of the land in tiny plots by a multitude of households, have survived in Japan, one must also take into consideration the nature of farming on irrigated land. The yield from such land is, as compared to that from other land, fairly constant. There are good and bad years, but the land always

¹See, for instance, the account of the Echigo plain in 'Some Rural settlement farms in Japan', by R. B. Hall, in the *Geographical Review*, January 1931. More than 4,000 acres are there owned by one family, of which 3,500 acres are in crop and the land is tenanted by 2,486 families or about 14,000 persons. In the Echigo plain there are hardly any peasant proprietors according to this investigator. He further relates how this North-western part of Japan was historically isolated from the Central Government in Eastern Japan by mountain masses, and how accordingly the elaborate system of land laws which elsewhere tended to discourage the growth of great landowners was not enforced. At the same time the large and costly reclamation by drainage which was necessary could only be borne by wealthy individuals, and the author shows how today the largest and wealthiest landowners of Japan, as well as the most serious agrarian problems, are to be found in this part of the country—'The largest landowners of Japan proper are found on the delta plains of the western shores of Honshu (the main island of Japan). Most of these families date back about three centuries. The acquisition of land took place chiefly through money lending, although a considerable amount of reclamation must also be credited to these families. . . . The Shonai plain and the Echigo plain have the greatest landowners.' With regard to the origin of other large estates, see Chapter VII.

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yields something and the fluctuations are not very big. Accordingly, the landowner who receives rent in kind has an assured income since the amount he receives per acre is fixed. It is sometimes imagined, when the statement is made that in Japan the tenants pay on an average 50% to 60% of the harvest as rent, that this means a kind of metayer system in which the produce of the fields is divided between landlord and tenant in an unvarying proportion, the landlord providing seed, etc. This is not the case in Japan, where the landlord receives a fixed number of bushels per acre irrespective of the yield, and where the tenant suffers all the losses in a year of bad harvest. Moreover, since the terms of the lease can be varied at the will of the landowner, he benefits without risk from every extra ounce of sweat and from every extra measure of fertiliser which the tenant puts into the soil. It was in fact until a few years ago about the only form of perfectly secure investment which the small man could make in a country where local banks frequently fail and where investment in firmly established large enterprises is not usually open to him, since these are for the most part family businesses (see Chapter VII).

There has been a continuing tendency for the urban middle class to buy land, or to keep possession of the land it already has, in a country where the small industrialist is always liable to annihilation by the extreme fluctuations of price brought about by the big monopoly business interests, and by the frequent periods of violent inflation and sudden deflation, as well as by the continual difficulty in securing working capital or fixed capital—in a word, by the strangling of the small man by the big monopolists. The small landowner, although he complains that the return on his capital is only about 3%, whereas the ratio on industrial share capital is 10-15% or even more, is rating the capital value of his land excessively high on account of the pressure of population, which enables him to extract such high rents. At the same time he is naturally reluctant to sell out at a big loss and invest in the much riskier venture of industry. The 3% from land used to be as near to a perfectly safe investment as Consols in England before the war, and although ever since 1920 the landowners' income has been falling because of the continuous fall in rice prices, it was not until the world crisis that he suffered actual loss. This loss has resulted partly from the abso-

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lute impossibility of forcing tenants to pay up in full at times of famine as in 1932 and 1934, and partly from the much lower selling price of the rice revenues when they are collected. Nevertheless, as I show later, this 3% return on capital is an underestimate.

What it amounts to is that in Japan the small *rentier* class is not, as in other imperialist countries, composed of the investors in Government bonds, in debentures and preference shares, but of landowners. Land up to the post-war agrarian crisis, at least, if not up to the world economic crisis, had been recognised as the only gilt-edged investment for the small investor. The small man who wanted security did not invest in agriculture as a business enterprise, but purchased land in order to draw half the produce from the tenant whilst risking nothing. For the ever increasing pressure on the land meant that its price was continually rising and the output per acre continually being increased by the use of fertilisers bought by the tenant entirely at his own cost; and the landowning class, with which the interests of the bureaucracy and military are so closely connected, could always bring pressure on the Government to keep up the price of rice for the landlord.

Of course, it is not only a question of directly buying a piece of land and taking half the produce from the cultivator. It is not only a question of the exploitation of the tenant. There are also the large number of small local banks which lend on the security of land and crops, and lending by individuals at usurious rates of interest to the peasant proprietors.

This brings one to the other important factor which keeps the small landowner in existence, and which, in addition to the factor of greater security of investment, accounts for the very high land values in spite of the much larger apparent return on capital invested in industrial enterprises. His position gives the landlord opportunities to make profits by moneylending at rates of interest running as high as 30% and 40%, and by trading with the scales heavily weighted against the small producers, and last but not least, by himself becoming a small industrialist. As it is expressed in the Japanese Press: 'Landed farmers is a better designation for them than landlords; some are provincial business men or industrialists who cultivate their land on the side. Thus

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they are really honest and diligent people, quite different from the great landlords in foreign countries who exploit other people.'

In other words, the landowner is usually not merely a land-owner, he is a petty industrialist, or a money lender, or a trader and speculator at the same time, so that the profit he is making out of the peasants is in reality far greater than the apparent 3% on his capital which he gets from his rents. He may run a small silk reeling establishment or weaving shed or a *sake* brewing factory, or he may possess rice milling machinery.¹ He may be the only buyer, or one of two or three buyers, of produce in the village, and since the peasants are nearly all in debt to him, he gets hold of that part of the crop not delivered to him as rent at a very low price. He can then hold it till the end of the year when the Government artificially raises its price. For it is one of those little ironies so common in Japan that the name of 'relief' to the 'farmers' is given by the Government to its rice buying policy which raises prices a sufficiently long time after the harvest for the cultivators to have already delivered it up to landlord or usurer or trader in payment of interest on debts. To this question of rural indebtedness I return later.

It is, however, particularly in regard to small scale industry that the landowner is in a position of such advantage. Silk reeling, small scale cotton and woollen weaving and a number of lesser small scale industries are run for the most part on the labour of peasant girls and, to a lesser extent, boys. They go to work most frequently in order to pay off the fathers' debts and naturally the landowner to whom the peasants are indebted is in a position to force the young people to work in his little 'factory' on his own terms. Similarly, when the big mills want a recruiting agent it is the village landowner who can supply the labour required by forcing the peasants indebted to him to contract their daughters to go to work off the debt in the

¹Robertson Scott in his *Foundations of Japan*, in which he recounts his observations and conversations during his extensive wanderings over the Japanese countryside, gives many instances of landowners who are also usurers; of others who are *sake* brewers, owners or part owners of small silk reeling establishments, paper making and peppermint plants, starch making establishments, etc.; of others who are shareholders or directors of industrial companies.

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big mills. Hence, incidentally, as the agrarian position has worsened of recent years, the big factories have been relieved of any necessity to seek for labour; the local landowner-usurer can be relied on to supply as much as is required. It is, I consider, these additional sources of profit which go far to account for the high land values and apparently small return on capital invested in land, which have puzzled many foreign investigators. Of course, the money lent out at usurious rates to the peasants by the landowners and petty traders is itself most frequently obtained—through a series of intermediate stages—from the large banks whose agents the petty landowners and traders really are. Hence not only the petty landowning class but the big capitalists have their stake in the semi-feudal exploitation of the peasantry; they get their advantage from it not only in the supplies of cheap indentured labour for the factories but also from their share of the profits of usury.

It is to be noted in passing that since the *rentier* class in Japan consists of parasitic landowners receiving their rents in kind, they frequently favour an inflation policy. As sellers of rice and frequently also as traders in other commodities and as small industrialists, they benefit from a rise in prices. This is in direct contrast to the position in other imperialist countries, where the middle class *rentier* being a holder of bonds or gilt-edged securities or debentures, (a 'coupon clipper') naturally wants deflation as does the landowning class which receives its rents in cash. This fact has important political consequences which will be referred to in a later chapter.

There is little doubt that it is not the peculiarities of rice cultivation, as has sometimes been argued, which keep the small landlord and the small scale cultivator in existence and prevent the formation of big farms and the introduction of modern farming with machinery. It is rather the pressure on the land and the absence of an alternative means of livelihood for the cultivators. The rate of Japanese industrialisation has not kept pace with the increase in her population and such industrialisation as has taken place, being for the most part only in light industry, offers employment to peasant girls but not to grown men. Hence, although the Japanese peasant must and can send his daughters to work in the factories to pay off his debts, or provide the where-

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withal to buy fertilisers, he himself has to remain on the land, however near to the starvation line he may approach. On the other hand, so long as the pressure on the land gives to the landlord the possibility of exacting more than 20 bushels of rice per acre from the hard driven cultivators, he has no incentive to introduce large scale farming with machinery and hired labour. Nor indeed has the small landlord usually got sufficient capital to do so, since the major part of what he wrings from the peasants is passed on to the banks as interest on his debts, or paid to the State in taxation. So long as the Government protects him by its rice policy and general social policy the small landowner will not be driven out of existence, any more than the peasant cultivator will be completely dispossessed and turned into a labourer.

Hence the fact that in agriculture the use of machinery is almost unknown, and even animal power is little used. Although electric light now illuminates the peasant's home when he can afford to use it, there is very rarely any use made of electric power for irrigation or other field operations. The only way in which the benefits of modern science and technique have been brought to Japanese agriculture, besides somewhat improved irrigation, is in the use of chemical fertilisers; but this, whilst greatly increasing the yield per acre, has not lessened the numbers of those working on the land.

As an illustration of how the cheapness of labour, rather than the peculiarities of rice cultivation, prevents the use of machinery I quote the following extract from an account of a new rice farm begun in Manchuria in 1930:

'The new cultivation is to be carried on by a typical modern method of mechanising all works; starting with ploughing and including sowing, harvesting, threshing and purification. The new farming experiment may perform a revolution in rice farming in Manchuria. The S.M.R. Co.'s Agricultural Experimental Station has laid down a sort of motto, crystallised out of the year's experiments, which says: "As wages are bound to rise year after year, labour is advantageous till the wages rise up to 75 sen a day, should the wages rise still higher the use of machinery will be preferable." '¹

There can indeed be no doubt that small scale cultivation without machinery, and with primitive methods of irrigation, is

¹ *Weekly Japan Chronicle*, March 6, 1930.

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extremely wasteful and costly, and that, in the words of a delegate to the Third Conference of the Institute of Pacific Relations: 'The introduction of even the simplest mechanical improvements into the farming of Far Eastern countries is hindered by the fear of displacing labour and by the cheapness of the labour itself.'

That machinery could be applied to rice cultivation is obvious even to the tourist, who from the train or on his walks sees the peasants breaking up the ground with hoes or spades instead of ploughs, irrigating their paddy fields by a treadwheel pump, or breaking off the ears of barley by hand, or winnowing rice. The failure to apply machinery, which means also the failure completely to expropriate the small cultivator and establish large plantations, must be regarded as a consequence of historical as well as purely economic circumstances in Japan, insofar as it is explained by the political power wielded since the Restoration by the landowning class, and by the desire of the ruling class to preserve the peasantry as a great reservoir of man power in war. At the same time the diversion of so much of the national income for war purposes, ever since Japan's foundation as a modern State, has, by hindering general industrialisation, kept the peasants on the land; whilst the possibility of continually rendering the land more productive by 'sweating' the peasant more has removed the incentive to expropriate him completely and introduce capitalist farming methods. Above all the payment of rent in kind, by ensuring the landlord an ever increasing income as the yield has been increased by the use of chemical fertiliser, has kept the land divided up into an enormous number of tiny farms. Fundamentally, therefore, it is the feudal survivals, or Asiatic backwardness, of Japanese agriculture which have prevented the application of mechanical farming methods.

Let us now come to a consideration of the high real cost of production of Japanese rice, or, in other words, to the question of the small surplus produced by the labour of her 5½ million farming families. In the first place one has to consider how wasteful of human energy is the small scale production which demands that the maximum amount of human labour be applied literally to each grain of rice. In the second place, the very

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large number of landlords means that a large part of the rice produced and delivered as rent is consumed by the landlords and not brought to the market at all. It is this fact which to a considerable extent explains the greater cheapness of rice grown in other countries with a similarly low level of technique and a much lower production per acre. Hence arises the paradox that Japan, who is continually telling the world that she is over-populated and cannot feed her people, periodically shuts out or imposes a duty on foreign rice, and has of recent years even 'dumped' rice abroad at one-third of the Japanese market price. Again, although Japan under pressure of the military has taken measures to increase the yield of Korean rice, its greater cheapness constitutes a perpetual problem to the Government and has led of recent years to proposals to restrict its import into Japan. In Korea only 3·8% of the total 'farming families' are landowners as against 14·5% in Japan, and the number of large estates is accordingly much greater than in Japan. In Korea 57·9% of the rice which comes on the market is rice made over as rent, as against only 37·9% in Japan.¹ Although it is a fact that the Korean peasant's standard of life is even lower than that of the Japanese, the main reason for the cheaper price of Korean rice is not this, but the existence of big estates and the considerable investment of Japanese capital.

The fundamental difference in costs of production lies in the fact that the native landowning class of small property owners has not got the political power to retain its position since the country is ruled by the Japanese. Nor can the native landowner get credits to save him in bad years since all the capital accumulation in the country is drained away to Japan. The small land-owner or peasant proprietor cannot survive because, as a Japanese publication naïvely puts it: 'The Korean Government has been much less paternal in the matter of loans than the Japanese, and the Korean financial system has been much less developed. The Korean farmer has not been allowed to burden himself with debts and accordingly no debt charges of any import-

¹These percentage figures are taken from an article by Professor Yagi in the *Kyoto University Economic Review* (December 1931) on 'The Relation between Japan Proper and Korea as seen from the Standpoint of the Rice Supply'.

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ance affect his production costs.' The Korean landowner has accordingly been ousted by Japanese capital in many places and this results in large scale production.

Although Japan proper now produces some 80% of the rice she consumes, this is only achieved by the constant undernourishment of her peasantry, by the unremitting labour of men, women and children in the fields, and by a burden of debt on the agricultural population which has now risen to such proportions as to threaten the foundations of Japan's financial stability. Neither machinery for pumping water into the fields nor animal power for ploughing, nor machinery for reaping and threshing, is used in Japan to any considerable extent. Water is pumped by human muscles, the soil is turned over by the harrow or by small wooden ploughs worked by human labour. The grain is threshed by hand and carried on the shoulders of men and women to its destination. Manchuria with its population of 30,000,000 has over 5,000,000 draught cattle and horses, Japan with her population of 67,000,000 has only 3,000,000 draught cattle and horses, almost all of which are in the Hokkaido.

As regards mechanisation a few precise details can be given. There is only one motor for every 60 peasant families. The majority of these do not exceed 5 h.p. and are mainly employed in the manufacture of food products or in working the pumps owned by rich peasants. There is only one rice polishing machine for every 60 farms and only one rice or barley hulling machine for every 120 farms. As regards threshing machines there is only one per 100 farms. There is only one pump per 100 farms.

For the majority of the peasants the use of fertilisers is the only benefit they have derived from modern science, and since the advantage of the increased yield goes to the landowner and the money to buy fertilisers has to come from some subsidiary occupation, the labour of the peasantry has not been lightened or their material condition improved. Indeed the very great increase in the productiveness of the land—which has almost doubled since feudal times—has been due as much or more to the greater number of people working on it, i.e. to increased labour power applied to the land, as to the use of chemical fertiliser. The high productivity per acre hides the low productivity per man.

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Although the population has doubled in the last 50 years, the area of arable land has increased less than 25% and for the last 15 years at least the area per farming family has been decreasing.

There is a general impression that the Japanese are the world's masters in the matter of rice production, that the quantity they can produce from an acre of land is higher than anywhere in the world and that they have reached the limits of intensive scientific cultivation. This is, however, far from being the case. Although compared with the rest of Asia the Japanese yield per acre is very high, their figure has been far surpassed in Spain and Italy by more scientific methods of cultivation and more prolific use of chemical fertilisers.

XIX

PRODUCTION OF RICE PER ACRE (IN QUINTALS)

Japan -	-	-	-	-	-	-	-	31·0
Malaya	-	-	-	-	-	-	-	14·5
Siam	-	-	-	-	-	-	-	15·9
Dutch Indies	-	-	-	-	-	-	-	15·0
U.S.A.	-	-	-	-	-	-	-	23·7
Spain	-	-	-	-	-	-	-	58·2
Italy	-	-	-	-	-	-	-	45·5

The very high yield in Spain is ascribed mainly to the scientific and abundant use of fertilisers, whilst Italy ascribes her success to suitable rotation with other crops, which improves the physico-chemical condition of the soil, and to the abundant use of phosphate fertilisers.¹

There is now a definite tendency in Japan for the yield of the land to decrease rather than to increase. In fact since the world crisis, or at least since 1933, there has been a degradation of agriculture: the lesser amount of fertiliser which the peasant has been able to use on account of his increasing poverty, combined with the neglect of irrigation and drainage works, has been responsible for a fall in the productivity of the land.

The past five years average per tan, in spite of the bumper crop of 1933 (which Japan shared with the rest of the world, but which was the biggest she had ever seen), is 3·16% below the pre-crisis average. The 1934 harvest shows a yield per tan 14·2% below; that of 1935 is 5·8% below.

¹See Copland, *Rice*, pp. 312-313.

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XX PRODUCTION OF RICE IN JAPAN

						<i>Total production (in 1,000 koku)</i>	<i>Production per tan of land (in koku)</i>
1925	-	-	-	-	-	59,704	1.89
1926	-	-	-	-	-	55,592	1.76
1927	-	-	-	-	-	62,102	1.96
1928	-	-	-	-	-	60,303	1.88
1929	-	-	-	-	-	59,557	1.86
1930	-	-	-	-	-	66,876	2.06
Average 1926-30						66,886	1.90
1931	-	-	-	-	-	55,215	1.70
1932	-	-	-	-	-	60,390	1.85
1933	-	-	-	-	-	70,829	2.23
1934	-	-	-	-	-	51,840	1.63
1935	-	-	-	-	-	57,457	1.79
Average 1931-35						59,146	1.84

However, the primary fact with which we are concerned is the wastefulness of the labour process. There is no doubt at all that the level valley lands—which form the largest part of the rice fields—could be cultivated by tractors, or at least by horse drawn ploughs, if they were under national ownership or even under the ownership of large landowners ready and able to invest the necessary capital. Hulling and milling could be done by machinery at a fraction of the present labour cost. Such a change would enormously increase the yield per man and so set free a large part of the population for other work. It would enormously strengthen Japan's productive forces.

It is, of course, argued by those Japanese, who for various reasons wish to retain the old system and the old forms of exploitation, that the mechanisation of Japanese agriculture would deprive millions of their livelihood, that Japan is too overpopulated for any change to be made and so forth.

Quite apart from other possible answers to this assertion, which raises the whole question of Japan's stunted industrial development, there is the fact that a large part of Japan's present

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waste and forest lands could be utilised if capital were available for their development.¹ In the first place only 6,000,000 hectares of the 7,500,000 considered as arable are actually cultivated. Even as regards the land already cultivated, one-fifth is insufficiently irrigated and another fifth too swampy. This is admitted by the Department of Agriculture, but they cannot get the necessary allocations in the Budget for the large expenditure necessary on irrigation and drainage works. Indeed, the Government, with the greater part of the revenue earmarked for army, navy and debt services, cannot, or will not, provide even the small sums needed for vital repairs and other work to prevent the disastrous floods and droughts in various parts of the country, which have occurred with increasing frequency of late.

Japanese statesmen and publicists usually claim that Japan is the most overpopulated country in the world because only 16% of her land is arable. Only 25% of the land has a gradient of less than 15% and forests cover half the country. It was pointed out at the Third Conference of the Institute of Pacific Relations² that New Zealand with similar geographical conditions has a large pastoral industry and that Japan could make better use of her wooded hills than by merely using them for obtaining charcoal or for green manure as at present. It was also suggested that a fruit growing industry could be developed on the hills. The matter was summed up as follows by one expert, who said:

'It is a fact that practically all the rice using countries have tended to neglect the possibilities of non-irrigable land while concentrating upon the intensive exploitation of fertile valley lands.'

¹Robertson Scott *op. cit.* often refers to the lack of capital which leads to lands being left barren. For instance, he speaks of the principal need of the villages being money at less than the current rate of 20% (p. 176), and reports the Governor of Yamagata prefecture as having said: 'Low interest rates and a long term might convert into arable 25,000 acres of barren land in his prefecture' (p. 80). Again he reports a statement by an official in Ehime prefecture that there were 6,000 cho (14,700 acres) which could be converted into paddies in that prefecture, if money were available (p. 233). He also gives instances of the lack of funds preventing work necessary for flood prevention as well as land reclamation (p. 370). He gives some revealing cases illustrating the land grabbing of large proprietors in the Hokkaido who are usually absentees, city men who devote no capital to the equipment of their estates and merely let it out to tenants.

²Held in Kyoto in 1929.

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This concentration in the East upon the intensive exploitation of the fertile valleys is clearly not an accident, nor a peculiarity of Eastern peoples, but is due to the social and economic causes already outlined. The development of cattle farming in Japan, for instance, would involve capital expenditure, experimentation and risk. Why should any holder of capital undertake such risk and expenditure so long as the peasantry and the irrigated land can be squeezed more and more; and how can capital be accumulated by the 'farmers' themselves for experimentation and investment in new ways of farming, so long as the small surplus is all drained away by landowners and usurers and Government, for investment in trade and industry and for armaments, or even merely for idle living?

The outstanding proof of the fact that Japan is not overpopulated in any real sense of the word is her failure to make use of her own northern island, the Hokkaido, which could easily hold double its present population. The most desirable parts of the Hokkaido are already allocated to big capitalists who let to tenants and are themselves usually absentees. They devote no capital to the development of their estates and merely draw their rents like the smaller landowners of the paddy fields of the main and southern islands. Some of them indeed merely strip their lands of timber and then leave it bare and uncultivated. Thus the old feudal forms of exploitation have been transferred to this semi-virgin territory which is eminently suitable for large scale farming and stock breeding.

The Government has continually turned down development schemes for roads, railway lines and credits in the Hokkaido in spite of Japan's much advertised population problem. All available State resources in Japan have always gone for armaments, and for subsidies to big capitalist industries, and there never has been any money for developing agriculture either in the Hokkaido or in the rest of Japan. Money can now be found for road development in Manchuria because the roads are called for by the demands of military strategy—but no money could be found this past 30 or 40 years for road building and agricultural credits in the Hokkaido where it is only a question of the needs of agriculture. Hence half the land available here is still waste.

On closer examination all the arguments about over-popula-

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tion in Japan and her crying need for new lands for emigration are found to be false. She has land she does not use because she devotes capital to armaments instead of to agriculture; when she gets colonies her people do not emigrate to them, and she is embarrassed by the free entry of agricultural produce from her colonies.

The Japanese ruling class may one day discover to its sorrow that the possibility of producing food at low labour cost is of as great importance in a real war as the ability to produce ships, shells, bombs and cartridges. It may well be that in the future her agrarian economic weakness, equally with her agrarian social weakness, will destroy her in a time of crisis. Some conception of this weakness can be obtained by a brief survey of the main facts relating to output and costs of production.

No exact calculation can be made, since large numbers of the peasantry are engaged not only in rice farming but in silk worm raising, in barley or wheat cultivation on upland fields or in fruit and vegetable farming. Nevertheless, rice cultivation occupies the majority for most of their time, since 3,198,346 acres of the total of 5,942,563 acres (i.e. 60%) is irrigated rice land and another 124,586 acres is dry rice land, and since about half the total value of Japan's agricultural production, including cocoons, is accounted for by rice. Since the yield of rice is higher than that of any other crop, if we calculate the total production of rice on the assumption that the whole farm is composed of rice lands, we shall arrive at a fairly good conception of the productivity of agrarian labour in Japan which errs if at all on the more favourable side.

Let us for this purpose take not the lowest group of all with about one acre of land, but the next largest group which has between one and $2\frac{1}{2}$ acres. The farm whose size is regarded as 'average' in Japanese writing is one chobu, which is equal to just under $2\frac{1}{2}$ acres.¹ The cultivator of such a farm is in fact a 'middle' peasant, not a poor peasant.

The average yield of recent years per chobu of land has been about 90 bushels of rice. The average peasant family is one of nearly 6 persons and one can assume that at least three of them work, since about half of the total of those supported by the land

¹2·45 acres, i.e. about the same as one hectare.

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are given in official statistics as the occupied population. Accordingly, one can calculate that the production of each adult person working on the rice fields is only 30 bushels per annum, and this does not take account of the labour of children under 14, which is considerable.

If there were as many women as men working on the land, which is not actually the case, the average amount of rice required for nourishment would work out at 8 bushels a year per adult. Accordingly, each cultivator produces only 22 bushels more than the 8 he requires for nourishment. Since half or more of the produce is delivered up as rent to the landlord (or as interest and taxes if the cultivator is a peasant proprietor), there are only 15 bushels per cultivator, not 30; since he requires 8 himself there remain only 7 for the children's share and for buying fertilisers. From the national point of view it means that each family of 6 persons, even if only those who are comparatively well off with $2\frac{1}{2}$ acres are considered, produces only 90 bushels, and consumes 38, if half an adult man's requirements is allowed per child. Accordingly, about three-sevenths of the amount of rice produced by a peasant household is needed to feed it and only four-sevenths is the actual surplus produced beyond its needs.

True that the peasant household does not in fact enjoy the use of anything approaching the 38 bushels it requires, but the figures show the extreme unproductivity per man (or woman) in Japanese agriculture. Even if we take as the basis for our calculation, not what a manual worker actually requires to be sufficiently nourished even on the low Japanese standard of life, but the average per capita yearly consumption for all Japan, viz. 1.1 koku, this works out at 6.6 koku per peasant family of 6, i.e. about 33 bushels a year, and means that the peasants' surplus amounts to less than two-thirds of what he produces.

I am, of course, aware that this calculation cannot be an exact one. It is only intended to be approximate and to illustrate the low productivity of Japanese agriculture per cultivator as distinct from per acre. It means that for all their arduous and unpleasant labour the Japanese peasants produce on an average from their rice cultivation only enough to feed themselves and two other families at the lowest rate of consumption, or since the urban family is smaller than the village family one can say $2\frac{1}{2}$

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families. In order to accomplish even this the peasant has to pay out for fertilisers sums which 10 years ago amounted to one-fifth of the value of the rice crop and now amount to about a quarter of the market price.

The peasantry are not, it is true, engaged for the whole year on rice cultivation. There is also the production of barley both as a second crop on the paddy fields and on the upland farms. There is the production of wheat and naked barley and of potatoes, vegetables and fruits. But insofar as land is devoted to such cultivation, it reduces the rice area per family and so reduces the total yield of rice, so that for the purpose of estimating the productivity of Japanese agricultural labour the above calculation is fairly satisfactory.

If we attempt another kind of calculation for which the data are more easily available, we can take the value of Japan's total agricultural production and compare it with that of England.

According to the Ministry of Agriculture and Forestry figures the gross value of Japan's total agricultural production (including meat, eggs, cocoons, etc.) has been as follows:

	XXI						Yen
1925	-	-	-	-	-	-	4,484 million
1929	-	-	-	-	-	-	3,521 "
1930	-	-	-	-	-	-	2,446 "
1931	-	-	-	-	-	-	2,046 "
1932	-	-	-	-	-	-	2,425 "
1933	-	-	-	-	-	-	3,002 "
1934	-	-	-	-	-	-	2,684 "
1935	-	-	-	-	-	-	3,360 "

The average over the past five years works out at 2,704 million yen, which is equivalent to about £158 million. Compare this figure with the total agricultural output of England and Wales which came to £178 million in 1932-33.¹ This means that 2 million farmers and labourers in England produce annually an output a good deal higher in value than Japan with her 14 million peasants working on the land. Yet England is by no means a country of highly developed agricultural technique.²

¹*Economist*, 25.8.1934.

²It is, of course, true that the prevalence of stock farming in England raises the total value of her agricultural production far beyond what it would be if most English land were used for arable farming, but the comparison is none the less striking.

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Such a comparison alone shows the low productivity of Japanese agriculture, its overmanning and under-capitalisation. It also shows the extremely restricted nature of the home market, which retards the industrialisation of the country and in particular prevents the application of large scale modern capitalist methods of production to the industries supplying the needs of the Japanese population.

In spite of the exceedingly low productivity of agriculture, the Government continues to tax it far more heavily than industry. It is indeed a curious fact that those foreign investigators who have tried to discover whether Japanese exports of manufactured goods are subsidised, and have reluctantly come to the conclusion that there is no evidence for this accusation, have failed to see that the much heavier incidence of taxation on agriculture than on industry is equivalent to a subsidy for the latter. When Japan started off on her modern era in 1868 the sole source of revenue to finance her newly created industries, in fact the sole source of capital accumulation, was the land, and accordingly the latter was taxed to the maximum. As late as 1930, the Japanese Minister of Agriculture could say that 'agriculture still remains the foundation upon which all industries must be erected'. The following table shows the result of a survey made in 1934 by the Imperial Agricultural Society:

XXII
INCIDENCE OF TAXATION IN JAPAN
(In percentage of Income)

Annual income in yen	Agricultural population		City dwellers	
	Landlords and landed farmers	Peasant proprietors	Merchants	Manufacturers
300	—	34·9	12·5	1·5
500	51·1	31·4	13·7	17·7
1,000	54·1	25·9	13·9	13·6
2,000	64·2	28·0	16·4	17·8
5,000	58·8	—	17·9	21·4

It will be noted in passing that the incidence of taxation among peasant proprietors presses most hardly on the smallest holders. The main interest of the table lies in the evidence it

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provides concerning the low taxes paid by merchants and industrialists. At the same time the latter receive an additional advantage from the fact that the heavily taxed peasantry are forced to send their daughters to work in the factories at wages very much lower than would have to be paid to permanent workers in industry, or to sweat themselves and their wives and children in domestic industry for minute returns.

Returning once more to the figures of value of the total agricultural output, let us consider for a moment what they mean in terms of gross income for the whole agricultural population.

Such figures meant even before the world crisis an average gross production of only 640 yen per family of 6 persons and about 235 yen per adult, since there were some 14,000,000 persons working on the land (not counting the children under 15), and another million landlords. In 1930 this figure was reduced to 163 yen and in 1931 to only 136. It then rose again slightly according to yen values in 1932 when the yen fell to nearly 60% below gold parity. In 1933 there was the best harvest ever produced in Japan and yet the figure per adult came to only 200 yen. In 1934 there was the typhoon which swept the Osaka-Kobe district, and drought and frost in other districts, and Japan had the poorest harvest seen for 22 years (i.e. since 1913) or, if one considers the yield per acre, the poorest harvest since 1905. The yield was 19% below the average for the last 5 years. In addition to this silk prices fell to the 1932 level (or even lower if we consider gold values) in spite of some decrease in production. Accordingly, 1934 proved to be as terrible or even more terrible than 1932, and Japanese agriculture plunged further into the swamp of bankruptcy and destitution in which it has been floundering for 15 years. This degradation of agriculture is a cumulative process, since once less fertilisers are applied through poverty the yield becomes less, and the peasant even poorer and so able to buy less and less fertiliser.

The ever increasing pressure on the land and the slackening in the pace of industrialisation, coupled with the decline in world agricultural prices have, since about 1920, rendered Japanese rice cultivation bankrupt, i.e. requiring a greater expenditure than could be regained from the sale of the product and therefore only possible if subsidised in some way.

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That subsidy was made available up to the world economic crisis not by the Government but by silk cultivation, and the rapid expansion of silk exports to the U.S.A. Next to rice, silk cocoons are by far the most important product of Japanese agriculture. It was silk which from 1920 to 1930 kept Japanese agriculture going. The annual average production of cocoons rose from 22 million kamme in 1895-99 to 90 million in 1927, whilst exports more than trebled in quantity between 1909-1913 and 1927.

Not only was it cocoon breeding which enabled more than two million families to exist somehow in spite of the losses on their rice cultivation, but it was silk which, by providing the money for fertiliser for the rice fields, enabled Japan to go on producing rice, and even to increase slightly its total rice production so as to become 80% self-sufficient, although the costs of production were higher than the market price. This statement is not an exaggeration, but actual fact, even if only official data of the cost of rice production are considered. In other words, up to 1930 silk provided the subsidy necessary for the continuation of rice culture in Japan.

As early as 1920 an investigation made by the Department of Agriculture and Commerce showed that the tenant cultivating a farm of 3·7 acres had an annual deficit of 44 yen, and the peasant proprietor cultivating 5·14 acres a deficit of 181 yen. Of the 120 families in 40 villages then investigated only the land-owner with 35 acres—which means in Japan a large landowner¹—ended the year with a surplus of about 20 yen.

For the years immediately preceding the world crisis, there are cost of production figures of the Imperial Agricultural Society which clearly indicate the uneconomic nature of Japanese rice production. The figures show in the first place that the price obtained, as compared with the costs of production, was insufficient at the very lowest standard of living to maintain the peasant households, and in the second place that rice culture as a whole was being carried on at a loss if considered even from the point of view of a comparatively large farmer employing hired labour and some animal power.

¹There are only 3,738 landowners in Japan with 123 acres or more land and 46,270 with between 24 and 123 acres.

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In particular the figures show the extremely heavy cost of fertiliser and the heavy incidence of taxation.

XXIII

PRODUCTION COST OF RICE PER KOKU (5 BUSHELS)

<i>Direct Expenses</i>	<i>Indirect Expenses</i>
Seed - - - - - 0·37	Agricultural implements - - 0·86
Fertilisers - - - - 6·34	Farm buildings - - - 0·88
Labour wages - - - - 12·40	Taxes - - - 4·20
Live stock expenses - - - - 1·50	Interest on land at 3% a year 7·84
Material - - - - 0·60	<hr/>
Total - - - - 21·21	Total - - - 13·78
	Income from by-products - 3·06
	<hr/>
	Net cost of production - 31·93
	<hr/>
	Net cost exclusive of interest on land at 3% p.a. - - 24·09

Rice in 1929 was sold on an average for the year at 26·60 yen a koku, so that the owner of a comparatively large scale farm could just make out with a small surplus, or, if not with a surplus, at least with enough rice to feed his family if he calculated no return on his capital and was not in debt. But very few farmers were cultivating on a large enough scale to hire labour and very few were unburdened with debt.

As to the peasant proprietor cultivating less than one hectare, he could no more exist on the return from his rice cultivation than could the tenant paying half or more of the harvest to a landowner.

What is of particular interest in the above calculations is the estimate of the incidence of taxation and the fertiliser cost. Even in 1929, with its comparatively high rice prices, the farmer was paying taxes amounting to 16% of the market price, or 17% of the cost of production including labour but excluding interest on land at 3%.

As regards fertilisers, which came to nearly a quarter of the market price for the peasant proprietor or landowners, for the tenant farmer the cost was crushingly high since he had to buy enough to fertilise both the rice he sold and the rice he delivered up as rent. In his case fertiliser amounted to over 33% of his costs of production including labour, or to close on 50% of the

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selling price. In fact the amount of fertiliser that now has to be put into the soil and its high cost make it almost true to say that it constitutes the raw material of the rice industry, whilst the land is the machinery which transmutes it into rice. The only person who comes out fairly well in the following table is naturally the parasitic landed proprietor who, having no expenses, received 14 yen clear per koku of rice, after having paid his taxes. Here is clearly shown the way in which payment of rent in kind deprives the actual producers of any control over the market price which is determined by the sellers whose costs are half that of the producers.

XXIV

RICE PRODUCTION COSTS COMPARED¹ (PER KOKU)

	<i>Landed farmer</i>	<i>Tenant farmer</i>	<i>Landed proprietor</i>
Seed	0·37	0·74	
Fertilisers	6·34	12·68	
Labour	12·40	24·80	
Live stock	4·20	3·00	
Materials	0·60	1·20	
Taxes	4·20	—	12·60
Total	28·11	42·42	12·60
Income from by-products	3·06	6·12	
Net expense per koku	25·05	36·30	12·60

Unsatisfactory as these figures are, since they relate to peasants using some animal power in cultivation and hence farming on a much larger scale than the vast majority, one can use them as a basis for determining the costs of production other than labour of the mass of poor and 'middle' cultivators. In their case all labour is done by the members of the family.²

If one eliminates the items labour and livestock from the above calculation the cost of production becomes 11·51 per koku for the peasant proprietor and 14·62 for the tenant. With rice selling at 26·60 as in 1929 the proprietor would realise 15·09 yen net

¹There is some obscurity in the above table regarding the figure of 12·60 for the landlord. It is too high for taxes alone and appears to relate to taxes plus interest at 3% on the value of his land.

²There are only about 300,000 farm labourers in Japan.

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and the tenant 11.98 yen net per koku. Accordingly, those peasants cultivating $1\frac{1}{5}$ acres (5 tan) and producing on an average 9.50 koku a year would realise 143 yen a year, whilst tenants paying 1.03 koku per tan as rent (see Table xxviii) would realise about 52 yen as the full return for their year's labour and that of their families—usually 3 grown persons. The somewhat better off cultivators of 2.45 acres—the 'middle' peasantry—would realise 246 yen a year if proprietors and 104 yen a year if tenants. Having considered their cases, we have considered the case of 70% of the total farming households.

The following extract from a Japanese newspaper conveys perhaps more graphically than the above bare calculations the narrow margin of subsistence of a peasant renting 2.45 acres.¹

'The statement of our farmer's daily expenditures, however, requires amplification: that is 46 sen is expended by a farmer who is considered fairly well off in his community to feed and clothe not only himself but his whole family for one hard working day.

'Of the 60 bales of rice a chobu of paddy field yields a year, 35 bales generally go to the landowner and another 10 disappear in the cost of fertiliser and implements. Supposing a bale brings our agriculturist 11 yen, what he gets for himself for his twelve months drudgery would be something like 16 yen, in other words 46 sen a day.'

This calculation puts the cost of fertilisers much lower than the previous estimates of costs of production given above, but even so this 168 yen meant in 1929 about 9d a day or £14 a year² for a family of 6 persons. Yet this small income was much too high for the peasantry as a whole, even in the comparatively prosperous year of 1929, since it relates to a tenant with $2\frac{1}{2}$ acres and takes no account of interest payments. The average income of the peasantry was then calculated at £7 a year.

All the above calculations are based on the average production per acre for the 5 years ending 1930 and on the assumption that the producer is free from debt. In actual fact, however, a bad year's harvest immediately brings both small proprietor and tenant into debt, and since they can rarely borrow at rates as low as 11% and usually pay as much as 20% or 30% they are forced yearly to pay a further heavy sum per koku as interest. As early as 1920 rural indebtedness was officially estimated at 2,120,000,000.

¹*Japan Times*, 12.6.1929.

²The yen in 1929 was worth 1s. 10d.

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In 1929 the official figure was put at about 4 milliard yen. The effect of this debt from the national point of view can be most clearly appreciated by considering its incidence per acre of rice land. This works out at 664 yen per chobu (2·45 acres) which even at the average interest rate on such loans of 11% means 73 yen per annum. The average yield per chobu being 18½ koku, this means an interest burden of about 4 yen per koku which has to be added to the costs of production.

However, all the above calculations and estimates, though necessary for an appreciation of the fundamental and long-standing causes for the present acute agrarian crisis in Japan, are long out of date. They are but a prelude to what has occurred since the world crisis. Impossible as it was for the mass of the peasantry to exist without a subsidiary income from 1920 to 1929, the ever rising tide of silk exports to the U.S.A. enabled the majority to eke out an existence. But since 1930 silk has no longer been able to pay a subsidy to rice, debts have mounted to catastrophic levels, prices of fertilisers have risen and rice prices fallen, actual famines have swept several districts both in 1932 and 1934 and ruin and starvation have been the fate of the majority. Rice, which sold at over 26 yen a koku in 1929, sold at 16 yen at the end of 1930 and in 1931. In 1932 and 1933 it rose to 20 yen, and in 1934 and 1935 following an extremely poor harvest it averaged 25 and 28·82 yen. But the yen had by then depreciated to about 60% of its gold value and since the price of chemical fertilisers depends in Japan on world prices it is precisely the farmers who feel most the fall in the yen exchange rate. By the end of 1935 the general index of wholesale prices stood at 155 against 100 on December 10, 1931, but fertilisers as a whole stood at 172 and ammonium sulphate at 197·8.

The fall in rice prices in the worst years of the crisis was, however, as nothing compared with the catastrophic fall in cocoon and silk prices as the great silk market of the U.S.A. began to contract.

In 1931-32 the value of Japanese silk exports fell to less than half the 1924-25 figure, although they were more than double in quantity. Perhaps these figures alone are sufficient to convey an idea not only of the pitch of despair, hunger and wretchedness to which the Japanese peasantry have been reduced, but also of the

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blow dealt to the very foundations of Japanese national economy. For an export of silk double that of a decade ago, a sum less than half was received. This is true not only of 1931-32, but also of 1934-35. Compared with the period when silk production in Japan first began to expand rapidly in the post-war boom, the decline in prices is almost astronomical. In the post-war boom the export value of raw silk reached the figure of 4,300 yen per bale; in 1931 it averaged 611 yen. Whereas less than a decade ago it accounted for 41% of Japan's total export, in 1934 it accounted for only 13%.

XXV

PRICES OF RICE, SILK AND COCOONS

(Mean between highest and lowest)

<i>Year</i>	<i>Price of rice (per koku in yen)</i>	<i>Price of silk (yen per 100 kwan)</i>	<i>Price of spring cocoons (yen per kwan)</i>	<i>Cost of production cocoons (yen per kwan)</i>
1923	29·92	2,110	11·40	9·99
1925	39·07	2,011	11·25	7·82
1927	32·20	1,407	7·13	7·48
1929	26·60	1,302	7·58	6·99
1930	23·57	841	4·00	5·66
1931	16·52	635	3·13	3·78
1932	20·06	711	2·54	3·78
1933	20·34	756	5·95	3·82
1934	25·02	542	2·50	3·56
1935	28·82	702	3·81	3·54

It is clear that since the world crisis silk has not only no longer been able to subsidise rice cultivation but is itself in need of a subsidy. One can indeed enquire: who will now subsidise the subsidisers?

Silk accordingly is today also being produced at a loss. The effect on the peasantry will be seen in the next chapter. The effect on Japanese national economy was at first such as almost to paralyse the whole process of production, for it is literally true that in Japan agriculture is the foundation on which industry has been built. In 1931 a situation had arisen which demanded that State subsidies should be paid to agriculture unless the whole process of production were to come to a standstill, with the

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ruin of the local banks with their tremendous frozen loans on real estate and silk and with the bankruptcy of the landowners and peasants. The wholesale bankruptcy of local banks would have involved the larger banks which finance and control them and would have brought on a money and credit crisis on such a scale as to paralyse the whole process of production.

Since the crisis the Government has turned this way and that to the appeals of almost every propertied class in the country to save it from ruin. Whilst the Government by cheap credits assisted the banks to liquidate their frozen real estate loans, gave relief to the reelers by State purchases of silk for storage and to the landowners by credits and rice purchases, it had to continue its subsidies to various industries. It was even asked in 1932 to remit the taxes on the brothel keepers in view of the hard times. The Government is in fact appealed to by every organised interest to save it at the expense of the rest of the population, regardless of the fact that a serpent cannot live by eating its own tail, much less a State continue to exist by taxing agriculturists to subsidise industrialists and industrialists to save landowners and banks.

The Government's answer to this dilemma was inflation and the military adventures in Manchuria. But whilst the decline in the exchange value of the yen very greatly assisted Japan's export industries, and whilst the war on China greatly assisted her heavy industry, neither the one nor the other could save agriculture. Even silk did not gain much by the decline of the yen, since the American buyers control the market. True that in 1933 there was a temporary increase in demand and rise in price arising from the effects of the first measures of the Roosevelt administration in the U.S.A., but by 1934 the position was as hopeless for both the Japanese peasantry and the silk reelers as in 1932, and it was only in 1935, when production had been substantially curtailed, that prices rose. As regards rice, although Government buying¹ for storage has since 1933 kept the price from falling below 23·30, which is the minimum price set by the revised Rice Control Law, the price of ammonium sulphate and

¹This Government buying amounts in effect to a subsidy since part of it is dumped abroad at one-third of the Japanese market price. It is also held to be a necessary measure for war preparations.

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of manufactured goods which are bought by the peasantry, e.g. coarse cotton cloth of various kinds, had doubled by 1935.

According to the Ministry of Agriculture and Forestry, 'average' production costs are now 22·17 yen per koku of rice, so that the minimum price of 23·30 yen gives a profit of only 1·23 yen a koku. 1933 saw the largest rice harvest Japan has ever produced, viz. 70 million koku. This raised the average production per chobu (2·45 acres) to 21·8 koku in place of the old average of 18·5 koku. Yet even with this bumper crop the medium-sized farm of 1 chobu produced an income of only 27 yen a year for its family of six.

Moreover, the price did not rise to 23·30 yen until April 1934, which was long after most of the peasants had sold their crops. It is actually calculated that about half the cultivators appear in the rice market as consumers, having had to dispose of all their own produce in November immediately after the harvest in order to pay interest on debts. They appear as consumers if and when they receive a return from some subsidiary occupation—in particular from May to November, when the returns from cocoon breeding come in—or a remittance from their children in industry, and they are then penalised by the higher rice prices brought about by Government purchase some time after the harvest. This is what is pleasantly called 'rural relief' in Japan although it is purely relief to landowners and rice merchants.

Japanese agriculture has now clearly reached an impasse in which the expenses of cultivation absorb all the price realised and not only leave no return for labour but also no surplus for payment of rent and interest. Farm indebtedness, officially put at 4½ milliard yen in 1929, was calculated at 6 milliard yen in 1932 and by now at the natural rate of increase must be at least 8 milliard.

The Ministry of Agriculture and Forestry has compiled data on the farm debt situation in 29 prefectures¹ and some of the information is already available. In one district there are 9,663 farm households of which 7,750 or 79% are in debt. The average debt is 813 yen with the debt of the peasant proprietor aver-

¹See *Japan Year Book, 1933*, and other accounts in the Japanese Press. There are 47 prefectures in Japan. Landowners' debts are not included.

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aging 1,158, that of the tenant farmer 403 and that of the small holder who also rents land 987.

Of the total of debt coming under the above survey 52·2% was not secured by mortgage. Interest rates are as follow for the various classes of loans, according to an investigation made by the Japan Hypothetic Bank:

XXVI

<i>Rates of interest</i>	<i>Mortgaged</i>	<i>Unmortgaged</i>	<i>Total</i>
Less than 6%	4·3	3·8	8·1
6-8%	9·9	3·2	13·1
8-10%	20·3	13·3	33·6
10-12%	14·7	23·9	38·6
over 12%	1·7	4·9	6·6
Totals	50·9	49·1	100

Accordingly, 72·2% of the indebtedness was at interest of from 8-12%. Of the above debts 31·3% was owed to co-operatives (with their comparatively low rates); 22·8% to special banks such as the Hypothetic Bank of Japan and the prefectural banks; 12·3% to the so-called mutual financing associations; 12·3% to private persons, 10% to ordinary banks, 8% to shops and 3·3% to prefectural governments. The highest rates—the really usurious rates—were charged by professional money-lenders, shops and mutual aid societies. These latter are in fact actually run by the landowners, the few rich peasants and the traders, and they act as associations of usurers in spite of their benevolent sounding title.

The above estimate deals only with the nominal rates for loans by private persons, mutual aid societies, shops, etc. It is, however, well known that the actual rates for this type of loan are between 20% and 30%. In 1935 it was estimated that 57% of all loans to agriculturists had been advanced by private lenders at a real rate of between 20% and 30%.¹ If we take only 11% as the average rate of interest paid on the sum total of farm indebtedness (8 milliard) this means 880 million yen a year. As against this the gross agricultural production of the country (in-

¹See Tokyo correspondent of *The Times* 5.7.1932. 'Private lenders' here includes the mutual financing—or mutual aid—associations.

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cluding live stock breeding, etc.) has averaged 2,704 over the last five years. The net agricultural production was 73% of the gross value in the pre-crisis period, according to the calculations of the eminent Japanese economist, Dr. Nasu.¹ Today with the rise in the price of fertilisers it must be less than 73%. If 70%² of the gross value is taken this means only 1,893 million yen, as the net value of Japan's agricultural products of all kinds including cocoons, meat, eggs, and dairy products. Hence interest payments, on the most conservative estimate of interest rates, now amount to 47% of the net value of agricultural production of all kinds. It is probable that if exact figures were available for the average interest paid and for the cost of fertilisers and other expenses of cultivation it would be found that interest charges now eat up more than half the net produce of agriculture.

This 50% or thereabouts is the amount claimed by creditors from agriculture. There remain the landowners' claims. The average price per chobu of rice land was 3,860 yen in 1932 and about the same figure in 1933. Valued at this price Japan's 3 million hectares of paddy fields alone would come to 11,580 million yen, which at 3% means 350 million a year. The valuation of the total of dry arable land, which in 1932 sold at 2,340 yen per chobu, comes to 6,318 million yen. At 3% this means 190 million a year. The State in its turn levies 58 million yen a year in taxation and the local authorities about three or four times as much.³ Hence we have the following total annual claims on the produce of Japan's agriculture:

Creditors - - - - -	880 million yen
Landowners (paddy fields) - - - - -	350 " "
Landowners (dry land) - - - - -	190 " "
Taxation (national) - - - - -	58 " "
Taxation (village and prefectoral) - - - - -	174 " "
Total - - - - -	1,652 " "

¹'Agriculture and the Japanese National Economy', in *Foreign Affairs*, July 1930.

²The Mitsubishi Economic Research Bureau calculates 70% of the gross value as the net value of Japanese agriculture (*Japanese Trade and Industry*, p. 153).

³According to the report on the taxation of rural communities of the Local Affairs Bureau of the Home Office (as given in the *Hochi* and reproduced in the *Weekly Japan Chronicle* of 19.9.35), 48% of the total taxation borne in 1934 was town or village taxes, 35% prefectoral and only 17% national. The

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Hence these claims in 1934 amounted at the lowest possible estimate to 89% of the net agricultural produce, and probably to more if the increased cost of fertilisers since Dr. Nasu's estimate was made is taken into account. Moreover, many estimates place the total of rural indebtedness even higher than 8 milliard yen and the average interest rate is obviously higher than 11%. Lastly, I have calculated local taxes very low in order to allow something for the value of the product of village domestic industry.

In any case, whether the claims of creditors, landlords and the State come to 89% or 100% of the total yearly produce does not much matter. In either case Japanese agriculture appears as bankrupt. There is nothing, or practically nothing, left for the 5½ million peasant families, and if they are to go on working they must have food if nothing else. Moreover, the above calculations are based on market prices, not on the prices which the peasants receive.

Nothing can save Japanese agriculture except the sweeping away of the landowners and usurers and monopoly capitalist interests who now claim all the produce of the land, or the miracle of a return to the post-war boom prices for silk in the U.S.A.—an absolute impossibility not only on account of the general decline in world prices, but also because of the competition of rayon which grows more and more severe each year.

Land values in Japan must be drastically cut and the tremendous burden of debt liquidated if a social and economic collapse is to be avoided. This can, however, never be done under a social system in which landowners, financiers and big capitalists jointly wield power. The landowners—whose interests are largely represented by the 'military'—hope to escape their doom by foreign conquest which would enable them to subsidise agriculture out of the profits of colonial exploitation. But the big capitalist interests are also deeply involved in real estate and in seri-

national land tax came to 58 million in 1934-35 and 1935-36 (*Financial and Economic Annual of Japan*). Accordingly, prefectural village and town taxes must have amounted to 341 yen. However, in order to allow for the value of the production of village household industry and to put my estimate as low as possible, I have only multiplied national taxation 3 times instead of 5 times to obtain the figure of local taxation on agriculture.

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culture. Through the banks they hold mortgage claims which cannot be realised; as merchants they are vitally interested in Japanese silk exports, and as industrialists they gain enormous profits from their monopoly control of the fertiliser market. The banks since the crisis have done their utmost not to foreclose since there are no buyers of land which at the old valuation will not pay even interest and taxes. They together with the landowners have demanded State action to raise the price of rice (i.e. to keep up land values), to 'can' unsold silk stocks, to indemnify the banks for their frozen real estate loans.

In 1932 bankers estimated that the foreclosure value of farm lands would fall 25% below the principal of the loans advanced. It is no wonder that the cry went up for land nationalisation, which meant that the State should buy out the landowners at the inflated current land values and save them from bankruptcy and the bankers from incalculable losses. In 1932 the well known publicist Dr. Washio gave the following graphic description of Japan's agrarian crisis, and what he wrote then is equally true today.

'LAND NATIONALISATION'

'Rural distress is very acute and in the opinion of most sincere observers is past hope of salvation within the existing economic system. Some who look sincerely for rural salvation suggest land nationalisation to be effected by the issue of Government bonds at a special low rate of interest, so low that peasants can bear it and feel comparative relief from the present burden of rent. Land nationalisation at the price landowners ask would be manifestly ruinous to the State, but owing to the prevailing rural distress and rebellious attitude of tenants the position of landowners has become hopeless.'

'If land can be nationalised at a comparatively cheap value and landowners can be forced to accept Government bonds at a special low rate of interest our agricultural industry can be considerably relieved of its financial burden. But at present it is obvious that land nationalisation cannot be realised by any method short of a revolutionary change. Not only the landowners but the creditors of 7,000,000,000 rural loans, including many banks which advanced money at a high valuation of lands, will have to lose. But the relief sought at present is as much a relief of these interests as a relief of the starving peasants. It is sought at the expense of the State and is like a hungry octopus feeding on its own legs.' *Trans-Pacific*, 1 Sep. 1932.

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An examination of Japanese land values will show clearly how inflated they have remained since the war and post-war boom of 1917 to 1919 sent them soaring, in spite of the subsequent steady fall in rice and silk prices and even in spite of the slight fall in rents.

In 1929 the value of a chobu of rice field had only sunk 26% below the peak figure of 1919 when it stood 161% above 1916. By 1932 it had fallen 45% below 1919 but was still 50% above 1915, although the price of rice dipped in 1931 and 1932 to almost its pre-war level of 14 yen a koku as against nearly 27 yen in 1929.¹

Rents had in the meantime fallen some 12-13% in 1929 and were at almost the same level in 1932. The case of dry land is strikingly different as regards rent which is paid in cash, not in kind. Whereas its value has fallen yearly in almost exactly the same degree as rice land, rents which had risen, not fallen, up to 1924, have fallen very sharply since the crisis, reflecting first the high silk prices ruling for some years after the war and then the much greater fall in silk prices than in rice prices since 1929. It is clear that while rice lands yielded the landlords a smaller and smaller income each year even before the world economic crisis, dry land was, prior to 1929, yielding exactly the same return on capital valuation as in 1921, viz. 5·4%. In 1932, however, even with land values calculated at that year's value, which was 44% below that for 1921, the rent paid amounted to only 4·7%. The same holds good of 1933 and 1934. (See Table xxviii for rents.)

Take the case of a landowner who bought his land in 1921 for 5,910 yen. At that date the tenant paid 11·17 koku per chobu of land and rice was selling at 28 yen. The landowner's gross income per chobu (i.e. before paying taxes) was accordingly 312·76 yen. In 1931 he was receiving 10·20 koku and the price of rice was 16·52 so his income per chobu was 168·50 yen. In 1932 it was 202 yen per chobu. His income in 1931 was only 54% of the 1921 figure.

A landlord who had borrowed on the 1919 value of his land or

¹Land values in yen per tan:

	<i>Rice fields</i>	<i>Dry land</i>		<i>Rice fields</i>	<i>Dry land</i>
1916	271	150	1929	523	319
1919	706	418	1932	386	234
1925	560	338	1934	398	240

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bought it partly with borrowed money, as a very large proportion of landowners had done, was, by 1931, bankrupt. For if his mortgage amounted to only 50% of the value of his land in 1919, at 5% from the Hypothetic Bank he would in 1931 have been paying 176·50 yen out of the gross total income of 169 yen. Taxation at the rate of 73·40 yen per chobu of rice land brings his liabilities to 250 yen against an income of just under 169. Accordingly the landowner's return from his land would be insufficient to meet interest and taxation—there would be a deficit of about 81 yen per chobu in 1931, and of 48 in 1932. This means that even large-scale landowners—the only ones who have ever been able to borrow at so low a rate of interest as 5%—were bankrupt. Smaller landowners have to pay at least 8% and are bankrupt with the price of rice even at the comparatively high 1935 and 1936 price of 28 and 29 yen per koku.

The position of the owner of dry land since 1930 has been even worse. In 1924 a chobu of dry land was valued at 3,410 yen and the cultivator paid 199·60 yen a year (cash). In 1929 the valuation was 3,190 and the rent 172·30 yen. In 1932 and 1933 the valuation was 2,340 yen and the income 112·10 and 109 yen respectively. If the owner had mortgage payments to meet at 5% on 50% of the 1924 value this would amount to 80 yen, leaving 30 yen which would be insufficient to pay taxes.

If he had borrowed on 50% of the land values of 1919, 104·50 yen would be due from him as interest as against a rent of about 112 yen, and taxation still unpaid.

These figures illustrate the statement so frequently made in the Japanese Press that lenders try to avoid foreclosure since buyers cannot be found for land which will not even pay interest and taxes. The fact is that although land values have come down 45% since 1919 and 26% since 1929, they are still tremendously inflated and both landowners and creditors refuse to write them down or sell out at the real present value of the land. They naturally refuse to do so as long as the State can be made to assist them by artificially raising rice and silk prices, and to compensate the creditors by agrarian relief measures such as those undertaken in 1932 and subsequently. Both landowners and their creditors go on expecting that the State will assist

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them and perhaps eventually buy them out at the current inflated prices and so release their funds, now tied up in land, for investment elsewhere in commerce and industry at a much higher yield. Unless the Government will buy them out even the high returns on capital invested in industry will not compensate for the loss of some 50% of the paper value of their lands, especially in view of the greater security from rice land investment than from industrial investment even today. Moreover, if there is not much hope of nationalisation of the land at current values—which would bankrupt the State—there is always the prospect and hope of a large-scale war which would certainly send rice prices soaring and enable the landowners to levy a tremendous toll on the nation. Landowners and bankers have not forgotten the golden harvest they reaped during the war and post-war boom.

Although there is an industrial boom now, in so far as export industries and armaments are concerned, it has not pushed up rice prices. When rice prices began to rise in 1934, and in 1935 went beyond the 1929 level, it was owing to the exceedingly poor harvests of 1934 and 1935 which had depleted the past accumulated stocks. The relief, through higher prices, to the landowners whose crops have not failed, is outweighed by the ruin of those in the famine-stricken districts. Indeed the solvency of the whole banking system of the country which was in jeopardy in 1931 and 1932 is still threatened today.

The agrarian crisis has not been solved but only shelved by inflation, Government rice buying and silk buying and other such forms of relief. Not only this but the measures which have given it 'relief' are such as to ensure an even greater crisis in the future, since the enormously increased Government expenditure has to be paid for eventually. Japan's export expansion has in no way helped the farmers or even the landowners—in fact, to a large extent it has been at the peasants' expense. The internal market has shrunk to even smaller proportions than in the past, for where are even the wealthier peasants to get cash to buy anything when the landowners themselves are bankrupt or nearly so. Silk, the one important article for export grown in Japan, has not regained its 1929 price since the inflation which began in 1932.

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The serious, in fact the fatal consequences of Japan's agrarian crisis to her whole national economy, are only to be appreciated by considering once again how true it is that agriculture is the 'foundation upon which Japanese industry is built'. However much greater the seeming profits of industry, however much lower the ostensible value of Japan's total agricultural production, the latter still constitutes the basis of her economic structure. For, low as it may be, it is all obtained from her own soil, whereas Japan's manufacturing industry has to deduct large sums from the gross value of its product to pay the cost of imported raw materials. For instance, although silk exports since the world crisis have become smaller than cotton goods exports, they nevertheless represent a greater net value for Japanese national economy than the latter, since in order to produce the cotton manufactures 714 million yen's worth of cotton has to be imported.

Dr. Shirasu Nasu has calculated that 44% of the total productive labour and 47% of the total capital of Japan are employed in agriculture. This calculation as to capital is however a fictitious one since most of it is not capital invested in agriculture but landowners' paper claims, i.e. the high land values which both account for and are caused by the enormous land rents. His calculation of total agricultural production is more valuable. Allowing for the deduction of the cost of fertiliser, green manure, seeds, livestock, fodder and depreciation of buildings and implements he arrives at a total figure for a decade ago of 3,246 million yen as the net wealth produced by agriculture—the real material income which can be distributed into wages, interest, rent and taxes. This figure, which equals 73% of the gross production, he then compares with the total value of the production of manufacturing industry. The figure was then 7,300 million yen but to produce this the industries had to spend nearly 5,000 million yen for raw materials, 300 million for depreciation and 120 million for fuel. The balance was only 1,900 million yen or 27% of the gross value.¹

¹The Mitsubishi Economic Research Bureau (*op. cit.* p. 152) deducts 60% from the gross value of the output of manufacturing industry for raw materials and 6 to 7% for depreciation. This calculation brings the net production value of manufacturing industry below that for agriculture.

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According to Dr. Nasu we get the following table :

XXVII

NET WEALTH PRODUCTIVITY OF AGRICULTURE AND MANUFACTURING INDUSTRY

	<i>Gross wealth produced (million yen)</i>	<i>Net wealth produced (million yen)</i>	<i>Labour employed (million days)</i>	<i>Net wealth production per working day</i>
Agriculture Manufacturing	4,439 7,300	3,246 1,895	2,700 1,670	1.20 1.13

	<i>Capital invested (million yen)</i>	<i>Net wealth productivity of capital (per cent.)</i>
Agriculture Manufacturing	34,700 10,000	9.4 18.9

The figures here for millions of days worked are calculated on the assumption that the peasants work less than 200 days a year on the land, and it is this method of calculation which makes the net wealth production per working day so high.

Such calculations as these leave out of account the fact that if labour is done by hand instead of by machinery, it is true that fuel has not got to be paid for but the workers must be fed, which reduces the real wealth produced and available. They similarly disregard the 165 days a year during which the agricultural population is not working on the land but has to live. They are, however, of interest in showing the low productivity of Japanese industry as well as of her agriculture. The effect of the large numbers employed in handicraft industry in bringing down the total value of industrial production is here clearly revealed.

The various interests which have made their profit on the peasant's scanty produce are at odds among themselves now that the total product is insufficient to meet all their claims, in spite of the terribly low standard of life to which the peasantry is reduced. The landowners, and the richer peasants who also let land, cry out against the monopoly capital interests which mulct the cultivators through high fertiliser prices, against the State which taxes them so heavily in order to subsidise heavy in-

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dustry, and against the speculators in rice and silk who cause such a gap between the price at which the producer sells and that at which the consumer buys.

In 1935 the price of fertilisers gave a manufacturing profit of 30-40 yen a ton, i.e. of more than a third of the selling price, and the four big companies which control its production, in addition to increasing their capitalisation made a profit of 16·41% in the first half of 1935 and of 18·9% in the second half. It is clear that of all the interests sucking dry the peasant, monopoly capital, represented by the fertiliser manufacturers, gets the lion's share.

The elimination of the host of middlemen would assist the small proprietors and the tenants as well as the richer farmers and landowners (who would be able to raise rents) but many landowners and well-off peasants are themselves traders. Something could be done to assist the peasantry by further encouragement and aid to co-operative buying and selling organisations—Sangyo Kumiai—although it is true that it is the richer peasants and small landowners who control them. Indeed something has been done along these lines, at least insofar as purchasing fertilisers, etc., is concerned. But such progress as has been made was vociferously opposed by the multitude of small merchants who gain their living in trading at the expense of the peasants and landowners. Any measures such as these, which can slightly improve the economic position of the cultivator without touching the important vested interests of either landowner or monopoly capital, can only be at the expense of the large class of petty traders, who, since their very existence is threatened, are naturally violently opposed to such measures. The State dare not drive the millions supported by petty trade and speculation to ruin, for there is no other occupation open to them; they cannot go back into agriculture or forward into industry. Hence whilst with one hand it gives some encouragement to the Sangyo Kumiai by tax remissions and other privileges, the clamour of the All-Japan Commercial Rights Protection Association (the organisation of the retailers and of the wholesalers who have the retailers in their pockets) causes it not only to drop its schemes for rice price control as it did in 1935, but to plan the establishment of a central deposit for loans to small merchants and industrialists. This is, however, only one of the manifold contradictions in

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State policy as the Government is pulled this way and that by the various organised interests.

Japanese Imperialism is indeed confronted now with the insoluble dilemma that you cannot at one and the same time subsidise industry out of agriculture and agriculture out of industry, nor assist landowners and peasant proprietors by encouraging co-operatives and eliminating middlemen whilst at the same time assisting middlemen to survive by giving them credits. It is confronted with the problem that its agriculture cannot support a million parasitic landowners now that the contraction of the American silk market and the competition of rayon have put an end to the subsidisation of rice culture by cocoon breeding. But the landowners are the social root and support of the 'military' and the military are too powerful and too closely associated with finance capital in their upper ranks to be expropriated. Since 1932 Japan has temporarily shelved its fundamental agrarian problem by war and export and inflation. But the effect of these are like drugs which can only stimulate and not cure, and which leave the patient weaker than before once their effects have worn off.

CHAPTER V

Agrarian Distress and Unrest

In 1932 actual famines swept over many districts¹ of Japan and everywhere there was acute suffering. There were reports in the press of villages in the Northern prefectures where there were no unmarried girls left since they had all been sold to the licensed quarters in the big towns. One prefecture alone (Aomori) reported 5,000 children to be starving. Demonstrations of peasants were harshly suppressed by the police and even the bearers of petitions to the Diet were arrested. Reports of terrible suffering, unheard-of privation, and growing revolt flooded the newspapers.

Even the restrained official reports made by the Provincial Governors at a Special Conference held in the middle of July 1932, spoke of the sufferings of the agricultural population being beyond description. Many of the local banks had closed down, and the small traders and industrialists were said to be almost as badly off as the farmers. Many towns and villages were unable to collect enough local taxes to pay the school teachers. The average indebtedness per household was stated to be between 500 and 1,000 yen. The fact which most disturbed the Prefectural Governors was what they referred to as 'the disturbed minds of the people' as a result of their terrible distress. Although they sounded the note of alarm and dismay, they did not in the least reveal the appalling misery of the peasants. For descriptions of this, however, one had only to turn to the newspapers. One read in the Press of sons ordered to join the army without the money to buy a postage stamp to inform their parents. Here is one such example from a newspaper report :

'Eisoku Shibata had a son, but he was ordered to Manchuria while serving in the Aomori Regt. on December 14. The son wrote to his

'The prefectures of Aomori, Akita, Iwate, Yamagata, Gifu, Miyagi, Nagano, Fukushima.

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father telling him of the order but he posted the letter without a postage stamp on the envelope. The father could not take delivery of the letter from the son because he could not pay the postage charge of 6 sen and could not know that his son had been sent until the village office told him of it.'

The following are typical newspaper reports:

'With starvation staring them in the face the impoverished communities of Nagano, Iwate and Niigata are selling their young girls into prostitution, eating "warabe" (bracken) where such a "delicacy" is still obtainable, cooking bean-cake ordinarily used as fertiliser with various kinds of grass as their regular food. . . . In Nagano prefecture those who can afford to eat barley are very well off. Every tree in the hills is bare, its fruit, however bad it may taste, having been picked by hungry children. . . . In one village the investigator found that last year the total income of a certain peasant was 130 yen whilst his losses were 366 yen. In order to make up for such losses peasants and poor farmers are selling off their children. The most unfortunate are girls who are being taken away on payment of 3 to 10 yen on the promise that they will soon be brought home, and sold to unlicensed brothels. The same conditions prevail in Niigata prefecture. Young women of marriageable age are scarce as most of them have been sold off and there is a growing tendency to sell even primary school children. The prices for children are about 100 yen for third grade pupils and about 400 for those who have finished school' (*Japan Times*, 7.6.1932).

This is a description not of 'backward' China after a flood or drought or civil war, but of Imperialist Japan claiming naval equality with the richest powers in the world and the right to control China and introduce her to all the benefits of Japanese civilisation and order.

True the harvest of 1931 was a poor one but it was not natural calamities which had reduced the Japanese village to starvation —good or bad harvests are equally disastrous for the peasant:

'Last year the farmers in the North-Eastern districts of Japan suffered from a bumper crop with an accompanying fall in the price of rice. Even then they had no rice to feed themselves when they had paid for fertilisers, taxes and rates. They are today eating roots. They have sent out their daughters to bigger towns, and their young sons to Manchuria for the protection of the vested interests there. Part of the money which they got in exchange for the liberty of their daughters has gone toward payment of rent and taxes. . . . Without money or food they are today eating roots, dried rhubarb, wild radishes, husks of rice, stalks of water lilies, etc.'

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'In Aomori prefecture alone it is reported there are 5,000 school children who have nothing to eat for lunch and who go without meals to school.'

It was indeed the starving of the children and the closing down of schools owing to the non-payment of teachers which appeared more likely to rouse the authorities than anything else, since the cannon fodder of the future could not be allowed to die off, or become physically useless in childhood, or, worse still, grow up imbued with 'dangerous thoughts' for want of proper instruction in loyalty, filial piety and patriotism.

The *Nichi Nichi*¹ wrote:

'The physical condition of children attending school will determine the future of our country. The question of improving the health of children has a vital bearing upon the question of defence....'

'The militarists ought to be paying attention to the question of improving the health of children....'

'Many people think fit to contribute toward the improvement of military equipment. But few give money toward improving the health of children.'

The article goes on to show that although the number of births per year is about 2,100,000, 460,000 children between the ages of 1 and 14 die each year, and this must be in large part due to undernourishment. The *Nichi Nichi* urged the Government to use its enormous rice stocks (which it could not dispose of) to feed the hungry school children and even allowed itself a burst of indignation bordering on 'dangerous thinking'. It wrote:

'Something must be wrong with a community where many are on the verge of starvation whilst large quantities of rice are going to waste because there are no buyers.'

Nevertheless, although a tiny sum was allowed the Ministry of Education for the feeding of starving children, the Government, rather than injure the rice merchants and landlords who hold the country's rice stocks by selling its own rice stocks to the starving, dumped some of them abroad at a selling price about $\frac{1}{2}$ of the then current price in Japan. This was done in spite of the flood of petitions and the riots which broke out when the Government refused to relieve the starving by disposal of its great reserves of rice.

¹Translated in *Japan Times*, 3.8.1932.

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Disease followed close on the heels of starvation, and this was particularly terrible in Japan since there is no public health service and many villages have no doctor. In fact the poverty of the Japanese countryside, as compared with the towns which drain away the profits of agriculture, is clearly shown by the fact that although there is a surplus of qualified medical practitioners in the towns they do not set up practices in the villages for the simple reason that hardly any of the peasants can pay even the smallest sum for their services. The *Osaka Mainichi* recently reported that there are 1,500 villages without physicians.¹ This newspaper in spite of its patriotism is forced to admit that this fact 'casts a gloomy shadow on the culture of our nation'. Yet 4,000 physicians graduate from the medical schools every year and there are roughly 7 doctors per 10,000 inhabitants in Japan as a whole.²

The peasants were not only at a stroke deprived of the profits from silk culture and confronted with a 40% decline in rice prices but were also deprived altogether in many cases of their children's earnings in industry or received half or less than before. The big cotton mills, taking advantage of the abundant labour supply made available by the starvation of the peasantry, cut wages again and again in 1931 and 1932 and so reduced their costs that they could begin on the tremendous expansion of their exports which was soon to rouse a world-wide protest. Many of the silk filatures closed down altogether and sent the girls home without paying the wages due to them, whilst others kept the girls on without paying them any wages for months. On May 5 1932, the *Japan Times* under the heading : 'Silk Reelers' Wages Reported in Arrears by Millions of Yen,' gave the following details:

'The financial difficulties of the silk reeling industry have continued to get worse and this year the authorities concerned estimate that about 80% of the silk reeling factories throughout the country are now in arrears in the payment of wages, affecting 400,000 operatives to the amount of yen 5,000,000 and 10,000,000.'

¹1.9.1935—English edition.

²There are some 50,000 medical practitioners in Japan, but more than half of them have neither passed the State examination nor graduated from a university (*Trans-Pacific*, 12.9.1935).

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1932 was the year of lowest ebb, or so it seemed at the time. In 1933 there was a lull or breathing space, thanks to a temporary revival in the demand for silk in the U.S.A. and the decline in the exchange value of the yen; but also to such a bumper rice harvest as had never before been seen and following on which prices did not fall as usual on account of large Government purchases under a new system of rice control.

However, in 1934 there was drought and flood and frost and the disaster of the Osaka typhoon, so that the crop was again poor. Silk prices were again excessively low and the same tales of distress and starvation as in 1932 appeared in the Press, as for instance the following:

'In the N.E. districts of Japan drought and flood, combined with serious agricultural depression, have brought about a condition of suffering and poverty among millions of people which in the aggregate is far worse than that caused by the Osaka Typhoon. . . . In Miyagi prefecture $\frac{1}{6}$ of the population, that is 150,000 persons, are in a state of "acute distress". And this implies at least twice as many whose distress although not quite "acute" is very serious.

'Some idea of what is meant by "acute distress" can be gained by comparing it with what is not so regarded. According to these same authorities the poor people are able to eke out an existence, one cannot say live, on 8 or 10 sen a day (about $1\frac{1}{2}$ d). That is to say if a family consisting of father and mother and four children is to exist, it can do so on such a small sum as 15 yen a month (17/6 now, £1. 10s. at par). Any such families therefore which can scrape together the sum of 15 yen a month will not be regarded as suffering from acute distress. And there are, in this one prefecture alone, 150,000 persons who cannot scrape together this almost infinitesimally small sum. For although the Japanese people pride themselves on being able to maintain a reasonable standard of living at a very low cost, few there are who will venture to deny that this cost, even for the poorer sections of the community, ought to be double, if not treble, the 15 yen a month which has been mentioned as necessary for the subsistence of a family of 6.'¹

In Tohoku alone the number of persons requiring immediate assistance was put at 2,200,000 according to official reports.

There were the same reports as in 1932 from many prefectures of the people feeding on fern roots, acorn flour, and wild chestnuts. The Tokyo *Nichi Nichi* wrote:²

'Conditions in the Tohoku district are horrible. The number of

¹Economista, 11.11.1934. Translated from the Japanese.

*31.10.1934.

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peasants who are dying of starvation reaches 70,000. Mothers are exhausted and children perishing. School children faint daily at school from emaciation.'

In the Hokkaido around December the number of underfed children was reported as 30,000, at Iwate exhausted school children and infants numbered 36,000, at Aomori 10,000. Even the Minister of Education admitted that there were $\frac{1}{4}$ million school children starving.

The leader of the moderate Trade Union, *Zenno Sohombu*, reported as follows:

'School children are given lunch at the cost of 4 sen but the most horrible thing is to watch small children of pre-school age who, as soon as the school doors open, rush in and cry out for food. Some of them are too weak to beg and only gaze with their sad eyes. The skin on their faces hangs down flabbily and the joints of their hands and feet are swollen with the flesh dried up. They look like weak little old men.'

From other accounts it is clear that such distress as the above is largely caused not by unpreventable natural calamities but by the inability of the peasants to buy sufficient fertilisers¹ and by the fact that the produce of their fields has been confiscated as rent or in payment of debt or taxation arrears.

It is now recognised even by the Department of Agriculture and Forestry that the floods which of recent years have destroyed the crops in many districts could have been prevented by proper attention.

In particular there is a crying need for expenditure on irrigation and flood prevention works which are beyond the means of the peasantry. The drought of 1934 was unprecedentedly severe, but lack of sufficient water to irrigate the rice fields during the hot summer months is a common occurrence in many parts of the country and becomes disastrous in years of small rainfall.

Peasants from different villages frequently fight each other for water, coming out in hundreds armed with hoes, shovels, bam-

¹Those farmers who had the chance to use purchased manure and bean-cakes at the time when the rice ripens, could avoid elemental calamities. Those poor peasants who did not enjoy sufficient 'economic assistance' for adequate care of their fields, were unable to avert these calamities. (Suzuki Mosaburo—'Does the cause of poor crops rest with nature or with people?' *Economista*, No. 25, vol. xii, 1934).

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boos pikes and stones. On one such occasion in 1934 as many as 3,000 peasants fought each other and it took 200 police to stop the battle.¹

The illegal paper of the Japanese Communists published the following appeal, which is of interest as showing the crying need for capital investments in Japanese agriculture, the parasitic nature of Japanese landlordism which merely draws rent and does nothing to improve cultivation, and the falseness of the usual assumption that Japanese agriculture is a model to the rest of the world and that nothing can be done at home to solve Japan's 'Population Problem'. It also shows how fruitful is the soil for Communist propaganda when such crying injustices as the peasants suffer from are left unheeded by the Government.

'There is no sense, brothers, in fighting each other about water; we must make it clear who is the real enemy. Our water problem is not due to any special drought this year. We have always suffered from a water shortage. The water problem would be quite easy to solve if we had the money to build a dam, to drain the underground waters, and to build large basins and reservoirs. We know exactly what needs to be done but we have no money to do it, because we are exploited by the Emperor, the landlords and the capitalists. Let all these people hand over the money which provides them with sweet food and rich clothing and let it be used to build dams and canals! Brothers! Cease from foolish fratricidal strife over a drop of water; turn your blows against landlords, officials and capitalists (for instance the local electric companies) and demand that they all bear their share of the expenses for the improvement of the irrigation system.'²

The programme of the Tenant Farmers' Union of the Left—the *Zenkoku Kaigi*—follows similar lines to the above appeal of the Japanese Communist Party.

The power stations not only demonstrate that capital can be provided to supply power to industry, but not for the building of necessary dams and canals for irrigation of the rice fields, but they sometimes diminish the water supply for many villages.

'Some 200 farmers of Kanamura, Ishigawa prefecture, Thursday morning marched on the hydro-electric plant of the Taishojigawa Power Co. near the village and threatened to close it by force if its

¹In the prefecture of Saitama where peasants from the two sides of the river fought each other (*Jiji*, 7.7.1934).

²*Sekki*, 1932. Translated from the Japanese.

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operations were not curtailed. They blamed the plant for a fall in the level of the Taishoji River depriving them of irrigation water. . . . On Wednesday night the level of the river had dropped to an extent that made it impossible to get any water for irrigation the next day. The farmers mobilised for action under the leadership of the village headman.¹

Again at the villages of Shirota, in Saitama prefecture in May 1934 a crowd of peasants attacked the Irrigation Department of the Ministry of Home Affairs.² In another village in Chiba prefecture, 400 peasants armed with hoes and shovels clashed with the police whilst demonstrating against the failure of the authorities to do anything concerning necessary irrigation works.³ In the village of Kichioka in Saitama 200 men broke into the local office of the Irrigation Department,⁴ and in the city of Kumamoto 600 peasants forced their way into the Governor's office early in August and were only dispersed by the police after blood had been shed.⁵ On September 6th, they repeated the performance, wounding four policemen. The leaders were of course arrested. The most serious incident occurred in the prefecture of Iwate where the *Tsuchibata* mines had poisoned the waters of the river and where 2,000 peasants, together with their women and children, surrounded the head office of the Mining Company demanding that it cease operations. A similar poisoning of the water supply by the Ashio mines led to a mass protest from the peasantry of 3 districts and became a life or death question for 100,000 peasants. Since 8,000 cho of rice fields were affected the Department of Industry and Commerce eventually intervened to force the Mining Company to stop the flow of contaminated water into the river.

These are but a few of a large number of such incidents. Sometimes it is lack of water and sometimes, on the contrary, the flooding of their fields, which brings the peasants out in violent protest against the authorities whom they consider responsible for the failure to undertake the most urgent public works or even to keep existing dams in repair, or for the cutting off of water supplies by the operations of industrial enterprises.

¹*Trans-Pacific*, 4.7.1935.

²*Ibid.* 23.6.1934.

³*Asahi*, 7.8.1934.

⁴*Shakai Undo Tsushin*, 4.6.1934.

⁵*Nichi Nichi*, 7.6.1934.

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It is sufficiently clear that it is not natural calamities and 'over-population' which are the main cause of the terrible suffering and starvation of the past few years in the Japanese countryside but that their origin is social and political.

In districts where there was no crop failure in 1934 the population suffered much the same misery through the fall in cocoon prices. The temporary revival in silk prices in 1933 was quickly followed by a renewed fall in 1934, and since the value of the yen was even lower than in 1932 there were never yet in Japan such low cocoon prices as in 1934.

The price of a kwan of cocoons in 1934 was only 2·50 yen as against 7·58 in 1929. In gold the fall is of course sharper still and, since the prices of the various fertilisers have risen between 70% and 100% since inflation began, it is really in gold prices that the peasants' production should be considered.

The cost of production of a kwan of cocoons, according to the figures of the Federation of Cocoon Producers Associations for 1934, was 3·56 yen, so the price was only two-thirds of the cost of production. Taking the whole production of the country the decrease in the value of the year's total cocoon production exceeded 400 million yen, which means a fall of over 60% on the 1933 figure. The number of sericultural households had by 1935 fallen to 1·8 millions from over 2 millions before the crisis.

In the central sericultural districts 70 to 80% of the peasants were found at the end of 1934 to have no rice at all left to eat. One investigation of 2,400 families near Toyohashi in the prefecture of Shizuoka showed that 800 were actually starving.

Even in the most fertile districts, for instance in Hokuriku, which is the very granary of Japan, 30% of the population were reported starving.

So desperately poor are the agricultural communities that when an epidemic of diphtheria broke out in Aomori there was no money to buy a bottle of serum at 2 yen (2/6) for inoculation and the children died off like flies for lack of medical attention.

A police investigation in Aomori prefecture in June 1934¹ showed 16,394 families without medicine and unable to consult a physician when ill and another 23,184 unable to obtain medical

¹*Japan Times*, 1.10.1935.

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attention without running into debt. 654 persons had died without any medical attention.

Naturally the sale of girls to the 'gay quarters' has enormously increased again. The Tokyo *Asahi* reported, on 31.10.34, that upon the deduction of travelling expenses the parents get about 150 yen. This means £8.15s. at the current rate of exchange for a girl slave—for such girls never work themselves free.

According to the *Chuo Koron*,¹ a well-known Japanese economic and political journal, the investigation of an official of the Department of Agriculture and Forestry showed 614 girls leaving a single village in Nagano prefecture—the main sericultural district—of whom 279 went to work as servants and 335 as prostitutes. In one village in the prefecture of Akita, composed of 350 households, 50 girls became prostitutes in 1934. In Iwate prefecture girls were sold for as little as 50 yen.

Export trade is booming in the towns so the brothels are doing a roaring trade, and need plenty of fresh girls from the starving villages. Like the factories, the licensed quarters are reaping enormous profits by reason of their cheap labour supply.

In 1935, although rice and silk prices rose very considerably, there was again famine in some districts, for the rise in prices was itself a symptom of extremely poor harvests, and of a 20% decrease in the production of cocoons.

Although rice prices began to rise sharply in the spring and reached nearly 34 yen by September, this could not benefit the majority of the cultivators, who had long before sold or given up their rice and by the time prices rose were in the market as consumers. If they had no subsidiary income they starved. The peasant proprietors in most places, having much less to sell, were no more solvent than before. For the majority of the tenants the position was more hopeless than ever since the share taken by the landowner amounted to 60%–70% of the crop instead of 50% or 55% as in years of good harvest. But the landowners were making profits for the first time since 1929 and accordingly, although the peasantry in 1935 were everywhere suffering the same misery as before, although children continued to come to school half-starved, although school teachers went unpaid and schools were closed down for want of funds, little or nothing was

¹September 1934.

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heard of petitions to the Diet or speeches in the Diet demanding agrarian relief. For in Japan 'agrarian relief' means relief to landlords and bankers—so long as their position is improved the peasants may starve in silence. As Dr. Washio wrote in the *Japan Advertiser* in October 1935:

'Blown to the winds are the complaints which the landlords were habitually making before through the political parties. It is odd that the demand for rural relief was heard louder when crops were better than average and has been comparatively low in the past year when 40% of the farming families had to live in worse want and debt than before. Lurid stories of their misery failed to be reported in spite of the poor crops of last year and the equally discouraging weather this year. There are plenty of such stories if we look for them, but they have no news value so far.'

Nevertheless in some districts, where flood or drought had been particularly severe, the condition of the peasantry was so terrible that the authorities were forced to investigate. This was notably the case in Tohoku—the Northern part of the main island of Japan which comprises 6 prefectures. The Ministry of Home Affairs in a report summarised in the Japanese Press in October 1935, said there were 381 villages and 549 schools in these prefectures unable to pay the teachers' salaries, which meant that there were 5,766 teachers unpaid.

A pamphlet issued by the Imperial Agricultural Association in the summer of 1935 deals with financial distress, agrarian disputes and increasing social unrest, and speaks of 'conditions which must defy the imagination of civilised and humane people throughout the world'. It also mentions the many serious epidemics and malignant diseases due to starvation and under-nourishment and left to spread because the peasants are too poor to obtain medical attention or even to buy medicines.

As late as November 1935, there were Press reports that the approach of the snowy season found a third of the population of Aomori starving. This meant 350,000 people. The Prefectural Government was reported to be gathering roots as food for the destitute—but rice stocks still remain in the central Government's storehouses. The distress has indeed been so terrible in the North-East for the last five years that even the Japanese Government, which can spare nothing from armaments to help

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the peasantry, felt obliged to promise 8·8 million yen for relief there and to pay for essential public works to prevent the almost yearly 'natural calamities' in that part of the country. However, the dissolution of the Diet in January 1936, at the very beginning of the session, meant that even this small item in the Budget could not be allocated.

One could continue the tale of distress, destitution and starvation indefinitely but enough has been said to convey an idea of the terrible sufferings of the peasantry.

Ever since 1929 arrears of taxation have been piling up all over the country. Some prefectures reported non-payment of taxes mounting as high as 3½ million yen at the end of 1934. The prefecture of Yamanashi shows the following progressive increase in arrears: 1931—168,000 yen; 1932—292,000 yen; 1933—568,000 making a total of 1,028,000 yen for the three years. If half a million was the figure for 1933 when there was a bumper crop, 1 million is likely to have been the figure for 1934. In that year the authorities started a campaign for compulsory collection of taxes through confiscation of property. This usually means confiscation of crops since the peasants have practically no possessions.

The small landowners for their part, crushed between the impossibility of extracting full rents from their tenants in times of famine, or near-starvation, and the impossibility of paying interest on their debts to the banks, and unable to sell their land at the current inflated values, press harder and harder on the tenants in the attempt to save themselves from ruin. They refuse to allow rent reductions and sometimes evict old tenants in order to re-let at higher rentals. Whereas there was a tendency for rice rents to decrease from 1922 to 1932 they are now again on the increase. In 1934 69% of the tenant disputes concerned eviction of the tenants as against only 29% in 1929.

For the tenant farmer has no legal right to the soil. The land-owner can evict him at any time if there is a chance of obtaining a higher rent from a new tenant, or if the old tenant cannot pay up in full. For 15 years the tenants have been striving through their Unions to establish their legal right to the soil which their forefathers have tilled for centuries, but they have not succeeded. They cannot even claim compensation for the improve-

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ments they have made: the irrigation, the enrichment of the soil through fertilisers, or even the bringing of new soil to the fields carried slowly and laboriously on their own backs. They have less security of tenure than in feudal times but no greater opportunities of advancement. The tenant is in reality an agricultural labourer, but a labourer under the disadvantage of having no fixed wage. So much is this the case that the Tenant Unions used, at one time, to make some efforts to demand a minimum daily wage for tenants.

The landlord has stood in the position of employer, and the common interest of all tenants in forcing him to reduce rents, or make other concessions, led to the rapid spread of Tenants' Unions in the decade following the world war and to a steadily mounting yearly number of tenant disputes, from 1921.

XXVIII RENTS AND TENANT DISPUTES

	<i>Rent in kind paid per tan of ricefields (in koku)</i>	<i>Dry land (yen per tan)</i>	<i>Number of tenant disputes</i>
1921	1.17	18.75	
1925	1.08	19.16	2,206
1927	1.02	18.78	2,052
1929	1.03	17.23	2,434
1931	1.02	13.74	3,419
1932	1.01	11.21	3,414
1933	1.02	10.92	4,000
1934	1.04	11.20	4,584

The struggle of the tenants against the landowners, as can be seen from the figures, has doubled in intensity during these last years of Japan's trade expansion and war of aggression in China, signifying not only the increasing misery of the peasantry, but also the growing spirit of revolt amongst them, in spite of all the propaganda about Japanese peasant patriotism and loyalty. Each year since 1929 the figure has mounted and in 1934—when so much less was heard abroad than in 1932 of peasant misery and discontent—the number of tenants involved in disputes was almost 80% larger than the year before and the area of land in

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dispute 100% larger. The following accounts are typical of what is happening all over Japan from one year's end to another.

'The tenants of a big landlord, the millionaire Terao of Osaka, demonstrated in order to get their rents reduced 31·5%. The landlord answered by getting the court to prohibit entry into the fields. This judgment had to be put into effect by the court officers, who came and hung up a notice forbidding entry. A crowd of more than 70 tenants armed with field implements surrounded the court officers, wrested the notice from them and beat them. Police arrived immediately. Four persons were badly wounded, 72 persons were arrested' (*Shakai Undo Tsushin*, 7.11.1935).

'The children of the tenants of 4 villages near the town of Okayama, declared a school strike as a protest against the action of the landlords. On September 19th 60 tenants came with their wives and children into Okayama and demonstrated. A number were arrested. The police are taking urgent measures' (*Ibid.* 6.11.1935).

It is significant that nearly all the disputes concern the rice fields with their feudal system of rents in kind. The cash rents of dry land have, in the first place, fallen sharply since the crisis, whereas rice rents have remained about the same and in 1934 rose slightly. In the second place dry land rentals have always been more reasonable than rice rents in kind, working out as they do to about 30% of the yield as against 50% to 60% for paddy fields.

Moreover, in the case of rice land the landowner takes away the actual food which the peasant needs to save him and his children from starvation, whereas in the case of most dry land the crop is grown for sale, not for consumption.

Expulsion from the rice fields dooms the peasant to starvation and he resists it at all costs. There is no avenue of escape for him, no opening in industry to enable him to live once he has lost his land. Whereas the English peasants turned off their lands in the Great Enclosure movement of the late 18th and early 19th centuries, went into the new factories and mines or emigrated to America, no such escape from starvation is open to the Japanese peasant today. He must hang on to his little plot at all costs, however heavily burdened by rent and interest payments, if he can somehow keep body and soul together through the assistance afforded by some subsidiary occupation, or by a daughter's earnings in the factories. Expulsion means death.

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The growing unity of purpose and spirit of revolt among the peasantry was causing grave anxiety to the Government long before the world crisis drove the mass of the peasantry to desperation and doubled the number of tenant disputes. The Unions of Tenant Farmers spread rapidly after 1921 when the first national union was formed.

In 1926 the Department of Agriculture and Forestry gave the total number of Tenant Farmers' Unions as 4,065 and the total membership as 368,426. What it really amounted to was that in every village the tenants had realised their community of interest against the landowners and supported any tenant who had a dispute by joint action. But in the final outcome the tenants could do little radically to improve their position since the law was always against them. Proposals brought before the Diet at intervals during the past 15 or 20 years designed to give the tenants some rights in the soil and compensation for improvements were always disregarded, and the necessity for political representation was forced upon the peasantry. Thus the first Labour Parties in Japan sprang from the Tenant Farmers' Unions rather than from the Trade Unions, although leadership usually came from the workers or from the 'intelligentsia' of the towns.

In 1925 the first Farmer-Labour Party was organised but was immediately suppressed by the Government.¹

Left Wing Unions and their political parties were more and more ruthlessly suppressed by the police after the Peace Preservation Law of 1925 had been made even more drastic in 1928.

Only unions and political parties professing extremely Right Wing policies and views are now allowed to exist and even these are jealously spied upon by the police for signs of 'dangerous thoughts' developing among their members. Any hint of 'radicalism' in word or deed is met with arrest and torture, so that all effective trade union activity of workers or tenant farmers is illegal and has to be carried on secretly.

¹A good account of the various Labour Parties and the splits into left wing, right wing and centrist parties can be found in *The Problem of the Far East*, by S. Mogi and H. Vere Redman, London 1935. Prior to the elections of February 1936 an understanding was at last reached between the various 'proletarian parties', and they managed to win 18 seats.

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At the same time, compulsory arbitration for strikes and for tenant farmers' disputes has been instituted. This in practice means that the landowners can always call in the police to force the tenants to give way. Nevertheless you cannot sweep the tide back with a broom, and not all the repression and terroristic measures of the Government can defeat the bitterness and determination of the peasant movement, nor keep the activities of the union led by the most moderate of leaders within harmless channels in conditions as hopeless and as hard for the masses of the countryside as those which have been described. Men whose wives and children are starving before their eyes will at any cost fight to preserve their last supplies of rice or barley, or to prevent their only means of subsistence—the land—being taken away from them.

During the past few years there has been a widespread movement to form peasant committees in village after village and prefecture after prefecture. News of this movement and in general of agrarian 'disorder' is very hard to come by at present, for since it is thought to be instigated by Communists and to offer dangerous precedents, the authorities do their utmost to prevent news of this kind appearing in the newspapers.

The Left Wing magazines which used to publish particularly interesting information about the peasant movements have been raided and suppressed. Occasionally news leaks out, in connection with the arrests of Communists, of what is happening in the villages. For instance, in April 1934, 50 persons accused as Communists were arrested in the prefecture of Niigata in connection with the formation of peasant committees in many villages.

Although to some extent peasant discontent has been diverted into military fascist channels since the 'Manchurian incident', the landless peasants and the poorest peasant proprietors cannot easily be won over, or be kept from Communist or 'Radical' influence, when year after year their conditions become more intolerable and year after year it becomes clearer that they will derive no benefit at all from the conquest of Manchuria.

The revolutionary peasant movement cannot be stemmed by words or by patriotic or demagogic propaganda, since the roots of the agrarian crisis lie too deep and demand too radical a

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solution. The rising tide of disputes, the irrigation incidents described in this chapter, the raiding of rice storehouses and the formation of peasant committees, in spite of the suppression of the Left Wing national organisations of the tenants by the Government, are all proof of this.

The landowners and richer peasants can hope for some amelioration through foreign aggression which can produce profits to subsidise them, and give employment to their sons as officers or as officials. But obviously it cannot help the mass of the peasantry.

The big capitalist interests for their part had far too long assumed that the peasantry will stand anything and that only the industrial proletariat is to be feared.

A certain well-known journalist called Tsuni Baba, in opposing the 'relief measures' of the Government in 1932, wrote as follows:

'... disturbances among urban labourers may be much more difficult to curb than unrest among farmers. . . . There can be no relief when everyone wants it and no one can give it. . . . The agricultural population of 40 million is to get relief. What is to be done for the 20 million in the cities? To relieve them the price of necessities must be lowered and this is diametrically opposed to rural relief. . . . From time immemorial peasant riots have broken out locally and been suppressed locally. Discontent among urban labourers and unemployment because of hardships will bring disturbances to the centre of the nation.'¹

Since 1932 there has indeed been a growing conviction in banking and industrial circles that if such a year could be passed without revolution then the peasants can be expected to stand anything. In the midst of the famines and universal distress in the countryside during the winter of 1934-35 the Finance Minister, Takahashi, said in his New Year's Message to the nation: 'I shall be glad to see the farming community rise to prosperity through its own efforts.'

The small landowners and the larger farmers try to save their skins by diverting the anger of the tenants and small holders away from landowners, usurers, local merchants and industrialists, against monopoly capital. Here arises Japan's peculiar

¹ *Trans-Pacific*, 29.9.1932.

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brand of fascism whose social basis is among the very large numbers of petty landowners and small industrialists and whose mouthpiece is the young officers. Contrast, for a moment, the programmes put before the peasants for their support by the Fascists and the Radical organisations, whether Left Unions or Peasant Committees. The latter concentrate on the struggle for the land, against evictions, for reduced rents, for a law forbidding confiscation of the rice crop in payment of rent or tax arrears, for improved irrigation works constructed at Government expense, and distribution of Government rice stocks to the starving.

The Fascist demands are quite different. For instance the Kokumin Domei submitted a petition to the Government, in 1932, asking for: a moratorium on debts, a subsidy for the development of uncultivated land, a subsidy for emigration to Manchuria and a subsidy for the purchase of fertilisers, delay in repayment of loans made by the Government at low rates of interest, reduction in the salaries of Government officials.

Quite obviously such demands as these latter ones are the demands of small landowners and larger peasant proprietors.

The Fascist agrarian organisations confine themselves to petitions, and terrorist acts against individual capitalists or politicians. The Left organisations struggle locally for their demands, whether against landowners to prevent eviction, or against the Government for release of rice stocks to feed the starving. It is of importance to note that one of the main demands of the peasantry in 1932 and 1934 was for distribution of Government rice stocks to the starving. Riots were frequent, and in some cases the rice storehouses were broken open, or the local authorities forced to distribute the grain. Peasants and the unemployed of the towns gathered together as in the rice riots of 1918; they surrounded the county halls demanding free rice distribution. Terrible scenes were witnessed when thousands of men, and women with their starving babies in their arms, broke into the town halls and refused to leave until some rice had been given out.

Easy as it may seem to a Tsuni Baba or a Takahashi to suppress spontaneous mass risings of the peasantry so long as the working class of the towns is kept content, or cowed by the imprisonment of all 'dangerous thinkers', and the middle strata are

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kept on the side of 'law, order and property' by their hopes of salvation through foreign conquest, the ruling classes nevertheless realise that they are sitting on a volcano, which would erupt if Japan suffered a serious military defeat, or if once a firm alliance and organisation were built up between the workers of the towns and the tenant farmers and small peasant proprietors. Hence the vicious oppression of the Trade Unions and Tenant Unions, which were in a fair way to achieving unity under Radical leadership a decade ago. Hence the extreme fear of Communism, the mass arrests of all suspects, the suppression of strikes by the police.

The insoluble agrarian problem and the simmering discontent in the Japanese countryside is the black care which sits behind the financial, military and political leaders of Japan as they ride desperately forward on their course of military aggression. They must go on for they dare not look back at what threatens them when war, inflation, and an irredeemable national debt shall have brought on their inevitable Nemesis, and, in the midst of bankruptcy and defeat, they will be confronted by a starving and desperate peasantry, an awakened working class and a disillusioned and ruined middle class.

CHAPTER VI

Japanese Labour—Cheap or Dear?

There is a long standing controversy on this subject in which one side maintains that Japan engages in dumping, sweats her workers, and generally competes with the West with an unfair advantage as regards hours and wages; and in which the other side hotly denies the charge and insists that all Japan's success in world trade is due to her wonderful organisation, technique, rationalisation of work and so forth, and somewhat inconsistently, that, if wages are low, this does not mean that her workers are not adequately fed and clothed and housed according to the standard to which they are accustomed. The argument is usually based on misconceptions on both sides. Those who attack Japan narrow their argument down into a discussion of the rates of Japanese wages and her labour productivity, whilst those who defend her are satisfied if they can prove that wages in the cotton industry are higher than in silk filatures or in certain other industries, or than on the land; or that, since the Japanese people have always fed on rice or barley, slept on the floor and worn wooden clogs, there is no reason why they should ever enjoy a more civilised life. Some Japanese propagandists, however, go even further than this, and with photographs of pleasant Japanese rooms and gardens, bathhouses and smiling girls, try to convince the West that the Japanese factory is more like a high class boarding school¹ than a place of severe toil. Such propagandists make themselves ridiculous to anyone who has been in Japan, but they have some effect on the gullible Western

¹This Japanese propaganda is most successful, as can be seen from many articles and books. An article in the London *Times* of 4.5.36, describing conditions in the mills in most favourable terms, says: 'they looked from a distance like High School girls.'

Mr. Arno Pearse, in his *The Cotton Industry of Japan and China*, goes so far as to describe conditions in general in the big factories as like those in a high school.

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reader who, if he sees a picture of a girl in kimono standing by a vase of flowers in a sunlit dormitory, is inclined to believe that so charming a picture—recalling to his mind fancy dress balls or the glamour and colour of the East rather than the ugly realities of industrialism—proves all the contentions of the millowners. The artistic beauty of a Japanese wooden house helps the Japanese propagandist, and he is careful to show the dormitory empty, not crowded with girls sleeping elbow to elbow on the floor.

It is indeed quite amazing how the same old labour myths are repeated again and again, although they have frequently been disproved and can easily be refuted out of the mouths of eminent Japanese, anxious to prove a different thesis: the myth that girls come to the factories to earn their dowries, the myth that social services cost the millowners enormous sums of money in addition to their wage bill, the myth that the girls are all contented, happy, well fed and healthy, although working as intensively or more intensively than those of Lancashire, and fed at a fraction of the cost of maintaining life in the West.

Although any serious examination of the conditions shows a far grimmer and more cruel picture, yet, in quite a different sense from that of the above controversy, it can be argued that Japanese labour is dear, not cheap. For although it is certainly very cheap if we compare wages and output per worker with those of Europe, Japanese labour is just as certainly dear, if we take account of the productivity of Japan as a whole—that is to say, if we regard not merely the wages paid to the industrial workers and what they can purchase for them, but also what it costs the nation in human energy and time to feed them. This is clear from the facts set forth in the preceding chapters. The low productivity of agriculture and of household and artisan industry means that, low as is the standard of life of the Japanese people, the surplus which they produce beyond their own consumption minimum is very small. Hence Japan's shortage of capital, hence the survival of handicrafts, hence the low wages paid in industry. The standard of life of the peasantry drags down the wage level of the industrial workers; the low productivity of handicraft industry and the low wages paid in the small workshops and domestic industry keep down the wages of the factory workers.

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Hence large scale modern industry, where it exists, enjoys a tremendous advantage over that of other countries. The Japanese cotton and rayon industries in particular, whilst utilising the most modern technique, draw their labour force from amongst the daughters of the poverty stricken peasantry with their mediæval or colonial standard of life. As a Japanese writer has expressed it: 'The farming population constitutes the reservoir of industrial labour and its size serves to keep the wages of industrial workers from rising.'¹

Hence the Japanese cotton spinners and textile manufacturers are able to benefit both from the maximum productivity of labour, arising from the use of modern power-driven machinery, and from the maximum degree of exploitation of its labour force, made possible by the extreme poverty of the peasantry, by the patriarchal, Asiatic, barbaric conception of women as chattels to be bought and sold, and by the standards of hours and wages set by handicraft industry. The wages paid in the big cotton mills and rayon factories are little higher than those paid in handicraft industry—indeed they are frequently lower since these big factories employ for the most part girls, not men; but the productivity of labour in the big factories is incomparably greater than that of the artisans, or of the workers in domestic industry. This is the primary fact which solves the riddle of Japanese trade expansion. This is the primary fact which makes Japan's irresistible advance against Lancashire clear and understandable and in no sense a mystery. The same advantages are enjoyed by the manufacturers of certain other consumption goods which have of recent years appeared on the world market, such as rubber shoes, electric lamps, pencils, soap, bicycles, pottery, etc., etc.

The advantage accrues to the makers of all goods where skilled and experienced labour is not necessary and where mass production methods can be applied. The advantage ceases to operate in the case of heavy industry where a permanent, skilled and experienced labour force is a primary necessity. To this aspect of Japan's labour problem I shall return later in this chapter.

Japanese textile capitalists accordingly enjoy a tremendous

In the *7iji*—quoted in the *Trans-Pacific*, 28.12.1934.

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advantage over their competitors of the West on account of the semi-feudal conditions in the Japanese village which keep down the standard of life of the whole Japanese population. Furthermore they benefit in particular from the status of women in Japan, which enables them to obtain not only very cheap, but very docile and defenceless, labour for their factories. Whereas the textile industry in England in the late 18th and early 19th centuries accumulated enormous profits, and expanded rapidly, by exploiting pauper children, the young children of the peasantry ousted from their lands by the Enclosure Movement, and the children of the ruined handicraft workers, in Japan the conversion of the peasantry into landless labourers was not necessary. The much vaunted 'family system' with its subjection of women as naturally inferior beings, and the powers it gives to the head of the family, has enabled the textile capitalists to obtain a plentiful supply of the cheapest and most helpless factory labour without the necessity for the expropriation of the peasantry, but merely by so burdening them with rent, interest, taxes and monopoly prices for industrial goods, that large numbers of them cannot exist without contracting their daughters to factories or silk filatures or selling them to the brothels. The Japanese manufacturers are accordingly assured of a large supply of docile labour by the widespread and long-standing custom of the sale of daughters by their fathers. So long as this supply is forthcoming—and of recent years it has become more and more abundant as conditions in the villages have gone from bad to worse—industrial capital is content to leave well alone the feudal survivals, the archaisms, the wasteful small scale production of the countryside. It does not want a large class of landless labourers, since it is assured of a much safer and more easily manageable labour force from amongst the daughters of the peasantry. Nor, since the large scale industries work for export, are they concerned with the narrowness of the home market which is a natural consequence of the backwardness and poverty of Japanese agriculture.

In the feudal period, daughters could only be sold to the houses of prostitution, or as geishas, and the superfluous daughters were therefore to a large extent got rid of by infanticide. With the development of silk filatures and cotton mills daughters

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became a profitable investment for their parents. The houses of prostitution buy the girl outright for a sum down, whilst in the case of silk filatures and small weaving sheds the girl's labour is usually contracted for by the year, the contract being renewed from year to year if her work is still required. In the case of the big factories two or three years are contracted for, but only a small sum is paid in advance. Of recent years the big millowners have not needed to employ recruiting agents of their own. Agrarian distress has been so acute, and the indebtedness of the peasantry so colossal, that the landlord or usurer-trader of the village can be counted upon to see to it that the peasants should contract their daughters into industry in order to obtain the money to pay rent and interest. Girls and their parents naturally prefer industrial employment to the brothels, since the former is temporary whereas the latter means slavery for life because the debt can never be paid off. However in certain districts far from industrial centres, such as Aomori and other Northern prefectures, it is not always easy to arrange for a contract with the factories. The latter can get plenty of labour nearer at hand without paying the fare for a long railway journey and so in these districts an undue proportion of girls go to the houses of prostitution.

Moreover where the peasants' debts are very large they may be forced to sell a girl to the brothels, which pay a comparatively large sum down, since the factories no longer pay big sums in advance.

Neither as regards the brothels or the factories does the girl herself play any part in the transaction except as a commodity. The father or other male head of the family signs a contract with the factory's agent that his daughter shall work for a stated period and either the whole or a part of her year's wages is paid to him in advance. When the advance is small the stipulation is that a part of her monthly wage shall be sent to the girl's parents. In the case of the brothels a much larger sum is paid to the father and the girl cannot leave her 'employment' until it is worked off. Since in addition to this sum bills are made out against her for expensive clothing, and since each day's illness is charged up against her, she can only in exceptional cases ever work off the debt.

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The following is a draft of the certificate of sale, *nenki-shomon*, in the case of a girl sold to the licensed quarters.¹ The 'contract' with a factory takes practically the same form.

Name of girl.....
Age.....
Dwelling place,
Father's name.....
You,..... proprietor of
agree to take into your employ for five years the above named at a
price of 300 yen.
30 yen you retain as *mizukin* (allowance for dress)
270 yen, the balance, I have received.
I guarantee that the girl will not cause you trouble whilst in your
employ.
She is of the..... sect, her temple being the
in.....
Parent's name.....
Witness's name.....
Landlord's name.....
Proprietor's name.....
Name of House.....

If the girl runs away from either brothel or factory her father's goods, or his guarantor's goods, are liable to distress, so that she dare not return home, even if she escapes, for she knows that her father or his creditors will send her back again. In any case escape is very difficult since if the girl manages to evade the guards of factory or licensed quarters she may be caught by the police and returned to her 'owners'. Moreover since she has no money, her wages being 'saved' for her by the factory management, if there is anything left over after the cost of her food and the sums sent to her father have been deducted, she cannot pay her fare home. Those girls who do manage to escape can only seek work in another factory where conditions may be even worse, or become café-waitresses or unlicensed prostitutes.²

¹Translated in 'The Passing Yoshiwara'. Article by Bunji Omura in *Asia*, February 1936. The same author writes that an investigation by Commander Gumpei Yamamuro, the founder of the Japanese Salvation Army, shows that at the rate at which the girls are able to repay their debts during the first 2 or 3 years it would take each girl almost 189 years to become free. Naturally factory employment is better than this.

²A police investigation in Tokyo in 1928 revealed that 70% of the unlicensed prostitutes in the suburbs of the city were ex-factory workers (*Japan Today and Tomorrow* (1928)).

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The peasants who thus sell their daughters into something closely resembling serfdom, or debt slavery, are in most cases driven by dire necessity. The details given in Chapters IV and V of agrarian economy, and of the distress and hunger in the Japanese villages, show clearly that it is want which forces the peasants to supply the factories with cheap indentured labour. Even if it were thought more natural that the men of the family should leave their farms and seek industrial employment, there is no demand for their labour as there is for that of young girls. All that is open to them is coolie labour or casual labour in industry and transport. In any case the whole tradition of Japan insists that it is the women who must be sacrificed. From time immemorial the 'beautiful customs of old Japan', the much vaunted family system and all it entails, in a word the patriarchal ideology which has survived in spite of the decay of patriarchal economic forms, puts women into a lower category than men, treats them as inferiors who should be glad to sacrifice life and liberty for their masters, whether fathers or husbands. How many of Japan's ancient legends and revered stories of the past, acted now in the theatre and on the screen, show the young daughter of an afflicted house being sold to the Yoshiwara to save the honour of brother or father or to save her family from want. Girls are even sometimes sold to provide the money to educate their brothers. The whole force of tradition and custom dating from the feudal period and assiduously fostered, praised and preserved by those who profit most from it today—landowners, and factory owners and the whole bureaucratic apparatus of Government—keeps large scale industry run on indentured female labour, and prevents the breakdown of the patriarchal feudal village system and the creation of a working class divorced from agriculture and able to combine to improve conditions of labour.

It is not even always poverty or famine, or a crushing load of debt, which leads the peasant to contract his daughter to a factory. So ingrained and natural, and admittedly praiseworthy, is the power of the head of the household over the female members, that peasants sometimes sell their children in order to accumulate some capital to advance themselves in the world, or even just in order to have a good time. Thus the peasant may sell his

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daughter to a brothel, or contract her to a silk filature or factory, taking all her wages for a year or two in advance, in order to acquire more land, or in order to buy a loom or two to set up as a small village manufacturer, or to start a tiny silk reeling establishment—in a word to acquire capital and become a small capitalist.

In the Ichinomiya woollen weaving district near Nagoya, when I asked a yarn merchant how the peasant got the money in the first place to buy his one or two looms worked by a hired motor, I was informed: either by mortgaging his land, or from the proceeds of sending his daughter away for a few years' work in a small weaving shed. In this way, some of the less poverty-stricken peasants can become well-to-do and, in time, start to employ the wives and children of the landless or of the poor tenant farmers as well as their own families. When a man has thus, by means of the most ruthless exploitation of his children's labour and that of his wife, acquired his own 'means of production' in the shape of a few looms and a small motor, he is nevertheless little more than an agent for the merchant manufacturer who supplies him with yarn and takes the woven cloth from him. The latter finds it more profitable to give out yarn to be woven in these household establishments at a fixed charge, than to employ labour himself in his own factory. Here one sees how the large merchants and industrialists profit from the poverty of the peasantry and from the subjection of Japanese women. The peasant can be relied upon to work his wife and children and any hired labour he employs 14, 15 or 16 hours a day, in the frantic effort to become a small capitalist, or to keep his land unmortgaged, or to keep his creditors at bay; whereas the merchant who profits most from this exploitation could not keep labour employed directly working such long hours for so paltry a return. To some extent the law would restrain him, and certainly workers in a factory would sooner or later combine to obtain better conditions. Herein lies the secret of the survival and even extension of domestic industry. Viscount Ohkochi, General Araki, and the rest of those who advocate the extension of domestic industry, who call for a movement of 'industries to the village', think they can reap a double advantage over the West with its large factories and landless working class. They think they can in this way both avoid the strikes and inevitable rise in

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the workers' standard of living which must occur once there is a true working class in the towns, and at the same time preserve the peasantry to work in the fields for the landlords. Naturally landowners and industrialists consider it an ideal system that industrial commodities should be produced by the wives and children of the peasantry, and by the peasants themselves in the slack seasons of the year, rather than by a working class full of 'dangerous thoughts' and in a position to combine. Electricity has, in fact, rendered this system to a considerable extent practicable in Japan. Hence the rapid expansion of domestic industry which has been producing more and more goods for export during the last few years. So far, however, it still remains to be proved that goods other than unstandardised consumption goods of low quality can be manufactured in this fashion.

To return to the question of the women workers contracted to work in factories and silk filatures. I have said that occasionally the peasant sells his daughter merely to have a good time. One reads sometimes in the newspapers of flagrant cases of this sort where a man sells his daughter to one brothel and then goes and enjoys himself in another on the proceeds. I cite one such instance below for the light it throws on Japanese *mores* and on what Japan's famous 'family system' means for peasant girls. It will be noted that no punishment either legal or social awaits such a father. It is all quite due and proper except when he tries to defraud the brothel keepers by selling the same daughter twice, as sometimes happens when she escapes.

'A farmer from Miyagi prefecture who sold his 14-year-old daughter in Tokyo for 250 yen and then went on a spree with the proceeds was given a "lecture" at the Susaki Police Station, Monday, the *Asahi* reported. He aroused the suspicions of the police by his manner of spending the money but after his explanation of how he came by it, he was dismissed with a lecture.'

'He was sorry, he told the police, but when he got back to his native village his remorse appeared to be considerably diminished. "After all," he was quoted, "why so much excitement about it? It was my own daughter and my own money and it's nobody's else's business."

'The farmer, Kyushichi Sato, 49, brought his daughter to Tokyo and sold her to a geisha house for a five-year term of service. The same night he appeared at a brothel in the Susaki licensed quarter of Fukagawa ward, spent the night and settled for 33 yen the next morning. Sunday night he went to another establishment in the same

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district and his bill there was 77 yen. . . . He further said: "I was raising pigs as a sideline but ran 600 yen into debt. As I had no means of repaying it, I decided to sell my daughter. At first I only intended to place her as a servant in some house in Tokyo, but on the train to Tokyo I changed my mind. In my village it is not considered evil to sell one's daughter." ¹

This incident has not been quoted in order to prove that fathers in Japan usually sell their daughters in order to 'go on the bust'. Such a statement would be as fantastically untrue as the time honoured myth beloved of tourists that the peasant girls go to work in the factories in order to acquire a dowry. But there are probably as many or more cases of the one as of the other. Few and far between are the cases of girls able to save their wages for a dowry. As regards the number of cases in which girls are sold, not on account of compelling poverty but through the unscrupulousness of their fathers—or shall one rather say through the fine old Japanese spirit of their fathers—there are some interesting figures for four of the Northern prefectures. The Imperial Agricultural Society recently made an investigation of conditions in the prefectures of Aomori, Miyagi, Akita, Fukushima, Iwate and Yamagata. This investigation endeavoured to ascertain how many girls had left home during the first 10 months of 1934, to what kind of employment they had gone and why, what advance payments were made to their parents for the various kinds of employment, and so forth. For the first four of the above prefectures they published the following results.²

XXIX

SALES OF GIRLS IN FOUR NORTHERN PREFECTURES

<i>Causes for the sale of daughters</i>	<i>Aomori</i>	<i>Miyagi</i>	<i>Akita</i>	<i>Fukushima</i>	<i>Total</i>
Economic	2,406	9,327	8,493	21,196	41,422
Tradition	600	549	1,092	1,875	4,116
Lack of moralsense	215	595	607	603	2,020
Unscrupulous brokers	?	250	990	678	1,918
Other	?	241	?	623	864
Total	3,221	10,962	11,182	24,975	50,340

¹ *Trans-Pacific*, 22.8.1935.

² *Japan Times*, 1.10.1935.

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Thus, for these four prefectures comprising a total of 4½ million inhabitants, 50,340 girls were sold during the first 10 months of 1934. The investigators remark that there has long been a tradition to sell daughters in these prefectures which are amongst the poorest regions of Japan and suffered famine in 1934 and again in 1935.

The large majority of sales—82%—were due to extreme poverty or actual famine, and come under the heading ‘economic causes’. But as many as 6,136 girls were sold for traditional reasons or on account of lack of moral sense. These two headings are somewhat contradictory and their precise significance left unexplained. Presumably however, the traditional sales are those made by parents not actually starving or forced to sell their daughters to pay their debts, but whose farms cannot support all their children, or who are seeking to accumulate a little capital to get on in the world. Again they may relate to sales of girls as geisha, not regarded as at all a dishonourable profession. The lack of moral sense group can only mean those who sell their daughters to enjoy themselves on the proceeds, but it is hardly in line with Japanese morality to condemn them, since the daughters are displaying all the fine virtues of filial piety.

Indeed this report of the Imperial Agricultural Society seems to be a case in which the old morality and the corrupting influence of the West are at odds, else why should they include a category of sales due to lack of moral sense? This is an entirely Western conception threatening the pure and special morality of Japan.

These figures are perhaps sufficient to explode the myth concerning girls leaving home to acquire their dowries.

Other figures in the same report show that even in the case of factory employment the whole or greater part of the girls’ wages are advanced to the fathers before they begin work. These girls are therefore little better than debt slaves and cannot leave their employment, however inhuman the conditions, until their time is up. The comparatively high sums paid for geisha and prostitutes reveal that in their case there is no prospect of return home at any time; they are actually sold, not contracted for a few years’ work.

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ADVANCE PAYMENTS MADE ON SALE OF GIRLS (IN YEN)

	Highest	Lowest	Average
Geisha	2,300	100	800
Licensed prostitutes	2,000	50	900
Unlicensed prostitutes	806	10	400
Waitresses	500	5	140
Servants and nurse girls	100	5	40
Factory girls	300	5	130
Other	120	10	50

The above details have been given to show, not only the agrarian poverty which enables the silk filatures, cotton mills, rayon factories, etc., to obtain cheap female labour, but also the low status of women and their complete subjection to the men of their families, who can freely dispose of their liberty. It is this fact which must continually be borne in mind if one is to appreciate the conditions of factory labour in Japan. So long as industry can obtain a plentiful supply of semi-slave female labour it will be hard for men to get employment and the level of male wages will be kept excessively low. With only a few exceptions, openings for men in industry in normal times in Japan are only to be found in the small scale establishments and handicrafts or as casual labourers.¹ Since 1932 the boom in iron, steel and engineering, together with the increased intensity of labour in the cotton mills which has decreased the numbers employed, have greatly increased the number of male workers in comparison to female, but even now the number of male workers in factory industry only slightly exceeds that of female. Moreover, the figures include the large numbers of small establishments employing 5-10 workers where conditions of labour, even when some machinery is in use, approximate more to handicraft than modern industry.

¹According to the data of the Ministry of Commerce and Industry for 1930 55% of the total number of male industrial workers are employed in establishments with less than 5 workers as against only 8% of the women.

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XXXI

TOTAL NUMBER OF FACTORY OPERATIVES IN JAPAN

	<i>Male</i>	<i>Female</i>	<i>Total</i>
1929	955,491	1,134,295	2,089,786
1931	892,485	907,773	1,800,258
1932	968,433	905,860	1,874,000
1933	1,098,276	952,225	2,050,501

Nevertheless, the increase in the number of male factory workers as against female since 1931 clearly indicates the increasing importance of heavy industry since Japanese aggression in China caused a boom in iron, steel and armaments production, and since the decline in the exchange value of the yen gave a big impetus to the manufacture of machinery. It has already been remarked that the advantage Japanese light industry enjoys from its use of cheap female labour is not one that can be shared by heavy industry, where the greater part of the labour employed must be male. If real progress in engineering in Japan is to be made, a skilled, trained, permanent male labour force must come into being, and the present small number of factory workers must be greatly increased. The Japanese employers are however extremely nervous about such a development. They have not forgotten the great strikes of the post-war boom in 1919, in particular the strike at the Kawasaki dock yards, which involved over 15,000 workers and was successful in forcing a limitation of hours of work to 8 per day—an extraordinary achievement in Japan. Indeed this strike, and the many others of the historic year 1919, showed that labour in Japan, once organised sufficiently strongly to defy police terrorism, would demand the same standards of wages and conditions as labour in the West. Accordingly, the employers are loath to see a large permanent factory population arising in the towns. For them the increase in the number of male factory workers is an ominous symptom. They had sufficient experience from 1917 to 1920 to know that this means strikes, trade unions, higher wages and shorter hours.

Thus Japanese Imperialism is on the horns of a dilemma: it must develop heavy industry, if it is to maintain itself as a Great Power, but it knows that the development of heavy industry

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means the formation of a large working class completely divorced from agriculture and full of 'dangerous thoughts'. Every Japanese employer believes that if a strong labour movement develops, as it is bound to develop once there is a large class of free male factory workers, it means not only strikes and higher wages but the end of the Japanese Constitution, the end of 'the system of private property'.

At the same time the present boom in heavy industry is felt to be unstable and temporary, a purely war phenomenon not fated to endure. This, and the fear of strikes, no doubt explains the following curious paragraph in the March 1935 issue of the Mitsubishi Monthly Business Circular—organ of one of the two largest trusts and expressing the views of Japanese large scale industrialists as a whole:

'As a rule, manufacturing works which had bitter experience in the past, were loath to increase the number of workers but they tried to meet the emergency by the extension of working hours.'

There is plenty of other evidence showing reluctance of employers to increase their permanent labour force in spite of the boom conditions. Moreover, they also seek, by taking advantage of the acute distress in the villages and of unemployment in the towns, to pay even lower wages than those standardised previously. For instance the Home Office in 1935 reported a large increase in the number of temporary workers—the *Rinjiko*. These are employed in factories at lower than regulation wages. The Home Office investigation showed that 30% of the total workmen on the pay rolls of factories employing 100 or more workers were *Rinjiko*. At the same time the Osaka Prefectural Office reported that out of a total of 360,000 workmen employed at the factories in that prefecture controlled under the Factory Law (i.e., having 10 or more workers) 85,000 or more than 40% were *Rinjiko*.

Such labourers, besides being paid lower wages, are only day labourers with no rights to dismissal bonuses, which is an additional advantage to the employers.

At the same time an acute shortage of skilled workers is reported in the Press, in particular in iron and steel foundries and leather manufacturing. Really skilled workers are able to ob-

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tain much higher wages than those given as averages¹ whereas the large army of casual labourers earn much less. The following figures of actual average wages in certain trades in Tokyo show the steep decline since 1929 in the textile and other light industries working largely for export, and the considerable increase in the heavy industries where the demand for skilled labour is larger than the supply.

XXXII

AVERAGE WAGES PER DAY IN TOKYO IN VARIOUS TRADES (IN YEN AND IN SHILLINGS AND PENCE)²

	1929		1934	
	Yen	s. d.	Yen	s. d.
Reeler—silk filature (female)	1.03	1 10½	0.71	0 10
Cotton spinning*	1.44	2 7½	0.81	0 11¼
Weaver—cotton power loom (female)	0.84	1 6½	0.72	0 10
Weaver—silk hand loom (female)	1.66	3 0½	1.33	1 6½
Hosiery knitters (male)	2.20	4 0½	2.04	2 4½
Hosiery knitters (female)	1.56	1 11½	1.17	1 4½
Lathe men	4.19	7 8	5.27	6 1½
Wooden pattern makers	4.43	8 1½	4.50	5 3
Founders	3.86	7 1	3.99	4 7½
Blacksmiths	3.93	7 2½	4.43	5 2
Potters	1.77	3 3	1.91	2 2½
Cement makers	2.98	3 7½	2.54	2 11½
Matchmakers (male)	1.70	3 1½	0.90	1 0½
Matchmakers (female)	0.85	1 6½	0.65	0 9
Leather makers	3.10	5 8	3.11	3 7½
Makers of chemicals	2.01	3 8	2.04	2 4½
Carpenters	3.00	5 6	2.00	2 4
Day labourers (male)	2.01	3 8	1.61	1 10½
Day labourers (female)	1.09	2 0	0.84	0 11¼
Fishermen	2.22	4 0¾	1.52	1 9½

¹The *Japan Times* of 27.1.1933 reported skilled workers in certain heavy industries earning as much as 300 yen a month.

²Annual Statistical Report of the Tokyo Chamber of Commerce and Industry. English money equivalent calculated on mean rate of exchange for the year. The exchange rate on London was 1/10 in 1929 and about 1/2 in 1934.

*These figures are far too high for women cotton spinners and must be the average for men and women.

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All wages fell sharply in 1930, but whereas those of textile workers and of other workers in light industry continued to fall each year, in spite of the fall in the value of the yen and the rise in the cost of living, the wages of fitters and turners (lathe men) increased 35% between 1932 and 1934, rising 26% above the 1929 level. The wages of blacksmiths had by 1934 reached a considerably higher level in yen values than in 1929 and those of founders and pattern makers a slightly higher level. These wages represent those of the workers in the iron, steel and engineering trades where the demands of the army and navy have sent production to record heights and produced a shortage of qualified labour. The rates are still low in terms of English money, but they are very high in comparison not only with those of the women textile workers, but also with those for men in all other industries. The wages of engineers in Japan are now nearly three times as large as those of a potter or a carpenter or a worker in the chemical industry. They are nearly seven times as high as those of a cotton weaver. Such wage comparisons as these indicate that in iron and steel and engineering the Japanese are unlikely to be able to beat their competitors by means of quite the same advantages of cheap labour as in textiles and other consumers' goods. Together with their higher overheads, and high raw material costs, they render Japanese engineering uneconomic, and only profitable in exceptional times such as the last few years.

In considering these wage rates in terms of English money one must not be led away by the Japanese employers' argument that, low as they are, they are adequate to maintain the Japanese workers in comfort. The cost of living is not cheap in Japan. The retail price of rice is higher than in London, cotton goods are little if at all cheaper, and rents are very high due to the high interest rates and the large profits made by the landlords. The latter normally recover the cost of building within 7 or 8 years. The Bureau of Statistics of the Imperial Cabinet estimates the average monthly housing costs per head in the better paid workers' families as 4·12 yen (8/2 at par or 4/9 at the present rate of exchange).¹ Rents usually come to at least one-fifth of the workers'

¹ Interesting details of rents paid by workers and the space obtained for such rents are to be found in Guenther Stein's *Made in Japan*, 1935.

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budget. Moreover, the majority of working class families occupy extremely small quarters. The present writer visited the poorest districts of Kobe where workers lived in tiny 3 or 4 mat rooms (a mat is 3 ft. by 6 ft.); in some cases there was insufficient floor space for the whole family to lie down and sleep at the same time. Cooking on charcoal braziers was done in the narrow alley outside the rows of cabins.

In general the argument that the Japanese enjoy their old style mode of living in unheated thin wooden houses, without furniture, and that wages and salaries are quite adequate for this traditional mode of life, does not bear close examination. In the first place the wealthier Japanese readily live in stone houses or apartments with modern heating arrangements, and eat European foods, and in the second place the wages of most workers are not sufficient to maintain life decently even in the old manner.

It is true that the incredible industry, devotion to their children, and natural cleanliness of the poorer Japanese enable them to maintain the decencies of a civilised existence on minute incomes which, for Europeans, would mean raggedness and dirt and abandonment of all decencies. Nevertheless there is a limit to the endurance and capabilities even of Japanese women, and most wages are now so low as to make the struggle hopeless and undernourishment the rule rather than the exception for the working class. The above table is of further interest as showing how the textile manufacturers have gone on reducing wages all through the past years of falling exchange, mounting wholesale¹ and retail prices and unprecedented expansion of exports. This they have been able to do purely and simply on account of the agrarian distress which has grown more and more acute. Although the prices of commodities have risen even on the Japanese market, the price of girls bought from their starving parents has as continuously fallen. The poverty and hunger in the villages has been a source of greater and greater profits to

¹The general index of wholesale prices in 1935 was 49·6% above Dec. 10.1931 (when Japan went off gold). Retail prices in the second half of 1935 had risen 15·6%. As already noted in Chap. IV. the prices of goods of mass consumption such as coarse cotton cloth have risen far more steeply than the general index.

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the textile manufacturers and is the primary cause of their success in capturing the world market. As the well known Japanese economist Kamekichi Takahashi has said: 'The national standard of wages in Japan is based on the income of the peasant.' He further calculated that the wages of two women in cotton spinning are the equivalent of the income of an agricultural family of 3 grown-up persons.

In actual fact, Japan's 'phenomenal trade expansion' of recent years is a symptom of her social distress. The more miserable the condition of the peasantry the lower the wages in the cotton and rayon industries, the cheaper the price of textiles and the larger the export.

It is quite idle, in face of the official figures of wage rates in the cotton industry, to try to prove that it is not low wages which are the main cause of the cheapness of Japanese manufacturers. Not all the pretty photographs and fairy tales of the propagandists can get over these figures. Nevertheless there are still to be found plenty of propagandists who go on asserting that it is not cheap labour but greater efficiency which has enabled the Japanese to oust Lancashire from her century old supremacy in the world cotton market. As early as 1929 a detailed investigation which I made of the Japanese cotton industry showed that labour costs in spinning were about half those of Lancashire and in weaving nearer one-third than a half.¹ Since then the sharp reduction in Japanese money wages, as shown in the above table, coupled with the fall in the yen exchange rate, and a steadily yearly increasing intensity of labour, have enormously increased Japan's advantage.

From 1930 to 1934 the Japanese cotton factory owners were able to supply rice to their workers at a price 18% to 30% lower

¹In Chapter VIII of my *Lancashire and the Far East* detailed calculations are made of wage costs based on wage rates, numbers employed on each process of manufacture, and production, in a given period. No one has yet refuted these figures and even the Japanese do not now dispute the correctness of my calculations, as can be seen in an article by the Managing Director of one of the leading cotton spinning and weaving companies in Japan—the Fuji Gas—in the *Japan Advertiser* Textile Supplement of July 1933. In this article he quotes my figures for both spinning and weaving costs in Japan and England and the editorial speaks of 'figures in this edition collected by Miss Freda Utley and endorsed by Mr. Shikamura of the Fuji Gas Spinning Co.'

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than in 1929, and pay them a wage 35% lower in yen values, whilst forcing them to work more intensively than before. A somewhat more detailed examination of labour conditions in the cotton industry will show even more clearly why it is that Japanese cotton spinning companies have been able since 1932 to sell their goods abroad at prices 50% lower than those of their competitors, and yet pay dividends averaging nearly 30% per annum as well as putting large sums to reserve and rapidly increasing their productive capacity.

According to the figures of the Cotton Spinners' Association for all Japan average wages for women workers in the cotton mills fell from 1·21 yen in 1929 to 0·71 yen in 1934. But this fall of 35% is the fall calculated in yen. Since the yen from the latter half of 1932 has been about 66% below parity, and 60% below the 1929 exchange rate, the fall in gold values has been very much greater. In sterling wages have fallen about 60%. At the same time labour has been rendered so much more intense that the number of female workers per 10,000 spindles had by December 1932 been reduced to 164·1 from 218·9 in June 1929¹ (i.e. just before the reduction of hours to 8½ per shift on the abolition of late night work—11 p.m. to 5 a.m.—for women from July 1, 1929). This meant a reduction of 25% in the number of female workers per 10,000 spindles. At the same time the number of male workers had been cut down by half. Since the male workers receive wages a good deal higher than the female this meant a big decrease in labour costs. Consequently it is not surprising that, even according to the admission of the Cotton Spinners' Association, the total labour cost per day per 10,000 spindles had been reduced from 363 yen to 174 yen, i.e. by more than 50% in yen values, between June 1929 and December 1932.² Nor is it to be imagined that production per spindle has been lowered by this enormous reduction in the numbers employed. Allowing for the slightly higher average count spun (25's instead of 24's) output

¹Figures taken from Mitsubishi's Economic Research Bureau's *Monthly Circular* for June 1933. These figures are for two shifts. On the basis of these figures it can also be calculated that the average daily output per operative had increased by 38%.

²Figures taken from Mitsubishi's Economic Research Bureau's *Monthly Circular* for June 1933. By November 1935 the labour cost per 10,000 spindles had been further reduced to 147·57 yen.

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was just about the same at the two dates in spite of the shorter hours worked. Hence labour costs in spinning by the end of 1932 were 50% less than in 1929, as calculated in yen, but, if calculated in gold values, they were 80% lower. As regards weaving, wages have similarly fallen, the number of female operatives per 100 looms was 22% less in 1935 than in 1929, and the production of cloth per operative had risen 30% (from 44,966 yards to 58,414 yards). As already noted, the drastic reduction in the numbers employed in the cotton industry accounts in large part for the fact that there are now slightly more male than female factory workers in Japan.

It is to be noted that the average wage for women cotton operatives according to these figures was only 0·79 yen in 1932, and 0·71 in 1934. These are lower than the rates shown in the earlier table. The earlier table, however, referred to Tokyo where wages are highest and apparently gives the joint average for male and female operatives in spinning. By 1934 the general level of wages in the cotton industry had sunk to below 70 sen a day. Taking even 70 sen as the average it means less than 10d. a day for 8½ hours' intensive labour. In 1929 average earnings were about one yen a day which then meant 1s. 10d. English cotton spinning wages have fallen some 13%. As regards the much advertised social services in Japan, these used to cost (including the employers' food contribution) between 20 and 25 sen a day per worker. The sum must now be less still.

Such perfectly clear and simple calculations as these make Japan's triumph over Lancashire in the world cotton market neither mysterious nor astonishing. The Japanese cotton factory owners are able to instal the latest machinery invented in the West and employ labour at a colonial level of wages. It would be surprising if they did not triumph. It is of course true that they enjoy the additional advantage of large scale organisation, cartellised selling and the elimination of middlemen's charges; true that they are not burdened with tremendous interest payments to the banks like the Lancashire spinners. But give Lancashire all the advantages enjoyed by Japan through rationalisation of sales and purchases of raw materials, and freedom from debt,

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and still she could not compete with Japan. The difference in labour costs is too enormous. For it is no longer true that Japanese labour in spinning and weaving is less efficient than English. In spinning, a slightly larger number of workers may still be employed but the machinery is worked faster and production per hour is considerably higher.¹ Moreover the Japanese enjoy the advantages of double shift working since night work is only forbidden between the hours of 11 p.m. and 5 a.m. As regards weaving, even in 1929 when I investigated conditions, more looms were usually tended by one girl weaver than by one weaver in Lancashire.

How is it that the Japanese have been able to reduce wages whilst increasing the intensity of labour in a period of rising prices and inflation? The answer has already, in part, been given in my insistence that the misery of the peasantry is the root cause of the cheapness of Japanese labour. Since the end of 1931 prices of industrial commodities have been rising but the prices of agricultural commodities, in particular those of rice and silk—as we have already seen in Chapter IV—fell catastrophically in 1931, 1932 and 1933 and only in 1935, following on a very bad harvest in 1934, did they begin to rise. Even in 1935, although rice prices were somewhat higher than in 1929, silk prices were still nearly 50% lower. Hence the cotton mill-owners have been able not only to buy their girl labour more cheaply than ever before, but to treat the girls even more severely than in the past and raise the intensity of labour to the maximum degree, since, however bad the conditions in the factory, conditions in the village are worse. There is no temptation to run away.

A brief outline of conditions in the cotton mills must be given in order to explain how the employers are able to keep down wages at all times.

The girls are kept almost without money. Anything left over from their earnings after deductions for food, monthly repayment of debt, health insurance, and a small sum of pocket money, is 'saved' for them by the management. In 1929 when the girls were earning an average of 30 yen a month instead of

¹This also was shown in detail in Chapter VIII of my *Lancashire and the Far East*.

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the present average of about 18·50 yen, their monthly wages were divided something on these lines:

Deducted for food	-	-	-	-	-	4·50
Health insurance (2% of wages)	-	-	-	-	-	0·60
Pocket money	-	-	-	-	-	5·00
Sent home	-	-	-	-	-	12·00
Deducted for repayment of debt	-	-	-	-	-	2·00
						<hr/>
						24·10

The rest, about 6 yen a month, was credited to the girl by the company and only handed over to her on completing her contract. The first 6 months or a year, however, the girl would be earning only half, or a little more, of the average 30 yen a month so that nothing was saved for her and less was sent home. Today, with average earnings about 18·50 a month, it is clear that if 3 yen instead of 4·50 is deducted for food (and by 1935 with the rise in rice prices it is probable that the girl again has to pay 4·50 for her food), 12 yen sent home to her family and 2 yen deducted for debt, there is only 1 yen left over for pocket money and no savings at all. Probably, however, the amount sent home has been reduced, for it is to the management's interest to allow the girl a few yen to spend at the factory shop on cakes and sweets to supplement her inadequate diet, and on clothing and footwear and soap.

It is difficult to convey to the Western reader a vivid picture of the conditions under which these little girls work. Many of them are less than 14 years old. The majority are round about 15 or 16. Brought up from the country with no knowledge of even such laws as do exist for their protection, they are almost defenceless in their relations with their employers. Although their contracts are not strictly speaking binding by law, they do not realise this. Even if they did the letter of the law and the practice of the authorities are not at all the same thing. The police, in fact, assist the employers and ignore the law by always capturing and returning to their owners girls who run away. This is admitted everywhere in Japan. It is true that this police aid to the employers is less avowed than formerly and if a girl who runs away from a factory or brothel stands firm, and is not kidnapped by *soshi* (hired bullies) she can escape. But even if she leaves she dare not return home even if she could find the

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money for the railway fare. For she knows that her father will send her back again, either because, having already received a sum of money from brothel or factory, his bit of property will be distrained on, or because without the monthly remittance from her earnings her family would starve. Indeed, insofar as employment in the large factories is concerned, little has been heard of recent years of girls wanting to escape. Economic pressure is sufficient to keep them at work, conditions are admittedly better than in the small factories and the crude methods of compulsion used in the past are no longer necessary, although they survive in the brothels and in small enterprises and domestic industry. This development should mean that the factory workers, realising that their life for some years at least must be in the factory, would combine to force better conditions on the employers. Such combination is however made almost impossible first by the training of these girls and secondly by the living-in system. In the first place it takes some time for girls to throw off the ideas of inferiority and submissiveness to authority inculcated in them from babyhood. The idea that a woman must always be a chattel under someone's control or tutelage greatly assists employers and foremen in maintaining discipline and making the girls submit to low wages, long hours and increasing intensity of labour. By the time that the conditions of their new life, and the modern conceptions of labour solidarity taught to them by the men workers in the factory, have prepared them to throw off the patriarchal conceptions of the village and to realise their common interests with the other workers, their contract is frequently up, or their health ruined, and it is time for a new lot of little serfs to take their places in the factory. Besides the disadvantages of their training and of all the conceptions covered by the pleasant sounding word 'paternalism', which so greatly assist the employers, there is the almost insurmountable obstacle of the dormitory system. Strikes do sometimes occur in Japanese mills but the employers then simply lock the girls into the dormitories, thus separating them from the men on strike outside and preventing any communication. Even if they can get out they are helpless, since their wages are held by the company, or taken in repayment of their father's debts, and they have nowhere to go but the street. These girls, whose wages are often

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the mainstay of their homes, cannot seek the protection of their homes when on strike. The surprising thing is that under such conditions strikes should occur at all, yet they sometimes do, being started by the men and joined in by the girls. It is the men who are feared by the factory management for it is the men who encourage the girls to revolt and who begin strikes. Accordingly every effort is made to dispense with men's labour as far as possible. Only 20% of the labour in the cotton factories used to be male. The percentage has of recent years been reduced still further. An interesting sidelight on the attitude of the factory owners to their workers was provided on the occasion of the limitation of night work for women which came into force on July 1, 1929. Most mills adopted two 9 hour shifts, in consequence, instead of the previous two 10½ hour shifts. Actual working hours exclusive of meals became 8½ instead of 10. The women workers are almost all on piece rates and the men on a daily wage. Since the men were regarded as the dangerous element, likely to start agitations involving all the workers if their wages were reduced, the factory managements announced that men's wages would remain unchanged in spite of the fewer hours worked. The girls, however, who were regarded as unlikely to protest unless led by the men, were paid the same piece rates as before and told at the same time to increase their hourly earnings by attending to more spindles or looms or other machines, and generally by greater efficiency. The assumption by the employers that their girl workers are something like slaves or horses whose whole sleeping and working hours are to be regulated and ordered by their masters, whose interest it is to see that they are fed and exercised sufficiently for the utmost possible amount of work to be got out of them, is clearly shown in the following report in the *Osaka Mainichi*:

'Another important factor which has significant bearing upon the efficiency of the operatives is the utilisation of the leisure hours of the operatives which increases as the result of the shortening of the working hours. After nine hours' work and eight hours' sleep the operatives will have seven hours on their hands. Estimating that it takes about two hours for eating, taking bath, preparing to start work, etc., they have five hours to put in somehow.'

'Some of the spinning companies have hitherto opposed the abolition of the midnight operations through the fear that if such leisure

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hours be given to the operatives as the result of the shortening of the working hours, the operatives would invariably fail to utilise the leisure hours properly: that is, they would either take on some sort of side job and overwork themselves, or abuse the leisure hours somehow or other and tire themselves, thus affecting their efficiency during their regular working hours.

'With this in view the Toyo Cotton Spinning Company has invented a plan of reducing their free hours by two hours to five hours; the plan is that the girls in the dormitory must take part in two hours' collective games, or cultural engagements, such as schooling, teaching tea ceremony or flower arrangement, moral training, etc.'

'The Nissin Cotton Spinning Company has worked out a programme of giving lessons of middle-grade schools to those stopping at the dormitory, and to the male operatives supporting a family a certain area of field is offered at their disposal, and they are encouraged to do the farming.'

The Dainihon Cotton Spinning Company has not announced any proposal in this connection, but it is understood that the company will also find some way of shortening the free hours of the operatives similarly to those adopted by the foregoing companies.'

In a previous work¹ I have given a detailed description of the conditions of life in the cotton mills. Suffice it to say here that full accommodation and food provided by the management at half the cost price does not mean what it would mean in Europe. Accommodation consists merely of $1\frac{1}{2}$ mats' space on the floor (a mat being 6 ft. by 3 ft.) in dormitories which are heated in the cold winter months merely by a bowl full of ashes with some glowing lumps of charcoal in the centre. Food consists of rice and barley with a little vegetable and pickle, with a small piece of fish three times a week and very occasionally a little meat.

As regards the so-called cultural work carried on, it is designed either to make the girls better workers or to keep them submissive. Those who can hardly read or write are taught enough to enable them to understand the instructions given at work. Then there are the classes in 'flower arrangement' and 'tea ceremony'. These are arts taught to girls of middle and upper class families and the instruction in them received by the factory girls is designed both to give them the hope of marrying well and to preserve their submissive feminine outlook. If girls have their hopes fixed on rising into a higher social position through marriage

¹A full account of conditions of labour in both small and large enterprises from my own investigations is given in my *Lancashire and the Far East*.

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they are less likely to realise their immediate common interests as wage-earners, and more likely to accept the present social system. Similarly with the classes in 'Ethics' held in all the large factories. 'Ethics' means the rules of good conduct, obedience, and loyalty to parents, employers and Emperor, hard work, meekness and submissiveness as the supreme feminine virtues. Such instruction in Japanese ethics, coupled in some factories with instruction, by missionaries, in the Christian virtues of humility and obedience, is designed to counteract the Marxism which is known to have enormous influence in Japan and is so greatly feared by the employers.

All told the social services do not amount to more than a small fraction of the profits of the cotton spinning companies, and in any case they are a kind of double insurance—insurance of the health of their workers and insurance against strikes and revolution. The cost is very much less than that of rates and unemployment insurance for the English factory owner.¹

It certainly is not true, as the Japanese propagandists and their foreign spokesmen contend, that conditions of life in the factories are very good, that food is adequate, that the reason for lower wages in Japan is merely the lower cost of living, while the standard of living is perfectly satisfactory.

The diet, though better than the girls received in their peasant homes, is quite inadequate for the strain of modern industrial conditions. It is in particular almost entirely deficient in fats. Hence the terrible prevalence of tuberculosis² and the large percentage of girls who return to their villages after 2 or 3 years ruined in health for life.

In fact, as against those whose business it is to represent to the West that Japanese workers are as well paid and enjoy as good, or better, conditions than those of Western Europe, we have the frank pronouncements of statesmen who boast of the exploitation of young girls for the glory of the fatherland, just as in 1796 Pitt, in the House of Commons, gloried in the advan-

¹Even before the steep fall in rice prices, i.e. in 1929, total welfare charges including food, according to the employers' statements, came to only 20 sen a head per day, i.e. 4d. Today with the cost fallen and the yen 60% below parity, they can hardly amount to more than 2d.

²According to a recent investigation by the Home Office, 120,000 people die yearly of tuberculosis in Japan (*Japan Weekly Chronicle*, 20.2.1936).

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tages to England of employing young children in the mills of Lancashire and Yorkshire and advocated work beginning at the age of 5.¹

For instance we have Debuchi, late Ambassador to the U.S.A. and head of a goodwill mission to Australia in 1935, making the following pronouncement in a Press interview after visiting the textile mills and pottery factories of Nagoya:

'To see hundreds of young girls mostly 15 or 16 years old toiling silently at their work is pitiable, but at the same time inspiring. These girl operatives are satisfied with low wages and never grumble. The fact that Japanese goods which are now conquering the world's markets are made by these maidens makes one thankful to them, warriors of the peace.'²

Similarly Takahashi, Japan's late Finance Minister, in his 1933 New Year greetings, spoke of Japan making up for her lack of capital and for the poverty of her financial resources by cheap labour. 'Japan can', he said, 'face England and France's Golden Bullets with labour as her weapon.'

A clear statement of the advantages derived by the Japanese factory employers from the colonial, or medieval, standard of life of the Japanese workers and peasantry, is contained in the following quotation from a speech made in 1933 by Yotaro, former President of the South Manchurian Railway Company:

'If Japan were a nation which ate a lot of meat and wheat, which wore woollen clothing and were dependent upon a great many international commodities, we should be on the verge of a revolution. But fortunately, or unfortunately, our people eat rice and fish, wear cheap clothing and are almost entirely divorced from the international markets in the essentials of living. Imports run to about 1,200,000,000 yen per annum, i.e. to about $\frac{1}{10}$ of national consumption. If prices are up 150% on the $\frac{1}{10}$ they are up only about 15% on the whole. For $\frac{9}{10}$ of what the Japanese public consumes prices cannot rise above the purchasing power of the public.'³

Hitherto I have been describing conditions in the big factories with their up-to-date technique typical of cotton spinning, and of a certain amount of cotton weaving, and of rayon manufacture.

¹See *The Town Labourer*, by J. L. and Barbara Hammond, p. 144, quoting from the Parliamentary Register.

²*Japan Weekly Chronicle*, 27.6.1935.

³*Manchester Guardian*, 1.5.1933.

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It is these factories which enjoy to the full the advantages of labour fed and housed and paid as in the days before modern industrial civilisation, yet employed to tend power driven machinery.

Only about half the cotton goods exported are made in the big mills which combine spinning and weaving. Conditions of labour in the small weaving sheds are similar to those in the silk filatures. Here also the labour is mainly female. But here are no show dormitories, no lecture rooms, no classes, no hospitals, no welfare work of any kind. Here, when two shifts are working, the night shift sleeps by day in the same room as the day shift sleeps by night. Here machinery is less modern, hours of labour longer, food worse and wages frequently lower still. It is in these small establishments that the worst horrors of overwork, under-nourishment and actual physical brutality are perpetrated behind the factory walls under the cover of 'paternalism'. The Factory Act does not apply to the multitude of small enterprises employing less than 10 workers, so that here it is legal to work women and children any number of hours. This means that the Factory Acts *do not apply to the majority of workers in industry*. Japan's Factory Acts, like so many of her laws, are indeed merely an apparent concession to Western opinion, part of her 'make up' as a Great Power. The restriction on the hours of women's and children's labour does not hamper the big factory owners, who find that with their up-to-date equipment it pays better to work comparatively short hours but greatly to intensify labour; as regards small enterprises there is no restriction. Moreover, factory inspection is extremely inadequate and infrequent so that even the medium sized enterprises are little affected. Fines for infringement of the Factory Acts are very low and the factory inspectorate in each prefecture forms part of the Police Department of the Prefectural Government. When it is remembered that Chiefs of Police, and the Governors of Prefectures over them, are politicians, holding office so long as the political party to which they belong is in power, can it be doubted that the ordinary poorly paid policeman, to whom most of the responsibility of factory inspection is left, is greatly influenced by the rich men of the neighbourhood who control the elections and so indirectly the appointment of Police

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Chiefs? Moreover can it be doubted that the poorly paid Japanese police are unlikely to refuse bribes, in view of the universal corruption of Japan's public administration?

The large number of small enterprises would make it extremely difficult under any circumstances to provide an adequate inspectorate. As it is the number of factory inspectors is ludicrously inadequate. The I.L.O. Report states that in 1930 an aggregate of 30,614 visits were made to 26,875 factories, which means that only 37% of the factories which come under the Factory Act were inspected.¹

It is not, in fact, merely a question of the inadequacy of the factory inspection and the limited authority of the few inspectors.² The history of every country shows that social legislation remains only paper legislation unless enforced by strong organisations of those whom it is intended to benefit. The weakness of Japanese trade unions, which embrace only 7% of the workers in factory industry, which are not legal, and which are absolutely unknown in the majority of enterprises where women are mainly employed, means that the Factory Acts can be disregarded almost with impunity, even by the minority of industrial enterprises to which they apply.

Accordingly when there are rush orders to fulfil in weaving, or in the busy season in the silk filatures, the limitation of hours is disregarded and the girls are unable to refuse the extra labour or to complain.

But these small factories and filatures do not make big pro-

¹*Industrial Labour in Japan*, p. 157.

²The factory inspectors who are not policemen, but who belong to the Police Department of the Prefectural Government, have their rights defined in Section 14 of the Factory Act as amended in March 1923. According to this section they are not even empowered to give the occupier instructions concerning the detailed application of the general terms of the law. Moreover, all important orders are issued by the Governor of the Prefecture, who is empowered to issue orders with the force of law, and who also issues such administrative regulations as are necessary.

For further details concerning Factory Inspection, see my *Lancashire and the Far East*, Chap. VII, and the I.L.O. Report: *Industrial Labour in Japan*, Part III, Chap. II. 'Japanese inspectors have no right to issue orders directly to factory owners; this right is reserved to the local governor or the Chief of the Bureau of the district as the case may be. When an inspector finds that there has been a breach of the law he cannot himself proceed to prosecute the offenders. He can only report the facts to the Public Prosecutor.'

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fits; the profits go to the spinners who charge them monopoly prices for yarn, to the merchants who buy the silk or cloth they produce, and in general to the big capitalist interests which cause severe fluctuations in price to the ruin of the small *entrepreneur*. The small weaving masters, like the silk reelers, the potters and the rest, are rarely in a position to accumulate capital sufficient to adopt the most modern and profitable system of exploitation. In their more primitive industry their profit derives from working their labour as long hours as is physically possible, and so getting as much produced on their inferior machinery as the big manufacturer with his superior equipment, who can only keep his workers up to the speed of the best machines with a shorter working day. Usually one shift only is worked in the small establishments, but it is usually a 12 hour one and frequently even longer in spite of the Factory Acts.

Although the looms are worked more slowly, this does not mean that labour is not extremely arduous and exhausting in the small places. Clearly women working 12 hours on inferior machinery in a badly-lit and ill-ventilated room cannot, whatever the compulsion, work as intensively as girls working 8½ hours in healthier surroundings on the best machines. Both kinds of labour exhaust the workers and make many of them consumptive; it is just a question of method and capital resources.

The large rôle played by the small sized factories in Japanese national economy accordingly also helps to keep low the general level of wages for the benefit mainly of large scale industry.

Although contract labour is the rule in the silk filatures, and is also usual in the weaving sheds, there is to be found side by side with it the employment of women weavers coming daily from their homes and sometimes working 9 or 10 years in one establishment. The proportion of such labour appears to be increasing. The small manufacturers who have slack and busy times prefer to employ, at a daily wage, workers who live at home and who can be dismissed when trade is bad. The women who thus become factory weavers in past times wove cloth at home on handlooms. The employers have begun to find such labour more productive and reliable than that of girls working on contract whose wages have been paid in advance to their

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parents, or who are working off a debt to a manufacturer who is at the same time a moneylender and landowner. It is a truism that slave labour is less productive than free labour and the same is true of debt slavery.

The interesting point is that it is in the small weaving sheds that a free permanent labour force is coming into existence. The dormitory system is found to be the safest and most economical by the big companies, but the small employer with slender capital resources often finds himself driven to abandon it.

In fact, the combination of 'paternalistic' or medieval and modern capitalist economic forms in Japanese industry—great and small—means preserving the worst features of both. The apprentice has no longer the security of work, definite position in society, and prospect of becoming a master, which he enjoyed in the medieval period, but he still lives in and is paid wholly or mainly in kind.¹ He works unlimited hours and has not won the freedom of action, the possibility of combining with his fellow workers, afforded to the working class in large scale enterprises in other countries.

Below the small factories come the tiny establishments employing less than 10 workers and completely outside the operation of the Factory Acts. Here, although the availability of electric power may have facilitated the installation of a small motor and the use of some machinery, conditions are otherwise medieval. Frequently all work is still done by hand. It is here that the worst exploitation of children, both boys and girls, takes place. Although the Minimum Age of Industrial Workers Act prohibits the employment of children before the age of 13,² children are frequently apprenticed to artisans at an earlier age.

¹A. J. Orchard in *Japan's Economic Position*, gives details of the clothing industry in which he shows how a master may employ from 12 to 100 workers living under his roof, of whom only about 10% receive wages of any kind. The rest are apprentices given only food and lodging and some clothing. The same is true of joiners, lacquer workers, mat workers, lantern makers, etc., etc. Whilst the present writer was in Tokyo there was a strike at the biggest bookstore in the town, the well-known Maruzen shop, and it was revealed that the majority of the employees (although expected to be able to read English or some other foreign language) were living in, receiving practically no wages and kept confined to their dormitories.

²14 according to the Act, but in Japan a child is reckoned as a year old when born, so their 14 is our 13.

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Children may leave school at 12 if their parents' circumstances require it, indeed they may be exempted from school altogether if their parents are extremely poor, in spite of the Japanese boast of universal education and literacy.¹ The exploitation of small boys and girls as apprentices of craftsmen in towns and villages, or in domestic industry, or as shop assistants, is very widespread and such children are without protection in fact or theory.² In the least skilled trades and in shops, when they grow older and demand money wages they are frequently dismissed and a new small child is taken on to whom nothing has to be paid. Some few can become master craftsmen in their turn but the majority can only look forward to a future life as day labourers at a wage almost as low for men as that earned by the girl factory operatives. The demagogic propaganda of the Fascists in Japan speaks of the hopeless future of the peasants' children in the following terms:

'The future in store for the children of rural families is nothing else than the slavish apprenticeship for boys, and for girls lives as factory women, maidservants and abandoned waitresses.'³

Similarly with regard to conditions in the large and variegated domestic industry, which the poverty of the peasantry and the low wages of men in industry cause to flourish in every town and village. It is little to be distinguished from artisan industry except insofar as it produces goods requiring little or no skill or craftsmanship. Insofar as export is concerned it plays a greater rôle than the traditional arts and crafts practised by artisans from time immemorial and supplying mainly the domestic market. The main items in the cost of production in these domestic industries are raw material and sometimes electric power

¹According to a table in *Industrial Labour in Japan*, taken from the 1931 edition of the *Rodo Tokei Yoren*, an investigation of factory and mining workers showed 5·85% of the former and 19·96% of the latter as never having attended school. A further 14·88% and 27·28% had left the elementary school before completing the course. Since the elementary school course is barely long enough to enable a child to learn enough ideograms to read the newspapers this means that about 21% of factory workers and 47% of miners are illiterate or semi-literate.

²For the practice of selling and buying children under the fiction of adoption, see Chap. VIII.

³Speech of Kawasaki, one of the accused in the historic May 15 case, as reported in the weekly *Japan Chronicle* of 16.11.1933.

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and the hire of a motor and machinery. The labour of the peasant or worker's family in the evenings or in the slack months for farming receives an infinitesimal award, and this is why such goods can compete on the world market even when made mainly by hand.

Artisan and domestic industry, although they bear down the general level of wages in Japan, are themselves engaged in a desperate competition with the factories with advanced technique. However low the standard of life of these small producers, however much they sweat their families, apprentices and hired workers, they are at a tremendous disadvantage as against the factory. Moreover, they themselves are exploited by merchant capital which reaps the main profit from their labours. They, together with the owners of the tiny filatures and weaving sheds, are indeed little more than the agents of the big trusts in utilising the labour of every woman and child, and of every male peasant in the slack season, in producing industrial goods for a pittance.

An idea of the conditions prevailing in workshops and domestic industry, and of the hideous forms of child exploitation to be found, can perhaps be best conveyed by an account of the conditions of shop employees, among whom are many children. It is to be noted that frequently a shop is also a workshop, goods being both made and sold on the premises.

In 1932, a Bill was to come before the Diet proposing some protection for the employees of small stores, and accounts appeared in the Press of their conditions of labour. Such employees, it was stated, are regularly forced to work between 15 and 19 hours a day.¹ Most of them live with their employers and so have continued in the feudal relation of master and vassal. The young ones are treated as domestic servants and are forced to do housework after the establishments are closed. The depression has caused shops to remain open to all hours of the night and so has intensified exploitation.²

The Bill proposed to enforce 10 p.m. closing, and four days a month holiday. It was stated that there are more than 2,000,000

¹The resident in Japan or tourist can observe for himself how most small shops remain open from early morning till midnight.

²*Trans-Pacific*, 29.9.1932, and *Japan Times*.

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shop employees. The Bill in effect was a first feeble attempt to limit the exploitation of children in small scale industry and commerce. Nevertheless, mild as were its terms, it failed to become law. The Government decided not to submit the Bill in view of the strong objections of the organisation representing the Osaka employers.

It should not be forgotten, in considering such facts as these, that many of these small shops are little more than agencies for the big wholesalers from whom they get their goods on credit, that others themselves manufacture the goods they sell and are only able to exist, burdened as they are by monopoly prices for their raw materials or struggling in competition with larger enterprises, by working day and night.

Other shops are frequently small family enterprises with no hired labour, in which the wife looks after the shop in order to supplement her husband's inadequate earnings in industry or some poorly paid clerical employment.

Forced labour exists in Japan for men as well as women. In the mines workers cannot leave of their own free will and recently amazing revelations of conditions in the Hokkaido lumber and constructional camps were made by a man who escaped from one of them, made his way to Kobe, and applied to the police for assistance.¹ He said that conditions were so terrible that men risked death to escape and were pursued by gangers until they threw themselves into a swift river and were drowned. Food in the camps is extremely poor, hours are 5 a.m. to 6 p.m., those who do not put in a full quota of work are beaten and at night the workers are locked up in log cabins with sealed windows and guards outside. Workers are recruited by agents from the poverty-stricken agricultural districts and paid so little that they can barely pay back the money advanced to them for their fares to the Hokkaido.

In the mines also labour is apparently not free, for one can find frequent references to miners 'running away' from the coal fields.² Probably conditions in the mines are the very worst to be

¹ *Japan Weekly Chronicle*, 17.10.1935, and other newspapers.

² For instance, in a short play published in *Contemporary Japan*, 1935. The reference may, however, be to the convicts working in the mines side by side with the workers.

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found in Japan, for here women and children work with their men, dragging the coal which the men have hewn. A description of life in the mines in Japan today reads like one of England a century ago. Conditions indeed appear to be even worse than in India or at least as bad. Baroness Ishimoto, whose book I have already referred to,¹ gives a vivid description of the conditions in Kyushu, where she lived at the mines with her husband who was then a mining engineer. In a chapter entitled 'Are Miners Human Beings?' she describes both conditions of work and of living: how the miners descend by a platform without walls or rails; how girls are often crushed, while carrying coal in baskets from pit to wagons, by a sudden overturn of the heavy coal trucks or through being caught under the big wagons, because of the excessive speed of the latter and the narrowness of the way. She states that prisoners in uniform with heavy chains on their hips are sent down to the mines to forced labour and that this competition, together with that of women and children, brings down the wage level. She describes how the wives and daughters of the miners, half naked, follow the men and carry out the coal as the men loosen it with picks; how sometimes pregnant women give birth to children in the pit, and how the women take their small babies down upon their backs.

As regards living conditions, she says that the miners 'live in barns like pigs', in shacks made of rough boards roofed with thin sheets of zinc. Each booth is 12 feet square and houses a family of 5 or 6 persons. There is no gas or water and only one lavatory for a whole row of barracks. She further remarks that 'the people who lived in the barns were strictly watched and loyalty to their employers enforced. It was impossible for them to run away, nor could labour organisers get among the miners for labour unions were severely banned in the coal field.'

The conditions Baroness Ishimoto describes are those in the Mitsui Co.'s mines, that is to say, in the mines of Japan's richest Trust. It is clear that the miners are practically the serfs of this great company.

Commenting with gentle irony on the 'beautiful family system which made men and women work harmoniously and pleasantly at their tasks', the writer describes 'the crowded nests of

¹*Facing Two Ways.*

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ignorance, poverty and misery, the children born without love and reared without care or affection'. She says that when she hears the well known boast that Japan is a paradise for children, she recalls the little children haunting her garbage box, the frequent sight of mothers beating their children, and the babies dying of illness without any medical attention or any nursing since their mothers are at work.

I have already referred to the very high percentage of miners who have either never been to school or have not finished the primary courses—47%.

The yearly accident rate is very high. It varied from 60% to 45% of the numbers employed from 1920 to 1929.¹ Today the rate is almost certainly higher on account of the increased pressure of work and higher output. There was a great increase in the accident and death rate during and after the war when output was pushed up to its maximum. The loss of lives has been reckoned as 30 for each million tons of coal. The largest number of accidents and deaths is caused by the collapse of gallery roofs, and the second largest number in connection with the haulage system. It is true that some 4 million workers of various kinds are now² entitled by law to some compensation when injured, but the scale of payments is extremely low. A worker hopelessly maimed for life receives 540 days' wages and one disabled for work for life 360 days' wages. If disabled for resumption of former work the amount is 180 days' pay.

It must not be forgotten that the large numbers of women and children employed in household and artisan industry and in the small 'factories' employing less than 10 persons, if injured, are entitled to no compensation whatsoever from their employer, or from the merchant manufacturer who pays them piece rate wages, or from the State.

There is an almost complete absence of social services in Japan. There are no public hospitals, there is no unemployment insurance, no poor relief (except occasional charity from indi-

¹Table given in *Industrial Labour in Japan*, p. 228, compiled from official sources.

²The Factory Act of 1923, as amended in 1926, provided for accident compensation for factories employing 10 or more workers. In 1932 some 1,760,000 workers engaged in construction, civil engineering, transport, etc., were given the right to accident compensation.

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viduals, distributed by the police) so that, except for the small proportion of workers in large factories which maintain hospitals, or those entitled to some compensation from their employer for occupational diseases, the poor, the widows, the orphans and the sick are left to what assistance they can get from their relatives, or to die. Even lepers are not provided for, but are left to their families to take care of; many of them become beggars and thus infect more persons with this terrible disease.¹ Similarly there are some 200,000 lunatics for whom nothing is done. Only when the Emperor is to pass by in state are the lepers and lunatics in a neighbourhood rounded up by the police and kept out of the way for the occasion.

According to a police report in 1935 there are some 250 cases a year of destitute mothers with young children who, after losing their husbands, kill their children and then commit suicide. Further, of 127,000 mothers with children requiring relief in Tokyo, only 52,000 received any and this at the rate of only 20 sen (3d.) a day.² There are of course no workhouses for the homeless. A case was recently reported in the Press of a mother with three children who, after being evicted from her small room, wandered all day and night in the streets in the rain, and then entered the crematorium and begged to be allowed to remain and die in the warmth.

The incidence of sickness is very high amongst the workers on account of poor food and lodging and excessive hours of labour. From time to time the Government collects and publishes information from various prefectures which is considered as representative. It also sometimes publishes sickness statistics of factories in all parts of Japan where not less than 500 workers are employed.³

These official figures, high as they are, are representative only of factories and mines and of course take no account of sickness in domestic and artisan industry or among the peasantry. They show a sickness rate of 33.8% amongst women and 18.3% amongst men. In textile factories the combined rate for women

¹There are 25,000 vagabond lepers in Japan.

²*Japan Weekly Chronicle*, 7.11.1935, p. 591.

³*Industrial Labour in Japan*, Chapter V, where various tables are given from the Factory Inspection Report for 1926. These tables are made use of in the following pages.

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and men was 314 per 1,000 workers; of these 60 per 1,000 were cases of stomach and intestinal diseases, which are diseases attributable to coarse or bad food or to malnutrition; 23·9 per 1,000 were cases of bronchitis and 9·85 were cases of pleurisy, which must be mainly due to the change from the hot air of the workrooms to the unheated dormitories. Pulmonary tuberculosis is very prevalent in Japan and it is probable that many of the pleurisy cases amongst factory workers lead to, or turn out to be, cases of tuberculosis. Tuberculosis may largely be ascribed to the absence of fats in the diet and lack of air in the unventilated and unheated dormitories in winter. Beriberi, a disease due to lack of vitamins, is one of the most common in all the different industries, except in the gas, electricity and smelting industries, where the wages paid are higher.

The prevalence of tuberculosis is shown more in the figures of death than of sickness, indicating that workers with this disease often go on working till they are near death, not reporting sick or not being considered as sick. The figures show that there were 88 deaths out of every 1,000 cases of tuberculosis, the highest death rate for any of the diseases, and that out of every 1,000 cases another 211·8 were discharged before recovery, or were on long sick leave.

The highest sickness rate of all, as might be expected, is found in the coal mines. The 1927 figures give the percentage of workers absent for at least 3 days on account of sickness as 144·88 for men and 191·87 for women. 21% of all the men and 36% of the women suffered from digestive troubles, which kept them away from work at least once a year. The terrible effects on women of the heavy labour in the mines can most clearly be seen from the fact that about 20% of them suffer from diseases of the urogenital organs—mainly diseases of the womb.

These few details have been given to indicate not only the crying need for hospitals and a national health service, but also the bad state of health of the population as a whole. A nation with such a high sickness rate would be at a great military disadvantage if ever involved in the strain of a great war, and the prevalence of various diseases among women must bring down the nation's standard of health.

The infant mortality rate is extremely high in Japan, being

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about double that of countries like England and Germany and three times that of a particularly healthy country like Switzerland.¹

The complete absence in Japan of social services to take the place of the outworn family system, constitutes a great immediate advantage to the employers, not only because it saves them rates and taxes, but also because it renders the working class as helpless and defenceless as in England a century ago.

Since there is no poor relief, and no unemployment insurance, the army of the unemployed helps to keep wages down to their incredibly low level. It used to be said in Japan that the unemployed returned to their relations in the village when times were bad. This is no longer possible and the towns, even now with the export and munition trades booming, are full of workless. In 1932 there were, according to official estimates, some half million unemployed in the 8 largest towns so that there were probably some 2 million in the whole country.² In 1934, in the middle of the export and armaments boom, there were still 380,000 according to official estimates, for the same 8 towns. A fraction of the unemployed in Tokyo and Osaka are meagrely provided for by public works. The majority live in absolute destitution and many die of starvation. In certain districts of Tokyo one can see along the gutter tiny shelters made of bamboo or canvas, divided into cells of one or two metres, where whole families live.

In order to look for work these wretches have to walk for hours to reach the factories where they may or may not get a day's work. If an unemployed man has some rice for a meal he can pawn it, in return for two tram tickets, with a usurer who returns it to him at night, if he has earned enough to repay the cost of the tram tickets and 50% or 100% interest.

¹Infant mortality rates in 1933, according to League of Nations *Statistical Year Book* for 1935, were:

Japan	-	-	121	United Kingdom	-	66
India	-	-	171	Italy	-	100
Germany	-	-	76	Switzerland	-	48

²Even in 1935 (February) at the height of Japan's export and armaments boom, 3 of the 12 Labour Exchanges in Osaka stated that they could find jobs for only 20 of the 300 men registering daily and for only 10 out of the 80 women. Figures in Guenther Stein's *Made in Japan*, p. 58.

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This reservoir of unemployed, glad to do anything to earn just enough rice to keep them from dying of starvation, together with the misery in the villages, keeps wages down to a mere subsistence level. There never has been employment for everyone; the poverty in the villages and consequent narrowness of the home market has always prevented industrialisation sufficient to absorb the labour power of the country. Those who get work in industry are always weighed down by the millstone of the starving who have no work and will accept any wage in order to live. Village poverty, female labour and the servile status of women, a mass of unemployed in receipt of neither poor relief nor unemployment pay—these are the three factors which keep wages at a colonial level and give immense benefits to large scale capitalist enterprises.

Incidentally, it may be noted that the employers do not need to recruit girls from the villages; there are plenty of men and women in the towns wanting work. They continue to recruit girls only because such country-bred labour living in the factory dormitories is more amenable to discipline, more easily controlled and more defenceless than a working class living off the factory premises.

The fact that the labour legislation of various kinds occasionally proposed by the Social Bureau of the Home Office would be 'suicidal to small factories' is the argument most frequently used by the big industrialists to defeat any such measures. This was notably the case with regard to a proposal made in 1935 to provide in some slight measure for the unemployed by making the retiring bonus to dismissed workers compulsory. Such a bonus is frequently given, and is indeed put forward by Japan's apologists as one of the bright sides of paternalism in industry. However, when it was proposed to make compulsory a contribution of 2% of wages by both employers and employed, as a sort of unemployment insurance without contribution from the State, the strong opposition of the employers, using the argument of its disastrous consequences to small factories, caused the proposal to be dropped.

Although the facts given in this chapter might be regarded at first glance as constituting the strength of Japanese Imperialism, rather than its weakness, a longer view shows that in reality they

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constitute a grave social danger. Whilst the acute agrarian crisis, which is the root cause for the cheapness of Japanese goods, at present enables a section of the Japanese capitalists to reap enormous profits from the conquest of the world market, it also constitutes a volcano on which the Japanese ruling classes are sitting. The rumblings of that volcano led in 1932 to the murders of the Finance Minister Inouye, of the Prime Minister Inukai, and of Baron Dan, head of Mitsui. In February 1936 there was a fresh and even more serious eruption, in which several Ministers lost their lives.

As we have already seen, the agrarian crisis in Japan goes so deep, is so clearly insoluble within the bounds of the present economic system, that it threatens the very foundations of the State. It is the root cause of Japan's feverish export expansion of recent years, which, whether we call it dumping or not, is a symptom of the diseased nature of her social and economic structure. However profitable it may be for the time being to sections of the Japanese capitalists, it is in fact a symptom of the instability of the Japanese social system, a symptom of the structural crisis of her national economy.

This same agrarian crisis prevents the workers from raising their standard of living to one even approximating to that of Western Europe or the U.S.A.; it prevents them acquiring political rights; it prevents any development of a reformist Labour Party or of democracy; it forces political activity and trade union activity underground. The world has already seen in Russia in 1917 the effect of driving labour to underground activity, the consequences of an unsolved agrarian problem, the result of the failure to allow any political or economic power to the working class. However happy the Japanese capitalists may feel with their present enormous profits and freedom from labour troubles, their position is extremely precarious. An unsuccessful war, or the failure to obtain foreign credits to avert State bankruptcy, or disillusionment as to the results of the military aggression in China which is held out to the peasants and workers as the remedy for all their economic ills, or even a slight military reverse, may at any moment precipitate the social revolution which would sweep away the feudal survivals along with monopoly capitalism.

CHAPTER VII

Fundamental Causes of the Diseased Structure of Japan's National Economy

I

Some consideration must be given to the historical, social and political causes of the peculiarities of Japan's economic structure, which presents a picture in which the foreground is occupied by highly organised, powerful trusts and combines controlling whole industries equipped with the most modern machinery, while the background consists of small scale industry—the tiny workshops of artisans working for a local market, and a widespread domestic industry. One must further explain why it is that the whole top-heavy economic structure rests on the narrow foundation of a primitive small scale agriculture which is now too weak to bear the great burdens placed upon it and threatens at any moment to crack and bring the whole vast superstructure crashing to the ground.

Nowhere in the world are there greater concentrations of capital than in Japan, where the twin giants Mitsui and Mitsubishi overshadow the whole economic life of the country;¹ yet the characteristic of industry as a whole is not power driven machinery and joint stock finance, but primitive tools, handicraft or semi-handicraft production and minute investments of capital by traders or small masters. In spite of the occasional use of a small motor most industries catering for the home market still depend mainly on human muscles and the dexterity of human fingers.

The majority of the master craftsmen producing goods mainly by hand in a small workshop by their own labour and that of a few apprentices and journeymen, are no longer independent producers for a purely local market (although such artisans also

¹For details of the Mitsui and Mitsubishi enterprises see end of chapter, p. 241 *et seq.*

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survive as a definitely feudal feature of Japan's economic organisation); they are small capitalists exploiting their few workers mainly for the benefit of the big financial and merchant houses which give credit on usurious terms to the small industrialists and shopkeepers and market the products of the farmer. The master craftsman who produces goods of purely Japanese consumption for the local market is little more independent than the others, since there is no longer any regulation of production by a guild and he is subject to all the uncertainties of competition with other small producers. He is rarely able to avoid becoming indebted to banks or usurers or to the suppliers of his raw material, even if no electric power is used in his workshop and he has accordingly hardly any capital invested in means of production.

In fact the artisan is today usually as much a piece wage worker as the worker in domestic industry. He has completely lost the security of livelihood which he enjoyed in medieval times without acquiring the opportunity for expansion of his business on modern lines offered to the small capitalist in the days of industrial capitalism in Western Europe.

The organisation of production at this lower end of the scale is similar to that prevailing in Western Europe in the 17th and 18th centuries, and which was already characteristic of the woollen trade in England and Holland as early as the 16th century. That is to say, it is a system in which a so-called manufacturer—in reality a middleman or merchant—gives out raw material to the home worker, or to the master artisan employing a few apprentices and workers, and takes from him the finished product to sell to the wholesaler, thus financing, organising and controlling the whole process of production.

In Japan, as in the English cloth industry in the 17th and 18th centuries, such a middleman may, or may not, also be the owner of a small factory employing a few workers. In any case he derives his main profits as an *entrepreneur* who exploits the peasants in their homes, supplying them with raw materials—but not usually with looms or other means of production—and paying them for the work done at a rate fixed beforehand.¹

¹The following passage from A. J. Orchard's *Japan's Economic Position*, which is a mine of information concerning the organisation of her small scale in-

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In the case of the enterprises producing only for the local market the master craftsman or tiny capitalist can still market his own product, but the small producers of export goods are naturally dependent on a merchant or jobber not only for raw materials but also for the disposal of the product.

Except for the fact that the ultimate control of all production in Japan is in the hands of a very small group of monopoly capitalists, this penetration of capitalism into the tiny enterprises, industries, gives a useful description of a typical domestic industry in Japan. It relates to the manufacture of cotton crêpe and silk and cotton crêpe mixtures which are exported in large quantities to the South Seas:

'The value of the output of those two villages (Sano and Ashikaga, 50 miles from Tokyo) and their tributary areas for 1925 was approximately \$24,000,000. There are in the district a few small factories recently established, but most of the cloth—over four-fifths in the Sano area and nine-tenths in the Ashikaga area—is still made in the homes of the farmers. So dependent is the industry upon the farm households that it passes through a dull season in February, March, May, June and July and October and November, the months of the year when the work of the farm occupies the farmer and his family and allows them no time for weaving. It was possible to visit in the two villages every step of the manufacturing process through to the finished cloth ready for shipment to other parts of Japan or to foreign countries.'

'The first establishment visited was the shop of a yarn merchant who purchased the cotton yarn from a wholesaler in Tokyo. . . . He was of the opinion that 20% of his yarn went to the factories and 80% to the *entrepreneurs* or jobbers, of whom there were 280 in the Sano area in 1925 and probably 700 or 800 in the Ashikaga area. . . .

'The jobbers purchase the raw material and market the finished product. If the cloth is to be of the dyed in the yarn type, the cotton yarn is first sent to the dyers, or if it is to be white, it goes to the bleacher and cleaners. There are many dyers and bleachers, about 400 in the Ashikaga area and 100 in the Sano. A very few have as many as 25 workers, but most of them have not more than 5 or 6. The equipment is simple—a shed, a few vats and an open fireplace.'

After having described how the jobber also sends the yarn to farmhouses to be twisted and in the meantime does the weaving of the warps in his own establishment, he continues:

'The warp and the weft thread in skeins are sent to the farmer-weaver. Almost every farm household does some weaving. It is estimated that around Sano there are 15,000 or 16,000 farmer-weavers, most of them within 6 miles of the village and the most distant not more than 20 miles away. Around Ashikaga there are probably 10,000.'

'The more wealthy farmers may have as many as 5 or even more looms. It is more usual for them to have 2 or 3.'

Next, as regards the size of the jobber business, he writes:

'A large jobber will send materials to 100 or 200 farmers and a small jobber to only 10 or 20. One of those visited at Sano was especially important and sent yarn to 200 farmers with 450 looms. Another sent to 80 farmers with 100 looms and a third to 70 farmers with 110 looms.'

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still so close to the feudal age in their productive relationships and technique, shows Japan at a stage of economic development, in respect to the organisation of production in the greater part of her industries, which corresponds to the very infancy of capitalism in Europe at the dawn of modern times.

As early as the 16th century in England merchant capitalists were coming forward to provide materials and find a market, and by the 17th century the independent master artisans associated in guilds were no longer typical of the wider occupations of the country. A stage had been reached similar to that prevailing in so large a part of Japanese industry today (if we take into account both artisan production and domestic industry), in which the commercial middleman who found material and employment for the artisan or the peasant's family was the dominant figure. For in England as early as the 16th century the expansion of the export trade in woollen cloth had brought into existence a large class of 'clothiers', i.e. *entrepreneurs* who controlled the whole process of production, and whose essential function, according to the Tudor legislation, was 'to put cloth to making'. An Act of Parliament of 1465 reveals conditions precisely similar to those still found in existence as late as 1806, viz. 'The clothiers delivering the wool to be carded and spun, then giving out the yarn to the weaver to be woven into cloth and then placing the cloth in the hands of the fuller, etc., to be felted or cleansed'.¹ (This organisation of production in textile manufacture is strikingly similar to that shown in the passage quoted above from Orchard.)

This is to say that as early as the 16th century in England capital accumulated in trade was invested in industry and the merchants had begun to control the manufacturing operations by providing materials and paying piece wages to workers working in their own homes. The cloth industry was established not in the towns but in the villages, away from any control of the still existing, but much enfeebled, guilds, and we already find capitalist production very similar to the domestic industry of Japan today. The essential difference lies in the fact that in modern Japan the merchant or banking capital which controls the domestic producers and the workers in the tiny workshops

¹See Sir W. Ashley's *Economic Organisation of England*, Chapter V.

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or 'factories' is fused with the large scale modern industrial capital which derives its profits from electrical enterprises, mines, heavy industry, banking and foreign trade, and from giving credits to the State.

Through the yarn merchant who buys yarn from the big factories and the jobber who sells to the wholesalers, or through the local banks which finance his purchases of cocoons or other raw material, the small industrialist is linked up with the big business houses and bankers. That is to say he is linked up with monopoly capital whose tentacles reach down to every village in the country, and which reaps the major profit from all the various forms of industrial organisation in the country.

In the given conditions of Japanese economic and political development this system of employing workers in their homes at what is in reality piece rates of wages is more profitable, and less risky, for the capitalist than employing them in factories.

More profitable because the little masters and the peasants, unhampered by any Factory Acts, will sweat their apprentices and their families and themselves far more ruthlessly than the merchant manufacturer himself could if they were working in his factory. Less risky because no capital has to be invested in machinery and buildings, and there are no overhead charges when trade is bad.¹ In a word, since the internal market is so

¹One small woollen manufacturer in the Ichinomiya district, who both employed workers to weave in his little factory and also gave out yarn to the farmhouses to be woven at a charge, stated to me quite frankly that the latter side of his activities was the most profitable, both because the peasants would work themselves and their families anything up to 15 or 16 hours a day in the slack season for farming, and because it involved no overhead charges for the 'manufacturer' when trade was bad.

A. J. Orchard, *op. cit.*, writes concerning the survival of domestic industry in cloth weaving:

'Various explanations were offered by the jobbers and factory owners for the persistence of the contract system, an almost medieval type of organisation. All seem to be agreed that the jobber system is due in part to the scarcity of capital. As the business is now organised, no large investment is necessary, and each farm household provides its own machinery. The *entrepreneur*, or jobber, advances only the money required for the purchase of raw materials, and his capital is tied up only until the cloth can be made and sold to the wholesaler. Some of the small factories that have been started are so short of capital that the wholesaler, when he places an order for cloth, may have to purchase the yarn which is required. The factory thus has the same relation to the wholesaler, as the farmer weaver has to the jobber...' (pp. 206-207).

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narrow and demand so fluctuating, and since labour is so cheap, it does not pay to incur the risks attendant on the setting up of large scale mechanised industry and mass production methods. These only pay in Japan when there is an export demand or constant Government orders to be expected. Moreover, the big merchant houses are in the position of monopolists in purchasing from the artisans and the small capitalists, as well as from the home workers, at prices which leave to the latter less than the income of a wage worker in large scale industry.

The fact that Japan entered her modern era in the age of electricity has assisted the big monopolists who control power supply, raw materials and markets, to perpetuate and extend in their own interests forms of industrial organisation which date from the infancy of capitalism, and yet to procure machine made or semi-machine made goods. This is not to suggest that power driven machinery, even of the simplest kind, is in general use in Japan's household and artisan industry. Most of the work is still done by hand and cheap labour is the primary source of the profits extracted by monopoly capital from innumerable small producers by means of usury and monopoly prices, both in buying from them and selling to them.¹

Another, although minor, factor which should be mentioned as assisting in the preservation of both the small workshops and domestic industry is the size of the typical Japanese village. The pressure on the land and the small size of the farms means that most villages are big and this makes it easy for the jobber or *entrepreneur* to give out work to a large number of families without much travelling or transport of raw or semi-finished materials.

The masters of the many tiny workshops producing Japanese goods for local consumption or parts of export articles or machinery to be subsequently assembled in a factory, equally with the

¹In this connection J. A. Hobson, in his *Evolution of Capitalism*, writes as follows concerning the survival in England of domestic industry in tailoring and one or two other trades of like arrested development:

'Work which cannot be undertaken in factories so long as large quantities of very cheap labour are procurable . . . quantities of unskilled and untrained labour which can be bought so cheaply that in the lowest grades of many industries it does not pay the capitalist *entrepreneur* to incur the initial cost of setting up expensive machinery, and the risk of working it' (p. 411).

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owners of the silk reeling establishments, weaving sheds and other small scale factories, are in reality only the agents, or managers, or even foremen of the big business houses on whom they are dependent. However desperately they work and however ruthlessly they sweat their families and their apprentices, they cannot get out of the clutches of those to whom they owe interest on their fixed and on their working capital.

If the small producer has installed a few second-hand looms or some other machinery, he has rarely been able to acquire all the capital required to purchase them except by loans at excessively high interest rates from the merchant or manufacturer interested in supplying him with raw materials or in selling the finished product. Moreover, monopoly prices are paid for all such fixed capital and for the electric power to work it.

Sometimes the small *entrepreneur* is dependent for credits on small banks, whose depositors are mainly the local landowners, but this does not mean that the interest charges are appreciably lower. The failure of many small banks in 1927 and again in 1929, 1930 and 1931, and the general process of capital centralisation, has for decades been narrowing the circle from which the small producer can get credit. In the decade ending 1934 the number of banks declined by 70%.¹

The landowner, or the large peasant proprietor, who by usury and trading or the sale of a daughter or two accumulates just enough capital to start a small weaving factory, silk reeling establishment or paper mill, pays such high prices for his machinery, and can only acquire his working capital at such high rates of interest that it is usually impossible for him to expand his business.

Nor are the difficulties arising from shortage of working capital and high interest rates confined to the very small individually owned industrial enterprises. Small joint stock companies are put in the same position by the disastrously high rates of interest and shortage of capital. According to the figures² given by a French writer for the beginning of the century the banks then

¹Number of Banks in Japan (Figures of the Department of Finance).

1903, 2,534 1924, 1,626 1928, 1,028 1931, 680 1933, 513
1922, 1,794 1926, 1,417 1930, 779 1932, 535 1934, 481

²*Le Japon politique, économique et sociale*, Henri Dumoulard, pp. 151-152.

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paid 7% to 8% for fixed deposits and lent at 10, 12, 15, or even 18%! This author remarks on the fact that companies use all their available capital for machinery installation, etc., and the day the factory opens and work begins they have to borrow their working capital at these disastrously high rates of interest. Hence most of them end the year with a loss, which means that soon they are completely mortgaged to the banks. The same author comments on the fact that this lack of capital is found especially in purely Japanese industries. As a particularly striking example he gives the position of the *habutai* merchants of Foukoui who then exported more than 8 million yen of silk cloth a year but had a total capital of less than a million yen, so that they worked on short term credits at 15 or even 20%.

Robertson Scott, writing 13 years later (1914), speaks of the principal need of the villages as money at less than 20%.¹

The position of recent years has been no better as regards the rates of interest exacted, as is witnessed to by the following examples. In 1928 the Ministry of Finance announced its decision to advance some 15,000,000 yen to the Governments of five Prefectures for the 'relief of small business men and industrialists', and the Tokyo business men and industrialists recommended in 1929 that a 'plebeian' bank should be established by the Government for the 'financial relief of middle and minor business men'. Under the plans proposed funds were to be loaned to this bank by the Government at 6%. The bank was then to advance the money to the small borrower to be repaid in 10 years at an annual interest of 15%.²

If 15% interest rates are regarded as 'relief' it may well be imagined what rates are demanded for accommodation when no Government assistance is forthcoming. It is also to be noted how the banks are enabled by the Government to obtain the profits of usurious money lending, and to acquire a firm and lasting hold on small scale industry and trading, under the charitable name of 'relief to small merchants and industrialists'.

Interest rates have fallen since 1931, but they remain very high even for the comparatively large and strong borrower. For

¹*Foundations of Japan.*

²This proposal, as described in the *Trans-Pacific*, is related by A. J. Orchard in his *Japan's Economic Position*.

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the small borrower they remain so high as to be usurious. In 1934 the average rate of interest charged by the banks throughout the country for long term loans was 8·6% and the average rate for the discount of bills 7·5%.¹ Medium-sized private banks were charging 9·8%² on small loans (under 2,000 yen), and even the semi-official Hypothecary Bank demanded 7·3% for small loans on mortgages. The Industrial Bank of Japan demanded 7·3% for loans on mortgages amounting to less than 100,000 yen and much higher rates when there was no mortgage. Yet the banks were paying only 4·4% on fixed deposits and the Bank of Japan discount rate for commercial bills was only 3·6%.

These high interest charges are paid directly or indirectly to precisely the same large scale capitalist interests that are making tremendous profits out of armament manufacture, export of textiles and other manufactures.³ The merchants, bankers and industrialists prefer to use their profits in buying Government bonds to finance imperialist expansion and for investment in Manchuria or North China or the South Seas, to lending further to the 'small business men and industrialists' who are already so completely in the debt of the big firms as to be owned by the latter in fact if not in name. Moreover, the continuous depression in all industries making consumers' goods for the home market makes the banks naturally prefer the safe business of lending

¹Figures from the *Financial and Economic Annual of Japan*:

Rates of interest throughout the country. Average for the year.

		<i>Fixed deposits</i>	<i>Discount of bills</i>	<i>Loans</i>
1918	-	5·2	9·8	8·3
1922	-	6·7	10·8	11·0
1927	-	6·3	9·9	10·4
1931	-	5·2	8·9	9·4
1932	-	5·1	8·7	9·3
1933	-	4·7	8·2	8·9
1934	-	4·4	7·5	8·6

²Guenther Stein, *Made in Japan*, gives 10% as the rate for loans under 2,000 yen.

³At the end of 1934 the big cotton mills and rayon factories were making profits of 30% and 40%, and even 67%; the Mitsui and Mitsubishi trading organisations had declared profits of 13·3% and 19·2%; the Mitsui Trust Co. was making 30·1% and Sumitomo's Trust Co. 26·2%. The Mitsui and Mitsubishi and Sumitomo banks each declared profits of round about 20%.

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to the State, to the precarious business of giving credits to the small producers.

It can be imagined what rates of interest are paid by the smallest producers—who have no security and want to borrow a hundred or two yen. They cannot get loans from the banks with their ‘moderately high’ interest rates of 8 to 10%. They are forced to resort to moneylenders, landlords, local shopkeepers and traders who, having got accommodation from the local banks at 10-15%, in their turn lend money at 20 to 30%, and even more. Since a large toll is taken by each of the interests involved, from the big bank to the local bank to the land-owner or small merchant, by the time the stream of credit penetrates down to the small borrower the rates have become usurious.

Such rates as those given above are a symptom not so much of the dearth of capital as of its centralisation in the hands of a few big monopolists. This is witnessed to by the fact that the banks charge to borrowers almost double the amount of interest they pay to those who deposit money with them, viz. 8·6% as against 4·4% in 1934.

Some idea of the degree of capital centralisation in Japan, and the consequent difficulties experienced by small industrial undertakings, can be obtained also from a consideration of the distribution of the capital invested in joint stock companies and partnerships. In 1929 83% of the invested capital was controlled by companies which had a capital of a million yen (£100,000) or more, whilst only 4% was disposed of by companies with less than 100,000 yen (£10,000) capital. Again, only 2% of the total capital invested belongs to 60% of the total industrial and commercial companies. 60% of the total number of companies had a capital of less than 50,000 (£5,000). There has, moreover, been a continuous and rapid decline in capital investment in small companies in the last 20 years.¹

That the capital of the country has been squeezed out and concentrated in the ownership of the State, and of a few big banks or family trusts, is clear from the fact that even today capital for industrial purposes can for the most part only be obtained in the form of State subsidies or from the banks. There is practically no

¹Figures given in *Industrial Labour in Japan*, I.L.O., 1933.

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middle class of small investors in joint stock industrial enterprises. Such individuals as are able to accumulate some capital invest it in land, still regarded as the only safe security for the small man, or put it into the Postal Savings Deposit, which performs so important a function in taking up Government loans, or deposit it in the banks or in trust companies.¹ It is true that during the war and post-war boom in Japan a prosperous middle class began to come into existence owing to Japan's unprecedented opportunities for industrial expansion whilst supplying the empty markets of the East. This fact accounted for the development of at least the shadow of a liberal movement in the post-war decade. But this class ceased to grow after 1921 as Japan again lost her hold on Far Eastern markets to her Western competitors, and since Japan's financial crisis of 1927 its numbers and influence have rapidly dwindled. The income tax figures dealt with below afford evidence of this, similarly with the course of political development.

The income tax returns and business profits tax show both the small numbers of the middle class in Japan and the low level of income of even those sections of society which can properly be called a middle, as distinct from a lower middle class: business men who pay income tax, professional men, university teachers and civil servants.

Although all incomes above 1,200 yen ($\text{£}120$ at par) a year are taxable, there were only 804,419 income tax payers in 1926, 690,000 in 1927 and 569,046 in 1931. In the capital city of Tokyo with its two million inhabitants there were only 76,668 income tax payers in 1927. The average income of income tax payers was then only 1,630 yen ($\text{£}163$). Of the 569,046 income

¹"There are comparatively few bond buyers in the country and an examination of the registration lists in the vaults of the underwriting houses would reveal that perhaps 90 per cent. of all the domestic issues on the market at present are in the hands of banks, trust companies, insurance companies and corporations with investment accounts.

Individual investors are not numerous because Japan lacks the investing middle class which forms the backbone of the bond markets of Europe and the U.S.A. . . .

"The poor and those of the lower middle class still prefer postal savings and fixed deposits in the banks to securities of a fluctuating nature, or even Government bonds, which they do not understand very well" (*Japan Advertiser, Annual Review, 1928-1929*).

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tax payers in 1931 only 20,524 had incomes of £1,000 a year or more. On the other hand, the figures show the existence of some very large and of a few colossal fortunes. According to calculations based on the income tax returns made by Professor Shiomi of the Kyoto Imperial University there were in 1931 a hundred men with incomes of £20,000 to £50,000, and twenty with over £50,000 a year. Of these latter twenty, nine had between £100,000 and £200,000 a year and one £300,000.¹

In 1935-36 Baron Hisaya Iwasaki (Mitsubishis) paid income tax on an income of 2,300,000 yen (£230,000 at par, £138,833 at current exchange rates), another member of the Iwasaki family had an income only slightly smaller and Baron Mitsui had an income of about one-and-a-half million yen (£150,000 at par). A year previously his income had, however, been nearly 4 million.

Such fortunes as these would be remarkable in any country, but in Japan, where the national income per head of the population is only 165 yen (£16.10s. at par), they show an almost unparalleled centralisation of capital.

The same extreme contrast between the enormous profits of a few millionaires and the tiny profits of the lower middle class is revealed by the figures of the business profits tax. Here also there is seen to be only a handful of middle class incomes to break the contrast between tremendous wealth and poverty.

Even those small business men who are sufficiently prosperous

¹*Kyoto University Economic Review*, December 1932.

The writer bases his calculation on the C Class income tax, viz. on $\frac{1}{6}$ of the amount of profit, or the dividend or interest or the share in the surplus received from the juridical person.

Income on Government bonds, debentures and bank deposits and profits from loans and trust funds are taxed at the source so that the form of distribution of income cannot be ascertained. According to the *Financial and Economic Annual* of the Department of Finance, however, the income tax figures taken by Professor Shiomi (Class III) include incomes from interest on public bonds, debentures and deposits and on share capital invested in corporations as well as salaries, etc.

It can also be noted here that Professor Shiomi in another article (*Kyoto University Economic Review*, July 1932) shows by diagrams how the stoppage at source principle has proved beneficial to the earners of big incomes and detrimental to small incomes below 1,000 yen.

In 1931 the yen was on a gold basis so all Professor Shiomi's figures have here been converted into sterling at 2/- to the yen. Today with the yen worth only $\frac{1}{2}$ the incomes given would work out to much lower figures.

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to be liable to the business profits tax¹ for individuals have most of them incomes much smaller than those of the working class in Western Europe. Taking the figures for 1931-1932, when Japan was on the gold standard, there were only 730,229 'tradesmen' paying this tax which is levied on all businesses making a net profit of £40 per annum or more. Of these, 58% made a net profit of between £40 and £80 a year and 94% made a net profit of less than £300 a year. 98% made less than £500. On the other hand, there were 31 men whose net profits exceeded £10,000 a year and of these 6 made profits of £20,000 to £50,000. One made a net profit of £129,000.

The figures all indicate the absence of a substantial middle class of investors—the class of small *rentiers*, investors in joint stock companies and Government bonds, owners of medium-sized enterprises, and prosperous professional men, which is so large and important in the countries of Western Europe. The evidence of the income tax returns also shows that the numbers of the middle class, small as they are, are rapidly shrinking.

The salaries of civil servants, army and navy officers, professors, clerks and so forth are also all extremely low. The same Professor Shiomi gives a table compiled on the results of an investigation of the salaries of all the officials in a Prefectural Office and of all the members of a University faculty. According to this table about 25% in each case were receiving less than £60 a year. In the case of the civil servants only 21 persons out of a total of 802 were drawing more than £250 a year. The highest salary was £650 drawn by one man and the next highest £400 also drawn by only one man. The University salaries showed less than 12% of the faculty members with incomes of over £400, and only two persons with between £700 and £850. The median salary in both university and prefectural office was £60 to £120.

As regards the annual incomes of 'fighting men', the median was drawn between £40 and £60 a year.

¹The income figures calculated by Professor Shiomi and here summarised are based on the Class B business profits tax. This business profits tax is levied on persons who manufacture or sell or engage in banking, money-lending, transportation, warehousing, contracting, printing, and on restaurant keepers, commission agents, etc. (*The Economic and Financial Annual*, 1935, p. 36).

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The above figures convey some idea of what must be the incomes of the far larger numbers of the lower middle class who pay no income or business profits tax and of the employees of the big business houses.

Professor Shiomi writes that salaries for women office workers range from 20 yen a month or even less. In 1936 there was an agitation amongst the junior clerks in the Tokyo law courts for an increase of salary. It was reported in the Press that these men earn only 20 yen a month, with an increase to 35 yen after five years' service, and that they even have to supply their own ink and pens out of this salary.

These few details concerning business incomes and salaries demonstrate the absence of anything but a very small number of middle class investors and so indirectly show the dependence of the industrialist on banking capital. They also show the extremely low standard of life of Japan's middle and lower middle classes and offer striking proof of the fact that such capital as Japan accumulates from year to year is in the hands of a very small group of rich men, or rather families.

The closer one examines Japan's national economy the clearer it becomes that the failure to complete the industrialisation of the country, and the dearth of capital for the small borrower, are not due to Japan's natural poverty, lack of resources, 'over-population' and all the rest of the explanations beloved by Japanese statesmen and publicists. They are due to the extreme centralisation of capital in Japan from the outset of her modern period and to the premature pursuit of a policy of military aggression and colonial expansion. Japan became an Imperialist Power before the industrial basis for such a position had been created within Japan herself. Japanese Imperialism exports capital—frequently indeed borrows capital in order to export it—for the development of sugar plantations in Formosa, rubber plantations in Malaya and Borneo, mining and metallurgical and railway enterprises in China and Manchuria, concentrates capital resources in armament factories, spends enormous sums on the army and navy, but has no capital accumulation left over for completing the industrialisation of the country.

We arrive then at the following conclusions. The feudal survivals in Japanese agrarian economy and the prevalence of

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handicraft and semi-handicraft production in a large part of her industry are due to scarcity of capital for the small borrower. This scarcity is the result of the extreme centralisation of capital in the hands of the State and of a few giant family business houses and banks and to Japan's prematurely embarking on an imperialist career. This phenomenon is in its turn due to the peculiarities of Japan's historical development.

In Japan there is not, and has never been, a class of independent capitalists, a true 'bourgeois' class of manufacturers and merchants grown up during the course of centuries out of the ranks of the peasantry and in opposition to a feudal nobility. In Japan the capitalist class has to a large extent developed out of the former feudal aristocracy, not in opposition to it. That is to say that the small commodity producers work for the profit, not of independent merchant capital free from ties with the ruling class and so capable of revolutionary action to destroy feudalism and the absolute monarchy as it did in England in the 17th century, but for the profit of big monopolists closely allied with the autocratic monarchy and parasitic landowning class and, therefore, incapable of clearing the way for the free development of the country's productive forces by the abolition of all feudal survivals. Japan in her industrial development is a mixture of 18th and 20th century England, having missed the 19th century phase. She has never known an era of free competition and liberalism. In her agriculture she has not even reached the 16th century, since rent is still paid in kind on most of the land.

Although giant monopolies exist in other countries, and although in England big business has for long been more interested in the export of capital than in the internal development of the country, this stage followed upon a long period of rapid and intensive internal development under conditions of free competition. England had her period, which did not end till the last quarter of the 19th century, in which the competition of many independent manufacturers developed the industrial strength of the country and swept away all the relics of feudalism, establishing in their place large scale factory industry and free wage labour. But in Japan capitalism has gone rotten before it has got ripe; before, that is to say, it has completed its primary tasks. It became interested primarily in imperialist expansion and col-

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onial exploitation long before it had completed the industrialisation of Japan Proper. Here is a country which tries to export capital although so large a part of its industry is not yet mechanised, and although the interest rates charged to the majority of producers are as usurious as in a colonial country, although its heavy industry is puny, its farming methods medieval, its roads in most places little if at all better than those of 18th century England; a country where men still do the work of horses¹ and even the capital city has no drainage system, but carts its human excreta about the streets in a manner which would hardly have been tolerated by the Emperor Frederick II in Sicily.² This last fact may not appear of great importance, but it is mentioned to bring home to the Western reader the extreme primitiveness and discomfort and generally medieval characteristics of life in Japan for the ordinary citizen. He now enjoys the use of electric light and may be able to afford to ride by tram if he lives in a town, but his rooms are practically unheated in winter, the walls of his house are made of the thinnest wood, his windows are made of paper, he rarely has gas to cook with, and his food, even if he is comparatively well off, consists mainly of rice, raw fish, seaweed and bean products.³

Japan's industrial development has been too rapid and too artificial for healthy growth. The small producers, who in England had a chance to develop their own fortunes and industrialise the country in the era of free competition before the present age of monopolies and imperialism, have in Japan remained stunted and stuck in their semi-medieval rut. The great trusts, which grew so rapidly under Government patronage and protection, like giant trees have prevented any light from penetrating through, and the vegetation below them remains dwarfed and stifled to this day.

Intertwined with, and dependent on, the bureaucratic government apparatus set up after the Restoration, and similar-

¹True that there are only 32,026 rickshawmen in Japan, but a great deal of the haulage of goods is done by men on 2-wheeled carts.

²This most enlightened of the Holy Roman Emperors made strict sanitary laws in Sicily concerning refuse, etc., and its disposal.

³Attention can here be drawn to the fact that Japanese culinary art is extraordinarily primitive and Japanese food, in contrast to that of China or India, unpalatable to the European.

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ly connected with landowning and usury, the Japanese capitalist class has never been able or willing to sweep away the feudal survivals and has turned outwards to gain markets by military aggression, instead of inwards to destroy feudalism and expand the home market.

Since Japanese industrial development has been imposed from above and not grown up from below out of the village in the process of generations, it has been indifferent to the absence of an expanding internal market. It has looked to export and colonial conquest whilst continuing to derive its profits from usury and from financing and merchanting the products of domestic industry.

Whereas in England the middle classes were mainly anti-imperialist and liberal in the days of Bright and Cobden, because they were busily occupied in developing the home and Continental markets and did not need to go in for armed aggression, in Japan the industrialists have always been imperialist, expansionist and militarist. This is to a large extent explained by the fact that the narrowness of the home market, due to the feudal survivals, forced them to seek outlets abroad from the very beginning of Japan's modern era. What has to be explained is why they did not destroy the feudal survivals in the first place, and this explanation can only be found by glancing back at Japan's peculiar history.

II

Historically the explanation for the present diseased structure of Japan's national economy is to be found, first in the artificial retardation of her economic and political development under the Shogunate, and then in the equally artificial forcing of her economic development after 1867. Having first been kept in swaddling clothes long after she should have learned to walk, Japan was next forced to run before she had had time to learn to walk. It is not surprising that today she is so bandy-legged as to be almost a cripple.

Japan's modern industrial structure was hastily erected as a protection against Western aggression without any clearing away of the medieval rubbish underneath. Hence the foundations of her economy are unsound. It is well known that Japan jumped

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in the space of a generation from feudalism to capitalism, but it is not so generally understood how many of the medieval features survived. Nor is it sufficiently realised how little advance had been made towards a modern form of society at the time when the American ships under Perry first brought her into contact with the West in 1851. Japan was then not only feudal in government and economic structure, but her rulers had prevented the natural changes which would have otherwise gradually brought feudalism to an end during the long period of peace Japan had enjoyed. By forcibly cutting Japan off from foreign intercourse¹ the Tokugawa Shogunate had prevented the natural evolution of a more advanced form of society and the beginnings of a healthy capitalist development.² It had done its best to make Japanese society static, but had only succeeded in poisoning it, and bringing it into a state of advanced decomposition in which not only the traders and artisans and peasants, but also the Samurai longed for its overthrow and for a change in the economic and social structure.

Japan in the middle of the 19th century was in most respects more backward than Tudor England; her condition more nearly approximated to that of 14th century England. Although the Tokugawa Government nominally had power throughout the country the great Daimyo—of whom there were 260 and whose position was somewhat the same as that of our medieval earls but more independent of the Crown—did much as they pleased in their own domains. There had been no such development of the Crown's jurisdiction as in the England even of Henry II. The Shoguns only demanded that the Daimyo should pay their taxes and come to Court; otherwise they were not interfered with. The Daimyo's retainers—the Samurai—owed loyalty to them and not to the Central Government. The Samurai were not territorial lords of the manor but retainers, somewhat like those

¹The isolation of Japan was the deliberate policy of the Shogunate, but her lack of contact with the mainland of Asia can also in part be ascribed to the distance. Compare the width of the seas separating Japan from China with the English Channel.

²In Western Europe the period of transition from medieval times to modern times, i.e. from feudal society to capitalist society, lasted from the 15th to the end of the 18th century. Japan jumped straight from the 16th to the late 19th century.

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of the great English lords before the Wars of the Roses ruined them, but of a higher social status. The Samurai lived in or round their lord's castle and received rice stipends from him. Only in the south were they direct landowners. Since there had been no real fighting for several generations they had most of them become a useless burden on society, though the more able and better educated were the administrators of their lord's estates. Most of them were much more obviously a purely parasitic class than the feudal landowners of Europe. Although general peace was kept there was much brawling and fighting among the Samurai. The lives of commoners, whether peasants, artisans or merchants, were held of little account and Samurai could kill them practically with impunity on the flimsiest excuses;¹ there were no royal courts in which some measure of justice could be obtained by commoners. The peasants were serfs with no personal rights, paying over 50% to 70%² of the harvest to their lords and owing other services or taxes, so that in this respect Japan was far behind even 15th century England where a majority of the peasants had already commuted their labour services for a money payment.

It can here be suggested that Asiatic feudalism with its system of payment of rent in kind offers the prospect of far greater stability than European feudalism with its labour services to the lord of the manor. The Western European system under which the serf worked 3 days on the lord's land (as well as extra time at harvesting) and the rest of the week on his own, made him more conscious of his servile position and more resentful at being forced to do unpaid labour than the Asiatic peasant paying part of his harvest to his landlord. Under the latter system the peasant might feel the burden more as a tax than as an intolerable imposition and interference with his liberty. At least he did not find himself torn away from his own fields to work on his lord's just at the busiest times of the year. At the same time payment of rent in kind gave the landlord far greater security than labour

¹In the few large cities, like Osaka, where the wealthy merchants had established themselves, the Samurai had to behave more circumspectly.

²Originally the proportion paid had been 40%, but in the later years of the Shogunate it was increased owing to the development of trade and industry, which made the Daimyo anxious to sell as much rice as possible for money with which to buy luxuries.

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services and gave him half or more of the profit from any improvement in cultivation and increased productivity of the soil. The Asiatic serf was bound to increase his lord's profit if he increased his own, whereas the West European serf would work as lazily as he dared on his lord's land and as energetically as possible on his own. Hence the low productivity of the forced labour of the serf in Europe induced the lord to let him commute his service for a money payment and to hand over the manor farm (the home farm) to an *entrepreneur*—the farmer—instead of leaving it to the supervision of a bailiff as before. Hence the possibility for some of the serfs to become independent and for farmers paying a fixed rent to accumulate some capital and to form the beginnings of a bourgeois class in Western Europe. In the East payment of rent in kind hindered a similar development. It can be noted that payment of rent in kind kept the Ottoman Empire static for centuries just as it kept Japan static. Fundamentally the difference in the method of exploiting the peasantry in the feudal East and medieval Western Europe may perhaps be ascribed to rice cultivation on irrigated land where the yield is far more certain and the harvest varies comparatively little in amount from year to year, and so gives the landlord no incentive to assure to himself a fixed money payment in place of a fluctuating income in kind.

It is true that a small class of artisans and merchants had grown up in old Japan, in particular in Osaka and Tokyo, but they had originated as artisan serfs of the Daimyo, and as Samurai administrators and rice rent collectors, or as usurers and speculators in rice rents, and their occupation still consisted in producing luxury goods for the aristocracy and in rice speculation and usury. Some Japanese historians have indeed shown that by the 19th century the merchant class had the feudal aristocracy completely under its economic control; they show how the Daimyo first sold their rice revenues to merchants and at a later period mortgaged them in advance and issued rice notes against them, and how the Samurai in their turn sold and mortgaged their rice stipends. They demonstrate that the feudal aristocracy was hopelessly indebted to the rice merchants who had developed a rice exchange at Osaka and had become the collectors of the rice taxes from the peasantry. They also bring

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forward evidence to show that the status of Samurai was commonly bought and sold and that by means of the practice of adoption and through intermarriage the distinction between Samurai and the wealthier merchants had been almost obliterated.¹

It is sufficiently clear that for a century at least before 1851 the power of the feudal aristocracy had been in decline in consequence of a long period of peace and the development of a merchant, or trading-usurer, middle class; and in consequence of the degradation of agriculture and flight or death by famine of the peasantry, whose conditions had become intolerable because of the exactions of the feudal aristocracy.

As the revenues of the feudal aristocracy grew continually smaller, owing both to the flight of peasants and the recurrent famines, and to their increasing indebtedness to the merchant-usurers, the Daimyo began to cut down the amount of the rice stipends of the lesser Samurai² and also to take every opportunity available under the feudal law to dismiss them altogether (i.e. disinheritance for various reasons, deprivation of their rice stipends for alleged crimes, etc.). Hence the existence of a large class of 'ronin' (wave men), Samurai without a lord (which meant without a rice stipend), and so forced either to join the ranks of labourers in the cities, to become artisans, or, most commonly, to become bandits or hired bullies in the towns (like the *soshis* of today). By the middle of the 19th century there were so many of these *ronin*, and the poverty of the majority of the Samurai was so great, that as a class the lesser Samurai and the *ronin* were ripe for revolution; not a revolution for emancipation from feudalism, but rather a counter-revolution to re-establish the power of the feudal military aristocracy to which they belonged.³

Consequently, there was a large class of masterless Samurai—

¹Takizawa, *The Penetration of Money Economy in Japan*, pp. 130, 140. Professor Honjo in *Kyoto University Economic Review*, July 1932, and in other articles in the same journal.

²See Takizawa, *op. cit.*, Chapters V and VII, and also Professor Honjo in *The Social and Economic History of Japan*, Tokyo, 1935.

³From the account of the 'Revolution' in La Mazalière's book (vol. iv) it is clear that the 'ronin' were attacking the merchant usurer class, e.g. the killing of merchants in Kyoto and Osaka, and the forcible reduction of rice prices.

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the *ronin*—who were one of the compelling social forces behind the Restoration movement.

Although a class of merchants had developed in old Japan, the forced seclusion of the country made it impossible for them to use their wealth in foreign trade, while the rigid maintenance of serfdom and of a rice economy in the village, together with the division of the country into 260 separate fiefs and the existence of a number of other obstacles to the free interchange of commodities,¹ prevented their using it to develop industry and internal trade. The peasantry remained too desperately poor to provide a market, the artificial divisions of the country prevented specialisation and trade, and the absence of a foreign market meant that there was no stimulus to develop industries.

There was accordingly no rich merchant class developing an independent existence as a social force like the woollen merchants under the Plantagenets or the clothiers under the Tudors. There was only a court and manor trade and industry, and rice speculation. Wealth so accumulated could not flow outward into the more productive paths of commercial venture, or inward into the organisation of production to supply a wider market. Turned in on itself, such capital as was accumulated in the hands of a middle class could only be used for trading in luxuries for the aristocracy and for further usurious lending to extravagant or impoverished Daimyo and Samurai on the security of their rice revenues—to both of which activities there was a natural limit—and in indirect landowning.²

In other words, the disposable wealth of the country could only be utilised for unproductive or ‘barren’ lending, as the

¹The Shoguns not only forbade foreign trade, but hindered internal trade by prohibiting bridges and roads from being constructed. Even on such few highways as existed, as for instance from Tokyo to Kyoto, no bridges were allowed and the rivers had to be crossed by ferry or forded. This was done because of the Shogun’s fear of the Daimyo revolting against his authority. This policy is in striking contrast to that of the English kings who developed the ‘King’s Highway’ as a means of keeping the feudal lords in check. It shows the much lesser real strength of the Shoguns under whom Japan was really only a collection of semi-independent principalities.

²Legally the merchant class could not own land since the peasants could not alienate it. But in various roundabout ways they did get possession of it in fact and there were many landowner-merchants at the end of the Tokugawa period. See Takizawa, *op. cit.* p. 84, Professor Honjo and other historians.

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European medieval writers were wont to call loans made to impudent aristocrats. The merchant class was not even allowed legally to acquire land, and although they did in fact acquire ownership of a great deal of land through usury there was no possibility for them to invest capital in it to increase its productivity even if they had wished to do so. Their lending to impoverished peasants was just as 'barren' as their loans to Daimyo and Samurai.

Japanese capitalism has indeed not even today freed itself from its origins in usury and speculation. As we have already seen much capital is still employed in usurious lending to peasants and small landowners to enable the former to pay rent and buy fertilisers and the latter to pay taxes, not to increase the productivity of the land.

Accordingly, the bourgeois class in Japan before 1868, owing to centuries of isolation and the backwardness of the country's political development, had not been able to expand outward in foreign trade and had been turned in on itself, with the natural result that, through usury and the acquisition of the actual, though not legal, ownership of land, and through the practice of adoption and the sale of Samurai titles, it had become to a considerable extent identified with the feudal oppressors of the peasantry and so incapable of independent action as a separate class radically to solve the country's agrarian problem.

At the same time the restrictions placed upon their development, the desire for foreign trade, and the dwindling proceeds of usury which accompanied the degradation of agriculture and the bankruptcy of their debtors from the Shogun down to the peasants, pushed the wealthy merchants and speculators of Osaka to finance the 'revolutionary' movement of the Samurai of Satsuma and Choshu, Hizen and Tosa, and of the *ronins* from all over the country who congregated in the land of these four clans.

As one of Japan's few economic historians has written:

'The Samurai of the Choshu and other clans who took the prominent part in the restoration of the Imperial regime succeeded in their gigantic task by utilising the wealth of the mercantile class. The campaign funds of the battles which overthrew the feudal regime and the contributions made to the Meiji Government came from the

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coffers of the wealthy merchants of Osaka. It was generally believed at that time that 70% of the entire national wealth of the country was concentrated in Osaka, and the founders of the Meiji Government sagaciously invited the wealthy merchants of this commercial metropolis to take sides with them in the great political struggle. Had they failed to do this the establishment of the Meiji Government would have been well nigh impossible.

'As has already been stated, the real power of society during the later Tokugawa period was held by the Chonin (bourgeois) class and the feudal system was bound to disintegrate. However, the power of the Chonin class could not be developed beyond the fixed limit due to the feudal system and the policy of national exclusion, and it was the Samurai of the lower strata of the warrior class that carried on the work of political transformation in their anti-foreign agitation as well as in their political movements for the overthrow of the Edo Government. These Samurai of lower strata had been discontented because their rise in social status was very difficult under the then existing feudal system. . . . True, behind their political movement lay the awakening of the people as a whole and the financial support of the Chonin class . . . the downfall of the Tokugawa system was not actually brought about by the Chonin class which held the real economic power in society. It was overthrown by the Samurai. . . . It is also to be noted that the Samurai had become more and more like commoners.'¹

'The Revolution' was made then by an alliance of outcast or semi-bankrupt Samurai with the middle class, the former aiming at political power in a new but still feudal State and the maintenance of the policy of national exclusiveness, and the latter aiming at the liquidation of feudalism and the opening of the country to foreign trade. The reason why this uncouth alliance of feudals and capitalists has persisted to this day, and why the bourgeois class was not able to cast aside its feudal allies after the Restoration, and so remains even today entangled in the feudal elements of the country, is to be found partly in the peculiarities of Japan's previous historical development as outlined above, and partly in external circumstances. On the one hand the interests of the merchants and of the feudal ruling class were too intermixed. There was no large independent middle class, and so the feudal aristocracy was able to maintain control and eventually to transform a section of itself into industrialists

¹"The Economic Development of Japan," by Professor Honjo in *Kyoto University Economic Review* of July 1931.

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and bankers. On the other hand, the danger of foreign invasion, the fear that Japan would become a colony of the Western powers, forced her along the road of militarism and so necessarily gave strength and power to the military caste formed out of her feudal nobility. In other words Japan, in her successful endeavour to avoid the fate of China or India, became almost inevitably a State governed by an autocracy basing its power on military force, not a democracy allowing a free field for the industrial development of the country by her embryo bourgeois class.

After the Restoration of 1868 it was the State, run by and in the interests of the leading Samurai of the victorious clans, which undertook the financing of the industrial development of the country, and it was the feudal aristocracy, to some extent fused with the group of merchants and usurers,¹ which eventually became the new ruling class of bureaucrats, bankers and big business allied with landowners.

At the same time the danger which threatened Japan from without and the fear that she would be made into a colony, together with the existence of a large class of poor Samurai who had helped to bring about the Restoration, but who had not won office and power like those of Choshu and Satsuma, and whose State pensions were quite inadequate to maintain them or to enable them to become successful traders and industrialists, added a strong element of militarism and aggressiveness to Japan's economic and social structure. These Samurai remained poor, but unlike the peasantry they were not resigned to poverty and it was they, in alliance with the small merchants and artisans, who formed the democratic opposition in the early days of Meiji, thus giving it its peculiar militarist flavour. (See Chapter VIII.)

It is the transformation of one section of the feudal aristocracy into a capitalist class in the space of a generation, and the use of the State power—which remained in the hands of the victorious group of the aristocracy, i.e. the Samurai of Satsuma and Cho-

¹Samurai rank was freely sold in 'old Japan'. By the practice of adoption a rich merchant could always obtain Samurai rank for his son. After the restoration the few rich merchants became allied both economically and dynastically with the leading Samurai families: the Genro and higher bureaucrats.

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shu—directly to further industrial development for the benefit of a small group consisting of themselves and those of the merchant class who had allied themselves to the clans, which in large part accounts for the lopsidedness of Japan's national economy today, for the many feudal survivals and for the 'traditional' corruption of her public life. At the same time, since the transition to a modern State came as a result of the fear of foreign invasion, and since the Samurai retained their influence and were firmly entrenched in the army and navy where they directly affected national policy, the State fostered industrial development with military requirements always as its first objective. In other words, because the transition to modern industrialism came as the result of an outward stimulus, and not as a natural development over many generations, and because the development of the country had previously been artificially stunted, there was no time for the feudal structure to be undermined and transformed or swept away. It was left almost intact below, to poison and warp Japan's future growth.

Concretely what happened at the Restoration in 1868 was the overthrow of the Tokugawa Shogunate which had ruled Japan for two and a half centuries¹ by the clans of Satsuma, Choshu, Hizen and Tosa; that is to say, by the Samurai of rival feudal lords assisted by the *ronin* from all over Japan and supported by the merchants of Osaka. Had it not been for the fear of becoming a colony of the Great Powers a new Shogunate similar to that of the Tokugawas but more 'enlightened' might have been set up by the victorious clans. As it was they searched for a new method of establishing their power over the whole country, whilst centralising the Government as was imperatively necessary if Japan were to preserve its independence. This they accomplished by putting forward the Mikado as the supreme ruler after his seven centuries of impotence, poverty and obscurity in Kyoto. Thus began the rule of the Imperial House which Japanese school children are now taught to believe has reigned

¹From the 12th century Japan had been ruled by other Shoguns or sunk in anarchy. The Emperors had had no power and had lived in seclusion at Kyoto since the end of that century, regarded more as priests than kings. The position of the Shoguns can be paralleled in Europe by that of the Mayors of the Palace to the Merovingian Kings but in Japan no Charlemagne arose to wipe out even the memory of the kings.

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over Japan for 'ages unbroken eternal'. In the guarded words of a Japanese liberal seeking to give a true account of what happened whilst yet avoiding prosecution for *lèse majesté*:

'This struggle at the time of threatened foreign invasion placed the nation in a precarious position. The confusion was great, and it was feared that the consequences would be serious. Each of the struggling classes saw the danger, and cast about for a leader who could unify the nation. The Shogun could not take the fore, because his power had been broken; no one of the lords would do, for his influence, however great, was merely local; and the Samurai did not feel themselves strong enough openly to set themselves up as the ruling class. The obvious solution was—the Emperor.'¹

The manner in which the leading Samurai of Satsuma and Choshu exercised and safeguarded their own political power is dealt with in the next chapter. Here one must only note that the feudal aristocracy split into those who were successful in the scramble for office and those who were not, and that the latter formed the nucleus of the democratic opposition in the early days of the Meiji era as well as of the bands of *soshi* and *ronin*—the 'patriotic' gangsters who still exist today.

The new Government once established, it proceeded to organise a strong central administration and to abolish feudalism as a political system, that is to say to destroy the political power of the territorial nobility—Daimyo.

What happened on the 'abolition of feudalism' in 1871 and the years following, was not the surrender of privileges by the military aristocracy from motives of patriotism and self-sacrifice, as the Japanese myths would have it, but the commutation of their feudal privileges for cash payments by the State, which compensated itself by taxing the same peasantry. The Daimyo were assured of $\frac{1}{10}$ of their former revenues entirely for their own use without further obligation to maintain the Samurai out of their income, thus in most cases becoming much richer than be-

¹ *The Working Forces in Japanese Politics, 1867-1920*, by Uichi Iwasaki, Ph.D., Columbia University, 1921, p. 14. See also account in McLaren's *Political History of Japan*, and La Mazalière.

Yusuke Tsurumi, another well-known Japanese liberal, expresses much the same idea as Iwasaki in his *Contemporary Japan* (1927), where he writes: 'In the end the Shogunate was overthrown by a revival of feudalism that wrested power from the Tokugawas, and distributed it among the great lords, under the sovereignty of the Meiji Emperor.'

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fore. The Samurai were given first State pensions and then State bonds in place of their former rice stipends. The burden placed upon the State by this 'reform' was so heavy as not only to cripple its finances to such an extent that at first the payments to the compensated feudal aristocracy exceeded the revenue, but also to necessitate a foreign loan of £2,400,000 at 7% interest.

Thus did the old feudal aristocracy save itself from the decomposition of feudal society, which had long been under way, and renew its waning domination as a military aristocracy by becoming bondholders and subsequently bankers, industrialists and merchants in the new capitalist Japan, and by acquiring control of the new State army and navy and police force and civil administration. They were enabled to do so because the old society collapsed under the threat of foreign invasion. The need for the immediate establishment of a strong central Government, and for a re-organised and re-equipped army and navy, gave the Samurai the chance to re-establish their domination on a new foundation whilst saving Japan from becoming a colony of the Great Powers. One might indeed say that Japan saved herself from becoming a colony at the cost of treating her peasantry and working class as colonials.

The 'abolition of feudalism' in Japan accordingly did not mean the emancipation of the peasantry or any far reaching agrarian reforms. True the peasants became personally free, and free to alienate their land if it belonged to them; but in place of the rice rents they had previously paid to the Daimyo they now had to pay a State tax in money which, in the absence of developed markets and roads and on account of their inexperience in monetary transactions and the certainty of their being cheated by those who bought their rice, constituted a heavier burden than it appears to have been on paper;¹ it delivered them rapidly into the hands of traders and usurers or into those of the land-owners if they were not already in hopeless debt at the time of the Restoration. Moreover, the load of taxation was continually

¹In 1873 the occurrence of riots, and disturbances all over the country amongst the agricultural population witnessed to their objection to the payment of taxes in money and to conscription. See McLaren, *A Political History of Japan*, p. 96.

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being increased, first to finance the compensation paid to the feudal nobility, then to finance industrial development and then to pay for the wars of aggression on which Japan soon embarked. The peasants were, moreover direct sufferers through conscription and by the requisitioning of their cattle, all of which led to a temporary degradation of agriculture and held back its development.¹

Very soon the majority of the peasants were paying rent in kind as before the 'abolition of feudalism' and it made little difference to them whether the landlord was now a city usurer or trader, or a Samurai who had bought land from the State, or a Daimyo who had retained or repurchased part of his old estates, or the former headman, who, being the only person in the village with some money and experience at the time when taxes in money were introduced, had been in a position to make himself the trader and usurer and landlord of the other peasants.²

¹In Count Okuma's book, *Fifty Years of New Japan*, we read: 'But the trials, losses and injuries the farmers had to go through in Japan during the early part of the war with Russia, that is in 1904, were indeed hard and sometimes terrible. Young men were obliged to leave their farms by hundreds and thousands and go to the front to fight for their country; horses employed in cultivating the fields were requisitioned in vast numbers and appropriated for military use; oxen kept for the same agricultural purpose were butchered and used for soldiers' food. . . . Artificial fertilisers . . . were prevented by the war from being imported. . . . Above all, the capital which would otherwise have been used for promoting agricultural works, was largely reduced owing to the heavy drain upon the agricultural classes by new and increased taxes, subscribing for military loans issued by the Government and so on. . . .

²According to Iwasaki, *op. cit.*, these village headmen came into possession of much of the land at the Restoration, and their descendants are the largest landowners of today. He does not explain how this happened, but it can be surmised that it occurred as described above. According to him the big Samurai and Daimyo retained possession of a large part of their lands. The explanation of this, according to McLaren (p. 81), is that they did so by merely failing to insert the whole lands of the fief in the registers which they handed to the Government.

It is also to be noted that in order to encourage the poorer Samurai to take up land and work it they were allowed to buy Crown lands at half their 'real price' on condition that they surrendered their pensions. Altogether, the facts as to exactly how the peasantry, who were supposed to have been freed, were most of them immediately transformed into tenants paying 50% or more of the produce to a landlord, are somewhat obscure, but the fact which is important today is that the same feudal method of exploitation continued. Iwasaki writes: 'When the Meiji era arrived, all the ruling classes escaped economic damage except the lower orders of Samurai. . . . At the

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Accordingly, 'reform' of feudalism from above, with full compensation to the feudal exploiters, was naturally perverted and merely perpetuated the serfdom of the peasantry under a new name. It did not lead to their full emancipation or provide them with the opportunity to develop into capitalist farmers. The amount left from the cultivation of their fields after payment of rent, interest, taxation and monopoly prices, was never more than enough to preserve life. They accordingly remained incapable of providing either an internal market, or of modernising agricultural technique, or of producing a middle class of manufacturers out of their ranks—in a word incapable of developing full-blown capitalist production. All that could and did develop out of their ranks was a large class of very small traders and handicraft producers, of owners of tiny filatures and weaving sheds, pottery kilns and so forth. Even these latter elements of the population are, however, mainly descended from, or connected with, small landowners rather than rich peasants, and when a peasant does manage to rise in the world it is due to a little capital acquired in some subsidiary occupation or by selling a daughter or two, not from his rice cultivation. In the expressive words of an American writer:

'The peasantry have remained chained to the areas, methods, crops, income and opportunities of medieval Asia whilst the possibilities of life in the modern world are in plain view, just beyond their reach.'¹

Similarly, the small industrialist in Japan remains in sight, but out of reach of the profits and comforts which large scale enterprise awards to the capitalist, since almost all his profit is

same time there arose in the rural districts a new class of rich landowners. In feudal days there was in each village a shioya or hereditary village president, of the farmer class, who acted as agent of the Daimyo, gathering the rice tax and helping to govern the other farmers. He was privileged to wear a sword, and was a sort of subsamurai. When the days of Meiji came these shioya, like the Daimyo and the greater Samurai, came into the possession of the land. They are now known as Go-no or country gentlemen. These, together with the descendants of many of the greater Samurai, are the large landowners of today. They are the backbone of the Seiyukai party.

'The wealthy landed aristocrats, of Daimyo families, are economically in a similar position, but form a separate social group.'

¹*Quarterly Journal of Economics*, August 1923. 'The Rural Economy of Japan', by Daniel H. Buchanan.

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taken from him by the big trusts and monopolies who sell to him dear and buy from him cheap.

III

It is true that in the early years of Meiji there was some emergence of an industrial and trading middle class in opposition to the feudal oligarchy, following on the limited emancipation of the peasantry and the removal of a number of feudal restrictions on the productive forces, during a brief period of comparatively light taxation. But very soon the railways, banks and industries established by the State overshadowed all industrial development from below, whilst the ever increasing taxation, direct and indirect, of the peasantry and urban petty bourgeoisie, imposed to finance State-subsidised industrial development, made accumulation of capital by the comparatively well-to-do peasants, the small landowners, the master artisans and small traders more and more difficult. Hence, as will be shown in Chapter VIII, the political parties which in the nineties of the last century represented the class of small capitalists, and carried on a struggle in the Diet against the Satsuma-Choshu Genro and bureaucracy allied with big trading-usurer capital (Mitsui), had, by the end of the 19th century, given up the struggle. The disposal of all the capital accumulation of the country being in the hands of the bureaucracy, the big merchants and the bankers, it was impossible for industries to develop without State assistance, and the political parties which had started out to win a democratic form of Government devoted themselves to getting concessions, subsidies, franchises, etc., for their supporters.

The vast scheme of Government-controlled and Government-subsidised industrial development undertaken, furnished enormous opportunities, not only for corrupting individual politicians, but for bringing the whole middle class of industrialists and traders under the domination of the oligarchy, which held both the power and the purse.

It was firstly and mainly through the establishment of banks, whose initial capital was the State bonds given to the Daimyo and Samurai, that the old feudal aristocracy established its position as the dominant capitalist class. It was a section of the

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feudal aristocracy, together with a few old established merchant houses such as Mitsui (which had acquired Samurai rank long before the Restoration) who became the banking aristocracy and subsequently also the owners of the main industrial enterprises of the new Japan.

The preponderance of banking capital over industrial capital in Japan today, is frequently referred to.¹

Historically, this is due to the fact that the Daimyo and Samurai by the compensation they received from the State, and by the subsequent facilities they granted to themselves to establish banks, were put in a position to control the development of the country by their possession of greater capital accumulations than any other class, if we except the big merchant houses like Mitsui and Ono with which they were in alliance. When the Samurai were given State bonds in exchange for their former hereditary pensions, banking regulations were made which allowed of bank notes being issued against deposits of these bonds with the treasury and these bonds became the first capital of the new banks of the new Japan.²

Banking capital was thus originally mainly formed from the proceeds of State taxation since this is how the State obtained the money to pay the Samurai their compensation.³

¹The total nominal capital of joint stock companies in Japan came to 13,791 million yen in 1929 of which 44.7% was invested in manufacturing and mining and 42.7% in commerce and banking. Transport accounted for 10%.

²At the same time banks were established with Government encouragement and aid by the big trading houses such as Mitsui, Ono and Shimada, who, as Baron Shibasawa, President of the First National Bank, writes: 'had played a very important part in finance for the Shogun and various Daimyos before the Restoration and even after the Restoration had very intimate relations with the Government and the public'.

'The Development of Banking' in *Fifty Years of New Japan*, compiled by Count Okuma.

³A majority of the banks had national bonds as capital and only one quarter of them had their capital in currency. The banks established from the time of the revision of the Regulations in 1876 till June 1879 were 148 in number, with an aggregate capital of 39,461,000 yen. Of this amount only 10,340,000 yen was in currency, the rest (21,121,000 yen) being in bonds.

"This undoubtedly shows that many of the banks were established by noblemen and Shizoku (the new name for Samurai) who had changed their hereditary pensions into bonds' (*Ibid.*).

Today, one of the most important banks in the country is the Daiichi, the noblemen's bank.

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As regards large scale merchant-usurer capital and its relations with the new State, one can point out the great benefits which it derived from the Government taking over all the old debts of the clans. This gave it joint control with the ex-feudal aristocracy of the revenues of the country.

The importance of this reward to the merchant class which had financed the Restoration was of course immense. Previous to the Restoration they saw the imminent loss—owing to the degradation of agriculture and break up of the whole feudal structure—of the immense sums loaned to the Daimyo and Samurai. The new centralised Government now took over these debts and raised Imperial Public Loans in payment. These bonds, together with those given to the Samurai, came to the then enormous sum of 174,000,000 yen, which constituted a joint claim by the feudals and merchant-trading capital (growing into banking capital) on the masses of the Japanese people, and illustrates the close alliance between these two classes which have held power since the Restoration.

Whereas, if the capital of the country had been accumulated in the hands of a middle class of industrialists and traders and agrarian capitalists, it would have been used to develop agriculture and industry on modern lines, in the hands of the Samurai it formed a multitude of small banks¹ whose function was ‘barren’ lending to impoverished landowners or to peasants at usurious rates of interest. Even when loans were made for the development of small industries or to small traders the rates of interest were no less usurious and consequently such industry or trade was stultified from birth.

Naturally only a minority of the Samurai became capitalists. The majority received too small a compensation² or were not fit

¹Between 1874 and 1879 the number of banks in the country increased from 4 to 151, the amount of capital from 3½ million yen to 40½ million yen and the amount of notes in circulation from less than a million to 34 million. In 1903 there were 2,534 banks with an average capital of only 137,000 yen. For the decline in the number of banks since the process of capital centralisation set in after the Russo-Japanese war see previous table on p. 207.

²The amounts given to each Samurai varied according to the number of koku of rice he had previously been in receipt of, and there were very great differences between the various grades of Samurai. In 1876 the pensions given in 1871 were compulsorily commuted for bonds on a basis of calculation which meant that the incomes of the lower Samurai became hopelessly inadequate.

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to make the most of their opportunities in the new society. In particular, the majority of the Samurai belonging to the smaller clans without influence sank into the ranks of the lower and middle class either as petty landowners and petty industrialists or as policemen, minor civil servants, junior army officers and so forth. Another even less successful section continued as *ronin* in the new society, becoming gangsters and bullies grouped under leaders of Societies with high-sounding patriotic titles. These are the *soshi* of whom more will be said in subsequent chapters.

The general method of developing industries in the early days of New Japan was for the State to start them and then to sell the going enterprises cheaply to those who were the friends or relatives of the Sat-Cho oligarchs, or to those who could give them sufficiently large bribes. Similarly with the grant of monopolies, franchises and subsidies. Either they were given to the members of the nobility and to the Sat-Cho Samurai or to those who could offer the largest bribes. Similarly with railways and insurance business and exchanges. The first railway was built on capital provided by the nobles and the first insurance company was set up by them in 1879.¹ It has to be remembered that the Daimyo had been richly compensated for 'giving up' their feudal privileges and were many of them now amongst the wealthiest men in the country, besides holding the newly introduced titles of Prince or Marquis or Baron.² In addition to such nobles there were those Samurai of the ruling clans who had given themselves titles or been given them by their clansmen who governed the country, Yamagata, Ito, Inouye, Matsukata and Okuma. The Genro who held all the power in the State gave themselves the title

¹The small men were deliberately kept out of all these lucrative ventures, and everything which could be monopolised by the rich or the influential was monopolised. For instance, in Marquis Okuma's book, *Fifty Years of New Japan*, we read in connection with the establishment of exchanges that their number was restricted and they were superintended by the Government, 'as their establishment by small capitalists of weak credit would only tend to excite a speculative spirit among the people' (see p. 483 and also pp. 477-479, for first railways and insurance companies).

²Ranks were first abolished together with feudalism in the seventies, but titles copied from Europe were later introduced as part of the general re-action to autocracy.

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of Prince or Marquis and gave these or other titles to their protégés and relatives.¹

All these men and their younger protégés like Katsura, Kato and others who held the Ministerial offices unbrokenly down to 1918, although they spent their life in the service of the State, at small salaries, became rich men and many became millionaires.

Every form of economic activity was under Government patronage and control or required Government assistance; anything could be got from the Government by those who had the necessary social connections or could bribe heavily enough.

Mitsui's wealth came largely from the State coal mines 'sold' to them at slaughter prices and there were countless other instances of Government factories, shipyards and mines sold for a song to those who paid the bureaucrats—and later on the political parties—for their 'services'. Such payments were made, and are made today, by the transfer of huge credits from those who are given concessions to those who grant them.

Bribery has been called a 'national institution' in Japan and it can be well understood what opportunities the bureaucracy had for accumulating fortunes and still have today.² One consequence is that the upper ranks of the bureaucracy, becoming exceedingly rich themselves, have joined the ranks of the plutocracy, so that today the power of the clans has become fused with the power of big business and Japan has been ruled for the past quarter of a century at least by the giant monopolists who control her industries and trade and banking, rather than by a distinct class of Sat-Cho bureaucrats and high army and navy officers. Today, the landowners, and the army and navy officers of non-aristocratic origin are trying to destroy the ascendancy of the plutocrats and their allies in the army and navy and at Court.

The manner in which some of Japan's 'great statesmen' made their fortunes at the expense of the State is unparalleled in crudity and shamelessness in any other country, not excepting even the U.S.A.

¹Subsequently, other men were elevated to the peerage for 'distinguished services', as they still are today by act of the Emperor.

²Today, however, the political parties have to some extent usurped the position of the bureaucrats in the matter of patronage. This is one of the main causes for the strife between the latter and the 'venal politicians'.

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Whereas in the U.S.A. the big millionaires made their fortunes out of cheating the public or the State as contractors, railway magnates, etc., in Japan many made them as actual members of the central Government.

Although the story of how Okura¹ made his fortune by supplying tins filled with pebbles and sand to the Japanese troops during the Russo-Japanese war, and subsequently had a statue erected to him and was given a title, can be paralleled in other countries, is there anything elsewhere to equal the following story of how Baron Okuma, son-in-law of Iwasaki, the founder of the great Mitsubishi trust, helped on the family fortunes? While in the Finance Office Okuma was called upon to provide the means for carrying on the campaign against Satsuma in 1877; he adopted the expedient of an issue of paper money, and subsequently carried home several cartloads of the script which remained in the Treasury after the rebellion had been suppressed.²

Marquis Inouye, the representative of Mitsui in the Genro, when head of the Department of Public Works, had charge of the building of all railroads and telegraphs, and, according to the officially compiled reports of the Railway Bureau, the construction expense per mile was cut in half after his resignation.³ No wonder that these two men quickly acquired large enough fortunes to retire from politics and devote themselves to advancing the fortunes of the Houses of Mitsui and Mitsubishi respectively.

Prince Katsura, Yamagata's protégé, who subsequently grew so rich that he thought in 1913 he could 'run the show on his own capital', that is to say, rule the country as Prime Minister by bribery without the support of either the bureaucracy or the Mitsui's Party (the Seiyukai)⁴ and who died when he failed, left an estate of 15,000,000 yen. This fortune he had accumulated during 3 years' service as War Minister and a short term as Prime Minister. There can be no more vicious and wasteful and corrupt economic system than State control and patronage with-

¹Okuras are still big army contractors today.

²McLaren, p. 368, *op. cit.*

³*Ibid.*

⁴Katsura was, however, connected with the rival and comparatively new house of Mitsubishi and the party he founded was the ancestor of the Minseito of today.

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out State ownership, and this is the Japanese system. The fact that bribery scandals have touched almost every public figure at one time or another and that almost every official, civil and military, as well as every politician, is venal, constitutes a fundamental and dangerous weakness. The effects of corruption in war time can be studied from the history of the fall of the Russian Tsardom with its corrupt bureaucracy and unscrupulous business men who even in war time could cheat their country at every turn. Of course scandals occur in other countries and army contractors cheat when able in other countries. But in Japan bribery and cheating are accepted as natural. In one railway scandal a few years ago it was stated in the Press that the enquiry had had to be dropped because so many Government officials were involved that if it went on there would be no one left to run the country. In cases of tax evasion scandals and bribery of public officials the number of accused becomes so large as to resemble a mass meeting, as the *Japan Chronicle* once remarked.

It is an extraordinary phenomenon that a country which so prides itself on its patriotism should be so riddled with corruption and give high honours to the men who cheat the State.

It is not to be imagined that the officers of the armed forces are any less venal than the statesmen, the civil officials and the politicians. Scandals involving high army and navy officers are usually hushed up and such patriots as these also have far less opportunity for getting rich quick than the ministers, politicians and bureaucrats. This is one reason for their outcry against the 'corrupt politicians'.

Nevertheless there have been some outstanding cases exposed and many admirals and generals, although paid only very small salaries by the State, have managed to die rich—especially those who have been ministers of the Army and Navy or held high staff appointments. Admiral Yamamoto, Premier in 1914, resigned on account of the naval scandals and there were serious riots in connection with the exposure of corruption in the navy.¹

¹The following is the account of the navy scandals as given in Morgan Young's *Japan under Taisho Times*:

'Mr. Shimada Saburo, one of the original members of the Diet introduced the question of the naval scandals, just then attracting attention owing to the telegrams from Berlin about the trial of one Richter on a charge of black-

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In 1934 a rear-admiral, together with some civilians, was convicted of stealing a battleship in order to sell it as scrap steel.

In 1934 the Minister of War, General Hayashi, offered his resignation because of his brother's arrest in connection with a bribery scandal.

One could go on citing cases of corruption, but the significance lies not in the details of these scandals but in the attitude taken towards them. The lower middle class may be outraged and turn to the young officers as leaders who will destroy the corrupt politicians and business men, but venality is not really regarded as disgraceful by the upper classes any more than the acquisition of a fortune by investment in the brothels. Bribing politicians, statesmen and bureaucrats to get subsidies or concessions and the taking of such bribes, and the buying and selling of women, are regarded as quite legitimate business and neither prevents a man from acquiring titles and honours and dying in the odour of sanctity.¹ Accepting bribes on a large scale is the traditional method of acquiring wealth established by the Elder Statesmen who made the New Japan. Nevertheless the Japanese attitude towards corruption not only means grave weakness in war time but arouses in the mass of the people who have no chance of receiving bribes themselves, or giving them in exchange for concessions and subsidies, a bitter hatred against the ruling classes which occasionally explodes in assassinations and which may at a critical moment in the nation's history cause them to refuse to follow the lead of their rulers and masters for whom they have no respect and in whom they put no trust. The manner in which the privileged mulct the State and the public

mail. Richter's attempt was based on the alleged bribery of Admiral Fujii and Captain Sawasaja by the firm of Siemens, Schuckert & Co., in connection with the supply and erection of plants for wireless telegraphy. Soon the stories of bribery extended to the English firm of Vickers and Co., in connection with the building, through Mitsui & Co., of the battleship *Kongo* which had arrived in Japan some 3 months before. The greatest indignation was felt at the disclosures. A crowd of 40,000 assembled in Hibiya Park to demonstrate against this corruption in quarters which had pretended to a sacred purity. . . . Great indignation was aroused by the very idea that a service which had been regarded as incorruptible was, after all, on not much higher a plane than the banks, municipalities and business concerns whose "scandals" were the daily pabulum of newspaper readers.'

¹A few years ago it was found that a majority of the members of the Kyoto Municipal Council were owners of, or shareholders in, houses of prostitution.

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is altogether too open and shameless. As in so much else the Japanese are too naïve and crude and have not been able to develop our more delicate and subtle Western methods of defrauding the public.

IV

There are many millionaires in Japan but almost all who make their fortunes gravitate today into the orbit of Mitsui and Mitsubishi who dominate the entire economic life of the country. The one is an old house dating from feudal days when the Mitsui were first silk drapers and armourers and then general merchants, rice speculators and bankers to the Shogun, whilst the other is a new house founded after the Restoration by the chief steward or business man of the Tosa clan. The latter was able to lay the foundations of his house's wealth by making a corner in steamships and holding up the new Imperial Government when troops had to be transported to Formosa in 1873. This he was able to do because the ex-Lord of Tosa was one of the few possessors of steamships at the time, having as many as eight of them.

Iwasaki charged 10,000 yen for transporting 2,000 soldiers. Subsequently he got a monopoly of coastwise shipping,¹ branched out into ocean shipping, shipbuilding, insurance, discounting bills of lading, banking and warehousing. At a later date Mitsubishi took up mining, iron and steel and machinery production, power supply, fertiliser and chemical manufacture, deep sea fishing enterprises and the canning industry.

It will be noted that Mitsubishi owed their original wealth to quite modern and Western methods of defrauding the State and to this day they retain a relatively more Western, democratic and industrial colouring than the more feudal and aristocratic Mitsui.

Mitsubishi is more involved in large-scale industrial production and somewhat less in the financing of domestic industry and the sale of its products than Mitsui, although Mitsui has greatly increased its interests in heavy industry since 1931. Mitsui derive a large part of their profits from silk and from other domestic industries and from the import of raw materials—in par-

¹The world-famous Nippon Yusen Kaisha is owned by Mitsubishi today.

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ticular cotton. They sell most of Japan's silk in the U.S.A. and import most of the cotton she buys there. They control 40% of Japan's foreign trade. They are big speculators in rice, silk and foreign exchange. As merchants and bankers through their subsidiaries, and through the agents of those subsidiaries, they finance, organise and control the greater part of Japan's domestic industry and small scale factory industry. A large part of their profits accordingly is derived from financing the small commodity producers of town and village. It is for Mitsui that the small silk filature owner works his girls 14 hours a day in the busy season, for Mitsui that the peasant women work night and day feeding the silk worms at the breeding season; it is for the ultimate profit of Mitsui that the local bank provides the silk reelers with working capital at excessively high rates of interest.¹

Everywhere the tentacles of the big trusts reach out and suck the profit from the small industrial and agricultural producers by their control of the raw materials and of the banks and even of the producers' associations or 'guilds'. The State forces all the small producers and traders to unite in guilds and associations under Government supervision and a very large number of them have Mitsui or Mitsubishi men at their head. Out of 212 guilds of small manufacturers 114 are thus connected with Mitsui and 68 with Mitsubishi. These guilds and associations force their members to have their goods inspected, to buy raw materials jointly and to adopt the same specifications, thus facilitating marketing, especially export, for the big merchant firms, in particular Mitsui.

By reason of their political power exercised both through their control of political parties and through their financial and

¹To give an example of how such a house as Mitsui directly, as well as indirectly, controls and profits from the cottage industry and small scale factory industry of Japan, the writer can cite the fact that in a part of the Ichinomiya district near Nagoya visited, Mitsui had 7 men travelling, selling woollen yarn to the 'manufacturers' on 60 days' credit, on the security of land, houses or Government stock. There were in the district 500 small weaving sheds with less than 10 workers and also a big cottage industry.

The agent of Mitsui, with whom I visited the district, told me that when the small manufacturer fails, as happens very frequently, he is not sold up by his creditor, but is kept on working on the charge system which is continually being extended. It evidently pays Mitsui and the other big trusts better to keep going this transition stage of industrial organisation than to set up factories themselves.

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family connections with the high bureaucrats and court circles, the giant business houses can arrange the country's financial policy to suit their needs and juggle with its exchange. By thus causing extreme fluctuations in price and uncertainty they are able periodically to skim the cream from the country's industrial activity. After small businesses have sprung up like mushrooms under the rain of inflation, rising prices and relative prosperity, there ensues a slump, natural or engineered by a change in financial policy, and Mitsui and Mitsubishi gather in to their control the enterprises created by the small men.

The small man has no chance against the trusts. Fluctuations in price, booms and slumps and changes in financial policy, monopoly prices for raw materials and power, high interest charges and the absence of a middle class of investors—all force the small man to become a mere agent of Mitsui or Mitsubishi, in fact if not always in name, and make even those few who become rich think it the only safe course to affiliate themselves, or somehow connect themselves with Mitsui and Mitsubishi before they get swallowed up. On the other hand the smaller capitalists have no chance to invest in the giant trusts which are family businesses run very much on feudal, or patriarchal lines, not public corporations offering their shares to the public. It is true that since the murders of 1932, Mitsui has made a show of offering opportunities for investment to the public in its enterprises, and both Mitsui and Mitsubishi have outwardly ceased to own certain enterprises which were formerly theirs. For instance, in 1935 Mitsubishi withdrew its capital from the chemical fertiliser enterprises it used to control¹ in order to demonstrate to the public that it does not own almost all the profitable enterprises in the Empire, and especially not those which make their profit out of selling at monopoly prices to the starving peasantry. However, it is unlikely that they have really relinquished their interest in this extremely profitable industry; they probably now draw their profit from it as bankers rather than as industrialists and have not really given up control.

There are actually four great family trusts in Japan of the very largest size: Mitsui, Mitsubishi, Sumitomo and Yasuda.

Mitsui owned about 20% and Mitsubishi 16% of the whole

¹Now Nogutis.

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share capital of the country according to estimates made before the crisis. Kuhara, Fujita and Furukawa—giants of the second rank—are all financially controlled by Mitsui, and Sumitomo is allied by marriage with Mitsui. There are also a large number of important middle sized industrialists under their financial control.

The Mitsui holding company (Gomei Kaisha) has its 300 million yen capital subscribed by the members of the eleven Mitsui families and the family council controls and directs the policy of all the many subsidiary companies in the 'Mitsui Kingdom'. The main subsidiaries are the Mitsui Bank, the Mitsui Trust, the Mitsui Life Insurance, the Mitsui Busan Kaisha, its stupendous general trading organisation, and the Toyo Menka, the largest cotton importing company. Then there are the Mitsui coal mines in Kyushu and elsewhere, which produce 50% of the coal mined in Japan, its warehouse business and its iron and steel works, its dyeworks and chemical fertiliser factories and its flour mills, its paper factories and celluloid factories. As side lines, so to speak, Mitsui controls the famous Kangafuchi model cotton mills and some others, also rayon factories and a huge department store.¹ It controls two of Japan's few large electric power companies.²

There is hardly any industrial or trading activity in which the Mitsui are not concerned either as merchants or factory owners or bankers.

As bankers, or export merchants, or suppliers of machinery or power or coal or raw materials they suck their profit from the small and the great, from the peasant, the artisan, the individual manufacturer and the small joint stock company. Their commercial transactions alone in 1930 (when the yen was at par) were valued at 1,700,000,000, which is larger than Japan's State revenue. They own practically all the sugar plantations in Formosa, they have concessions in Abyssinia and Mexico; together with the Japanese Government Mitsui, Mitsubishi, Sumitomo, Yasuda and Okura control all the railways, mines and in-

¹'Nippon Steel' Works and Shibaura Nihon Seifun (Flour). Dai Ichi Chisso Koggo (nitrogenous fertilisers, etc.); Nihon Kiuzoku (Metal Works); Miika dyeworks; Mitsukoshi Department Store, etc.

²The Tokyo Electric Light Co. and the Toho Electric Power Co.

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dustrial enterprises in Manchuria, including the South Manchurian Railway.

Mitsubishi, second only to Mitsui in wealth and power, is freer of feudal entanglements, i.e. of connection with domestic and artisan industry. It is more interested in heavy industry and somewhat less interested in usury, speculation and the export trade.

Mitsubishi's central organ, the Mitsubishi Gomei Kaisha, holds an absolute majority of shares in all the other main Mitsubishi enterprises : The Mitsubishi Bank, Trust and Insurance Companies, shipbuilding and shipping (the famous Nippon Yusen Kaisha Line), warehousing and coal mining, iron works, automobile manufacture, electrical equipment, chemical fertilisers, glass works, sugar refining, canning industry and fishery concessions.¹ Recently it has formed a new trust to engage in shipbuilding, aeroplane manufacture and the manufacture of electro-technical apparatus.

Mitsubishi has a monopoly of marine insurance business. Indirectly it controls many other companies engaged in insurance business, harbour work, sugar refining, lumber concessions, etc., etc. Its commercial transactions came to over a milliard in 1930.

Rivals at times, nevertheless Mitsui and Mitsubishi are connected and linked up with one another in various ways. Mitsui's iron works were amalgamated in 1934 with the State works at Yawata and with the 4 Mitsubishi iron and steel companies into the Japan Iron Co. Sumitomo is allied by marriage or adoption with Mitsubishi as well as with Mitsui.

These two great family businesses, whose capital resources equal those of big American trusts and whose activities are far more diverse, are today very much interlocked, with their inter-

¹The Mitsubishi Holding Co. has a capital of 120 million yen. Besides the Nippon Yusen Kaisha Steamship Line Mitsubishi directly controls the following enterprises:

Zosen -	-	shipbuilding	Denki	-	electrical machinery
Ginko -	-	bank	Shoji	-	commerce
Kogyo -	-	mining	Seitetsu	-	iron works
Soko -	-	warehousing	Shintaku	-	Trust Co.
Naimenki	-	motors			Marine Insurance.

The total capital of the above enterprises was 305 million yen in 1928 (£30½ million), the paid up capital being 196 millions.

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ests dovetailing at many points. Outwardly they may preserve a semblance of rivalry, and in fact there is a difference in policy at times of crisis, but essentially they are allies rather than competitors.

There are a few lesser giants which also pull their weight in Japan, but the only ones recognised as on a par with Mitsui and Mitsubishi are Sumitomo (bankers, copper mine owners, electric wire manufacturers, insurance business and trading, etc.)¹ and Yasuda² (almost exclusively banking capital). Okura, one of the second rank giants (army contractors, owners of big chemical works and of metallurgical enterprises in China) is financed by Yasuda. Then there are Kuhara, Asano and a few other business houses, which at times of prosperity like the present may achieve independence of the Big Four, but which when depression comes revert to the control of the latter.

Japan then today is in the grip of an oligarchy just as much as in the days of Meiji, but today's oligarchy is the child of the marriage of the feudal and capitalist elements, of the 'clan' oligarchs with the oligarchs of finance and industry.

This extreme centralisation of capital, although it gives Japan very great advantages over other countries in exporting, in buying raw materials and in general in world trade, is the primary reason for her failure to complete the process of industrialisation. The great monopolists naturally prefer the large profits of foreign trade and colonial exploitation to the task of bringing the whole of Japanese economy up to date. This tendency is re-

¹Sumitomo started with copper mines a century ago, then took to money-lending, After the Restoration they were miners and bankers. Today they also own a large trading company with capital of 150 million. Their subsidiaries are as follow:

Bank; Trust Co.; Life Insurance; Copper Mines; Copper Smelting; Steel Works; Wire Manufacturing; Warehouses; Harbour Works; Fertiliser Manufacture; Water Power Companies; and Building Companies.

²Yasuda started as a money changer and became a banker. When assassinated some years ago Yasuda owned 21 banks with 812 million capital, which was 12% of the total capital in the country invested in banking. In 1923 he was responsible for a sensational merger of a large number of banks whose capital totalled 150 millions. The House of Yasuda also controls many small subsidiary banks.

Under control of Yasuda is Asano, accounting for 50% of Japan's cement production; monopolists in hemp and flaxen textiles, and also owners of steel works.

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inforced by fear of the social and political consequences which would result from introducing modern capitalist methods of production into agriculture and manufacture. The small land-owners and the petty bourgeoisie of the towns form an enormous class and could not be expropriated and swept away without a revolution against monopoly capital occurring in the process. The latter accordingly prefers to give the lower middle classes, as represented by the young militarists, a free hand in Manchuria and China and to foster the illusion that they are conquering there for the benefit of the mass of the people, whilst continuing to use the small producers and landowners as their agents in fleecing the peasantry and exploiting the cheap labour of village and town.

Finally, the monarchy, whose very existence depends on balancing the interests of the capitalist and feudal wings of the ruling class, stands for the preservation of the peasantry as a great reservoir of man power in war.

Only for one short period did monopoly capital pursue a policy which might eventually have led to the complete expropriation of small landowner and petty industrialist and trader, and their replacement by large scale undertakings with the assistance of foreign loans. This was in the period which began about 1927 and culminated in the years 1929 to 1931, when the Minseito held office and Inouye, the advocate of 'sound finance' and removal of the gold embargo, was Finance Minister. Inouye was, significantly enough, a Mitsubishi man¹ and the Minseito was, at least until 1931, the Mitsubishi party.

It is not intended to draw any clear dividing line between the policy of these two big trusts, since nowadays either trust may invest in the two big political parties at different times in accordance with whether world conditions favour a policy of attack or consolidation. But insofar as the Minseito represents those groups of capitalists which are predominantly industrial and less dependent on usury and trading for their profits than Mitsui, it speaks for the capitalist interests which are not interested in the violent fluctuations of the currency and stock ex-

¹He was the son-in-law of Baron Iwasaki, head of Mitsubishi. For some reference to his financial policy and his views on Japan's national economy, see Chapter II.

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change values, i.e. not interested in speculation, since these fluctuations make it much more difficult to attract the long term foreign investments which they need, and since they introduce elements of great uncertainty as to the real burden of such foreign indebtedness.

Internally the Minseito used to pursue a policy of keeping 'the military' in the background and of putting some check on the appetites of the army and navy (termed retrenchment), of balancing the Budget, and increasing the pace of capital accumulation by cutting wages and increasing the burden of the debt charges on the small commodity producers and the landowners, and so bringing them all more and more under the control of the monopolists.

As against this, the main current within the Seiyukai is the policy of capital accumulation through military imperialism, through what may be termed a monopoly of military force. It represents rather more strongly than the Minseito the feudal, or semi-feudal elements within the ruling class, in particular the landowners, and it comes into office at times when the external constellation is more favourable for a policy of attack than for the policy of consolidation.

The ruling group accordingly uses these two alternative parties and policies according to circumstances. There is no fundamental differences between the two, and both currents are present within each of the two parties. The predominance of bureaucratic or 'clan' government (the present 'non-party', 'National' Cabinet) reasserts itself, as the harmoniser of both, when world conditions make feasible or essential a policy of unobstructed territorial expansion as has been the case since 1931.

CHAPTER VIII

Despotism and the Absence of Elementary Civil Rights and Liberties

I

We have seen in Chapter VI that the much vaunted 'family system' has become a cloak for a despotism which denies to the workers the most elementary human rights. We have seen how 'Paternalism' in Japanese industry is a euphemistic term for the survival of all the worst features of Japan's feudal, or Asiatic patriarchal past, in particular for the callous exploitation of women and children and the buying of girls as if they were mere chattels at the disposal of father or employer.

We have still to see how the State steps in to assist the employers whenever the dormitory system and the traditions of female subjection are not enough to prevent strikes, or whenever men instead of young girls are employed. For the working class in Japan has neither political nor legal rights, nor has Japan even advanced along the road to democracy as far as England in the 17th century. Japan is a police state, not a State governed even in theory by Parliament and the laws. In order to understand why it is that strikers can be arrested, why it is that working class leaders can be detained by the police indefinitely without trial and are frequently murdered by third degree methods; why trade union activity has to be conducted underground if it is to be effective, and why even the gains of the strikes of the period 1917 to 1920 were subsequently lost, one must realise the complete denial of political liberty in Japan. In order also to understand of what little worth is most of the factory legislation which has been passed of recent years to impress or conciliate the opinion of the Western world, by appearing to comply with the demands of the International Labour Office, one must examine the Japanese Constitution and system of Government, which deny all power to the majority of the population.

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Although the Japanese speak and write of the 'Revolution of 1868', and like to make it appear that Japan then at a stroke wiped out the old feudal organisation of society and established a democratic Parliamentary regime on Western models, there is no truth at all in such a statement. The 'Revolution of 1868' was neither a British 17th century revolution, nor a French 18th century revolution. It was not even as much of a social revolution as those which followed Napoleon's conquests on the Continent of Europe.

In Japan, instead of the usurpation of power by a bourgeoisie—that is to say, by a new class of merchants and industrialists—and the ousting of the old landed aristocracy from its powers and privileges, we have the conscious transformation of an old military aristocracy of birth into a new aristocracy of wealth and office; the acquisition by a military feudal aristocracy and by a small class of merchants and usurers of new functions as bureaucrats, bankers, industrialists and merchants whilst remaining a territorial and military nobility.

We have already seen in our survey of agriculture and in Chapter VII that the medieval economic structure of the country remained undisturbed in its essentials, that the peasantry were not transformed into freeholding peasant proprietors as in France, or into landless labourers as in England, but continued to be exploited in the same manner as before. In this chapter it remains to show how the majority of the population failed to acquire either political or personal rights, how power remained both in theory and in fact in the hands of the Crown—which in practice meant in the hands of an oligarchy—and remains so to this day in spite of the existence of a Parliament and a Cabinet. Like those hybrid buildings which mix up ancient and modern styles and have Greek columns set up in the air without reason since they support nothing, so does the Japanese constitutional structure have a Parliament without any function except that of obstruction. Japan imported along with the mechanical inventions of the West a cardboard Western Constitution to set up in front of her old feudal structure, and with its pretty painted exterior to hide the crumbling walls of her Samurai fortress and the sordid reality of her police State.

This façade of constitutionalism has served the purpose of im-

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pressing the Western nations with her enlightened democratic form of Government, seemingly so far removed from the corrupt and barbaric governments of other States of the Orient; yet all the time government has been carried on behind the façade of representative institutions by an oligarchy of landowners, bureaucrats and militarists, allied and intermixed today with the millionaires of trade, industry and finance.

Of course, every foreigner who lives in Japan, and everyone who takes the trouble to observe her political life even for a week, is aware that there is no Parliamentary Government, and no democracy; nevertheless the majority of foreigners, or at least of the English and Americans, have an idea that the Japanese Government is a Constitutional Monarchy, and it has for long been fashionable in England to regard the Japanese Constitution as a flattering imitation of the British. True, it is recognised that the Japanese make more fuss of their Mikado than the British do of their King, and that the former has a little more real power, but it is still generally believed that representative government exists in Japan, that the Diet makes the laws and that the Cabinet is responsible to it as in England.

The actual truth is entirely different.

The Japanese Parliament—the Diet—is not the Legislature; it neither appoints nor controls the executive and is in fact powerless to do anything but obstruct the Government of the day.

In other words it can neither make laws nor enforce them, nor control the administration. Even obstruction cannot be carried far, since the Diet has not got the power of the purse and can be dissolved at any time by the Government. The Government's life does not depend on a majority in the Diet, since the Ministers are appointed by the Crown and are directly responsible to the Crown. Indeed the usual procedure in Japan has been for the newly appointed Government to dissolve the Diet in which it is in a minority and by its control of the elections to win a majority. Only twice within the history of the Diet has a Government failed to secure a majority at an election held after it has assumed office. Such is the force of corruption and intimidation exercised over the voters by the Government in power.

Since the above general statements require some demonstration and amplification, it will be necessary briefly to survey the

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main provisions of the Japanese Constitution as promulgated in 1889, which has now become so sacred that it is a capital offence under the Peace Preservation Law to get it altered, or even to think that it should be changed.

The Japanese Constitution, like other similar historical documents, was a crystallisation of the political ideas of the ruling class of the time and it is accordingly necessary to know the historical events which led up to it, and to see who were the rulers of Japan both before and after its promulgation. The overthrow of the Shogunate in 1867, whilst outwardly it meant an end of the dual system by which the country was ruled by a Shogun in the name of the Emperor, in reality meant the transference of power from one great family, the Tokugawas, to a group of different feudal houses. We have already seen how a small group of Samurai belonging to these clans, which had been most active in overthrowing the Tokugawa Shogunate and 'restoring' the Imperial power, constituted itself into an oligarchy exercising its power in the name of the Emperor whom it had taken into its keeping.

Whereas the Shogun had not really controlled the powerful Daimyo, the new group of Satsuma and Choshu clansmen was to control the whole country and rule it with a degree of authority and a thoroughness undreamt of by the Tokugawas.

Not only were all the leading positions in the Government taken by this group, but any Samurai of the leading clans who had some education could get a post in the civil administration. Many others became officers in the newly created Imperial army. But if positions could be found for all the Samurai of Satsuma and Choshu, and also for very many of those belonging to other clans, in the army and in the police force,¹ and in minor administrative posts, there remained nevertheless a very large number of unemployed and almost penniless Samurai whose pensions—first reduced and then commuted—no longer sufficed to keep them. The social force behind the Restoration had been the lower grade Samurai who could no longer exist under the old feudal conditions and the merchants and craftsmen known

¹Viscount Suematsu wrote: 'After the suppression of the clans thousands of young Samurai were without occupation; they enrolled en masse in the police' (Mazalière, p. 239).

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in Japan as the *Chonin* class. The usurpation of all power by the Satsuma and Choshu Samurai, and the reaction to autocracy which occurred once the Restoration had been completed and all armed opposition wiped out,¹ naturally exasperated the Samurai, who had contributed to the Restoration, but who found themselves left out when the distribution of positions in the bureaucratic apparatus had taken place. It also exasperated the Osaka merchants who had financed² the Restoration movement and in general the Chonin class which had expected, not a Satsuma-Choshu Shogunate in place of the Tokugawa Shogunate, but a real change in the economic and political system with privilege abolished and 'la carrière ouverte aux talents'.

Thus a big democratic movement began, led in the first place, it may be noted, by a Samurai of Hizen and one of Tosa (Okuma and Itagaki), that is to say, by two men who had led the Restoration movement but who found all power usurped by Satsuma and Choshu and were not willing to accept the subordinate positions offered to them.³

This popular movement for a share in the government had by 1877 led to the formation of political societies and to an organised campaign against the Government as despotic and arbit-

¹The French historian, La Mazalière, whose 5 volume history of Japan remains about the best written in a Western language, gives a most interesting account of how the revolutionary conceptions of the first leaders of the Restoration movement gave place to conservative and autocratic conceptions:

'La révolution terminée, ses chefs morts ou disgraciés, l'empereur arrivé à l'âge d'homme et devenu conscient de ses droits, il y eut un retour vers les idées d'ordre, de hiérarchie, d'autorité, voire d'autocratie, retour qui s'est assez curieusement, mais en fait assez naturellement, marqué tout ensemble par la reprise des anciennes traditions japonaises et l'imitation de l'Allemagne . . . on rétablit la noblesse, on conserva leur rang aux *Shizoku* et ceux-ci, décidés à ne pas déchoir malgré leur pauvreté, ont réussi par leur travail opiniâtre, comme par leurs alliances, à conserver la plus grande partie des places importantes dans l'administration et dans l'armée. De fait, depuis la Révolution, Japon n'a été gouverné que par des Samouraï' (*Le Japon*, tome v. pp. 424 and 426).

²Professor Honjo writes: 'It was by the help of the money supplied by Chonin—by Osaka Chonin especially—that the battles of Toba, Fushima, Edo and the North East could be fought by the Imperial army. They also supplied funds to the Meiji Government and lent financial aid to note issues and other financial measures' (*Kyoto University Economic Review*, July 1932).

³Okuma, who was one of the Elder Statesmen but quarrelled with Marquis Ito, had been forced out of the circle, whilst Itagaki had from the beginning refused to join the oligarchy, being at least in his early manhood a convinced Republican.

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rary. By 1881 it had become so insistent that, combined with the desire to impress the Western nations and so hasten the end of extra-territoriality, it led to the Emperor issuing a proclamation that a popular assembly would be summoned, and to the actual promulgation of a Constitution in 1889. This Constitution was not intended to bring about the abdication of power by the oligarchy or even any curtailment of its power. It was intended to delude the people into the belief that there was to be a beginning of representative institutions, and so keep them quiet, and to delude the Powers—in particular England—as to Japan's advance along the lines of Western civilisation. It further crystallised the new forms through which the oligarchy planned to exercise its power, and gave written expression to the myth of the Emperor's divinity and consequent absolute rights over his subjects. The only concession made to the people was to inform them how that power would be exercised and even on this point there was considerable vagueness.

The Constitution accordingly was set up both as a modern façade fronting the Western world and as a strong barricade against the onslaught of democracy. When the representatives of the people came to survey this gift of the Emperor to his loyal subjects they found that every loophole which might have permitted the growth of democratic rights and liberties had been carefully closed up by the oligarchs who framed it.

The Constitution was modelled on that of Prussia but with additional safeguards to prevent control of the Emperor and his advisers by the people's representatives. Thus it was expressly laid down that in the event of the Diet not agreeing to the Budget proposals of the Government the previous year's Budget should be re-applied. Not for nothing had Marquis Ito, the framer of the Constitution, travelled and studied abroad. He realised that, as English history clearly shows, if Parliament once gets control of the purse it is all up with divine right monarchy. In addition to this proviso Imperial Ordinances have the force of law and can be issued not only when the Diet is not sitting,¹

¹The provision in the Constitution enabling the Diet 'to initiate projects of law' which might be held to constitute it a Legislature, is annulled by the Emperor's right to sanction or promulgate laws as well as by his power to order or refrain from ordering the execution of any laws. See McLaren, p. 195.

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but also in cases of emergency. Since the Diet usually sits only three months or less in the year it can readily be understood that if the Diet refuses its consent to a law, or is regarded as likely to refuse it, the Government need only wait a few weeks and then issue an Imperial Ordinance.

In addition to the above safeguards there stand both the House of Peers and the Privy Council as bulwarks of Conservatism. The House of Peers can veto any measures passed by the Lower House. Its composition, though not its powers, is similar to that of the House of Lords, except that it includes life members as well as the hereditary nobility.¹

Marquis Ito, and his colleagues among those who had led the Restoration movement, and had so far enjoyed its fruits, were determined to go on playing the leading rôles after the Diet should have come into existence as before, and the Constitution was carefully drawn up with this purpose. Ito, who had met Bismarck and spent two years in Germany, had mapped out the Iron Chancellor's rôle for himself, but he had reckoned without his colleagues in the oligarchy. The terms of the Constitution, which it was hoped would placate the people, were so drawn as to leave vague the function of the Diet but to make quite clear the absolute powers of the monarch.

What the Constitution principally did was to define the channels through which the Imperial power was to be exercised, and by every conceivable safeguard to prevent the representatives of the people from either making the laws or controlling the executive, or in any way hampering the bureaucratic administration. The Diet was given only the right of consent, and if it should refuse to consent to any laws submitted to it, there were to be plenty of ways to force it to do so or to disregard its opposition. It could always be dissolved and the members put to the big expense of a new election, or it could be ignored and an Imperial Ordinance issued.

The Constitution specifically provides that the Ministers are responsible to the Emperor, so that the administration is inde-

¹Titles are bought in Japan as in England through the political parties, but they can also be obtained by influence with the bureaucracy or the Court. The life members are appointed by the Emperor and may be either distinguished scholars, etc., or political appointees.

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pendent of the Diet in spite of the latter's right of consent to legislation. Since the Emperor was to be regarded as divine, and since the Cabinet was to be appointed by him and to be responsible to him, the clique or oligarchy which actually ruled the country were always to be in a position to crush popular opposition by an Imperial rescript or Ordinance.

The principle of the Emperor's divinity, and the myth that his house had ruled over Japan for 'ages unbroken eternal', as stated in the Constitution, was not at the outset of the Meiji era an accepted article of faith.¹ The Emperors had lived in Kyoto in obscurity, and frequently even in real poverty, for too many centuries for the myth to seem at all credible at first. Nevertheless, the ruling oligarchy were able to get it accepted, and by the time that the Constitution was promulgated they had already been sufficiently successful.

Nevertheless, in spite of all the sacred taboos with which the oligarchy had hedged its power about, there was in the first few years of the Diet's existence a real and determined opposition to autocratic government. For, inadequate and incomplete as had been the abolition of feudal privilege, nevertheless some possibility had at last been given for a middle class to come into existence and it naturally struggled against the remaining feudal restrictions which prevented its further advance.²

The leaders of the principal parties in the Diet set out deliberately to destroy the Constitution, less seriously hampered than a decade later by the myth of Imperial Divinity, free as yet from ties with the ruling group, and as yet uncorrupted either by profitable military aggression on the Continent of Asia or by bribes. The issue between absolutism and democracy was a real and

¹For an account of the process see Chamberlain's well known article: 'The Invention of a New Religion' (*Literary Guide*, London 1911).

It is also to be noted that some of those who subsequently became the most staunch supporters of the absolute monarchy and in general of conservatism were republicans in their youth when they came under Western influences in the course of their travels in Europe and America. Baron Hiroyuki Kato, for instance, one of the leading 'clan' statesmen of the Meiji era, and Foreign Minister at the time of the 21 demands to China, wrote a book in 1874 in which he said that of all systems of government the Republican was the best. When he became a Privy Councillor he endeavoured to buy up all the extant copies of this book.

²In this connection Okuma's connection with the rising house of Mitsubishi has to be noted.

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live issue in Japan from 1877 until the Sino-Japanese war in 1894, and the democratic movement could not be suppressed by all the administrative and punitive measures of the Government; by repeated dissolutions of the Diet,¹ by wholesale suppression of newspapers,² by the break-up of meetings and prohibition of association, by the imprisonment or exile of the leaders and by the brutality of the police during the elections. The tide towards representative government was so strong during the first five years of the Diet's existence that the Constitution intended as a bulwark against political progress looked like being swept away. The Government of the country could only be carried on by means of repeated dissolutions of the Diet and by Imperial Ordinances and rescripts. The Diet on its side made repeated addresses to the throne, which were of course rejected, but the oligarchy realised full well how dangerous it was for them only to be able to maintain power by dragging the Emperor continually into the struggle to quell the Diet. The first four and a half years of the Diet's existence had accordingly resulted by 1894 in a deadlock which prevented all political and economic development. The Diet barred from power could only obstruct, and obstruct it did continuously and effectively.

The oligarchy realised that with all its manifold powers, it could not effectually govern in face of the determined opposition of the Diet, and that all its repressive and terroristic methods could not break the opposition, nor prevent the latter's representatives from being elected after every dissolution. Accordingly, it decided on going to war with China with the deliberate intention of distracting the nation from the demand for representative government and sidetracking the democratic opposition. That is to say, the civil faction in the oligarchy led by Ito, which had hitherto been the leading faction, gave rein to the military section which it had been opposing for twenty years, as the only way to prevent the development of a more democratic regime, as the only way to preserve the power of the oligarchy. Thus was Japan in 1894 swept into a career of military aggression which placed her under the domination of the military sec-

¹Three dissolutions in less than 4 years.

²When the Constitution was promulgated all liberal newspapers were suppressed for several weeks as a precautionary measure.

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tion of the oligarchy. For Ito was never able subsequently to undo what he had done. He was never able to break the power of the military faction led by Marquis Yamagata, even though he tried to do so soon after the war by allying himself with the party politicians whom he had previously tried to destroy.

The logic of events indeed dictated that only through its control of the army and navy, and through the diversion of the popular movement away from domestic reform to foreign aggression, could the Satsuma and Choshu oligarchy retain its powers.¹ A peaceful development of the country must inevitably have led to some advance towards a democratic regime, or at least to the establishment of a constitutional monarchy, in spite of all the barriers which had been erected by the oligarchs.

Immediately after the Sino-Japanese war the oligarchy, now dominated by the military faction, invented a far safer and simpler method of safeguarding their power than that of Imperial Ordinances and rescripts and dissolutions of the Diet. This method consisted in providing, by means of regulations quietly formulated by the Privy Council, that the Ministers of the army and navy and the Colonial Governors must always be Generals or Admirals.²

This meant, and means to this day, that if the General Staff of the Army, or the Admiralty, disapproves of any action taken, or about to be taken, by the Government, the Ministers of the two armed forces can resign and no successor can be found.³ This forces the Cabinet to capitulate or to resign. Thus unobtrusively did the oligarchy provide a new and safer method of controlling the Executive than that of the Imperial Ordinance or the powers

¹Marquis Yamagata made no secret of the basis on which reposed the powers of the oligarchy. He once said to the political parties: 'We won our power by the sword and only by the sword can you take it from us.' Quoted in Uichi Iwasaki's *The Working Forces in Japanese Politics*, p. 66.

²At first it was provided that they must be on the active list. This was subsequently amended to allow of retired officers holding appointments, but with a 'gentleman's agreement' that officers on the retired list should never be appointed. In 1936 it was again declared that only officers on the active list may be appointed. The same regulations apply to the Governors of Japan's overseas possessions.

³The latest instance of this has occurred since this book was completed. In March 1936 Premier Hirota had to drop his proposed Foreign Minister and one other minister because the army objected and would appoint no General to serve as War Minister until he gave way.

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of the House of Peers, and a method which provided for control even of a Party Government should the Diet win the power to form a Cabinet out of its own membership. The oligarchy realised very clearly that the reverence with which the Emperor was regarded, and the whole odour of sanctity about his person, could only be preserved if he were kept aloof from the day to day political struggle, and that, if they continued as in the previous period to bring him down into the arena over and over again to preserve them, he would soon cease to be regarded as divine. In other words, they realised that if the sacred image were to be used continuously to batter the heads of their opponents the latter would soon realise that it was nothing more than a piece of wood. Moreover, they realised that if they should always be seeking shelter behind the Constitution there would soon be an irresistible demand for its amendment. Since all the higher appointments in the army were held by Choshu men, and in the navy by Satsuma men, and since most even of the junior officers were also clansmen, this new provision meant that the oligarchy could always impose its will on any Government. In this manner was the grip of the military fastened on the Civil Administration and so has the military power remained superior to the civil power up to the present. From the Sino-Japanese war on, and even more definitely from the time of the Russo-Japanese war, the oligarchy came to exercise its power through the army and navy. It became a military oligarchy with its strength centred in the armed forces. As in ancient Rome in the days of the Republic the progress from senatorial government—which similarly meant the rule of a few great families—towards a democratic government of the Greek type, was interrupted and finally stopped by the Punic wars which rendered the power of the senate supreme; and just as later in Rome imperialist expansion transferred power to her generals, so in Japan, the path of military aggression once chosen, a military tyranny was firmly established and the growth of democratic institutions stemmed. The institutions of democracy are not suitable for waging war, as any schoolboy knows from the history of Athens.

Moreover, in Japan external circumstances have from the beginning of her modern period given strength and prestige to her feudal military caste. Japan's transition from a medieval to a

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modern state had to be carried out hastily in fear of foreign conquest. She was almost inevitably forced to become militarist, aristocratic and conservative in her efforts to avoid the fate of India and China, and once the danger of foreign domination had been avoided it was too late to dislodge the military aristocracy. It was natural that the latter should press on to make Japan a menace to others once she was no longer herself in danger. The two processes indeed overlapped and Japan was at one time enjoying extra-territorial rights in China, whilst herself still forced to submit to extra-territoriality in Japan.¹

In summarising the reasons why liberalism has never made any real progress in Japan it is therefore not enough to show that it has never had a strong basis in the existence of a large independent and prosperous middle class. One must not forget the strong influence of the external factors. The development towards a military oligarchic form of Government and the gradual dying down of the democratic movement, was the political expression of Japan's wars and of the policy of State-aided development of industry, which was embarked on mainly for military reasons, and which soon overshadowed the natural 'democratic' development of an industrial and trading middle class from out of the ranks of the richer peasantry, artisans and small traders (see Chapter VII). The heavier and heavier taxation imposed to pay for the creation of an ever stronger army and navy and to finance railway construction, shipping, armament manufacture and other allied branches of industry by the State, plus the insecurity and price fluctuations arising from the booms and slumps which followed each war, soon deprived the democratic movement of the basis it would otherwise have found in a growing class of merchants and industrialists accumulating capital and developing industry by their own efforts.

Since industrial capital free from agrarian connections on the one hand and from banking capital on the other hand, hardly exists in Japan, or rather exists in a very undeveloped form, it

¹In the expressive words of one of Japan's best known liberal speakers and writers: 'So from the very beginning the potential Russells, Gladstones and Morleys of Japan, have had to work under the thundering guns of the Western Powers blowing their way to new territories, new empires or trade, new spheres of influence. It is not surprising that they made little headway' (*Contemporary Japan*, by Yusuke Tsurumi, published by the *Japan Times*, 1927).

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has never been able to form a strong party of its own. Hence politically there has never been a strong and consistent movement for parliamentary democracy. In Japan there has never been and could not be a Cobden or a Bright leading a crusade against the 'Stock Exchange aristocracy' or the landowners. Except for the cotton industry every important industry needs, or has needed, Government assistance in the form of tariffs, subsidies, tax exemption or monopoly rights.

By the first decade of this century those who in the eighties and nineties had led the struggle against the bureaucracy and its Constitution were spending all their efforts trying to share the spoils either by obtaining concessions, franchises, tariffs and subsidies from the 'clan' governments, or by obtaining positions in the bureaucracy, or by taking actual money bribes from the same source.¹

Very soon after the Sino-Japanese war government by bribery had become a national institution and the erstwhile tribunes of the people were selling themselves to the highest bidder. By 1900 we find the former 'Liberal' Party, the Kenseito, allying itself with the Yamagata Cabinet, that is to say, with a Cabinet headed by the most reactionary of the Elder Statesmen who was the head of the Choshu clan and the virtual dictator of the army, on the understanding that the patronage was to be divided between the oligarchs and the politicians.²

The members of the Diet buy their seats by bribing the voters and recoup their heavy expenses out of the bribes they receive from the Government and from individuals and corporations seeking franchises, protection, subsidies, etc., from the State. They dare not risk an early dissolution by opposing the Government since this would mean that they had no opportunity to get their election expenses back, and they only begin to make a feeble show of voicing the demands of the electorate during the last session of the Diet at the end of the fourth year.

The Cabinet, in order to retain office and put its measures through the Diet without fuss or threats of dissolution, bribes the

¹See Iwasaki, *op. cit.* p. 57, for an account of how from the beginning of the 20th century, the bureaucrats co-operated with the party men to the extent of granting 'Government subsidies to the Corporations of which the party men became directors.

²For a vivid account of the events of these years see McLaren, *op. cit.*

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members individually with funds taken out of the taxes, or bribes the parties collectively by the grant of State aid of various kinds to the big trusts or great family business houses which invest in the political parties.

The leader of a political party must have the necessary affiliations with big business to ensure the receipt of campaign funds. In other words, the party in which the millionaires and big companies invest is the party which wins the election, and which is in a position to bargain with the Government for its support, if not actually to form a Cabinet itself. A party which can't get big business to invest in it is doomed to failure. In this connection the following quotation from an article in the *Japan Advertiser* of 18 October 1932 is of particular interest in showing how the system works:

'Ever since the fall of the Wakatsuki Government in December last year, the increasing weakness of the Minseito has been a recurrent topic of discussion. . . . It can reasonably be claimed that the chief factor in the Minseito troubles has been the disappearance of leaders. . . . It must also be recalled that one of the qualities which are essential for a Japanese party leader is that of having, or being able to get hold of, funds. Mr. Hamaguchi had been largely his own fund-finder through Dr. Senjoku, and the S.M.R. and other related interests, while Mr. Inouye was in this respect a good second in command man. Baron Wakatsuki had never been good at this sort of thing. He made his way to the top by sheer ability as a civil official, which earned him the somewhat half hearted patronage of Katsura . . . but even at his zenith he could never get hold of big financial backing, and as Prime Minister he threw away his one chance of carrying on, to his personal advantage, the Seiyukai-Senjoku tradition, by appointing Count Uchida to the S.M.R. presidency, and thus putting the Dairen post above party, and the Dairen purse out of his own and the party's reach. Nevertheless there was always Inouye,¹ as capital a fund-finder as he was a general financier.'

Other quotations from the Japanese Press can be given to show how 'bribery as a national institution' works at the elections:²

'The practice of buying votes is undoubtedly a perfected scheme.

¹The Finance Minister, son-in-law of Baron Iwasaki, head of the Mitsubishi firm. Inouye was assassinated by reactionary 'patriots' in February 1932. See Chapter IX.

²Dr. Washio in 'The Recent Election' (*Japan Advertiser*, 5.3.1930; quoted by Quigley, *Japanese Government and Politics*, p. 268).

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It is not desultorily conducted. Buyers know where is the balance that will swing the score and how to get at it. In earlier elections a public advertisement like "100 votes wanted for 50 yen" is said not to have been an isolated exception. Nowadays a buyer knows what broker he should approach to get the 100 he wants and the broker knows what door he should open to put in solid shots.'

Another Japanese writer in an article entitled: 'The Wholesale Vote Trade,' writes:

'50,000 to 60,000 yen are often entirely devoted to buying votes. Such buying of votes is frequently made for one village or town as a whole, or for parcels of 500 or 1000 votes.'¹

The same writer gives some useful details concerning the sources of the corruption funds of the political parties and the Government. For the year 1929-1930 he gives the national Government's fund as 3,386,281 yen, and states that the Bank of Japan has a secret fund of 540,000 yen, the South Manchuria Railway one of over a million yen, a Mitsui concern one of 450,000 yen.²

The South Manchuria Railway, until control was taken over by the army following on the Manchurian affair, was the main source of revenue of the party in power, as is shown by the quotation on the previous page.

Today the political parties are popularly regarded as entirely corrupt, and politician is but another name for a taker of bribes. For years the Japanese Press has been full of accounts of the corruption of both the major parties. The Press of the party out of power is continually accusing the party in power of corruption, robbery, pilfering, and frequently appalling scandals are exposed in the Press or in the law courts.

The public has come to consider parliamentary government as a failure in Japan on account of the hopeless venality of the political parties, and the only defence ever put up for them is that the oligarchs have been, and are, even more corrupt and on a much bigger scale. This, of course, is perfectly true. All the Elder Statesmen who had begun life in poverty ended it in affluence.

All this does not prove that the Japanese are more venal than other peoples or that corruption is a peculiar feature of all

¹*Japan Advertiser*, 15.1.1930.

²*Japan Advertiser*, 28.1.1930.

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Oriental Governments. It is in Japan the natural result of the system of Government established by the Restoration leaders, and of the peculiarities of Japan's economic development. Since the members of the Diet know that they cannot assume office on the strength of their support in the country, and that they can only obstruct, not legislate, it is natural that they should have abandoned the useless struggle and should make what they can out of their position. In the first years of the Diet's existence there was a belief that the political parties could, and would, overthrow the system of government by the clan leaders and establish a representative form of government. In these years not all the methods of intimidation exercised by the Government at the elections could quell the democratic movement and the electors voted for the liberals, not because they had been bribed, but because they believed that the parties were going to win power and overturn the bureaucratic Government.¹ But by the end of the century, following on Japan's choice of the road of military aggression, all hope of changing the Constitution had been lost and the voters 'followed their candidates into the morass of corruption'. For men to withstand the temptation of bribes they must have principles and objectives. Parties must have programmes which they have a prospect of putting into law and which are of greater importance to them than immediate petty gains.

In Japan there is no such prospect and the parties have no real programmes. Their programmes consist merely of generalities and sentiment not of concrete proposals for reform.² They have quite naturally become little more than associations of politicians for the purpose of securing enough seats to be able to force the Government to give them a share of the patronage and spoils.

Insofar as they have definite objectives these consist merely in

¹For instance, in the 1892 election the Clan Government put up candidates and instructed the local Governors to see that they were returned. Police power, repressive laws, bribery, intimidation and violence were all used, but only 95 Government candidates were elected. There were pitched battles in some provinces and 25 persons were killed and 388 injured.

²Hara, the first commoner to be Prime Minister (1918) said: 'My platform is a blank sheet of paper. I can write upon it what I will' (*Iwasaki, op. cit.* p. 80).

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putting through the measures necessary to pay the dividend on the investments in the parties made by the trusts and millionaires. These are hardly objectives which can be stated clearly in their election programmes. A party leader who becomes Prime Minister has to satisfy the demands of two sets of masters: the financiers and big industrialists who have invested in his party, and the bureaucracy, which today means principally the military. If he falls foul of either his Cabinet falls. In other words, he has to obey the big capitalist interests and the feudal interests and has no possibility of paying any attention to what is demanded of him by the mass of the people. Hence the complete disillusionment with the political parties in Japan and the turn towards Communism on the left and towards Fascism on the right.

Parliamentary Government then has never existed in Japan and the political parties have rotted in the futile rôle assigned to them. The amount of power given to the representatives of the people has been so small that it has made any struggle on their part for reforms futile, but has been sufficient to enable them to obstruct and so to force the bureaucratic Governments to buy them off.

Such a system of vote buying as flourishes in Japan cannot but recall that of 18th century England. Then also government was carried on by corruption as a regular system. First Walpole in the interests of the Whig aristocracy, and later George III in his own interests, ran the Government by systematic bribery of the Members of Parliament who in their turn had bought their seats or obtained them through patronage (the rotten boroughs and the pocket boroughs). True that the Japanese electorate is very much larger since the institution of manhood suffrage in 1925, and there are no 'rotten boroughs', but the system nevertheless offers strikingly similar features. In England the big Whig families—landowners and merchants—ran the country by corruption, i.e. by both bribery and patronage. In Japan a few financial and industrial magnates and big merchant houses, in alliance with the landowners and high bureaucrats, run the country and the same corruption prevails from the top to the bottom of the system. The essential difference lies in the much greater political advance which had been made in 18th century

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England, where the supremacy of Parliament as the Legislature had already been won by the revolutions which had deposed Charles I and James II. The Crown was still the Executive, but the 18th century system of government by bribery ceased as soon as Parliament had learnt how to control the Executive through the Cabinet system. In England accordingly, since Parliamentary supremacy had long before been won, a gradual change to a democratic form of government could be made during the 19th century. In Japan, where Parliamentary supremacy has not been won, where the established Constitution is inviolable and the authority of the Emperor sacrosanct, where the Crown controls everything—Legislature, Executive and even Judiciary—the system of government by bribery and intimidation and patronage must go on. There is no possibility of evolution towards a constitutional monarchy and no possibility of establishing a democratic regime without a revolution. There is no elasticity in Japan's system, no possibility of real change without revolution, and this constitutes her peculiar weakness.

One must not be led into thinking that the Emperor in Japan is a sort of all powerful Louis XIV. The Emperor in Japan is in reality only the puppet through whom the oligarchy of bureaucrats, financiers and militarists wields its powers. This does not mean that he is a puppet on account of weakness of character like many other monarchs in the past. The Japanese Emperor is a puppet *ex-officio*, so to speak. He is expected to be one, or rather to be an idol, and an idol is naturally not expected to interfere personally in the government. Government is the function of the 'priests' who wield power theoretically in his name. Consequently the Emperor never acts except on advice¹ and those who advise him are the real Executive and Legislature combined. Whenever anything goes wrong it is the fault of the adviser, not of the Emperor, and so the latter is preserved above the political arena and kept as an object of worship and veneration.

It is therefore a question of whose advice the Emperor must take, of who pulls the puppet's strings. The Executive has been defined as a composite of the Emperor, the Cabinet (controlled

¹See Quigley, *Japanese Government and Politics*, for a discussion of who advises the Emperor and which are the seen and the unseen powers who control him.

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by the Premier), the Supreme Command, the Privy Council, the Genro and the Imperial Household Ministry. It used to be quite clear that the Emperor always acted on the advice of the oligarchy, represented by the Genro, which after Ito's fall had been dominated by the military faction headed by Yamagata. But now only one Genro is left alive¹ and he, moreover, is not a Choshu or Satsuma man, so that the position is no longer so clear. The place of the Genro has to some extent been taken by the highest officials of the Imperial Household—the Lord Privy Seal and the Grand Chamberlain—and by the President of the Privy Council. Much of recent Japanese politics is to be explained by the disagreements of these men² with the Supreme Command. Even today, the shadow of the old Choshu-Satsuma rivalry remains since Makino is a Satsuma man and he is supported by the Navy as well as by Mitsubishi.

Most of the members of the Genro in the past were high military or naval officers, and although they are dead their descendants still dominate the two services. The high commands in the army are still many of them held by Choshu men, although in 1930 the new men under Araki got control of the Army Council for a time, and in the navy Satsuma men have more definitely maintained control. It is therefore true to say that the clans—meaning a group of aristocrats—are still supreme, since the military and naval men still have it in their power to bring down any Cabinet and prevent any Government being formed until their demands are acceded to. The question today is whether the civilian members of the ruling group: 'the Court circles,' can maintain any influence together with the moderates of the army factions.

The Minobe theory controversy which raged during 1935 related to the position of the Throne in the legal framework of the Japanese State, but since the Emperor is supposed to be divine,

¹Prince Saionji, who is a descendant of an Old Kuge family, i.e. one of the nobles who followed the Mikado's remote ancestors into their retirement in Kyoto. However, since the heads of this family have for centuries been vowed to celibacy a son is always adopted from another family and the present Prince Saionji was born a member of the Satsuma clan.

²Until the end of 1935 Count Makino was the Lord Privy Seal, Baron Ikki the President of the Privy Council and Admiral Suzuki the Grand Chamberlain.

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it became outwardly a theological rather than a political controversy. Dr. Minobe, Professor Emeritus of the Imperial University in Tokyo, had taught law there for 30 years and written many books which were the standard works on the Constitution. He had received orders and was long ago made a Member of the House of Peers. In a word he was up to 1934 a most distinguished and respectable citizen. Then a group of peers—most of whom are retired officers—began to attack his books as subversive literature.

Dr. Minobe never challenged the Emperor's absolutism. All that his theory said was that the State possesses the governing rights, but that the Emperor controls the governing rights as the head of the State: 'as its highest organ.' Hence his theory has come to be known as the 'Emperor organ theory'. The military attacked him because this theory meant that the Emperor does not possess the power but is *entrusted* with it by the State. According to the military's vague and mystic 'interpretation of the national polity':

'In the Japanese tradition the nation is an organic substance forming a happy whole with the Emperor as the nucleus, a living body that grows and develops eternally.'

It would be a waste of time to examine further the nonsense and theological twaddle poured out in the Minobe controversy. The real purpose beneath the smoke screen of all the *lèse majesté* talk was the determination of the General Staffs to decide all questions of war and peace and defence outside the control of the Cabinet or of the Diet. As we have already seen, the Chiefs of the General Staff as well as the War and Navy Ministers have direct access to the Throne and the right to 'advise' the Emperor on all matters concerning defence.

In Japan to 'advise' the Emperor means to tell the Emperor what he must do, to put the necessary orders into the Emperor's mouth, so in actual fact 'to advise' means to decide. Up to 1930 no Premier had ever dared to 'advise' the Emperor in opposition to the General Staff and the latter had always been more powerful than the Cabinet even on non-military questions. But in 1930 in the heyday of 'party government' (i.e. of business controlled, as distinct from military controlled, government) Hamaguchi,

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the Minseito Premier, had caused the Emperor to sign the London Naval Treaty in spite of the opposition of the Admiralty and General Staff. Hamaguchi paid with his life, struck down soon afterwards by a 'patriotic' assassin. Ever since 'the London Naval Treaty disgrace' has been cited a thousand times as the reason for unrest in the army and navy and as an excuse for 'bumping off' various politicians and statesmen of relatively liberal tendencies.

The reactionaries won in this theological-political dispute. Minobe was dismissed and the Government forced, against the wishes of the Premier Okada, who for long stood out against the reactionaries, to issue a 'national polity clarification' statement repudiating the conception of the Emperor as 'an organ of the State'. The Emperor is a sacred person who governs 'with national assistance'—it being understood that the 'national assistance' is to consist of the views of the General Staff on all questions of war and defence. All this occurred without a word of open protest from Japan's 'Liberals' or from the political parties whose *raison d'être* disappears under this latest interpretation of the Constitution.

Japan, then, is governed by a small group and the administration is conducted by a bureaucracy which the group controls absolutely. Even Local Government is entirely subordinated to the Central Government. Just as the Central Government can disregard the Diet, so can the Governor disregard the local assemblies in all questions whether of administration or of local taxation. The Prefectural Governors and the local police chiefs are directly under the control of the Home Minister, and since both appointments are political this means not a formal but a complete control. Hence the interference of the police with the elections which almost always gives the Government in office a majority after it has dissolved the Diet.

II

This is, however, only one aspect of the way in which the police interfere with the 'liberty of the people'. Japan is, as has already been stated, a police state. That is to say, the police have power, not only to carry out the laws, but to disregard them,

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and police ordinances have the force of law like other Imperial ordinances. As one foreign student of Japanese Government has expressed it: 'Apparently it is constitutional to accomplish anything within the broad field of police power by ordinance providing no existing law stands in the way.'¹

Even this statement puts the case far too mildly. The police are always at liberty to brush the existing laws aside under the plea that this is required for the maintenance of the peace. Thus, for instance, although people are not legally supposed to be held in prison without trial, the police can, and frequently do, arrest people and detain them for a year or even two years in the police cells while 'examining' them.²

According to law there is no slavery in Japan, but a girl who runs away from a house of prostitution or a factory is always captured and returned to her owners by the police. Indeed, so little does the Government care for the fiction that there is no slavery in Japan that in 1932 its agents openly bought up 42,000 young girls in the poorer districts to send to the houses of prostitution in Manchuria provided by a paternal Government for the Japanese soldiery. According to the Constitution the subject has the right to free speech and of assembly, and the Press also is free, but only so long as 'public peace is not disturbed'. Actually the police can and do stop anyone making a speech or holding a meeting whenever they wish to, and there is a most complete and effective censorship of the Press. It is indeed difficult to exaggerate the extent of the powers of the police in Japan. Their presence is all pervading and their behaviour is that of masters, not servants, of the public. Since Japan is ruled by a bureaucracy and not by Parliament it is natural that there should be police rule. The arrogance and bullying methods of the police are indeed worthy of the Samurai from whom so many of them are descended.³ The

¹Quigley, *op. cit.* p. 120.

²For instance, the suspected Communists arrested before the Coronation in 1928 were not tried until 2 years afterwards.

³Even such a fervent admirer of the Japanese as Major R. V. C. Bodley has to admit that the Japanese police appear to be 'arrogant bullies'. He actually writes: 'The Japanese police is composed of an unprincipled collection of savages who use their position and power unscrupulously. . . . *The Drama of the Pacific.*'

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hatred felt for them by the mass of the population whose lives they regulate in a 'paternal' manner is expressed whenever there is any rioting. The first act of a Tokyo mob is the destruction of the police boxes which are so striking a feature of Japanese cities.¹

When there is a strike the police always arrive promptly to arrest the leaders and break it by arranging a so-called compromise settlement, which the workers are bound to accept since those who dare to object are arrested as disturbers of the peace. This is all part of the 'paternalism' of the Japanese police, equally with the third degree methods they employ in the police cells for extracting so-called evidence.

I give below an extract from an article appearing in the Japanese newspaper *Hochi*² as illustrating most graphically the behaviour of the police to ordinary law abiding citizens and the way in which they are regarded by the public:

'POLICE GO TOO FAR'

'The Public is thankful to the police authorities for their action in controlling gangsters. . . . However, it must be pointed out criticisms are raised against this action . . . because the police is relentless in arresting people . . . and there are many innocent men arrested who are not gangsters at all.'

It goes on to speak of a false arrest which ended in the victim's death under examination.

'The police claim that heart failure caused his death but cases of "heart failure" frequently occur in police cells, so that the public does not believe that what the police say is true.'

'Another monstrous incident was reported recently. Some time ago a member of a provincial guild in Kanagawa Prefecture lost about 100 yen in cash in Yokohama and reported the matter to the Machida Police Station in a Tokyo suburb. A drunken policeman suddenly belaboured him, saying "You are telling me lies". With this he was thrown into a cell. The money he lost was found in another place . . . This is only one instance of myriads of similar incidents day and night. The worst is that some policemen are teasing defenceless and lawabiding citizens with authority in the background. Other

¹For instance, during the riots following the Russo-Japanese war and during the Rice Riots of 1918.

²7.8.1935. Translated from the Japanese.

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policemen are very unkind to them. Frankly, we hesitate to ask policemen the address of a man on whom we call, because their manner and attitude are insolent. We often happen to see policemen examining chauffeurs. The language these policemen use to them is deplorable. Even tyrants will not use such dirty language to their slaves. . . . Unless the police remedies its attitude the gap of feeling between the police and the people will be impassably widened. For the prestige of a law governed country the police evils of Japan must be remedied.'

No traveller in Japan can have failed to notice how the police treat taxidrivers, beating them and frightening them so that the chauffeur, even when he has committed no offence, positively trembles when addressed by a policeman.

It is a commonplace in Japan that the police offer the citizen little protection from burglars or other criminals because all their time and energies are taken up in tracking down 'dangerous thinkers' and watching and repressing the working class. In 1934, for instance, the *Asahi* reported the marked decline in the number of demonstrators on May Day and the 'dullish calmness' which made possible a reduction in the number of police on guard in Tokyo to 3,500 as against 5,000 in 1933.¹

Although a Manhood Suffrage Act was passed in 1925 and the Labour and Farmer Trade Unions then began to form political parties, the Government soon showed that the peasantry and workers were very much mistaken if they imagined that the Act was intended to give them the possibility of sending their representatives to Parliament. The first party to be formed—the Nomin-Ronoto (Farmer Labour Party) was dissolved by order of the Home Minister within three hours of its inauguration. The Minister acted under the Police Act, which authorised prohibition of any association if necessary to preserve order.² The Manhood Suffrage Act was intended in the same sense as the Constitution, to impress the Western powers with Japan's democratic form of Government, not to give the mass of the people any political power. It is customary in Japan for the left hand of the Government to use the police to take away what the right hand of the law has granted. When the first elections under manhood suffrage were held in 1928 all the powers of the State were

¹*Contemporary Japan*, December 1934.

²*Industrial Conditions and Labour Legislation in Japan*, by I. F. Ayusawa.

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brought into play to intimidate the voters and make any election campaign by 'proletarian candidates' impossible. What was done to prevent the discontented peasantry and their working class allies in the towns electing their own representatives, may be surmised from what the Home Minister himself had to say in 1925 at the Conference of Prefectural Governors.

Mr. (later Baron) R. Wakatsuki, then Home Minister, addressing the Governors' Conference on August 6, 1924, said:

'In fact, cases such as I am going to enumerate have frequently happened in connection with past elections. Police and other officials inquired of voters as to whom they were going to vote for, suggesting to vacillating voters the advisability of casting their votes for pro-government candidates. Police officials sometimes went further and gave voters to understand that their support of opposition candidates easily laid them open to police suspicion of corruption. Cases of violation of the election law, in which pro-government candidates were involved, were deliberately handled with gloved hands, while those against opposition candidates were most strictly dealt with. The authorities often refused to take up cases against pro-government candidates despite the fact that they were supported by strong evidence. Voters working for the interests of opposition candidates were threatened with prosecution by the police. On the eve of elections opposition candidates and their canvassers were purposely summoned to police stations and subjected to a prolonged examination, thereby depriving them of the opportunity to carry on their election campaign in the most fateful period. Voting or election witnesses were chosen from among the pro-government elements exclusively, or in such a predominant proportion as to injure the interests of the opposition.'¹

In order to understand this quotation fully one must realise that the Home Minister who controls the police is usually his party's campaign manager, and that the Minister of Justice has the power to exempt his own party's members from prosecution for offending against the law.

If the above is a specimen of the methods employed by the factions amongst the ruling class towards each other, it can be imagined how the 'proletarian parties'—as they are generically designated in the Japanese Press—are treated by the police. In their case all pretence of free speech and every semblance of personal and political liberty is swept aside. In a speech made

¹*Japan Chronicle*, August 14, 1924, quoted in Quigley, *op. cit.* p. 266.

Despotism and the Absence of Elementary in the Diet in 1929 the left wing Labour Member Asahara thus described the Ronoto's election experiences:

'For instance, at one of our meetings held in January ten out of our twenty-four speakers were ordered to stop speaking by the police. . . . On May 10, last year, at a mass meeting in Suikeisha, when Choza-buro Mizutani uttered "Now . . ." he was ordered to stop.

'When Mr. Yamamoto (formerly of the Labour Farmer Party which was disbanded by order) called on Mr. Yorozu, Chief of the Police Bureau of Miyagi Prefecture, the Chief of the Police Bureau said: "You are a representative of proletarian labourers and farmers. We, as representatives of the Government for the capitalists, cannot permit you to deliver speeches here." . . .

'If we distribute handbills, we are arrested. If we sell newspapers, we are arrested. . . . The police in the past have resorted to an unlawful system of making us go round and round ten or more Police Stations, thereby continuing our condition of arrest. The present Ministry does not even resort to this system. (Meaning that the arrested are kept in custody in a Police Station, as arrested for good.)

'At the time of the Saigawa conservancy incident in Gifu Prefecture, the police called at a farm-house to find the head of the family whom they wanted. When the head of the family was absent, the police said to the wife of the farmer: "Well, then you come with us in his place", and thus arrested her. Recently, the students of schools are arrested from lecture rooms.

'Not only that, the third degree method is always resorted to in dealing with the arrested. In an extreme case, the finger-nails of the arrested are burned with incense; they are hung upside down and water poured over them.'

The fact that under such conditions any Labour Members should have been elected—and eight were, four of whom were Left Wing—testifies to the fact that they, and they alone, represented a class, the poor peasants and town workers, which has nothing to hope for from the Government, and whose sufferings are such as to goad them to withstand even the methods of the Japanese police.

A Peace Preservation Law had been passed in 1925 as a safeguard against the effects of the grant of manhood suffrage,¹ on the usual Japanese principle of accompanying any liberal measure by a reactionary one designed to annul its effects. This original law provided the penalty of imprisonment up to 10

¹In 1926 a special section was set up within the Metropolitan police for watching over the radical and labour movement.

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years for anyone who should have organised a society 'with the object of altering the National Constitution', or who had joined such a society with full knowledge of its objects, and a penalty of imprisonment up to 7 years for those who organised or joined a society with the object of 'fundamentally negating the system of private property'.

The law was amended in 1928 to substitute capital punishment, or life imprisonment, or a *minimum* of 5 years' imprisonment for the leaders of any society formed with the object of 'altering the national polity'.

The generic term in Japan for the offences provided for in the Peace Preservation Law is 'dangerous thinking', which term indeed includes all views which are Liberal, Pacifist, Socialist or Communist in the eyes of the police and other authorities. The *naïveté* of Japan's ruling class in coupling the Constitution and the sacredness of the Emperor with the preservation of capitalism ('the system of private property'), and providing much the same penalties for an attack on either of them, is a sign of their lack of political sagacity.

Such open proclamation of the fact that the sanctity of the Emperor and the capitalist system stand or fall together is likely to help to destroy the myth of Imperial divinity amongst those of the ruled who still believe in it. This lack of political sagacity constitutes a serious weakness for Japanese Imperialism, which is no longer able to delude the mass of the people and sees the tide of revolutionary thought and influence advancing further after each measure taken to drive it back.

Although there had never been either free speech or a free Press, either the right of association or immunity from arbitrary arrest and torture, the Peace Preservation Laws inaugurated a period of even greater reaction, of mass arrests of dangerous thinkers and the suppression of the least sign of radicalism; it led to ever fiercer repression of strikes and severer measures against the tenant farmers.

With regard to the position of the Press a few words are necessary. Although the Constitution accorded Press freedom 'within the limits of the law' Imperial Ordinances during the Sino-Japanese and Russo-Japanese wars nullified the grant. Subject from the beginning to a veto on comments concerning 'anything

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connected with foreign intercourse', additional restrictions purposely couched in vague terms have been imposed one after another. In 1925 a ban was laid upon the discussion of any matter 'undermining the existing governmental and economic system'. This was the Press counterpart of the Peace Preservation Law for strikers, Radicals, Socialists and Communists and was part of the general programme of 'thought guidance'.

However, it is not so much a question of definite prohibitions of certain items of news or subjects of discussion. The very vagueness of the instructions sent out, and the fact that offending newspapers have their issues confiscated, or are suppressed for weeks, makes the editor himself the censor and leads not only to suppression of news, but to the omission of news in fear of what may be regarded as an offence.

In earlier days newspapers were frequently suppressed,¹ but nowadays repression has done its work, all radical newspapers have been persecuted into uniformity or bought up by interests in touch with the authorities. The classic instance of such repression as told by H. E. Wildes in his well documented account of the methods of the censorship in Japan² is that of the *Asahi* in 1918. The *Asahi* is one of Japan's two leading newspapers, and used to be consistently liberal. Even today almost radical views—as regards internal affairs—sometimes penetrate into its pages. In 1918, as part of its general opposition to bureaucratic government and militarism the *Asahi* strongly objected to Japanese intervention in Siberia, and when the rice riots occurred in 1918, it protested against the suppression of all mention of them in the Press. An indictment was laid against the paper for disturbing the public peace. The court, in a secret session, ordered the *Asahi* to print a public apology for its opposition to the bureaucratic Government, and to dismiss nine leading members of its staff who were suspected (not even proved be it noted) of favouring a republican form of government for Japan.

The Government's direct suppression of the liberty of the press is reinforced by the activities of the *Soshi* and *Ronin*, who without interference by the police, and at the behest of some

¹In 1913, which is the last year when figures of suppressions were published, 1,110 issues were suppressed.

²*Social Currents in Japan*, with special reference to Newspapers, by Harry Emerson Wildes, Chapter V.

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highly placed bureaucrat, set upon and beat up editors or other journalists who have offended by their liberal views. In the case of the *Asahi* just related, the president, Rynhei Murayama, an old man of seventy, was set upon, bound and beaten by seven young Ronin. The latter said they were avenging Japan for articles 'contrary to the traditional policy of the Empire'. They were tried, but were given stay of their sentences of imprisonment and so actually got off scot free, whereas Murayama had to retire temporarily from the Presidency of the *Asahi*.

This is only one of a great number of cases.

If the largest newspaper in Japan, with a circulation of two million, can be treated in this way it can be realised that small, radical or even mildly liberal newspapers are unable to exist.

The net result is that admirers of Japan can now say with seeming truth that the newspapers are 'free to say pretty near all they want to say', since the spirit and life have been battered out of them, and all radical or even liberal journalists have either been dismissed or intimidated.

It is now only necessary for the authorities to give 'advice' to the Press. This is sufficient since the editor of a paper knows very well that if he does not take such 'advice' the issue of his paper will be confiscated.¹

Although 'advice' to the Press is now all that is usually necessary, actual embargoes on news are imposed, and there are still general instructions permanently in force such as the oft-quoted: 'If a Cabinet Minister is charged with taking bribes that is forbidden mention.' General prohibitions made from time to

¹'A favourite device is to send a policeman, or other attaché, in plain clothes to the editors to warn against publishing items general knowledge of which is not convenient to officials. These men do not always proffer their credentials nor give their orders in written form. . . .

'Although officially these verbal messages are not regarded as embargoes, but as purely cautionary notices, editors hesitate to disregard the warning which indicates the readiness of the authorities to stop the distribution of any journal which offends, and the desired co-operation of the papers is thus readily attained. The censorship has not actually come into play, nor is there any record kept in administrative headquarters of any action by officials; yet virtually all the pressure has been brought to bear that could legally be invoked. The verbal warning, therefore, is a favourite device, for no one may be held responsible for its abuse, no appeal against it may be taken to a higher quarter and no signed orders are required, yet the editors dare not disobey' (Wildes, *op. cit.* p. 117).

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time are those concerning Korean unrest, Japanese peasant unrest, 'exaggerated' strike news, 'undue sensationalism' in reporting economic and financial news,¹ mention of Communist arrests until months or even years after they have taken place. Even after sentence has been passed there is usually a Press ban concerning the actual offence committed. All criticism of the Emperor and of any members of the Imperial family, or even news which remotely affects the Imperial dignity, is always taboo, and anything but official foreign news or official news of the operations of the Japanese armies.

The fact that occasionally surprisingly liberal and even socialist views are expressed in articles is to be explained both by the ignorance or carelessness of some local police chiefs,² and by the fact that so large a section of Japan's 'intelligentsia'³ is inclined to radicalism or socialism that journalists occasionally allow 'dangerous thoughts' to slip into the papers.

It is, of course, in foreign affairs that the censorship is most successful, since even liberal Japanese regard it as their duty to suppress anything and everything detrimental to Japan. Japan's most prominent Liberal, the veteran Yukio Ozaki, the only Liberal of the Meiji era who has stuck to his principles, and who for decades has gone in fear of assassination by patriots, once said in the Diet:

'If this is a true statement, the incident was a national disgrace, and it is the duty of every responsible Statesman to himself and to his Emperor to keep such matters from the public knowledge.'⁴

¹There is usually an embargo on the news of bank failures or of runs on banks. In 1932, for instance, there was no mention of a whole series of bank failures in the north. See article in *Asia*, August 1935, by Morgan Young on Japanese Press Censorship.

²In 1929 it was announced that classes in Marxism would be held for policemen in order to assist them in spotting dangerous thoughts and dangerous thinkers.

³The *Asahi* newspaper had its offices attacked by the insurgents of February 26th, 1936, because it had stated that a large percentage of its staff had voted Labour in the 1936 elections.

⁴*New York Nation*, 15.4.1925.

The occasion was the issue of a pamphlet by Viscount Goto alleging breaches of international law by Japanese consuls and officers in Shantung, etc. It was stated that Japan had seized Chinese warships, manned them with Japanese sailors and sent them to aid the rebels against the Chinese Government. It also said that Baron Okura had donated £100,000 as a war fund for this purpose in co-operation with the Japanese General Staff.

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An examination of Japan's juridical system is really useless, since, even more definitely than her Constitution, it is only a cloak for the medieval barbarities perpetrated by the police in the police stations before the prisoners come to trial. In Japan the normal method of obtaining evidence against prisoners is to extract confessions, which, in the case of political offenders nearly always, and in the case of criminals very frequently, are obtained by torture.¹ The accused is kept in jail and examined 'until his resistance is worn down and only then brought to trial'. Since the evidence has thus already been obtained before the accused is tried, the examination of witnesses and the balancing of evidence for and against the accused is superfluous. Trial either by juries (recently instituted for some cases, but still rare), or by judges in seemingly modern courts of law, are but a mask for old Asiatic methods of applying justice. Japan really knows nothing of the modern system of obtaining evidence from witnesses or of tracking down offenders by detective methods. There is no *Habeas Corpus* Act, so that the period of detention before trial can be indefinitely prolonged if the accused is stubborn and will not 'confess'. The accused may not employ counsel during this detention and the examinations are held in camera. A Press ban is also put on publication of news of such arrests.

Frequently prisoners die under 'examination' and it is stated they have died from heart failure. Japan has indeed little to learn from Fascist Germany in her treatment of political offenders. Nor can political suspects rely on a fair trial even when they

¹The following extract from a newspaper article is of interest in this connection:

'Torture instruments used in the prisons of Japan will be considered at a conference of penitentiary wardens that will open in Tokyo on November 2 because of recognition on the part of the authorities of the Justice Ministry that there is need for such consideration, reports the *Yomiuri*. Some of these instruments were assailed, it is recalled, by the defendants in the Teikoku Rayon case following their preliminary examination.'

'Five instruments are in use: the "controlling" gown, the "muzzling" mask, metal and leather handcuffs, chains and ropes. The gown is a quilted coat which is put on uncontrollable prisoners to calm them. The mask is placed on prisoners who try to spread Communist propaganda among other prisoners. The handcuffs are used on those who are believed likely to attempt suicide. The *Yomiuri* does not specify the purposes of the chains and ropes.'

'It is understood that room is seen for improvement of only the leather handcuffs. A new instrument, undescribed, is said to be under contemplation for use on women prisoners' (*Japan Advertiser*, 12.10.1935).

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have resisted torture and produced no 'confession' for the court. It is dangerous for any barrister to defend a 'dangerous thinker'.¹

It is, above all, in the status and treatment of women that Japanese laws and customs show how little progress has been made from patriarchal and feudal conceptions. A Japanese woman is still a chattel at the disposal of her nearest male relative, father, husband or brother, who, as we have already seen, can sell her into the virtual slavery of the brothels,² or 'contract' her to a factory, or into domestic service. Even women of the middle classes have a status not far removed from slavery, for the civil law sets its seal on their inferior status. A married woman cannot enter into a legal contract except with her husband's consent and is accordingly in the position of a minor. She has no property rights. Her husband has the sole disposal of any property she brings with her on her marriage. Daughters do not inherit property except by special arrangement. A man can divorce his wife without cause by merely dismissing her and sending her home to her parents. He is then under no obligation to support her. Men are subject to no penalty whatsoever for adultery except when sued by the husband of the woman with whom he committed it.

In this the law treats a woman like Roman law treated the slave, i.e. only the owner of the slave could demand redress for an injury done to a slave.

A woman cannot divorce her husband even if he keeps a con-

¹This is illustrated by the following incident recounted in the Japanese press:

'RED'S DEFENCE LAWYER NOW ACCUSED HIMSELF

'PROCURATOR ASKS PRISON TERM FOR ADDRESS ATTORNEY MADE
AT COMMUNISTS' TRIAL

'A Tokyo attorney is on trial in Tokyo District Court on charges of spreading Communist propaganda as the result of a speech he made in court while he was defending a group of Communists.

'Procurator Tomoyasu Yoshie yesterday demanded a prison term of six years for Tatsuji Fuse, the accused attorney, when hearings were resumed. Earlier in the session Fuse had asked to have summoned as a witness Judge Minoru Miyagi who had presided over the Communist trial in which Fuse had made the address that got him into trouble.

'Procurator Yoshie charged yesterday that Fuse had used his position as an attorney for the defence of the Communists to spread doctrines subversive to public order' (*Japan Advertiser*, 5.12.1935).

²See the specimen contract in Chapter VI p. 165.

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cubine¹—as he not infrequently does in Japan. She has no right to his financial support if she leaves him for such a cause, or for any other, and the children belong to the husband under all circumstances.

Social custom renders the position of middle class women and of the women of the aristocracy even more lowly than the law. It deprives them of all personality. They are admonished from childhood to obey father or husband with 'fear and humility'. A girl is expected when she marries to become a kind of upper servant in the house of her husband, where she lives with his mother and father, brothers and sisters in the 'family system' painted *couleur de rose* by Japanese publicists. She serves her husband and serves his mother and his father even if there are servants. She is not expected to go to bed before her husband comes home; she is expected never to reproach him for his adulteries which he accordingly takes no pains to hide from her; she does not eat with him, but serves him at table and comes to him when he claps his hands. She never accompanies him to social functions and if she goes out with him she is expected to walk several paces behind. One of the few Japanese women who has been able to emancipate herself from the tyranny of custom which is most strictly enforced in aristocratic and upper middle class families, the Baroness Ishimoto, writes as follows in her extremely interesting account of her life:²

'Their awakening and self-development do not please men. The relationship between man and wife in a Japanese home is not that of two supplementary personalities but that of master and servant. It is the relation between the absolute possessor and the property. Indeed in the presence of others a Japanese wife refers to her husband with the term master.'

Enough has been written in innumerable books and articles concerning the position of Japanese women for it to be unnecessary to dwell long upon it here. We have already seen how it affects the condition of the working classes, in much the same way as

¹A permanent second wife is here meant, not a temporary mistress.

²*Facing Two Ways*, p. 360. This book is one of the most interesting books written by a Japanese in the English language, not only as regards the position of women, but as regards the recent *volte-face* of Japanese middle class intellectuals from liberalism and socialism to reaction.

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slave labour pulls down the standard of life of free wage labourers wherever and whenever it has existed.

It is here also to be noted, however, that the servile status of women brings the spirit of discontent and revolt into some of the wealthiest families, and that the far famed 'family system' is a cause of social instability not of social stability. It largely explains why Communists have been found by the police amongst the daughters of some of the most aristocratic families in the country. Moreover, the middle class feminist movement for sex equality is driven to join hands, at least temporarily, with the working class movement for class equality in a country where women may not enter the State universities and cannot be heads even of girls' schools and colleges, and where the Home Minister could answer the petition for a vote with the following contemptuous words: 'Go back to your homes and wash your babies' clothes! That is the job given to you and there is the place in which you are entitled to sit.'¹

Japan is frequently described by foreigners as a paradise for children, yet the law allows the sale of children under the cloak of the term 'adoption'. I am here speaking not of the 'contracting' of young girls to labour but of the sale of young children into domestic service, artisan industry, shops and so forth. The purchaser 'adopts' the child and since the law does not concern itself with the treatment of a child by its parents the adopted child may become practically a slave. One occasionally reads of the police interfering in flagrant cases of ill treatment, or in cases of kidnapping, but such instances only reveal the normal nature of such sales via adoption.²

Although it is not intended to imply that the business of buying and selling children is conducted on a big scale, these facts are brought forward to convey an idea of the Japanese back-

¹Mochizuki, in 1927.

²For instance, a woman is arrested for kidnapping small children and selling them into domestic service via a servants' agency, the details of the case revealing that the said agency bought and sold the children in the ordinary way of business. The *Trans-Pacific* of 31.10.1935 reports how, on May 10th, 'Miss Shizuo Terada, aged 38, alleged to have abducted the 6 year old daughter of a friend and sold her to a shopkeeper in Arakawa ward for yen 25 through the medium of a servants' agency, was arrested.' If the child had been sold by its own parents there would have been no fuss and the police would not have interfered.

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ground, which is not so far removed from the Chinese background as Japan's affable and cultured statesmen, publicists and business men like to make out. Japan's modern factory laws, 'welfare work', etc., such as they are, do not in the least protect or assist the mass of women, girls and boys in the shops of the artisans, in the villages, in domestic industries, in small 'factories', in domestic service and in shops.

III

No account of the methods of Japanese despotism and of the denial of elementary civil rights and liberties in Japan, nor of the lawlessness of the authorities, would be complete without an account of the activities of the *Soshi* and the patriotic societies.

The *Soshi* have already been mentioned in this chapter as having arisen out of the dregs of the Samurai opposition to the Restoration Government. They existed indeed before the Restoration together with the *Ronin*, but in modern times the term *Soshi* covers both. In the early Meiji era they acted frequently as a bodyguard for the party leaders against the police, and their first societies, the Society of the Black Ocean and then of the Black Dragon, were originally formed in opposition to the Government and voiced the Samurai demand for military aggression in Asia. However, just as the leaders of the political parties came in time to co-operate with the clans, so from the Sino-Japanese war onwards the Black Dragon Society became a valued ally of the clan governments, its members acting as spies in China and Russia and other places, and as gangsters useful for intimidating and occasionally murdering all politicians, journalists, or even members of the aristocracy, with 'liberal' leanings or showing insufficient evidence of 'patriotism'.

The Black Dragon Society is today an 'upper class' *Soshi* or gangster society, so to speak, and its members like to be referred to as *Ronin*. It includes nobles and statesmen such as the present Prime Minister Hirota. Under its influence and control are many of the lower class *Soshi*, the gangsters, thugs and roughs who are used as strike breakers, as assassins, as bullies to intimidate liberals, radicals and socialists, or as blackmailers when

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funds are required by the 'patriotic' societies which dispose of their services. They break the windows and smash up the office furniture of newspapers which they consider to have shown signs of liberalism or of having been lacking in patriotic fervour. They beat up individuals and engage in general hooliganism without interference by the police. The police usually neither desire nor dare to interfere, so that murder and violence go unpunished. The Japanese *Soshi* of today are a kind of cross between the old *Ronin* of medieval Japan and Chicago gangsters, ranging as they do from assassins and thieves and blackmailers ready to commit any crime for money and hired through a 'violence broker', to strike breakers and 'patriots' who commit murders at the instigation of the priests or politicians or of the highly placed bureaucrats who are the leaders of the reactionary patriotic societies. The superior sort will, upon occasion, even patriotically cut open their own bellies in some public place in protest against the unpatriotic acts of plutocrats and politicians, or the 'weak' foreign policy of some statesman or other. This somewhat 'higher' type calling themselves *Ronin*, are banded into more permanent organisations than the *Soshi*, with high-sounding names and high-sounding principles professing reverence for the ancient spirit of Japan, the Imperial way, etc., etc. They, like the Black Hundreds of Tsarist Russia, whom they closely resemble, stand for all reaction. They are bound to a leader who controls and disposes of their services. Once the boss is bought the members of the gang can be relied upon.

One cannot, however, separate the activities of *Ronin* and *Soshi* by a hard and fast line. In 1919 it was actually planned to band them together into a great strike breaking agency and corps of guards against all 'dangerous thinking'. Baron Hiranuma, who was then Home Minister, founded the National Essence Society (*Kokusei-Kai*) for this purpose and, although official support for the project was suddenly withdrawn, the society remained in existence with a retired Major-General at its head. Until recently its head was Baron Hiranuma, President of the House of Peers until 1936 and then appointed head of the Privy Council.

Marquis Okubo, the father of the present Count Makino, was murdered by *Ronin* in 1877; Marquis Okuma's leg was blown

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off by a bomb thrown by a *Soshi* a few years later.¹ With the rise of Trade Unions and a labour movement after the war, and the general growth of both liberal and socialist opinion in the post war decade, violent actions by the *Soshi* or *Ronin* became more and more common. There began a whole series of 'patriotic' murders of statesmen regarded as pursuing a 'weak' foreign policy. The Prime Minister Hara was stabbed to death in 1920 following the Washington Conference, the Prime Minister Hamaguchi was fatally wounded following on the London Naval Treaty of 1930. All these murders, and many others less important, were committed by *Soshi* or *Ronin* under the patronage of aristocrats and highly placed bureaucrats. Not till 1932 did young officers, cadets, priests and reactionaries like Tachibana begin to take a hand in the murder game. The murders referred to above were striking instances of the power of the reactionaries to strike down any statesman displaying liberal, or rather comparatively liberal leanings.

These *Soshi* are in fact the raw material out of which the Japanese 'Brown Shirts' or storm troops may be formed in the future. They already fulfil many of the functions of the German Nazis in bullying, murdering and beating up Liberals, Socialists and Communists.

Whilst I was in Japan in 1929 there occurred the murder of the Left Wing Labour Member of the Diet, Yamamoto. He had been making himself obnoxious to the Government by persistent questions in the Diet about the hundreds of persons arrested at the time of the Coronation and still held in prison months afterwards without trial, by his circumstantial accusations concerning torture in the police cells, and by his exposure of the methods of intimidation used by the Government against voters and labour candidates during the election of that year. A *Soshi* made his way into Yamamoto's room at an hotel and stuck his dagger into the defenceless man without warning. The *Japan Times*, in its report of the affair, calmly remarked that this was the first time a Labour Member had been murdered while the

¹Marquis Okubo was assassinated by young Samurai connected personally with Toyama, later head of the Black Dragon Society and still head of it today. The said Toyama was also responsible for the attempted assassination of Okuma.

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Diet was sitting. It was generally believed that the murderer had been hired to do his work by more highly placed persons, but he pleaded his patriotic motives, and, whilst detained, awaiting trial, he was loaded with money and gifts by wealthy and patriotic citizens. Eventually he was let off with a light term of imprisonment. Even this was an improvement on the past treatment of such offenders as, for instance, Captain Amakasu, who strangled the Socialist Osugi Sakai together with his wife and seven-year-old nephew at the time of the earthquake and was let off scot free. Today he is an important official of the Manchukuo Government.

When after the 1928 election Oyama, the leader of the subsequently suppressed Ronoto party, and some of his supporters arrived in Tokyo, they were set upon and beaten up by *Soshi* at the station, whilst the large number of police assembled there looked on.¹ The same month the offices of the Japan Peasants' Union were raided and destroyed by members of a patriotic organisation undisturbed by the police and subsequently unpunished, although the names of the perpetrators of this outrage were well known.² The murderous activities and hooliganism of the *Soshi* were most in evidence against labour leaders, strikers, liberals and all working class and peasant organisations, in the post war decade, when there was a rapidly growing Left Wing labour and peasant movement which it was difficult for the Government to suppress entirely by the police on account of the strength of democratic feeling in the country. The *Soshi* were at that time welcome auxiliaries in suppressing labour. Since 1931 the Peace Preservation Law has been more and more ruthlessly applied to crush all radical working class or peasant movements, whilst many former Radicals have gone over to the Military Fascists and the Government no longer has to tread warily in order to conciliate the democratic opinion which used to exist.

The *Soshi* do not confine themselves to political and labour questions but act against all manifestations of liberalism and Western influence in social life. They enter dance-halls and throw out the dancers, interfere with public entertainments of the Western type, attack women who cut off their hair and

¹*Japan Chronicle*, 19.4.1928.

²*Ibid.*

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go about with young men—the so-called *Mogas* and *Mobos* (modern girls and modern boys). Their activities are directed towards the suppression of all signs of radicalism, liberalism, Westernisation, emancipation of women, against all signs of contempt for the old Japanese 'morality', superstitions and way of life.

The famous Black Dragon Society, whilst still using its own members mainly for its semi-official activities in Manchuria and China as spies, provocateurs, etc., has formed other patriotic societies for the express purpose of crushing all radical movements in Japan. Of course, not all the members of the innumerable 'patriotic' societies are *Soshis*, but the latter are the most conspicuous and give their tone, so to speak, to all the semi-Black-Hundred, semi-Fascist reactionary societies, which form the social support of the monarchy, the military and the reactionary civil bureaucracy.

The almost unhampered activities of these gangsters and bullies, and their freedom from police restraint, is only to be explained by the fact that the Japanese people are not ruled by law but by arbitrary force. The law is not respected by the police or the Government and even security of person and property does not exist for the ordinary citizen. In this respect one can say either that Japan has not emerged from medievalism or that she is already governed by Fascists.

The worker, the peasant, the radical intellectual, the liberal writer, is not only repressed by the laws but placed outside the protection of the law. He not only has no political rights and liberties; neither his life nor his property is protected by the police, although the police put him in jail at their pleasure and keep him there as long as they please. Whereas the worker and the radical intellectual are denied the protection of the law, the gangster is placed above the law. This is especially the case with regard to the Black Dragon Society.

The venerable and ancient Toyama, whose priestlike appearance is a considerable asset to his associates, has been quite clearly and avowedly connected with a number of assassinations, but has never been arrested. The police have indeed never dared to search his house even when he was harbouring men they were searching for. On the occasion of his seventy-

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seventh birthday in 1932 the Japanese Press extolled him as a national hero. For the Black Dragon Society is the secret agency of the War Office abroad, and is generally supposed to be financed by the latter's special military intelligence fund. It was first financed by the banking house of Yasuda to further the latter's interests in Manchuria, but was taken over by the War Office when its activities were found useful in executing secret work in China, India or Russia which the War Office could not itself openly undertake. According to the Chinese Press the paid agents of the Black Dragon Society are to be found 'all over the Chinese landscape'. Disguised as traders, etc., they get acquainted with the whole country and are ready when the time comes to act as guides and map makers. When an incident is required as an excuse for further Japanese aggression they are on the spot ready to supply it.¹

Again the *Soshi* and *Ronin* act as irregular troops in warfare, both to assist the army in fighting and to perform 'dirty work' of a kind which, if carried out by regular troops, would bring disgrace on the Japanese army and an outcry from the civilised world.² For instance, in 1932 in Shanghai, whilst the Japanese marines were trying to take the whole Chinese city, the *Ronin*

¹One example of this is the Nichiren priests who were made the excuse for the Japanese attack on Shanghai in 1932.

²For instance, the American correspondent of the Consolidated Press Association and *New York Sun*, Edgar Snow, writes as follows in *Far Eastern Front*, pp. 186-187:

'The bluejackets could not take Chapei but the *ronin* took Hongkew. They disarmed and often arrested settlement constables taking them to naval headquarters, where they were detained. . . . They captured and abducted Chinese civilians, men living under the protection of foreign authorities, and took them sometimes to naval headquarters and sometimes into back alleys from which they did not return alive. On various Hongkew roads I saw *ronin* entering Chinese homes, yanking out men, women and children, piling them into motor cars and making off with them. I saw one group break into Chinese shops and stores along N. Szechuan Road and (because these people had refused to buy Japanese manufactures) help themselves to the stock. Others went from shop to shop armed with bundles of straw and tins of kerosene.'

'Settlement police were powerless to halt these excesses. Even foreign police officers were intimidated by the armed and hate-maddened gangs, who were protected by bluejackets with bayoneted rifles and machine guns. During the days that followed outrage piled upon outrage; cases of banditry, kidnapping, homicide and brutality were successively reported against the *ronin* and later authenticated by written testimony.'

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took over all the ordinary police functions in Hongkew, the Japanese section of the International Settlement. According to many foreign correspondents they there indulged in an orgy of banditry, kidnapping, murder and brutal intimidation, burning the houses of merchants and tradesmen who had refused to trade with the Japanese, abducting or murdering civilians, men, women and children.

CHAPTER IX

The Imminence of Social Revolution

I

The extreme misery and discontent of the peasantry, the obstacles which the feudal survivals place in the way of the accumulation of capital and of a healthy development of a middle class, the restricted home market, the savage repression of the working class and of all socialist and even liberal opinion, the revolutionary spirit and activities of the 'intelligentsia', the revolutionary ferment amongst the enormous class of artisans, small industrialists and traders, the lack of all political and social liberties, the autocratic powers of the monarchy and its bureaucracy, the petty and all pervading tyranny of the police, the widespread corruption amongst the ruling class and throughout the whole administrative apparatus—all these and many other features of present day Japan recall those of Tsarist Russia. Large as Japan's army may be, and loyal as the Japanese proclaim it, successful as Japan's expansion in Asia has been until now, zealously as the devotion of the mass of the people to the Mikado may be proclaimed, Japan is actually as politically and socially unstable and as near to revolution as was the old Russia.

As we have already seen, the Japanese ruling class has always maintained itself mainly by terror and the police; it has never been able to depend on its 'moral' influence over the people, i.e. never been able to govern through a democratic regime, never dared to trust itself to the workings of representative institutions, a free Press, liberty of association and the reign of law.

True that from 1918 to 1931 the capitalist wing of the ruling group was in the ascendant and preferred party governments, since the parties were its puppets and there was not the remotest chance of any real opposition. But Japan had assumed a semi-

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parliamentary form of government much as her business men and statesmen assumed formal Western clothing—frock coats and top hats became them no better and were no less irksome than the outward forms of representative government. They assumed the one and the other as part of the necessary conventions of a civilised modern State, but they were as glad to discard the latter when European fashions changed to National Governments and to Fascism, as to discard the former when returning home from their offices. Even the pretence of representative government was abandoned in 1932 and 'National Governments'—i.e. bureaucratic governments—substituted. This does not mean that there has been any real transfer of power; the same groups control home and foreign policy, only they exercise their power through a somewhat different medium, and there has been some redivision of influence amongst the factions in the ruling group.

The great and essential difference between Japan and Tsarist Russia is that Japan has not yet experienced her 1905. Since she has not yet experienced a military defeat (or for that matter ever fought against the well equipped armies of a Great Power) the revolutionary feelings of the mass of the people have been driven underground or diverted into chauvinism and militarism, into war on China, into attacks on all signs of liberalism, as conducive to the weakening of the State in carrying out its aggressive policy, and into feverish reiteration of Japan's superiority to all other peoples and of the peculiar and divine nature of her Imperial House. In Japan the peasantry and the working class have not yet been wholly disillusioned as regards the rôle of the Emperor, have not yet learnt that he and his bureaucracy are just as much their oppressors as the landlords and the employers. So long as the mass of the people can be intimidated, or drugged by patriotic fervour, or made to follow the will of the wisp of prosperity and release from starvation and misery through foreign conquest, so long can the stopper be held down on revolution. So far the anger and despair of the ruined and desperate peasants, artisans, small employers, middlemen and landowners have found expression in medieval plotting, secret societies, and assassinations of 'corrupt politicians and self-seeking capitalists', to use the terms in popular use in Japan, and in

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general in that specious anti-capitalist and extreme nationalist demagogery which it is convenient to call Fascism. So far the majority amongst these strata of the population have followed the lead of the landowners and officers, that is to say, of the Military Fascists, but this does not mean that they may not under changed conditions quickly veer round and follow the lead of those elements which threaten the very existence of the present social system. Useful as their loyalty to the Emperor and their chauvinism are at present to Japan's imperialist ruling class, the economic position of these intermediate sections of the population is too desperate for them not to turn against their present leaders if once they are disillusioned as to the benefits expected from armed aggression, and if once they understand that the Emperor stands not above the classes, but with the ruling classes.

The term Fascist, although it is somewhat indiscriminately used today for all movements characterised by a return to barbarism and murder, repudiation of government by law, repression of working class organisations and democratic liberties, extreme jingoism and anti-capitalist demagogery, can only be applied to Japan with many reservations. For in Japan the term covers a whole set of concepts and activities which belong to an earlier historical epoch and have greater affinities with Tsarist Russia and its Black Hundreds than with present day Italy and Germany. Moreover, since Japan has never known representative government, or other democratic liberties, there is no need for the big capitalist groups to encourage a Fascist movement to destroy them. But whereas in some respects Japan's social, economic and political structure is even more backward than that of old Russia, since it is even less free of its feudal past, the giant trusts or family monopolies, the extreme centralisation of capital, the predominant position and power of 'big business' as against landowners and bureaucrats, the widespread ruin of the lower middle classes and their revolt against 'finance capital', are all features not present in the old Russia, but characteristic of the present stage of the imperialist era. The influence of these factors, together with that of the world economic crisis and of political developments in other countries, give the Fascist coating to what otherwise might appear like the Black Hundreds of

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Tsarist Russia. Nor in pointing out essential differences must one forget the contrast between the large landowners of Tsarist Russia and the mass of petty landowners in Japan; the former constituted an aristocracy for the most part unconnected with trade and industry, whilst the latter form part of the petty bourgeoisie and constitute the natural source for a Fascist movement.

These specific features of Japan's economic and political structure, which we have surveyed in previous chapters, mean that the Fascist movement there is steeped in medievalism, looks towards the distant and imagined past, and not to a new order of society. Japanese Fascism has its roots in the old Japan with its primitive myths and superstitions, its medieval economy, its reactionary priesthood, its petty landowners living on their rice revenues or using them as the basis for usury, small scale industry or trading ventures; its craftsmen working for a local market; its petty traders, its tiny factory owners—in all those elements which look to the past for their salvation rather than to the future. Since their living depends on Japan's retention of her old customs, old superstitions, old way of life and even old way of dressing and eating, they are passionately chauvinist. The craftsmen and the artisans know that if the temples cease to exist, if the priests are no longer there, if the peasants and the middle classes adopt 'Western ways' and Western comforts and Western dress—their living will be gone. No more temple ornaments to be made, no more ceremonial implements and gifts, no more priestly vestments, no more household shrines, no more native wooden clogs, no more rush mats for Japanese style houses, means the end of their livelihood for countless small producers, some of them real craftsmen skilled in the old arts of lacquer and damascene, fancy silk weaving, brass working and so forth, others artisans making by hand simple goods of every-day necessity. This class in Japan is very large, and bound up as it is with the priesthood and the large class of small landowners, it constitutes a very important social force. Japan's advance along the road of industrialisation, insufficient as it has been, had very seriously affected their livelihood long before the world crisis.

They know that however hard they struggle, however ruth-

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lessly they exploit their apprentices and even their own wives and children, they have no chance of making a profit and thereby expanding their businesses to give them more than a subsistence. Not even always a subsistence, for during the past decade many have gone bankrupt, many have experienced actual want and almost all of them have become nothing more in fact than the employees of big business—employees, moreover, with no security and no certain wage.

Japan's financial policy no less than her foreign policy has always meant extreme insecurity for the small man. Gold embargoes put on and taken off, deflation and inflation, booms and slumps during and following on wars, extreme fluctuations in price and in demand coupled with continuously high interest rates, have always meant that whenever the small businesses have had a few years in which to expand a little and come in sight of solvency, if not of actual prosperity, these years have been followed by deflation and depression which have swept them into the net of the big family trusts, and given over to the latter the profits of the previous period of expansion.

The 'small business men and industrialists' whose call for help is so frequently voiced in the Japanese Press have few of them benefited from the inflation which began in 1932, since it was accompanied by falling wages and falling agricultural prices, and so by a further contraction of the home market. Moreover, since the profits of the big capitalists were used to buy Government bonds issued now in tremendous quantities to finance Japan's war expenditure, or for investment in Manchuria, there was no more—in fact even less—capital available for the small producer than before.

It might be thought that the mass of artisans, craftsmen, small industrialists and traders, together with the peasant proprietors, would feel their interests to be one with those of the poorest peasantry and the working class. But although at times the petty bourgeoisie does swing over to make common cause with the tenant farmers and workers, and although a large section of the intellectuals sprung from their ranks—whether students, or unemployed graduates, or men and women holding positions as teachers, journalists, and clerks—have joined the Communist or Left Wing Labour movement, the mass of the petty bourgeoisie

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cannot at once throw in their lot with the workers and landless peasants.

This is because in Japan the oppressed is also the oppressor. The small landowners, small masters and artisans, all feel themselves stifled by the big capitalists, but are in their turn oppressors of their tenants, or journeymen and apprentices. Always striving to keep his head above water, always hoping to squeeze out of his workers or his tenants enough to enable him to make a small profit and expand his business in spite of the big capitalists who take the profit from his labours, the small employer or land-owner is a merciless exploiter of those under him. Similarly in politics he hates with bitter hatred the big fellows who oppress and cheat him and cries out against capitalists and corrupt politicians, but at the same time he is terrified of what may happen if the workers and tenant farmers should rise against the existing system. In particular he is afraid of Communism, which has such a strong hold in Japan. He is also bitterly hostile to all liberal or Western thought which would emancipate women and make him less of a tyrant in his own home and destroy the 'patriarchal' system which gives him unlimited power over his workers and apprentices.

The petty bourgeoisie of both town and village accordingly feel themselves between the hammer and the anvil. They hate modern capitalism which takes their livelihood away, but they fear Communism, and so they assist in the suppression of the workers and tenant farmers. They hate the big industrialists and the bankers, but they hope for salvation through military aggression in China and Siberia and are the most rabid jingoes in the country.

There was a time in the period of prosperity during and after the war when the industrial petty bourgeoisie attached themselves to the middle class and the big capitalists, hoping to be able to struggle into the ranks of the prosperous middle class, when the sons they had educated at great sacrifice could many of them hope for positions in the Government service or business world—in that period the more fortunately situated followed the lead of the progressive elements and were liberals with a socialist tinge. But since the financial crisis of 1927 and even more definitely since 1930, with their road not only to prosperity but to security of livelihood blocked by finance capital, they have turned to

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support the very forces they once struggled against. Hoping to preserve old forms and policies which would guarantee to them the home market for handicraft or semi-handicraft products, they have thrown in their lot with the ruined landowners and have turned back to feudalism instead of forward to the destruction of the feudal survivals and expansion of the home market. Since they have no prospect now of themselves becoming capitalists in the modern sense, they have turned back with passionate longing to an imaginary past, a feudal golden age when the local market was secure, when capital was not required, when there was security and stability in a world of small producers. Finding no possibility of salvation within the existing system, fearing complete annihilation if industrialisation proceeds and all the semi-feudal features of Japan's economic structure are swept away, terrified of the revolutionary movement of the workers and the tenant farmers whom, together with the land-owners, they themselves directly oppress, they can only turn to the past. Hence the specially reactionary and medieval, as well as ultra-chauvinist, features of Japan's Fascist movement.

Today the petty bourgeoisie of town and country follow the lead of the most reactionary elements, who tell them that all their ills are due, not to the incompleteness of Japan's industrial and democratic development—but to its having occurred at all. They now begin to hope to end the oppression of the trusts, to achieve their independence and secure their livelihood, by the assistance of the monarchist bureaucracy, instead of through its overthrow and the achievement of democratic government. There rises the cry for the 'Second Restoration', i.e. for the re-establishment of the power of the monarchy in its supposedly original form, which is still identified in their eyes with their own security. Such societies as the 'Land Loving School' (Aikyojuku) of Mito, led by Tachibana and the group which follows Seikei Gondo, have gained immense influence among the agrarian petty bourgeoisie with their propaganda against industrialism and for a 'return to Japan's Oriental Civilisation of independent self-supporting farmers'. Tachibana said that 'the fruits of the Imperial Restoration have been lost because Satsuma and Choshu rule handed the land of the gods over to capitalists who exploit the people and politicians who deceive them'. This Tachi-

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bana, who is now in prison for his connection with the murder of Premier Inukai, but who spent two months under the protection of 'the military' in Manchuria before giving himself up to the police, is the son of a dyer, i.e. of artisan origin. He was once a Tolstoyan who founded a model village, and is now the leader of a band of political assassins ready to 'give their lives for their country' by murdering statesmen and capitalists. This is the 'Farmers' Death Band', which, together with a group of young naval officers and military cadets, assassinated Premier Inukai and Baron Dan of Mitsui on May 15th, 1932, and bombed the Mitsubishi Bank. The previous murder of Inouye on February 9th, was the work of the 'Blood Brotherhood League' of 'patriots' inspired by a Buddhist priest and furnished with weapons by a naval flying officer. This last secret society, it may be noted, had its headquarters in Ibaraki Prefecture, where the debts of the peasant proprietors and landowners were among the highest in the whole country.¹ The murder of several other representatives of the big banking and industrial interests, such as Baron Shidehara and Count Makino, then keeper of the Imperial Seal and closest adviser of the Emperor, was planned, but the proposed victims escaped.

This movement 'against parliamentary government and the corrupt politicians' is too markedly feudal in composition and ideology for the term Fascist to be properly applied to it. The greater part of the petty bourgeoisie, which must form the social basis for Fascism, is too much entangled in Japan's feudal roots for a Fascist movement of the German type to develop. Nevertheless Japan's imperialist expansion and ambitions, and the overwhelming race pride taught and fostered by the schools and by every other possible means at the disposal of the ruling classes, give a strong Fascist colouring to all the conceptions of the reactionary mass movement. The best way to express it is perhaps to say that the ruling classes try to utilise the old superstitions, the abysmal ignorance, and traditional chauvinism of the majority of the population, to further their imperialist designs abroad and to crush the democratic and Socialist opposition at home. It is

¹ *Trans-Pacific*, 23.8.1933, where details of the officially estimated debts in various prefectures are given and it is shown that the landlords' debts are much the largest all over the country.

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this which converts the mass movement into a Fascist movement, so that we have the paradox of those who think they are struggling against capitalism and wish to return to medievalism in fact assisting and furthering the aims of capitalism, viz. expansion by armed aggression on the continent of Asia and suppression of the revolutionary movement in Japan.

This mixture of conceptions and ideals, this leaning towards contradictory policies, which so clearly reflects the vacillations of the intermediate strata between the big capitalists and the propertyless, is most clearly expressed in the writings of the aforementioned Tachibana. I quote below a summary of his 'gospel', as given in a series of lectures to young officers and printed, but subsequently suppressed by the police:¹

'The world war has revealed the collapse of Western civilisation. We must return to nationalism and reorganise Japan on the principle of a national social planned economy designed for a complete national society. Marxism offers no remedy; Marx contemplated an industrialised state, whereas Japan is a state of small independent [sic/] farmers. Modern Japan made the mistake of copying England, which became rich by industry though she sacrificed her farmers, but Japan is a nation of farmers whom capitalism, with its gold prices and drain of profits to the cities, is destroying. There is but one remedy; Japan must sweep away this individualist, industrial civilisation with its plutocracy and corrupt politicians and return to her Oriental civilisation of independent self-supporting farmers. Foreign expansion and domestic reformation must go hand in hand. . . . Japan is a debtor nation, yet Tokyo and the cities grow larger year by year. Where does their strength come from? It is clear that if the villages were released from the burden of sustaining the cities the national power of Japan would increase. At a stroke we could exclude the influence of America from the Pacific, liberate China from the yoke of the war lords, set India free and enable Germany to rise again.'

'Industries and banks are to be nationalised; farm co-operatives developed into a "great organisation of mutual aid". The nation is to be liberated from a corrupt Parliament, the tool of the plutocrats. But neither Communist nor Fascist dictatorships will be admitted; we need representative organisations based on self-governing co-operative municipalities, decentralisation is all-important.'

The above summary of Tachibana's book has been quoted in full to give some idea of his muddled concepts, partly derived

¹From the *New York Times* of 18.9.1932.

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from his romantic idealisation of pre-capitalist conditions in the village (e.g. 'Japan is a state of small *independent* farmers', whereas in reality 70% of the peasants are tenants for the whole or part of the land they cultivate and all but the richest peasant proprietors are in reality the tenants of their mortgagors), but combined with propaganda for national socialism and an ultra-aggressive foreign policy. The tendency which Tachibana expresses so clearly, has one foot in reactionary feudalism or Asiatic patriarchy and the other in modern Imperialism passing into its Fascist stage. Tachibana fitly expresses the contradictory and confused conceptions resulting from the intertwining of monopoly capitalism and feudal elements in Japan. He expresses the vacillations of the intermediate social elements desiring at one and the same time the cessation of capitalist development and support of an aggressive imperialist policy which can only be carried out if backed by modern industry and modern organisation. The demagogery and jingoism of the followers of Tachibana and the other leaders who rant against capitalists, plutocrats and corrupt politicians, whilst vehemently defending the autocracy, actually helps the big financial and industrial interests, which really control the State, to acquire colonies. Hence, although it is a popular movement expressing the potentially revolutionary material among the masses of the people, it has so far been made into a useful tool by Japan's rulers.

II

At the top end of the social scale Fascism has its support among the bureaucrats, the officers of the army and navy, the larger landowners and certain of the big capitalist interests. At this end of the scale Japanese Fascism is an outgrowth of purely reactionary societies which have existed since the beginning of the Meiji era, and which have always formed the strong social support of the monarchy and its police. These elements, which were in the background during the post-war decade when Japan appeared to be making some progress towards democracy, have since the world depression and Japan's annexation of Manchuria again come into the limelight. They have set out to take under their control, or to supplant, the many popular societies

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born of the despair of the lower middle class and the peasantry, and more or less successfully managed to divert this hatred and despair into channels where it proves extremely useful to the ruling group: into fervent support of military aggression in China and of police terrorism against labour, against the tenant farmers and against the radical intelligentsia.

The head of the feudal and militarist wing of the ruling class which assumed the leadership of the Fascist movement was General Araki, who as War Minister suddenly became the most important—and also the most vocal—figure in Japan in 1932 and 1933. Since 1934 he has been eclipsed, but not before his name had become known all over the world as Japan's future Mussolini. The movement then led by Araki has come to be called Japan's Military Fascist movement, but one can perhaps just as easily view Araki as a post-war reproduction of Marquis Yamagata as one can view him as a Japanese Mussolini or Hitler in embryo.

He and the military clique which supported him and which then controlled the army, were averse to basing their strength on the popular patriotic reactionary societies. Insofar as they co-operated with them it was only with the idea of subordinating them and bringing their ideas and objectives into line with those of such old established and aristocratically led and inspired societies as the Black Dragon, the Society of the Foundations of the State (Baron Hiranuma's *Kokuhonsya*), the Society of Higher Ethics (Baron Tanaka's *Meirinkai*), etc. None of these societies was more than a group of the privileged classes: nobles, bureaucrats, retired high military and naval officers, large landowners.

A great deal of the strength of Araki and his Military Fascist group lay in the Reservists' associations, a network of which covers the whole country and enables the voice of the army to be heard in every village and hamlet. Membership of these associations is more or less compulsory, and embraces all the ex-conscripts in the country, which means at least one member of almost every peasant family. Their numbers are given as four millions. Through this network Araki and his supporters set out to mobilise the whole country in support of their programme of armed aggression in Asia, coupling their propaganda with demagogic speeches and proclamations denouncing 'the self-seeking capi-

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talists' and the 'venal politicians' and promising measures of agrarian relief, relief for small business men, control of big business, cheaper credits, solution of Japan's 'population problem' through emigration to Manchuria. They repeatedly assured the people that Japan's triumphant course of conquest in China would lighten their burdens and give them space to breathe.

In newspapers, pamphlets and speeches, and by means of the Reservist Associations, the Young Men's Leagues and other patriotic associations and religious sects, the people were assured a thousand times over that the proposed 'economic bloc' with Manchuria would solve the crisis, eliminate unemployment, resuscitate trade, raise the standard of living of all the poorer sections of the Japanese people, revive agriculture, relieve the over-population in the villages. Whereas all sections of the ruling class—capitalists, bureaucrats, landowners and the military—were united in promising salvation through the conquest of Manchuria (and the subsequent absorption of China), the Military Fascists concentrated their propaganda on stilling the fear that Manchuria would become merely the happy hunting ground of the big trusts. They assured the people that Manchuria would be developed in the interests of the masses and that the 'self-seeking capitalists' would be kept out by the army. Manchuria's coal and iron and agricultural resources and land would, they proclaimed, be put at the disposal of the whole Japanese people. Capitalists would not be allowed to exploit either the railways or the timber, nor to make direct investments in industry. Every landless Japanese peasant would be able to get land, every unemployed worker a job, and every small industrialist in Japan would be able to buy cheap raw materials and find a large market. Further, the plan of linking Manchuria and Japan into one economic State-Socialist bloc would mean using Manchuria as a lever to force reorganisation at home. The 'heaven on earth' to be established in Manchuria was to lead to a heaven on earth in Japan as well. Year after year army officers and civilian representatives of the Fascist societies lectured and talked along these lines in every village in the country and at intervals the War Office or the army command in Manchuria issued pamphlets and proclamations in the same vein.

These Military Fascist propagandists represent in the final

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outcome the interests of the landowners, of the professional military caste and of a section of the civil bureaucracy. They do actually hate 'finance capital' in the person of the business Barons whose wealth looms colossal beside their meagre salaries or petty revenues and who can enjoy all the pleasures of the modern world from which they themselves are cut off by poverty. They bitterly resent the fact that big business has enjoyed the lion's share of political power since 1918 and has, in the last analysis, the whip hand over the army, the navy, the bureaucracy and the landowners.

But the military cannot do without the big capitalists, either to provide them with the sinews of war or to provide capital for the development of Manchuria. However much the Arakis might rant against the 'greedy and self-seeking capitalists' the only alternative is a socialist economy, and this would mean the end of all the feudal and semi-feudal elements: landlords, bureaucrats, autocracy and semi-independent armed forces. Hence the unreality and falseness of the Military Fascist propaganda and promises. However sincere an Araki or a Mazaki¹ may, or may not, have been, when it came to acts and not words they and their associates were bound to choose a compromise with the big capitalists rather than a social revolution.

But the same was not true of all the military elements in the Fascist movement. Many of the junior officers in both services, who followed the lead of Araki and gave to him for a time an all powerful position in the State, were really out to destroy the big monopolists, really imagined they would be able to create a kind of State Socialism, or 'feudal Socialism' in Manchuria. Their views were expressed in such utterances as that of Akamatsu, organiser of the 'National Socialist Proletarian Party', who said:

'If Japanese influence in Manchuria is going merely to be the substitution of capitalist exploitation for bandit domination the present Manchurian problem has no meaning for us.'²

This attitude among the young officers actually did make difficulties for the big capitalists in the early days of the occupation

¹General Mazaki was Inspector of Military Education until removed by the moderate faction in 1935. He has been a more prominent figure in the Fascist movement than Araki since 1933.

²*Japan Advertiser*, 31.12.1932.

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of Manchuria and held up for a time the latter's investments in the new colony. For instance, when, shortly after Harbin was occupied by Japanese troops, Baron Okura¹ arrived to negotiate concerning certain business enterprises, some Japanese officers and students came to him and said they had not spilt their blood in order that Manchuria should belong to Baron Okura and that if he did not go back to Japan at once he would be killed. Baron Okura knew enough to take their threats seriously and went home to Japan the same day. Such incidents as these and the tone of the pronouncements of the Kwantung Army Command did in fact keep the big capitalist interests from investing in Manchuria in the early days of its occupation.

The ideas of men like Tachibana and Gondo had found fertile ground amongst the young officers of lower middle class origin who now form a large percentage of the commissioned ranks, and many members of the new terrorist societies were recruited from among them. They have no social ties with the 'clans'—the higher bureaucracy and military nobility—and so have no connections with the giant family businesses which have merged with them. They have little prospect of ultimate high rank and the opportunity to acquire spoils and patronage. They are the sons of small landowners, of the larger peasant proprietors, and of the small business men and industrialists of town and village. Their salaries are extremely low and their very existence depends on Japan's maintaining a large army and navy. Their resentment at the 1930 Naval Treaty, and at all signs of a less aggressive foreign policy, is a bread and butter question. If the armed forces are reduced their livelihood is threatened.² At the same time their fathers have been ruined, or are on the verge of ruin, and the soldiers under them are for the most part the sons of peasants and tenant farmers whose interests the officers try to present as identical with their own as against the big capitalists, and whom they strive at all costs to

¹One of Japan's biggest financiers. The Okuras originally made their fortunes as arms contractors in the Russo-Japanese War (see story on p. 236). This Manchurian incident is related in *Militarism and Fascism in Japan* (Tanin and Yohan, p. 162).

²The army officers have not forgotten that when the army was reduced from 21 to 17 divisions in 1922 thousands of officers were deprived of their livelihood.

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prevent from turning against the landowners, the petty capitalists and the military machine for whose sustenance the peasantry bear so heavy a burden in the shape of rent, interest and taxation.

The demagogic propaganda of the military, although it is akin to that of modern Fascism, is at the same time a repetition of Japan's time-honoured methods of dealing with popular discontent and unrest. War has always been Japan's way of avoiding revolution and postponing a radical solution of her economic and political problems. Moreover, since the very beginning of her modern history the war party has been the popular party and this is still true today. Outward expansion has always appeared as entailing less burdens on the people than the internal development of the country, because it appears not to threaten traditional economic forms, or disturb the traditional ways of earning a livelihood of the mass of small producers and landowners. Notwithstanding the illusory nature of these suppositions, notwithstanding the fact that the burden of war expenditure has been increased, not decreased, after each war, there continues to be a strong popular demand for war and a strong popular expectation of loot now as in the past. Many of the labour leaders, finding no basis for reformism in Japan, are anxious to make one through the profits of foreign aggression. In the 19th century it was the dispossessed lower Samurai who, whether as parliamentary leaders or as leaders of bands and societies of *Ronin* and *Soshi*, voiced the people's demands for military adventures. Today it is the military.

Objectively, there is not in fact very much difference between the rôle of the young officers today and that of the popular leaders of the late 19th and early 20th centuries. Although the personnel of the commissioned ranks in the army and navy has changed, in that a large proportion of the younger officers are of lower middle class origin, there remains the hereditary military element—those who are descended from Samurai families, or whose fathers and grandfathers before them were officers, and who are members of the old clans or connected with them. Both elements depend on the army or navy for a livelihood and have little or no social life outside it, both have a vested interest in chauvinism, aggression and imperialism. Japanese officers, unlike the majority of British officers in the regular army, have

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usually no other income than their pay, and their pay is exceedingly small. Army and navy pay for officers ranges from about £12 a year for junior ranks to £58 or £100 for higher ranks. Only 15 admirals or generals were receiving the maximum salary of 6,600 yen a year (£385 per annum) in 1931-32.¹

A majority of the young officers are accordingly both economically and socially connected with the lower middle class, and not so far removed socially from the peasants whose sons are the common soldiers under them. The higher officers on the other hand are for the most part connected with the Court and the bureaucracy—the clans—and through them with big business. They belong both in years and in mental outlook to the Meiji era. Promotion to the highest ranks is by selection, not seniority, so that connection with the ruling groups is of primary importance.

Moreover, the young officers of democratic origin have least chance of promotion because they are not graduates of military schools or colleges like the young men of wealthier families in the army. It is only since the Volunteers Act of 1927 that commissioned rank has been given to persons of secondary or higher education who are able to maintain themselves for one year of military service and who pass an examination at the end of it. This Act enabled the sons of the lower middle classes to become officers, but it is extremely difficult for them to rise to the higher ranks.

The old officers have continued largely to monopolise the higher appointments (the age of a regimental commander in Japan is generally at least 50) but a group led by Araki began to get control of the War Council in 1930 and maintained that control until Araki's fall in 1933. This group is not composed of members of the military nobility and unlike them is not, or perhaps one should say was not, connected with the big capitalists. It could accordingly become the leader of the democratic section of the officers and pose as having no ties with 'finance capital and the venal politicians', and so as fit to lead the movement for a 'Second Restoration' of the monarchy and the establishment of a more just social order. Thus the army is itself divided

¹Income figures given in an article by Professor Shiomi, 'On the form of distribution of our National Income,' *Kyoto University Economic Review*, December 1932.

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into factions, in particular into the moderates and the extremists. It is not necessary to go into details concerning the various factions, but it is important to realise that the army is disunited and that faction fights, representing deep social cleavages, as well as the ambitions of various generals, are so acute as to have caused the murder of one high staff officer by another in 1935 and to have aroused almost a panic in the Government concerning the indiscipline in the army. To this question I return later.

Useful as the demagogic of the young officers is to the ruling classes in whipping up popular enthusiasm for war against China today, and against the U.S.S.R. or the U.S.A. tomorrow, it is a double-edged sword. Or, to use another metaphor, there is too much inflammable material about in a country of such poverty and hunger and violent social and economic contrast as Japan, to make playing with fire, in the shape of anti-capitalist phrase-mongering, anything but a very dangerous game. The higher military officers, and the titled heads of Japan's patriotic societies, may only want to talk about fundamental changes in the economic and social system, about social justice and the wickedness of capitalists, and to use this demagogic as a means to re-establish their political ascendancy over the moneyed barons, but the suffering people want to *do* something, however muddled their ideas and however contradictory their present aims. This was seen most clearly in 1932 and again in 1936, when the smouldering fires of popular anger and hatred and despair flared up against the 'self-seeking capitalists and venal politicians'. In February 1932 Inouye, who had been Finance Minister in the Minseito Government and was the son-in-law of Baron Iwasaki, head of Mitsubishi's, was murdered by a 'patriotic' assassin.

This murder was rapidly followed by what came to be called the 'May 15th affair'. Terrorists led by a man in the uniform of a naval officer assassinated the Prime Minister Inukai and Baron Dan, head of Mitsui's, in the streets of Tokyo. At the same time five other groups threw bombs at the house of Count Makino (Lord Keeper of the Privy Seal, and closest adviser of the Emperor), at the Mitsubishi Bank and the Metropolitan Police Station and further tried to blow up Tokyo's electric power station. The murderers included 11 military men—mostly students at the military academy—and 6 naval officers. They left a

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bill signed 'The young army and navy officers' association', and both then and subsequently at their trial these 'extreme patriots' demanded a 'Second Restoration', proclaimed that the Constitution had been destroyed by the 'corruption of politicians and the venality of the financiers who support the politicians'. They declared the necessity of destroying this 'capitalist-political combination in order to establish a new state'.

There were rumours of the participation or connivance of Mitsui's in the murder of Inouye and of Mitsubishi's in the murder of Inukai and Dan, which, if true, prove only that the economic situation was so desperate, and Japan's international position so precarious, as to cause a wide breach in the fortress of the ruling bloc, and that a dangerous game was started of playing with the fire of popular rebellion and anger as a means for one group of big business to defeat another. Mitsui and the group surrounding them, that is to say the section in which trading capital and speculation is most strongly represented, wanted inflation. Mitsubishi and in general the group representing more purely industrial capital, and in particular heavy industry, wanted deflation, sound finance and foreign loans. The latter's policy had been represented in a somewhat extreme form by Inouye, the Finance Minister in the 1931 Minseito Government, who was a lifelong advocate of 'sound finance' and retrenchment and who, as we have seen, had been largely responsible for the deflation policy observed in 1930 and 1931. The Mitsui-Seiyukai combination had smashed the Minseito Government at the end of 1931 and reintroduced the gold embargo, having previously bought large quantities of foreign exchange. Mitsui scooped in millions through their exchange speculation. From the point of view of the terrorists both houses had equally cheated and oppressed the people and their heads were deserving of death, but the fact that both houses encouraged the young 'patriots', if true, shows a split in the ranks of the financial oligarchy which might well have proved fatal to its existence. For it is a truism that social revolutions can be successful precisely when the ruling class is disunited and is in such a desperate economic position that its members start to fight one another.

Japan's modern financial and industrial barons may perhaps

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in 1932 have recalled the lessons of history. We can at any rate recall the fact that although the bitter feuds in the Italian city states might lead one noble to poison or kill another, the nobles as a class always stood together against the lower classes, and that similarly the Roman patricians, although they murdered one another occasionally and employed gangs of bullies similar to the *Soshis* in their political contests, always united to crush any revolt of the slaves or the provincials.

At any rate, 'the May 15th affair' taught the lesson of solidarity, at least temporarily, not only to Japan's moneyed aristocracy, but also to her bureaucracy and to most of the higher officers of her armed forces. The following years showed them closing their ranks and proceeding more unitedly in their imperialist aims. Although some of the generals, and other high military officers, continued to rant occasionally against the capitalists, they gave up any pretence of developing Manchuria in the interests of the masses and welcomed the investments of Mitsui, Mitsubishi, Sumitomo, Yasuda, Okura and Kuhara with open arms. Araki, warned by an attempt on his own life a few days after May 15th by young officers who considered he had betrayed their movement,¹ retired from the front of the

¹Tanin and Yohan, in their close study of *Militarism and Fascism in Japan*, write as follows concerning this incident (p. 292):

'It is characteristic that the young officers assigned the failure of the *putsch* of May 15th, not only to the counter-measures taken by the Government, but also to vacillations in the upper army circles. As a matter of fact Araki himself, under pressure of the Upper House and Navy, acted undecidedly. While the assassination of Inukai and other terrorist acts were being prepared for, Araki tried to remain on legal ground in forming his Government and to obtain the sanction of the Emperor. As is well known, however, the plan of a super-party Hiranuma cabinet proposed by Araki was rejected. The Young Officers' Society then demanded more decisive steps but Araki evaded them and, according to one rumour, on May 20th, a group of young officers attempted to assassinate Araki himself. It must be borne in mind, that within the army party a tendency of dissatisfaction with Araki's policy in Manchuria and China proper began to form in May 1932. According to this group Araki follows the advice of Saionji and considers that the principal force in the movement should be the reservists, while the army should not take a direct active part in politics, as that would undermine army discipline. Their disappointment in Araki grew stronger when he yielded to the pressure of the Upper House, the Ministry of the Navy and the Court on the question of the Saito Government and especially when, under the same pressure, he agreed to arrests among the young officers who had engaged in the terrorist acts of May 15th.'

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stage and was made a Baron in 1935. A movement was begun to purify the army and restore its discipline under the new War Minister General Hayashi.

There is ample proof that the evidence afforded by the May 15th incident of the length to which the reactionary terrorist societies were prepared to go, and of the widespread support they enjoyed amongst the people, and in particular the fact of the active participation of, and leading rôle played by, the young officers and military cadets, alarmed all sections of the ruling class in the spring of 1932.

It made the military leaders realise the dangers of playing with fire, however reluctant they might be to abandon this useful weapon in their struggle for ascendancy over the big capitalists.

It made the big business houses resolve their differences and hasten to conciliate the petty bourgeoisie and landowners by concessions, or apparent concessions, whilst also preparing to re-establish their ascendancy over the military and to smash the popular terrorist organisations, when the time should be ripe.

Accordingly, 1932 saw, on the one hand, temporary relief given to the small landowner, the larger peasant proprietors, and the urban petty bourgeoisie, through the gold embargo and inflation, and through the grant of a measure of State relief by means of loans. On the other hand, measures were taken to control the movement of these classes and divert them from support of the terrorist societies into support of the 'National Government' or of Fascist societies under the control of the ruling class.

The inflation which began in 1932 gave a modicum of relief to the agrarian petty bourgeoisie, and enabled a section of the industrial petty bourgeoisie to continue in existence through a substantial expansion of secondary export lines, but it did not lighten the burdens of the majority of the small industrialists and traders or of the tenant farmers and peasantry, nor did it free the landowners from debt.

The activities of the terrorists continued although they were now no longer, or at least no longer so openly, aided and abetted by high military circles. Plot after plot was unearthed in 1933, in 1934 and in 1935.

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The press censorship makes it difficult to ascertain the exact objectives of the various conspiracies, news of which is never published until months afterwards, and then in a very guarded form, but the plots appear to have ranged from small-scale repetitions of the abortive May 15th affair to even more serious attacks on the 'foundations of the State'. In one case at least the Emperor himself appears to have been in danger.

In July 1933 there was the conspiracy of the 'God sent Troops' whose leaders were arrested on the very eve of the day they had planned to overthrow the Government by force following on a riot. They had planned to 'introduce an entirely new form of government' according to the obviously censored press reports, 'not merely to reform the present system'. In fact the judiciary regarded their conspiracy as the 'worst in their experience, worse than either the May 15th or Blood Brotherhoods incidents'. The conspirators were charged with rebellion and handed over to the Supreme Court for trial.

In December 1934 there was the plot of the 'Young Blood Brotherhood' to murder Saionji, Makino and Suzuki and subsequently also Adachi and various officials of Mitsui's and Mitsubishi's. The arrested consisted of a dozen youths still in their teens and most of them day labourers. They had not been able to secure revolvers—this fact proving the non-participation of the military—and their leader had set out to murder Saionji with an old sword. This conspiracy, in spite of the infantile romanticism of its conceptions and methods, is of special interest on account of the social origins of the conspirators, who were all workers, and also because they attempted to murder highly placed Fascists (Suzuki and Adachi) as well as 'Liberals'. The leader of the band had gone to work at the Kana works at a wage of 12 yen a month (14/-) on leaving his primary school, had been influenced at school by the usual ultra-patriotic myths which pass as history, had subsequently gone left and then again became a reactionary patriot. His associates were similar young workmen all earning miserable wages. Such conspirators as these, influenced as they may be for the time being by reactionary and chauvinist ideas, are nevertheless clearly potential revolutionaries and a danger to the existing social system.

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III

The effect of the many conspiracies was to make the whole ruling class realise that unless they could themselves get control of, or crush, the terrorist organisations of the young officers and their civilian associates, and the innumerable chauvinist secret societies and religious sects led by priests and mystics and reactionary 'philosophers', there might soon be a revolutionary outbreak more successful than that of 1932. It was well understood that, however patriotic and loyalist the popular reactionary societies might seem, however much their leaders might speak of the Imperial Way and Japan's divine mission, their adherents are full of bitter hatred against capitalism and think they are struggling for its overthrow. The capitalists know that the revolt of the peasantry is really a revolutionary movement threatening the existing social order, even though diverted into reactionary, chauvinist and military channels. The landowners and the military for their part know that although the anger of the starving peasants and ruined urban lower middle class is now directed mainly against the big business houses, it might easily be turned against the landowners and against the army and navy which make such tremendous demands on the national income.

Whereas in a European democracy such a crop of political assassinations and such a revolutionary ferment would almost certainly have led to a Fascist dictatorship, and seemed even in Japan to be leading in that direction in 1931 and 1932, things did not turn out that way. This is because in Japan the ruling groups had a safer and more 'purely Japanese' alternative to the dictatorship of a General Araki. This alternative was government by the bureaucracy: the non-party, bureaucratic cabinet first of Admiral Saito and then of Admiral Okada. Whereas in Germany Hitler could play off the lower middle class against the middle class of fairly prosperous professional men, shareholders, owners of medium-sized businesses or shareholders in industrial and trading enterprises, and could eventually use the latter to crush the former—the Black Shirts to crush the Brown Shirts—in Japan there is no large middle class, no substantial buffer between the petty bourgeoisie and the bankers and big

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industrialists. Nor is there a convenient scapegoat in the person of the Jews, who are in Germany made to bear the opprobrium of all capitalist iniquities. Nor is there a large proletariat the fear of whom can be used to keep the petty bourgeoisie quiet when disillusioned as to the benefits of Fascism.

In a word, in Japan the petty bourgeoisie, including the peasant proprietors and small landowners, forms too large a section of the population and is in too desperate economic straits for it to be safe to put its leaders in control of the Government. At the same time a safer and well-tried alternative form of 'non-capitalist' government is still practicable.

Accordingly, in order to control and render harmless the intrinsically revolutionary movement of the lower middle classes and peasantry, rendered desperate by their bankruptcy and fear of being cast down into the ranks of the propertyless, in order to prevent their rage against the big capitalists from causing even more dangerous consequences than assassinations and abortive *putsches* as on May 15th, the real rulers of Japan gave rein to their most reactionary and feudal wing and brought into the foreground the monarchy and its bureaucracy, supposed to be above classes. They heaped scorn and contumely on the political parties whose venality and whose ties with the big business houses had for long made them popularly detested. The 'National' Government was established as a seeming alternative to the governments of the political parties owned by Mitsui, Mitsubishi, etc.; as a seeming realisation, or partial realisation, of the dream of the popular patriotic societies and young officers of a government 'above the classes' which would bring back their livelihood and ensure the exploitation of Manchuria in the popular interest.

Whereas in 1918 bureaucratic military governments had had to give way to party governments to stop the rice riots and dampen down the revolutionary movement by a seeming change to a parliamentary form of government, in 1932 when the big capitalists who control the political parties found themselves in the main line of fire it was convenient to turn the medal over once again and display the military-bureaucratic face. But in actual fact the same groups controlled the State as before: it was only their dress which had been changed. Or, if one must admit

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a change it was only a redistribution of the spoils of office so as to give the bureaucrats and the high militarists a larger share and greater influence. Some of the latter might now call themselves Fascists, but they had no such ideas and objectives as the leaders who had planned the assassinations of 1932.

The semi-Fascist societies of the military nobility and the bureaucrats and larger landholders, composed of retired naval and military officers and of highly placed bureaucrats, and with no support amongst the mass of the population, offered no menace to the existing economic and social system. These organisations, such as Baron Hiranuma's 'Society of the Foundations of the State' or Baron Tanaka's 'Society of Higher Ethics', expressed merely the strivings of different cliques for political ascendancy and in general were useful as fostering the idea that the big capitalist interests were not having things all their own way.

At the top end of the social scale, accordingly, what is usually called Japanese Fascism is the movement of the most reactionary sections of the bureaucracy and the military to re-establish their political ascendancy over the new oligarchy of wealth, and their moral ascendancy over the peasantry and the lower middle class in general.

The Barons Hiranuma and Tanaka cried out for the nation to trust them to lead it out of danger. 'It is', said Tanaka in 1932, 'for the military to lead the nation so as to overcome the national difficulties as the political parties can no longer be trusted.'

The slogans of all these aristocratic, reactionary and chauvinist associations were along the lines of 'Asia for the Asiatics', 'Security of National Defence', 'Repudiation of the London Naval Treaty'.

This kind of Fascism was in fact little more than a restatement of Shinto, or as Japan's leading daily paper (*Asahi*) expressed it in May 1932, the re-establishment of 'clan government':

'A government headed by any of the men whom the Fascists would put at the helm would be a revival of much of the government which the Choshu and Satsuma clans provided in the early days of the adoption of the Parliamentary system. . . . The shocking state of affairs which prevailed while those clans were in control of the government machinery is still fresh in our memory.'

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This is the view of the progressive elements among the middle class—small and impotent—but realising clearly that all that is going on is a manœuvre which seeks to satisfy the people by exhibiting the reverse side of the medal.

In reality both faces on the medal belong to the joint body of military nobility, bureaucrats, landowners and big capitalist groups, which are socially and economically connected in so many ways, and who, quarrel as they may over the distribution of place and profits among themselves, are always united against the mass of the people, against all attempts to lessen and overthrow the tyranny of Government and monopolists, against all movements by the people to obtain democratic liberties or a tolerable standard of life.

If this manœuvre proves successful then the dangerous and expensive experiment of Fascism need not be tried. Dangerous on account of the numerical strength and extreme despair of the petty bourgeoisie and peasantry and the comparatively small size of the middle class and of the working class, all of which heightens the danger of the Fascist movement getting out of hand and changing into a joint revolutionary movement of workers, peasants and lower middle class; expensive on account of the concessions which would have to be made to the organised supporters of Fascism. Dangerous also on account of the extreme ignorance of international conditions amongst the petty bourgeoisie and its leaders, an ignorance which would probably land Japan prematurely into a war against an opponent of equal or greater strength than her own and so into national disaster and collapse. How much simpler for Japan to revert to the old type of bureaucratic government which, although it may give more of the spoils of office to the militarist, landowning and bureaucratic elements, nevertheless is more efficient for carrying out the imperialist purposes of Japan's financial and industrial magnates than the pseudo-party governments which existed from 1918 to 1932. Even the insurrection of February 26, 1936, involving 1,000 soldiers and officers and the murder or attempted murder of all the leading members of the Government and the highest Court officials, has only resulted in a new bureaucratic Government of much the same type as before, though somewhat more reactionary and aggressive.

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In Japan, then, Fascism as a movement to overthrow parliamentary democracy and establish a dictatorship is to a great extent meaningless or unnecessary. Fascism even if it were successful would give Japan's upper classes nothing, would alter nothing in their favour and might be disastrous to them. The policy of intimidation at home and preparation for war at the cost of starvation and misery is already being carried out even more rigorously than in Germany or Italy. The working class, the tenant farmers and most of the peasant proprietors possess nothing either economically or politically of which they could be deprived. They have no rights or liberties and their standard of life is already at a starvation level. Military and naval expenditure relative to national income is already on a higher level than in any other country. On the other hand, the young officers and their supporters, if given their head under an Araki or a Mazaki, might easily upset Japan's precarious balance of trade, might smash the insecure foundations of her national economy, and, by causing a complete dislocation of trade and industry, or a war with the U.S.S.R. or the U.S.A., bring national disaster and complete disillusionment amongst the masses and so bring on the social revolution which would sweep away bankers, big business, landowners and militarists together.

Accordingly, although the old bureaucratic forms of government may be given a new dress with Fascist decorations, designed to mislead the people into thinking that a new government has been set up 'above the classes' and free from connection with the trusts, there is unlikely to be any real change of authority. What may still happen if both the internal and external position of the country grow yet more critical, is a turn to open military dictatorship—not the veiled dictatorship of the past, but an open dictatorship and the abandonment of all pseudo-representative institutions. Up to the events of February 1936 the slight improvement in the agrarian position in 1935, and Japan's successful trade expansion, appear to have encouraged all sections of the capitalist wing in the ruling bloc to revert to pseudo-party governments. Or perhaps it would be truer to say that realising that a dictatorship must in Japan mean the predominance of the military, and aware of the disastrous consequences which may result from the latter's reckless

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foreign policy and excessive armaments expenditure, the more far sighted capitalist groups now desire to revert to a policy of consolidation under pseudo-party governments. They wish to stop and consolidate the gains of Japanese imperialism up to date, and this they can only do if they can obtain foreign loans. Since foreign loans will only be obtainable if Japan avoids the threatening 'malignant' inflation and ceases to annoy further the great powers with interests in China, these groups want to call a halt for the time being to further military adventures.

At the same time these saner elements realise that it will not be possible much longer to divert the anger and despair of the people into support of militarism and imperialism. There are already plenty of signs of disillusionment: more and more peasant disputes, more labour unrest, more signs of dissatisfaction and disillusionment apparent in the guarded statements made in the press, a growing fear on the part of the more far-sighted and less reckless elements in the army, and amongst the business leaders, that the breaking point is in sight for the national economy and social structure, and that it is time to call a temporary halt to Japan's aggression in Asia. On the other hand, the very fact that Japan is at the breaking point encourages the more reckless and desperate elements—in particular those connected with the small landowners and the lower middle classes—to embroil the country in a big war and stake everything upon its outcome. The former elements want to 'restore discipline in the army', i.e. curb the Fascist young officers, and check the popular terrorist and patriotic reactionary societies. The latter elements see no solution for the agrarian question or for the problems of the lower middle class in peace and foreign loans to develop Manchuria; they want to sweep away the Makinos, Saionjis and all the other members of the high bureaucracy and Court circles who are closely connected with Mitsubishi and the other more purely capitalist groups who stand for a policy of consolidation and sound finance. The situation is so desperate for Japan that there is naturally a very great difference of opinion and acute controversy and struggle as to the way out of the impasse.

In this connection it is worth quoting from an interesting article written by General Haushofer, formerly German mili-

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tary attaché in Japan and now a sort of liaison officer between the Japanese and German General Staffs.¹

'Today Japan is in the most difficult situation the country has experienced in the whole of its modern history. The agricultural difficulties are beginning to develop into a serious danger to the country's vigour and unity. The industrial and export boom is beginning to show disturbing and contradictory features. The State finances swept along on the ever-rising tide of armaments are rapidly approaching a serious crisis. . . . In this difficult situation Japan is without political leadership. The Japanese Government represents a new mixture of military, bureaucratic, capitalistic and party tendencies without any inherent cohesion and capacity to make decisions. Those elements which might be suited to take over the leadership are instead wasting their time and energies in medieval romantic enterprises. Anyone who closely follows developments in Japan must be aware that this situation of contradictory tendencies cannot last much longer; that internal decisions must finally be made; that the present situation of drift cannot continue and something must be done about the deadlock in domestic politics.'

After citing figures concerning Japan's army estimates and public debt he continues:

'There is no doubt that the further demands which will inevitably be made by the military must lead to a serious economic and financial crisis. The army has placed these enormous demands on the Japanese economic system at a time when Japanese agriculture and the Japanese peasant farming class are already suffering unparalleled difficulties. . . . The industrialisation of Japan has been built on the backs of the peasants, who are the victims of the rich and powerful (and feudalistic) financial and commercial institutions.

'The army people are in constant fear that clever agitators will place the blame for the present situation upon the military authorities. (My italics.—F. U.)'

'These desperate conditions in Japanese life are responsible for the deep antagonism between the military cliques in the army. They are the natural result of the diversity of opinions concerning the various possibilities, proposals, methods and rate of progress in the attempts to find a way out of the complications.'

The mixed elements which composed the Okada Government and the fierce struggle for supremacy which went on inside the Government, in 1934 and 1935, with the parties in the Diet play-

¹General Haushofer was instrumental in bringing about the rumoured recent German-Japanese military alliance. The article quoted from appeared in *Zeitschrift für Geopolitik* and was translated in the *China Weekly Review* of 19.10.1935, and other papers.

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ing the part of chorus, were a reflection of the tension in Japan's economic structure and show the acute dissensions within the ranks of the ruling class.

The Okada Government, although its Premier was nominated by the Saionji-Makino-Satsuma-Mitsubishi faction, and although its most outstanding figure, the 80-year-old Finance Minister Takahashi, was a leading figure in Japanese financial circles, also included as Foreign Minister Hirota, who is a prominent member of the Black Dragon Society and represents the most reactionary and aggressive semi-feudal elements in the ruling bloc. These latter elements were determined to get rid of the 'Liberal' Court circles, in particular of Count Makino and Baron Ikki, who are, or were, the voice of the Emperor, and who are in favour of pseudo-parliamentary forms of government. These two men have for long been the butt of the Fascist groups and frequent attempts have been made on their lives on account of their having monopolised 'the sole right to interpret the Emperor's opinion'.

The fierce controversy over the Minobe theory waged in 1934 and 1935 had as one of its main objects the removal of these men. Although the reactionaries won, the moderates showed their strength by the 'cleansing' which took place in the army in July 1935 and in the first moves to suppress the popular terroristic-patriotic societies. Moreover, Makino's successor Saito—also a Satsuma man—belonged to the same moderate wing, but had the prestige of being an admiral. The Minobe controversy marked the zenith of the fight between the military and the civil bureaucracy, between the extremists and the 'moderates', between the most reactionary and feudal elements in the ruling class and the more liberal and capitalist elements. The undertones are the revolutionary spirit of the young officers and the revolt of the small landowners and of the lower middle class against big business.

Although the military thus reasserted their predominance in 1935, the capitalist interests had already seen to it that the face of the military should be the good old face to which they have long been accustomed; the face of the military nobility, of the army circles connected with trade, finance and industry, and not that of the low born Fascists out 'to destroy finance capital'.

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The elimination of the military Fascists was thought to have been assured by the purge of the army accomplished by the War Minister Hayashi in July 1935.

Before going further into the question of the measures taken to 're-introduce discipline' in the army and to curb the 'patriots' one must examine for a moment the position of the Emperor himself. In so far as his wishes and will have anything to do with the matter it is natural that he should prefer to be an 'organ of the Constitution' *à la* Minobe, rather than a sacred image *à la* Fascist. The Military Fascists, with their idea of a Second, or Showa, Restoration, want really to relegate the Emperor to very much the same status as he held under the Shogunate. They want him to be absolutely sacred—so sacred that it is *lèse majesté* to call him an organ of the State—but to take no part at all in public affairs, which he is expected to leave entirely to the control of the armed forces.¹ Naturally, it is better to be a live Emperor than suffer the living death of a god, and those advisers from whom the military now seek to separate the Emperor have encouraged him to play more of the rôle of a popular sovereign than that of a sacred image. Some months after the insurrection of February 1936 the Emperor reported to his divine ancestors at the Meiji shrine in terms which left no doubt as to his opposition to the Military Fascists. It must not be forgotten that the Imperial House is itself one of the greatest capitalists and landowners in the Kingdom. It owns all the forests, it owns the whole central business district of Tokyo (on which incidentally it pays no taxes and so contributes nothing to pay for the police, for sanitation, for street paving, etc.), and it invests in the giant business and Government enterprises like the South Manchuria Railway. The men therefore who administer

¹The history of the Monarchy since the Restoration has actually been along this path all the time. The Emperor Meiji, who started out to be a real ruler, to take a real place in the Government and to be a popular sovereign, found himself bit by bit relegated more and more to the status of a sacred image. In the early years of his reign he went about and was looked upon freely. Later it became an offence to raise one's eye when he passed by. At first he himself influenced affairs, later the Genro inspired all his actions. The fact that the next Emperor was of unsound mind (though mention of this in Japan would call for instant assassination), further strengthened the tendency to keep the Emperor entirely as a sacred image not as a popular sovereign. The present Emperor began to make fewer and fewer public appearances after the bomb plot of 1923.

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the Court revenues are naturally and necessarily men in close contact with the millionaire business houses. Moreover, their control of the investment of the vast Imperial fortune gives them the opportunity to influence politics directly and to exercise a kind of patronage in the business world.¹

Both Makino and Saito are in addition themselves connected with Mitsubishi. On the one hand, they are clansmen—Satsuma men—bureaucrats, on the other hand, they are part of the aristocracy of finance and industry. They represent clearly the fusion of the old clans with big business which we have dealt with in Chapters VII and VIII. They are hated by the new military elements, and at the same time have their conflict with the old military nobility and the rival capitalist groups, which today means the Choshu-Mitsui-Seiyukai faction in the bureaucracy and moneyed aristocracy. Politically they are the lineal descendants of Marquis Ito: the non-militarist bureaucrats who don't want democracy but don't want a military dictatorship either. Their battle against the Military Fascists has many similar features to that of Ito against Yamagata, and it will be remembered that the Emperor Meiji himself favoured Ito not Yamagata, but nevertheless had to let the former go and the latter take control of the State.

Today, as then, the civil bureaucrats of relatively liberal tendencies cannot hold power by themselves, but allied with a party in the Diet (which means with one or other of the big capitalist groups) they may retain their influence.² So in actual

¹For instance, some years ago Mitsubishi obtained complete control of the Nippon Yusen Kaisha (which had previously been a semi-Government company) by getting possession of the whole block of shares (200,000) held by the Imperial Household Department, thanks to the alleged special partiality of Count Makino, Minister of the Department (*China Weekly Review*, article on Mitsui and Mitsubishi, 21.4.1934).

The total amount of the Imperial fortunes has never been stated, though it is known to be immense. See Upton Close's *Challenge behind the Face of Japan* for an account of how he tried to find out and was rebuffed by Makino.

*The military Fascists refer to these elements as 'the bloc of the elder statesmen, the financial clique and the bureaucracy' or 'the elder statesmen close to the throne and the financiers'. Colonel Aizawa, the murderer of Lt.-Col. Nagata, for instance, said at his trial, 'Nagata checked the movement for the Showa Restoration . . . he wanted always to be in close touch with the elder statesmen, those close to the throne, financiers of influence and bureaucrats' (*Japan Weekly Chronicle*, 16.1.1936).

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fact Okada's National Government was supported by the Minseito and it was clearly the intention, if the latter got a majority in the 1936 election, to re-establish party governments, or at least to include several more Minseito men in the Government. Looked at from another angle one can say that the revived demand for party governments in 1935 meant that the big financial and industrial magnates were once again in substantial agreement with one another and wanted to curb the feudal-military wing of the ruling bloc which threatens to become too strong.

The course of Japanese politics is, however, always extremely tortuous, contradictory and obscure. 1935 which saw the fierce controversy over the Minobe theory, the apparent retreat of the remnants of liberalism and complete victory of the military die-hards as signified by Minobe's dismissal and Makino's resignation, saw also the ousting of Araki's supporters from most of the leading positions in the army. Insofar as one can distinguish the motifs in the stirring political events of 1934 and 1935 in Japan, it would seem that whilst the war between the civil and military bureaucrats waged over the Minobe theory, both civil and military bureaucrats joined hands to crush the common menace to them both and to big business represented by the reactionary—but nevertheless dangerous—movement of the young officers and the terrorist-patriotic-religious societies. The fact that some of the military nobility called themselves, or allowed others to call them Fascist, did not prevent them from standing aside whilst the Fascist leaders in the army were suppressed. The objective of these old military elements was their dominance over the civil Government. The fate of the young Military Fascists who had given them the strength to defeat the capitalist wing in the ruling bloc was a matter of indifference to them.

We have already seen how Araki and Baron Hiranuma lost their nerve in 1932, and abandoned their adherents. Araki's successor as Minister of War, General Hayashi, carried through a wholesale 'cleansing' of the army in the summer of 1935. The most prominent officers of the Araki or Fascist faction were put on the waiting list, or retired, or transferred to minor appointments.

General Mazaki, second only to Araki and as Inspector of

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Military Education one of the Big Three who run the army, was dismissed from his post. Other prominent supporters of Araki and the extremists, Generals Matsui, Hishikari and Hata were put on the waiting list. In all transfers were made affecting 4,700 officers.

Although apparently a clean sweep of the 'extremists' could not be made, a sufficient number of them were removed to cause extreme dissatisfaction and rebellion amongst the Mazaki faction. The fury aroused by the sweeping personnel changes was demonstrated in most gruesome fashion by the murder of Lt.-General Nagata (the Director of the Military Affairs Bureau at the War Office) by Lt.-Colonel Saburo Aizawa. On August 12, 1935, Aizawa walked into Nagata's room at the War Office and slashed him to death. One can perhaps more fully appreciate the significance of this murder by remembering that the War Office is situated opposite the walls of the Imperial Palace, and that it occurred, as it were, almost within sight of the Emperor, whom every army officer is sworn to protect. Nagata, as Hayashi's right-hand man, had been mainly responsible for the elimination of General Mazaki and the other personnel shifts. The dead man, moreover, had been closely associated with General Ugaki and the Minseito, with the Home Minister Goto and with various business members of the House of Peers. He had been, that is to say, an associate of the big capitalists and had acted, or so it was believed, in their interests. His murder showed the lengths to which the extremists in the army were prepared to go and demonstrated that the political ferment in the army was not to be so easily suppressed as had been supposed.¹ This murder shocked even the Japanese, who are so accustomed to assassinations, since it revealed the deep and dangerous demoralisation of the army.

The net result of the army shifts and the Nagata murder ap-

¹The manner in which the army officers consider themselves to be above the law and able to commit murder with impunity at the dictates of their patriotic consciences is illustrated by the case of Lt.-Colonel Aizawa who thought that, having murdered Nagata, he could proceed to his new post in Taiwan without being arrested. At his trial he actually stated: 'At that time I did not take a very serious view of what I had done. I thought that after having been subjected to examination at the hands of the commander of the Tokyo garrison, I should be released to proceed to my new post in Taiwan' (*China Weekly Review*, 15.2.1936, and other papers).

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pears to have been a draw between the Mazaki and Hayashi factions. Hayashi resigned in September and the new War Minister, Kawashima, was a 'non party' choice. Before his resignation Hayashi, with the support of all members of the Supreme War Council including Araki, called a special conference of higher army officers to receive instructions on the tightening of army discipline. The conference was announced in the Press as 'the most momentous Conference in the History of the Imperial Japanese Army'. The *Nichi Nichi*¹ gave the following four causes for the disturbances (a somewhat mild word!) in the Japanese army:

1. Formation of factions and cliques.
2. Dissatisfaction on the part of commanders outside Tokyo with the management of the Head Office in Tokyo.
3. Contact of military officers with civilians giving opportunity for army men to acquire 'impure' thoughts.
4. Dissatisfaction of young officers who are non-graduates of military schools or colleges with the system whereby academic and college cliques are favoured in promotions.

The grievances specified above indicate both aspects of the disturbances: the struggle between the factions and the general dissatisfaction of the young officers of lower class origin at the way things have turned out both in Manchuria and at home, and at the aristocratic control in the army. The measures which Hayashi announced to 'strengthen discipline' most significantly included a ban on the association of officers of one rank with those of another.² He also forbade the 'indiscriminate association' of officers with civilians, meaning with the patriotic and terrorist societies. He further announced that 'subordinates must be respectful towards their superiors and, even when expressing firm convictions, must not forget the important rules of discipline'. In other words, the democratic spirit in the army is to be stamped out and young officers are not to 'answer back' or lecture their superiors.

The higher army authorities would in fact like a little more of 'theirs but to do and die' and less asking of the reason why.

¹ 19.8.1935, cited in the *China Weekly Review*, 31.8.1935.

² According to the account in the *New York Herald Tribune*, 9.9.1935.

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IV

It was imagined that this cleansing of the army had had the desired effect of crushing the young officers' movement and re-establishing the control of the old aristocratic military leaders. The actual effect was to cause a much more serious outbreak of dissatisfaction which took the form of a dangerous insurrection. Early in the morning of February 26, 1936, the third regiment of the First Division, stationed in Tokyo *en route* for Manchuria, composed of 1,000 men and supplied with ammunition on account of its approaching departure, led by 20 officers of the rank of Captain or Lieutenant, broke into the houses of the leading members of the Government and high Court officials and attempted to murder them all. They succeeded in murdering the Finance Minister, Takahashi, the Keeper of the Imperial Seal, Admiral Viscount Saito, the Inspector General of Military Education, Watanabe, and in wounding a few others. They thought they had murdered the Premier Okada, but he escaped, his brother-in-law being murdered in mistake for him. Count Makino and the old Genro Prince Saionji, who might be said to bear charmed lives from the number of times they have escaped assassination, managed to elude the groups detailed off to kill them. It was at first reported that 80 prominent people had been killed, but actually the number was four. Having accomplished this work the soldiers and officers took possession of the Home Office, the Metropolitan Police Office, the Premier's residence and the unfinished new Diet building and proceeded to defy the Government. Finally the Imperial Bodyguard was called out to quell the mutiny and the Emperor himself signed the order proclaiming martial law in Tokyo and ordering the rebels to return to barracks. The private soldiers were promised a pardon if they surrendered and the officers were told to 'dispose of themselves'. The leader of the insurrection, Captain Nonaka, committed *hara kiri*, and another captain shot himself. The other officers were put in prison. The rebellion was handled with great tact, and so without fighting and bloodshed, but it was necessary for the Emperor himself to be brought into the affair to induce the rebels to surrender and this clearly shows its seriousness. It was far more serious than the murders of

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1932, although the number of victims was not much larger, since a whole regiment participated, privates as well as officers, since one of the three heads of the army was murdered in addition to civilians, and since it was thought necessary to bring the navy to Tokyo and Osaka to suppress the rebellion. Although the first news received made it appear that almost all the leading members of the Government had been killed and that a kind of revolution had occurred, and although no doubt it was the intention of the rebels to open the way to a military Fascist dictatorship, the final outcome appears to be much the same as in 1932. A new Government has been established, it is true, but it is not so very different from the last two. The military and extreme reactionary bureaucrats are more strongly represented than before and the liberal elements are absent. But the War Minister, General Count Terauchi,¹ is one of the old 'clan' military leaders, not a new man like Araki; the Premier, Hirota, was Foreign Minister in the previous Government; another financier closely associated with the big business barons has taken Takahashi's place; another man of the Makino-Saito, relatively liberal, school of bureaucrats has taken Saito's place as Lord Keeper of the Privy Seal, i.e. Matsudaira, the late ambassador to England. Saionji and Makino and Okada are still alive and are still being consulted by the Emperor.

All the army members of the Supreme War Council except the four Imperial Princes resigned, and their resignations were accepted. Four of them, including the Fascists Araki and Mazaki and the former War Minister Hayashi, have been retired and three others have been sent to new posts. Minami, the commander of the Kwantung army, has been brought back to Tokyo to serve on the War Council, but no other army men have, at the time of completing this book, been appointed to replace the dismissed members of the Supreme War Council. New measures to restore discipline in the army have been taken.

In fact, the net outcome so far is to give the conservative bureaucrats and the military nobility an even more dominant position in the State than before, but not to give more influence to the Fascists. Since it is generally believed that the

¹He is a Choshu clansman and his father, also General and Count, was War Minister in the Meiji era.

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insurrection cannot have been planned on such a scale without the knowledge of some of the higher military authorities, it can even be surmised that the latter connived at, or at least did not attempt to stop, a movement which was likely to re-establish their power against that of the big capitalist interests which are at the same time their rivals and their allies. This explanation of recent events appears the more probable since the elections had just resulted in the victory of the Minseito party standing for an anti-Fascist policy and the return of party governments. It is probable that the extreme reactionary bureaucrats and military nobility, seeing power slipping once more from their grasp into the hands of the millionaires of finance and industry, welcomed, if they did not create, a situation which enabled them to re-establish their ascendancy in the ruling bloc. Behind, or rather above all this, is the resistance of these reactionary and ultra-aggressive elements—representing in particular the landowners, but also some sections of the capitalist interests—to the tendency to call a halt to aggression and to start consolidation of what has been won. The army in 1935 had failed to achieve its two main objects: when the U.S.S.R. refused to allow the Japanese representation at Urga the army wanted war, but the Government would not agree; when the army was massed at the frontier waiting the order to advance and detach the five northern provinces of China, the Government, in fear of the international consequences, succeeded in putting the brake on, so that only two provinces were detached.

The above details concerning recent events have been given to demonstrate the extreme tension, faction fighting and indiscipline—to use no stronger word—in the far-famed Japanese army. One can hardly regard an army in which Lt.-Colonels murder each other, and in which criticism of the Government takes the extreme form of attempts to murder its leading members and blow up banks and power stations, as an invincible, invulnerable force, or as a sure and certain bulwark of the State. The army reflects the uncertain and precarious balance of social forces in Japan, the deep and insoluble contradictions in Japanese national economy, the imminent danger of revolution.

The fact that the young officers always speak in the language of patriotism and loyalty and centre their demands for social

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reform round the Emperor, does not prove that there is no danger of a real social upheaval. One may well ask if the British Empire would be regarded as stable if Mr. Montagu Norman, Mr. Stanley Baldwin and Sir Harry McGowan were to be murdered outside Buckingham Palace by officers from Aldershot and cadets from Sandhurst, even if the latter proclaimed their loyalty to the King and their patriotic motives. Nor would one consider the British army to be in a healthy condition, or the overseas empire secure, if the commander of the British garrison at Malta were to make his way into the War Office and shoot the staff officer responsible for his removal to another station, and for the degrading or retirement of many of his friends.

One would certainly feel that a social upheaval was imminent if junior officers and privates set out to murder the entire Cabinet and succeeded in killing Baldwin, Neville Chamberlain and the Army Chief of Staff, and if they subsequently occupied and held the Houses of Parliament and the Whitehall Government offices for three days and could only be dislodged by a personal appeal from the King.

In Japan patriotism is not the last, but the first refuge of all who rebel against the Government, even of those who are sincerely convinced that it is the fount of all iniquities. Not only the lower middle class and small landlord movement, but also the peasant movement is a 'patriotic' loyalist movement in its phraseology and thoughts.

The popular belief that capitalists and politicians and bureaucrats stand between the Emperor and his people, and that if these 'obstacles' were eliminated there would be justice and an end to the glaring contrasts of wealth and poverty, can be paralleled in the history of Russia. Up to 1905 not only the peasants but even the greater part of the working class believed that if the 'Little Father' could be made to hear, he would put down the bureaucrats and capitalists and big landowners who oppressed the people and that there would be an end to want and injustice. But in Russia the Tsar's troops fired upon the people who had come to plead with him on Black Sunday, and this was the beginning of the disillusionment which led to the revolution which swept away Tsar, landlords and bureaucrats in 1917. This awakening has not yet come in Japan for all the people,

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but it must inevitably come fairly soon. For it has become impossible for the Emperor any longer to pose as the protector of the poor; the economic situation is so desperate that all the possessing classes cannot be kept nicely balanced one against the other by the monarchy. The fiction of his sanctity and his aloofness from class and party warfare can only be maintained so long as the ruling groups unite to maintain it. They are now being driven by the desperate economic situation to fight amongst themselves, and by the no less desperate political situation to bring the Emperor himself into the fight to quell rebellion and crush discontent. Those members of the ruling class who strongly objected to the Minobe theory controversy know very well that such discussion must eventually arouse 'dangerous thoughts' amongst wider and wider sections of the people. Belief in the Emperor's sanctity cannot be made a matter of reasoning and argument; like belief in God, as the Catholic Church has always known, it can only be maintained by faith, not by reason. As we have seen in an earlier chapter the statesmen of the Meiji era early learnt the lesson that you cannot bring the Emperor's divinity into the political arena to crush your opponents without eventually destroying belief in that divinity.

V

The attempt to crush the dangerous political movement of the young officers in 1935 was paralleled by actions taken to suppress the terrorist societies and the religious sects out of the control of the authorities. There have even been attempts recently to curb the activities of the *Soshi*.

Early in 1935 there were Press reports of coming stricter control of reactionary organisations to prevent violence committed in the name of patriotism. Officials of the Ministry of Justice and of the Metropolitan Police Board drafted new regulations to effect stricter control of reactionary organisations so as to be able to arrest not only those who commit acts of violence, but also those who plot and prepare or instigate violence. It may sound strange to the Western reader that this should be a new thing in Japan, but until recently the murderer or instigator to violence who called himself a patriot had even more liberty of

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action than an American gangster. The police are accustomed not to interfere with the *Soshi*, who usually only attack labour leaders, radicals and liberals and so are worthy of encouragement rather than requiring restraint, and it is only now that so many new kinds of 'patriots' with less praiseworthy aims than the *Soshi* have started to threaten peace and order, that the police have at last been told to punish murder and violence even when committed in the name of patriotism.¹

The announcement by the police in February that their policy is 'to deal drastically with organisations which believe in violence even though they may call themselves patriotic associations'² is a new departure. It does not mean that Toyama and his Black Dragons will be interfered with—these are under the direct patronage of the War and Foreign Offices, by whom they are subsidised, and so they will continue unmolested as before. What it does mean is that the unauthorised, popular terrorist reactionary societies, and religious sects, the societies which express the blind revolt of the starving peasants and ruined small proprietors, are to be firmly controlled, and also those *Soshi* or *Ronin* who are not under the orders of the aristocratic patriotic societies.

Some 4,000 'patriots' were arrested in the first months of 1935 and in December a minor sensation was caused by the arrest of all the leaders of the Omotokyo, a semi-religious, semi-political, body with some million adherents in western Japan. The leaders are being charged with disrespect to the Imperial Household, and it was clear even from the obscure and guarded Press reports that this society expressed a potentially revolutionary movement under cover of patriotic and super-loyal phraseology. The aims of the society are of interest as throwing light on the reactionary anti-capitalist movement of the peasantry, with its mixture of romantic idealisation of the past, and primitive

¹Under the heading 'Gangsters Round Up' the *Hokkai Times*, Sapporo, announced the jailing of 6,000 *Soshi* or *Ronin* in Tokyo in December 1935. This newspaper went on to say that there are about 50,000 of them in the whole country, that they engage in blackmail, violence and intimidation and that the public used to believe that the police utilised and protected them. (Article translated in *Trans-Pacific* of 12.12.1935.)

²Statement of Mr. Mori, director of the special section of the Metropolitan Police Board to the newspaper *Jiji* (*Japan Advertiser*, 22.11.1935).

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communist conceptions of the future, mixed up with a sort of Japanese Douglas Credit Scheme. The leader of the society, Deguchi, appears to be a Japanese type of Father Coughlin. The liberal newspaper, *Nagoya Shinaichi*, may well view the Omoto-kyo as an example of 'the monsters of right wing thought running amok in Japan'.¹ The society according to the same newspaper is 'based on the dream of restoring a primitive State such as existed in the dim past and it is pretended that this cult is the orthodox national religion. Ayobe in Kyoto Prefecture is designated as the capital of the Empire, . . . the leader Deguchi avoids the term revolution, but speaks of reconstruction. The nature of his teachings to the ignorant is manifested in his project to issue yen 100,000,000 in notes to carry out the Imperial way economy and exempt the people from taxation for several years. Under the fair name of Imperial way he has been advocating disavowal of the private property system. This is little different from Communism.' The authorities recognise the danger to the existing social order from such peasant movements as these.

The peasantry and small proprietors still imagine that they can attack the big financiers and capitalists whilst rallying round the Emperor, not perceiving that these same financiers and capitalists are the strongest bulwark of the monarchy. Their view is rather that the capitalists have got the Emperor in their keeping and that it is only a question of getting hold of his person to acquire power. Indeed, the whole course of Japanese history and the Japanese attitude towards the Emperor encourages this idea. When the Shogun had the Emperor in his keeping he had power. When the Satsuma and Choshu clans got control of his person they had power. So long as Makino, Ikki and the big capitalists control him they have power. It is all really quite logical once one admits the first absurd premise of the Emperor's godhead and of his being not 'an organ of the State', but the nation itself. The Emperor becomes the magic talisman which each class and faction tries to get possession of.

It is, however, also clear that the attempt to get possession of the Emperor, or the right to 'give him advice', may at times very closely resemble an attempt to capture him by force, i.e. to

¹ *Trans-Pacific*, 19.12.35.

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commit an act of aggression against him. It might even mean setting up another Emperor as the true god instead of the present Emperor, and it seems there are some grounds for surmising that this is what the Omotokyo was contemplating. If so, knowledge of the fact would of course never be allowed to be published in Japan.

What is important to realise is that because of the primitive political conceptions of the Japanese which have more in common with the taboos of Solomon Islanders than with those of a modern society, because of the childish myths which are taught as history in Japanese schools, because of the extreme ignorance of the peasantry and lower middle classes, the whole of her political life, including the revolutionary movement of the peasantry, takes fantastic forms and uses a mystical and muddled phraseology. One has to peer through the fog of chauvinist, mystic, loyalist twaddle to see the revolutionary content of the longings and strivings of the mass of the people whose conditions of life become more and more insupportable. All the facts so far given in this chapter, from the description of the acute conflicts within the ruling class to the blind strivings and occasional desperate outbursts of the lower middle class and peasantry and the extraordinary condition of affairs in the army, show how unstable is Japan's social equilibrium. One way or another Japan remains on the brink of revolution. After, before or during Fascism, after, before or during the military dictatorship which is more likely to appear in Japan than a Fascist dictatorship,¹

¹It might be argued that this military dictatorship has already arrived, since General Terauchi, the new War Minister, had to give his consent to every ministerial appointment in the Hirota Government and since the army appears to be dictating not only how much shall be spent on armaments, but almost every action of the Government. However, there appears at the same time to be an offensive movement of the moderates, who have succeeded in getting not only Araki and Mazaki, but also Minami, Commander of the Kwantung Army, removed—a very big victory for them. Since Terauchi is one of the old 'clan' militarists, a member of the military nobility, it may be surmised that his affiliations are with the Court circles and the big financial and industrial interests, not with the new officers, i.e. the 'extremists'.

If this is so, then his interference in all the affairs of the Government must be designed to give the impression that the army, not the plutocrats, are in the ascendant whilst in the meantime the Military Fascists are being removed behind this screen of 'military dictatorship'. At the same time the present Government marks the ascendancy of the bureaucrat-military wing of the ruling group.

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there is no solution in foreign aggression for the peasants, the petty bourgeoisie or the workers. There is no solution for the great majority of the population without the destruction of the feudal landholding system, the power of the great family monopolies, the autocracy and the bureaucracy.

VI

The only party in Japan which stands for a radical solution of Japan's economic and social crisis is the Communist party. There is no real liberal party of opposition to 'feudal thought and practice' and the reformist labour parties are very weak. A few isolated individuals, like the veteran Ozaki, stand for liberalism and occasionally raise a voice against militarism and reaction and imperialism, but they are very few and have little backing. There is, as we have seen, practically no true middle class to form the social basis for a strong liberal movement, and many of those who were liberals a decade ago are now Fascists.

The Communists and their policy are recognised in Japan as forming the only real alternative to the present state of affairs. Hence the savage repression of them by the authorities and the constant efforts to eradicate 'dangerous thoughts'.

Even though Communism has been driven underground, even though Communists are put to death or sentenced to life imprisonment, even though a large part of the labour movement has turned aside to support militarism and Fascism, even though the revolutionary movement born of the misery and despair of the mass of the people has for the present been largely diverted into reactionary and chauvinist channels, the revolutionary spirit has not been crushed and remains as a most serious danger to the ruling class and the existing social system.¹

A military reverse—not even necessarily a serious defeat—or even striking proof that the military leaders are just as venal and just as ready to sell out to big business as the party politicians, would switch the present patriotic reactionary mass movement over into Communist channels, or at least towards such des-

¹At the Conference of Prefectural Governors held in July 1936 the Premier stated that: 'Outwardly the so-called left wing movement has shown a decline, but inwardly it has expanded and intensified (*Trans-Pacific*, 18.6.1936).

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tructive and dangerous activities as to jeopardise the State's credit and stability and bring on chaos and revolution.

The military nobility are indeed playing with fire. This fire is at present directed against the Chinese, the Russians and all foreigners to a greater or lesser extent, and against all radical or socialist thought in Japan. But at any moment the wind may veer, or the fire may come up against an obstacle it cannot consume and turn back to burn up those who are now using it for their own ends.

Although the extent of Communist influence is difficult to gauge on account of the Press censorship and secret trials, and although it is true that for the moment it has been driven underground, the constant nervousness of the authorities with regard to 'dangerous thinking' in the universities and schools,¹ as well as amongst the working class, the savage repression of the tenant-farmers' unions, the news which comes out concerning arrests of large numbers of persons made months or even a year or two previously, the mass arrests made whenever the Emperor is to pass from one place to another, the continual announcements of the arrest of large numbers of Communists, the evidence of Communist influence amongst the tenant farmers and the activities of the left wing even in these times when death is the penalty for being a Communist—all these are proof of the fact that the movement is still strong and that the idea persists amongst large numbers of people that only Communism offers a solution for the misery and starvation of the people.

Japan offers a fertile soil to Communism since the narrow basis of her national economy dooms any reformist labour movement to failure; the ruling class cannot give concessions to labour or help the tenant farmers without jeopardising its own existence. There are no strong currents of Liberal thought nor any possibility of reform without revolution since the Diet is powerless. Communism is the bugbear of every Japanese policeman, customs official, etc., as every foreigner must notice. The works of Marx, Engels, and Lenin, translation of which is not a paying proposition in most countries, were issued in Japan in

¹A special section of the police watches and spies on the students to prevent and detect 'dangerous thinking', and special funds are allocated for this purpose.

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hundreds of thousands of copies in the post-war decade, in spite of the fact that the translators and editors were frequently arrested. They were issued because it was a commercial proposition to publish such literature. It paid as only popular novels pay in England.

Dr. Washio has pointed out that university graduates are looked on with disfavour in the business world when applying for jobs because of the general belief that they are likely to be Communists or some kind of radical. He writes: 'One particular consideration that puts university graduates out of favour in banks' and companies' eyes is Marxism, by which almost all university graduates were influenced more or less before the Manchurian incident and are still to some extent affected.'

The influence of Marxist 'ideology' and Marxist economic and political terms is so all pervading that even the most conservative newspapers unwittingly use words like 'proletariat', 'proletarian parties', 'capitalists', 'bourgeoisie', 'finance capital', etc., which are never to be found in English liberal or conservative papers or journals, except in inverted commas.

Every year some thousands of Communists or 'dangerous thinkers' are arrested and Communism is announced as having been stamped out for the 'last time', but there appear always to be new members and new leaders prepared to carry on in spite of torture and imprisonment and death. This only happens in countries where the economic situation and political outlook are so hopeless as to preclude any possibility of reform and peaceful progress, and where young people see no alternative to martyrdom or suicide. Thousands commit suicide each year in despair, but far larger numbers join the revolutionary movement. In 1932, 6,900 persons were arrested as 'Reds'.¹ On 20th November, 1933, the police announced that 1,696 had been arrested during the first 8 months of 1933 on a charge of having worked to establish a proletarian dictatorship in place of the existing system. On November 30th of the same year it became known that three judges of the district court and five of their subordinates had been arrested on the same charge. In June 1934 it was announced that 2,000 members of the Pen Kyo, a Communist organisation, had been arrested in five prefectures alone (Aichi,

¹New York Herald Tribune, 19.1.1933, and other papers.

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Kanagawa, Nagano, Okayama and Ishikawa). Altogether some 50,000 persons were arrested as Communists between March 1928 and March 1935, according to reports in the Press.¹

In June 1935 the ban on publication of news concerning a Communist intrigue in Kyushu in February 1933 was lifted. 233 Communists had been arrested. One could continue with a long list of arrests which occurred at different times in different places, and the same surprise is always expressed that in spite of the previous clean up so many more Communists have been found to exist. In August 1935, in spite of all the previous 'complete suppressions', the Home Office announced its intention completely to suppress Communist agitation by extending the secret service throughout the country; an extra 400,000 yen for this purpose was included in the next budget estimates.

The arrested are most frequently students and teachers,² professors, writers and workers, sometimes peasants and sometimes clerks. But the arrests also show that Communism has penetrated into some of the most aristocratic families in the country. Several sons of peers were sent to prison in 1934 for Communist activity; two daughters of peers were hunted by the police for weeks and finally arrested in 1934. Nine judges of higher courts have been sentenced for 'dangerous thinking' during the past few years. The son of Viscount Mori was arrested in 1933. A young daughter of one of the 'divine houses', that of Prince Iwakura, was arrested for collecting funds for the Communists and tried to commit suicide in prison. Toshio Shibata, son of the Secretary of the Cabinet, was arrested in October 1932 together with other sons and daughters of wealthy families. Indeed, all classes of the population can be found amongst the Communists arrested. In November 1935 two prison warders at Aomori in the north were arrested as Communists.

It is true that of the thousands arrested many are eventually released after recantation, usually induced by torture or concern

¹*New Republic*, 25.12.1935.

²The *Yomiuri* in January 1933 stated that the Ministry of Education was much concerned over the increasing radical tendency among primary school teachers, since during the past four years a total of more than 400 primary school teachers were found to be connected with the radical cause. These teachers make efforts to form children's clubs to spread Communist ideas.

The *Japan Advertiser* of 21.10.1932 reported 40 arrests of school teachers as Communists in 3 months.

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for their families left destitute. The latter reason for recantation is indeed frequently given in the documents signed by the 'converted'. Probably the attitude of the 'converted' Communist who hanged himself and left a note saying: 'In spite of my conversion I see no other solution', is typical of thousands who have recanted under pressure, although they have not committed suicide subsequently.

The penetration of Communist influence amongst the youth even of wealthy families can in part be ascribed to the tyranny of the family system. In particular this is the case as regards women, whose status under the present social system is that of chattels, however high born and wealthy their families may be. Indeed, the old social customs which require that women shall be 'mentally killed in order to be deprived of the strength with which to ward off the disgraces heaped upon them' are maintained in all their cruelty precisely in the best families. It is with reason that the police regard the feminist movement as only a little less evil than the Communist movement, for both menace the existing social system. Even the middle class feminist movement finds itself inevitably at times drawn to act together with the labour movement. Moreover, the Japanese family system which deprives the young of all social intercourse between the sexes, of all gaiety and simple pleasures, which restricts the wealthy young men to the society of geisha and prostitutes and the poor student to that of café waitresses and 'taxi dancers', drives not only the young women to revolt, but also the young men. All the youth whose generous impulses have not been completely crushed by their chauvinist and reactionary education naturally revolt against the present social system, and many still choose the path to the Left not to the Right.

At the same time the increasing difficulty which the graduates of universities have in getting jobs, the terrible amount of 'unemployment amongst the intelligentsia' and the extremely low salaries paid to teachers, clerks, etc., drive hundreds of thousands of them and of the students to rebel against the present social system.

An article in the *Asahi* early in 1933 speaks of the 'waning confidence in the vitality of the capitalist system as the main cause of the spread of Communist ideas'. It is, says this newspaper,

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'to be doubted how much confidence the capitalist class itself has in its vitality. Although an inflation boom prevails at present unemployment as a whole is not reduced by it. The Social Bureau investigation indeed even shows an increase in unemployment. The unemployed derive no benefit from the social system and their increase makes one doubt whether the present system has not lost its power to feed the entire nation. The growth of this doubt cannot but engender Communist ideas.

'Statesmen, whilst spending tens of millions annually to keep an enemy from the gate grudge the cost needed for the prevention of a more dreadful enemy within.'¹

So convinced are even those in the highest positions that the force of Marxist theory is too great to be met by direct argument that in 1933 the procurator Hirota gave a course of lectures in which he said that Marxism, although right in theory, cannot properly be applied in Japanese society. This was, however, rather too dangerous a way of 'combating Marxism' and the Minister of Justice advised him to stop his lectures as 'liable to cause misunderstanding'.²

In spite of police terrorism and penalties, mass demonstrations such as May Day celebrations are attended by the workers in their thousands. The police also come in their thousands and few of the speakers are allowed to speak. All the Left Wing speakers are arrested as soon as they open their mouths and many others are also taken into custody when the parade is over.

Millions of yen are allocated in the budget for 'thought control' in schools and universities. Social studies are banned as it is taken for granted that they must inevitably lead the students to Marxism. Recently measures have been taken to reduce the number of students studying in the Government universities, since it is thought that education almost inevitably leads to 'dangerous thinking'.³

¹Translated in *Weekly Japan Chronicle*, 26.i.1933.

²Question and answer in the Diet on 1.2.1933.

³Kazami of the Kokumin Domei (the Fascist political party) said in the Diet in the 1933 session that many students of Government universities and colleges were arrested as Communists and that among the young people of refined and wealthy families there were to be found many supporting Communism. He said this was due to defects of social organisation. The Ministry of Education said in reply that 'since the graduates of Government universities came to possess dangerous thoughts because of their inability to obtain employment the Government is trying to restrict the number of students entering Government universities and colleges' (*Japan Times*, 30.1.1933).

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Those arrested for 'dangerous thinking' are of course not all Communists, but it is the Communists who are specially persecuted and specially sought after as the real danger to the established Government. Besides the actual Communists are all those elements from pale to deep pink who are lumped together as 'Radicals' in Japanese parlance as in the U.S.A. But in Japan 'Radicals' is a specially wide term applied today to almost anyone who repudiates Japan's fervent nationalism and the divinity of the Emperor, who stands for any kind of internationalism or democracy or indeed for any modern conceptions of politics as opposed to Japan's medieval myths and superstitions.

In Japan the recognition of the Emperor's divinity is even more the touchstone of patriotism and loyalty to the State than in Imperial Rome. In Rome not much more than the formal act of scattering incense before the Emperor's statue was required, but in Japan a man is expected to show his loyalty at every turn and is suspect if he does not. This gives rise to a quite false idea of the people's loyalty to the throne which is so often commented on by foreigners as a sign of Japan's stability and social solidarity. It is in fact quite impossible to judge of the reality and genuineness of this loyalty and reverence. Under a police regime in which the slightest sign of irreverence or disregard of ceremonial observance is an offence, under which actual open disbelief in, or contempt for the divinity of the Imperial House is a capital offence, and under which the mere omission of words of loyalty is suspicious and may lead to assassination by some patriotic gangster, it is quite impossible to gauge the extent of monarchial or patriotic sentiment. Take, for instance, the kind of story current of the school teacher who rescues the Emperor's portrait from the flames at the risk of his life. He does so because he knows very well that if he fails to do so he will lose his job. He does not act from motives of loyalty but from fear. When the population turns out in force to watch an Imperial procession, it does so by social compulsion as well as from the natural human desire to see a spectacle. Those who stay at home may be denounced by their neighbours or at least regarded as suspicious characters.

The author, when in Japan just after the present Emperor's Coronation, was invited to go and see the sacred buildings where

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the ceremony had been performed and was advised at the Mission school where she was staying not to refuse for fear of suspicion of 'dangerous thinking'. All the students at this large High School went and it would have been quite impossible for a single one to refuse. Refusal would have meant that one was a Radical, perhaps a Communist, and would probably have led to expulsion.

It is difficult for English people to understand how outward loyalty and reverence can be manufactured wholesale as in Japan.

So all pervading is the eye of the authorities and so prompt its arm to eradicate or crush all signs of dangerous thinking, i.e. criticism or scepticism concerning the various primitive taboos which surround the Emperor, or criticism of the 'system of private property' or even of the out-of-date Constitution—that the ordinary individual thinks discretion the better part of valour and is assiduous in showing outward signs of loyalty and obedience. Hence all estimates of the loyalty of the people, or of the strength of the present form of Government, which depend on outward signs are valueless. So little confidence have the authorities in the outward signs of loyalty that the Emperor cannot move anywhere without the most elaborate precautions for his safety. Thousands of police guard him, and the persons lining his route are searched for firearms or bombs. Even schoolboys are searched and watched. The behaviour of the authorities leaves no doubt of their complete mistrust of the sentiments of the majority of the population.

Those who support Japan abroad, those Conservative circles in Britain who imagine Japan to be the stable power in the Far East, the progressive and civilised and orderly State which can be trusted, if allowed to go ahead, to save Asia from Communism and safeguard the interests of British Imperialism in the Pacific, should at least realise that they have to do with a powder magazine. Japan is a powder magazine full of mad hatred of the West, acute social antagonisms, the stored resentment and fury of the millions of underclothed and underfed workers, peasants and artisans, and of the desperately struggling petty bourgeoisie, and an explosion sooner or later is inevitable. Nor should it be imagined that if Japan is allowed to continue her present victorious

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aggression in China the danger of an explosion will pass away. Foreign conquest and the acquisition of China or parts of Siberia as a colony cannot save Japanese Imperialism. This would not solve her agrarian problem and would offer no prospect of a livelihood for the small industrialists or artisans, although many still harbour the illusion that it would do so. Japan's further Imperialist expansion would merely further widen the gulf between the rich and the poor, between the holders of immense wealth and the propertyless. For all the loud talk about overpopulation, capital would not be forthcoming to finance mass emigration to Siberia any more than to Manchuria. Those who hold Japan's scanty capital accumulation have never intended using it for unprofitable emigration settlements when it can bring in easy profits from cotton plantations in China, rubber plantations in the South Seas, or from the opium trade in China and Manchuria, or from railway development in China, or from exploiting the cheapest of cheap labour in Korea and China, or from marketing the goods of, and lending money at high interest rates to, millions of peasants in China and elsewhere. The leopard does not change his spots and Mitsui, Mitsubishi, Sumitomo, Yasuda and the rest of the giants, will continue to invest their money and make their profits in just the same way as before: in usurious lending, in developing plantations in the colonies, in large scale industrial enterprises and in lending to their Government to enable it to finance further military aggression. For all their loud talk about Japan's 'population problem', they will not use it to finance emigration from Japan's starving villages or to set up the unemployed of the towns in the newly conquered territories. Moreover, it is one of the insoluble contradictions arising from Japan's failure to transform her semi-feudal agrarian economy that she cannot greatly increase the supplies of cheap rice from her colonies to feed her growing population without dealing a crushing blow at her landowners and peasants.

It has become quite obvious that in so far as Manchuria is being developed at all it is being developed by Mitsui, Mitsubishi, Sumitomo, Yasuda and Okura—not by the State in the interests of the Japanese people as a whole. This was of course inevitable. It was naturally impossible to establish any kind of

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State Socialism in Manchuria so long as all capital in Japan itself remained the property of individuals. Manchuria's resources could not be developed without capital, and capital could only be obtained under the present social system if the Japanese capitalists were encouraged to come and invest there. The army could no more dispense with the co-operation of the Japanese financiers and industrialists if Manchuria were to be any use to them, than they could conquer Manchuria without the financial and political support of the millionaires, or without the munitions made in the latter's factories. In any case there is little doubt that the army leaders have been quite ready to come to terms with the capitalists provided they get a share of the profits in the same way as the Elder Statesmen had co-operated with Mitsui, Mitsubishi, etc., in return for a share in the profits of these businesses. Japanese Samurai, old or new, are just as ready to 'sell themselves for a trifle' as the politicians, or as the *ronin* and *soshi*, who can be hired to commit murders. In addition to this, one must not forget the fact that the Kwantung army must be making a good thing out of the trade in narcotics which, under their protection, now flourishes in Manchuria and North China.

It is not necessary to go into any detail as to the way in which those altruistic and noble tribunes of the people, the Japanese army commanders, have got mixed up with the self-seeking capitalists.¹ The facts speak for themselves. The scheme of the military for the development of Manchuria as given in the *Manchuria Year Book* clearly shows that 'the system of controlled economy is nothing but a shield covering the familiar figure of a Japanese capitalist who has thrown over himself a purple toga of "National Socialism" modelled after the Japanese manner.'²

Under the protection of the 'anti-capitalist' generals Japan's few millionaires have monopolised everything profitable in the new colony.

¹In a book written in Japanese entitled *The Economics of War*, by Nazaki, a list is given of 73 generals, lt.-generals, and major-generals, who are acting either as directors or managers, or as advisers, on the Boards of Companies, in order to serve as connecting links between the industrialists and the War Office.

²*China Weekly Review*, 25.5.1935.

CHAPTER X

Japan and a War Test—Food, Armaments, Morale and Finance

I

Although it has always been a truism that armies march upon their bellies, and although it is equally obvious that modern wars are won by the side which is backed by the most developed industry and has access to the most abundant raw materials, Japan has for long made the world believe that she is invulnerable. Consequently, she has recently been allowed to go rattling her sabre all over the place, and to commit unprovoked acts of aggression one after another with complete impunity, the general belief being that it is no good trying to stop her because her position is too strong. She has in addition the advantage of being the only Great Power not exhausted and disillusioned by the World War. For Japan the war of 1914 to 1918, although she was nominally a combatant, was an unmixed blessing, an unparalleled opportunity for economic expansion. She had all the advantages of being an ally of the victorious side and none of the disadvantages of a belligerent. Apart from her navy rendering some assistance to the Allies in conveying troops from Australia and in patrolling the Pacific she took no part in the war. The only fighting she undertook was against the small German garrison at Tsingtao. She was left a free field in the markets of the East, and was able for the first time in her history to enjoy a favourable trade balance and to accumulate reserves. Japan's previous wars, fought against powers weaker than herself, and financed largely by England, have always given her substantial advantages. In a word Japanese people, far from being war weary are, or were until a short while ago, avid for war. The ignorance of the mass of the people keeps them from any real understanding of the strength of Japan's opponents, and war is

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made palatable to them, not by hypocritical talk of justice and right, making the world safe for democracy and so on, but by the frankly avowed prospect of loot: of land, markets, raw materials and indemnities extracted from the vanquished. This means that Japan has had the advantage, during the past five years of world economic crisis and depression, of being able to start a war of conquest in China with popular support, whereas most of the other Powers know their peoples to be thoroughly disillusioned concerning war and ready to do almost anything to avoid it.

Nevertheless, Japan's ignorance of what a real war means, even though it gives her a momentary advantage, would be a source of weakness when the test came, no less than her weak raw material basis, her poorly developed heavy industry, her backward agriculture, and the extreme social tension within the country.

The test which a real war would impose would be unexpected and so doubly disastrous. Like a young bully who has never met boys as big as himself, Japan would crumple up during her first serious fight.

The illusions which exist in Europe and America concerning Japan's strength—military, industrial and social—make it necessary to examine in some detail what is likely to happen if Japan is subjected to a real war test.

We have already seen in Chapter II how puny are Japan's raw material resources and how entirely dependent she is on access to British Empire and American markets. The conquest of Manchuria has not substantially altered this. It will be many years before Manchuria is sufficiently developed to remedy Japan's lack of cereals, meat, fats, wool, hides and timber. As regards iron and coal and non-ferrous metals, we have seen that although Manchuria's resources constitute a very great advantage to Japan they are insufficient. If Japan gets control of North China her iron and coal position will be immeasurably improved, and she may eventually be able to obtain large cotton supplies there also. But all this will take time and require capital which Japan has not yet got, so that ultimately Japan's future strength or weakness with regard to many essential raw materials depends largely on whether she is left unmolested for the next

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ten years or so, and on whether English or American or French capital is forthcoming to assist her. What I am concerned to show in this chapter is Japan's present weakness. Naturally, if she is not checked she may eventually become strong enough to stand alone and defy the world, in so far at least as the Far East is concerned.

Let us then first examine what would be the food position in Japan in the event of her becoming involved in a great war. Food is still the primary necessity of an army and of the civilians who support it. Germany collapsed in 1918 mainly because her people and even her armies were starving. Tsarist Russia collapsed even sooner on account of food shortage, dislocation of transport and breakdown of industry. Would the Japanese population starve if Japan had to fight any Great Power—England, the U.S.A., or the U.S.S.R.—single handed? Incidentally, the facts to be brought forward concerning Japan's food consumption are of interest also as illustrating the very low standard of life of the people.

The main foods of the Japanese population are rice, barley, soya beans, marine products (including seaweed) and sweet potatoes. Amongst these rice occupies a far more important place than any of the rest, and fish is a luxury for the working class and the peasantry.

Barley and sweet potatoes are regarded as a cheap substitute for rice, and are consumed by the poorest sections of the population. Taking the nation as a whole, rice accounts for nearly two-thirds of the total food consumption.¹ In no other advanced or civilised country does the staple foodstuff represent anything like so large a proportion of the food produced and consumed as in Japan. There is, however, a slow but clear tendency towards increased consumption of animal products and wheat, which would be sharply accentuated if a large part of the population were drafted into the army and the munition factories.

Since 1920 there has been no increase in the yield of rice per

¹Proportionate consumption of various foodstuffs in Japan, as given in E. F. Penrose, *Food Supply and Raw Materials in Japan*, University of Chicago Press.

Rice	Other cereals	Fish	Other animal foodstuffs	Potatoes	Beans	Fruit	Tea	Total
62.6	10.2	10.8	5.7	4.5	2.6	2.5	1.1	100

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acre and only a slight increase in the area cultivated, but this has been at the expense of other cereal crops, so that since 1920 Japan has been unable to increase her total food supply. Recently there has been an actual decrease in total output, marking a degradation of agriculture. It is clear that the maximum area of cultivation and the maximum productivity per acre has already been reached under the existing social system. The increase in total consumption has been made possible by increasing imports. Whereas in the five years 1908 to 1912 the ratio between home production and net imports of rice was 95:5, in 1928-1932 it was 87:13 and in the year 1932 it had fallen to 69:31. The deficiency in home production is made good almost exclusively by Korean and Formosan rice, so that *at the present level of consumption* imports from outside the Japanese Empire could easily be dispensed with.¹

Total rice production in the Japanese Empire increased from 67 million koku in 1914 to 84 million in 1932, but the increased supplies of Korean and Formosan rice imported by Japan have been largely obtained by a veritable squeezing out of rice from the peasantry, who are compelled to give up practically all the rice they produce and to live on cheap imported Chinese or Manchurian millet. In 1919 only 13% of Korea's rice harvest was exported; in 1931 42% was shipped to Japan. A comparison of the average for 1918-1922 and 1928-1932 shows that whereas the total yield has increased by only 25%, exports to Japan have increased by 300%.

Although the military objective of making Japan capable of feeding herself has been achieved so long as supplies from Korea and Formosa are available, this will be true only so long as consumption remains at its present level—a level which signifies actual famine in some districts and serious undernourishment for a very large part of the population.

Barley is important in Japanese diet because it is cheaper than rice and has a high vitamin value. The next most important cereal is naked barley. Neither of these is imported. The cultivation of wheat is being encouraged by the Government in the few areas where the soil is suitable; the large imports are mainly

¹The per capita consumption of rice has fallen since 1930 from 1.124 koku to 1 koku.

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for the milling industry, not for consumption, since most of the flour is exported. Nearly one half of Japanese wheat consumption is derived from imports. Oats are extremely important in time of war as fodder for the horses, yet Japan's total production is a mere 1·6 million quintals as against Germany's 66·5 million and England's 23 million. Any attempt to make good the deficiency in the supply of oats for fodder by barley would cause a serious shortage in barley supplies for the poorer sections of the population.

Soya beans are far and away the most important product of Manchuria. They supply Japan with oil, food and fertilisers, the oil being particularly valuable as it is the only fat contained in the diet of the majority of the Japanese population. Manchuria is also indirectly of importance in supplying the Korean peasant with the millet which makes his rice crop available for shipment to Japan.

The Research Office of the South Manchuria Railway estimated that in 1930 82% of the soya beans, 31·8% of other beans and 13·4% of all other cereals produced in Manchuria were exported. This means that, apart from soya beans, there is an exportable surplus of about 17 million quintals of cereals available for Japanese and Korean consumption. Deducting the millet for Korea, this leaves about 15 million quintals for Japan proper or about 22 kg. per head of the population. It must be assumed, however, that the greater part of these exports would be used, not for human consumption, but for the baggage animals and the horses and mules required by the cavalry and artillery.

Animal foodstuffs, however small a proportion of the Japanese diet they constitute in peace time, would be a necessity for her armies operating in the cold climate of north-eastern Asia, and also for her munition workers.

Japan is the largest 'producer' of fish in the world, her yearly catch being double that of England, but she is extraordinarily poor in livestock. Such foodstuffs as butter, milk and cheese are practically unknown to the Japanese, except for a small section of the upper classes, and need not be considered here.

Japan's consumption of meat in 1929 was only 100,000 tons, or less than 1½ kg. per year per head of the population. She has therefore to rely almost exclusively on her fish supplies. Al-

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though her catch represents nearly $\frac{1}{4}$ of the world's total supply and is therefore far more than sufficient for her own needs, it should not be concluded that fish would solve Japan's food problem in war time. It is true that the surrounding seas of Japan provide fishing grounds to the extent of 924,000 square miles, but these waters are not completely within Japan's control. Her coastal fishing grounds are being gradually exhausted and she is becoming more and more dependent on the waters round Sakhalien and the Khamchatkan shore and in the Nicolaievsk region. Without these Japan would lose about one-third of her fish resources, both directly for human consumption and indirectly as fertilisers needed for her rice cultivation. The ex-Tsarist General, Professor Andogsky wrote in 1926:

'In case of war on the Pacific Ocean Japan will consider it a matter of life and death to endeavour to occupy the fishing regions on the Russian shores: Nikolaevsk, Sakhalin and Kamchatka, so important as suppliers of fish, and Northern Sakhalin, which occupies a commanding position with regard to the Amur Estuary and the Okhotsk sea, as far as Kamchatka.'¹

This passage illustrates the paramount importance of the attitude of the U.S.S.R. in any war against Japan. Although Russia has no large navy in the Pacific to cope with the Japanese, both her air force, her submarines and the possibilities of mine laying would enable her to prevent the Japanese fishing fleets from operating in these waters.

Another point which has to be considered as regards Japan's fish supplies in war time is the primitive technique which reduces her productivity in fishing as in agriculture. Although her pelagic fishing in Russian territorial waters is necessarily undertaken by companies with large resources and well equipped boats, her coastal fishing (accounting for $\frac{3}{4}$ of her total catch) is mainly done from small boats without engines.

In 1932, out of a total of 360,686 fishing ships only 12% had engines. Of the 315,217 without engines 97% were under 5 tons. Fishing of this kind is little more than an extension of peasant agriculture; the number of persons partly or wholly engaged in fishing is very large in comparison with the quantities caught. Overmanning and undercapitalisation are as characteristic of

¹*Means of Solving the Problems of the Pacific Ocean*, published in Harbin, 1926.

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Japanese fishing as of Japanese agriculture. Since in time of war large numbers of peasants from the coastal villages who are also fishermen would be taken into the army and navy, the quantity of fish obtained by Japan from her coastal fisheries would be very much reduced.

Provided she has access to Formosa, Japan is now self-sufficient in sugar. Although for the mass of the Japanese people sugar is a luxury, it would, as a heat-giving food, be required as part of the regular diet of the army and navy, so that thousands of peasants who now never taste sugar would, as soldiers, become consumers and so raise the total demand.

The Japanese chemical fertiliser industry and imports have been dealt with in Chapters II and III. Although present production is not up to productive capacity, Japan in time of war would probably find herself with inadequate supplies if outside supplies were difficult to obtain. The substitution of bean cake fertilisers (which contain both nitrogen and phosphorus) from Manchuria, could not be made without lowering the productivity of the land, since bean cake is less efficacious than a combination of ammonium sulphate and superphosphates.

Lastly, as to human excrement (night soil), the withdrawal of many peasants from agriculture into the army would affect its quantity, and the poorer diet of the masses, which would result from a prolonged war, would affect the quality. Although the night soil in Japanese towns is collected and sold to the villages, this is a far more expensive source of supply than what is collected in the home and costs the peasants nothing; moreover, there is necessarily wastage. The total amount of night soil and green manure consumed is estimated to amount still to about half the total fertilisers consumed, so that the number of human beings in the villages and the quality of their nourishment (which affects their excretum) are still of primary importance in Japanese rice culture.

I come finally to consider Japan's total and per capita consumption of the main cereal crops and of the likely effects of war on her production and consumption of all foodstuffs.

Average annual per capita consumption of rice, barley, rye, and wheat in the five years 1928-1932 works out to about 187 kilograms, or a total of some 12 million tons for the whole of

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Japan. Of this quantity some 80% of the rice, all the barley and rye and about $\frac{1}{2}$ of the wheat is produced in Japan proper. If we consider the Japanese Empire as a whole, then the necessary peace time supplies of all these four cereals, with the exception of $\frac{1}{2}$ of the wheat, are produced within its borders, but Korea requires to import millet from Manchuria.

Taking only the consumption of the principal cereals, one can usefully compare the figure of 187 kilograms per capita with the estimated figures for Russian pre-war consumption of rye and wheat as given by S. S. Demostheno.¹ These come to 8·3 poods of rye and 6·6 poods of wheat for all Russia and to 9·11 and 6·01 poods respectively for European Russia, i.e. to a total of 238 kilograms for Russia and 241 kilograms for European Russia. The very great discrepancy between this figure and the one for Japan is only to a very small extent, if at all, explained by a greater consumption in Japan of minor cereals—since in Russia the consumption of minor cereals such as buckwheat, millet and barley was certainly of no less importance than in Japan.

The various bean products which form part of the food of the masses in Japan must be counted against Russia's butter and oil consumption, since it is only in bean products that the majority of the Japanese population get any fats.

There is no doubt at all that in war time much higher rations would be required not only by the soldiers, but by the workers engaged in munition making, shipbuilding and transport.

Even in peace time the amount of rice calculated as necessary for a male manual worker works out at 1·825 koku per annum as compared with the average per capita consumption for the whole country of about 1·1 koku, and this average does not allow for the quantities of rice used for making sake, or for seed, and is therefore too high an estimate of actual consumption. The amount required by a munition worker in time of war would undoubtedly be 2 koku per annum. He would also require increased fish or meat rations, more bean products, some sugar, wheat and other cereals to be able to work at full pressure. The soldiers, who come mainly from the peasantry, would consume

¹Part II, page 358, of *Food Supply in Russia during the World War*, published under the direction of P. B. Struve by the Carnegie Endowment for International Peace (1930).

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far more than when at home. The majority of peasant families eat much less than the national average of 1·1 koku of rice per head. They are definitely undernourished; they never taste meat and even their fish consumption is very small. As soldiers the peasants would be bound to receive not only greatly increased quantities of rice but also flour, meat, sugar, fish and oil. Their food standard would have to be brought even above the present comparatively high standard of the worker in heavy industry. In particular the soldier receives a meat ration whereas as a peasant he consumed no meat. One may here again usefully compare the experience of Russia in the war. It has been calculated that whereas in civil life the Russian soldier consumed an average of 0·3 pood of meat per annum, in the army he received 6 poods (98·28 kg.).¹ Later the daily meat ration was reduced to $\frac{3}{4}$ lb. This works out at 79·4 kg. per year.

Is the Japanese soldier capable of bearing the strain of modern warfare on a much poorer ration than the Russian? This is most unlikely and in any case the Russian soldier found his supplies during the Great War insufficient to enable him to bear that strain.

Japanese army rations have recently been increased to include 124 kg. of meat a year for those on active service, which means 1,241,111 tons of meat a year for an army of a million men in the field. This figure is twelve times larger than Japan's total meat production of about 100,000 tons and allows nothing for the troops in Japan or for civilian consumption.

On the basis of these figures a Japanese army of a million men in the field, plus half even of the present total consumption of Japan, would require the slaughter of 1,100,000 large-horned cattle. Yet Japan herself has only 1½ million cattle.

It is true that Japan's fish supplies are ample but the transport of fresh fish to the army would be impossible in most regions where it would be likely to be operating, and although tinned salmon and crab—ample supplies of which would only be forthcoming provided she retained access to Siberian waters—offer a substitute for meat and fresh fish, it would necessarily be mainly dried fish, fish paste and fish oil, etc., which could be supplied to the army in the field in large quantities.

¹P. B. Struve, *op. cit.* pp. 204 and 166.

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Although the numbers of the peasantry are so large and although there is today some superfluity of labour on the land, it is not to be thought that Japanese agriculture could spare large numbers of men for the army and for industries. The primitiveness of technique—the huge amount of labour required to produce a comparatively small quantity of rice—makes this unfeasible. Nor is there a large surplus from agriculture available in time of war for the support of the armed forces and munition workers. Japanese agriculture is definitely not sufficiently modern in technique to survive the economic strain of a modern war, which would withdraw large numbers of peasants from production. Man power would gradually become insufficient to make the land produce as much as before, especially as the greater attractiveness of work in industry, made available by war time demands, would soon draw large numbers of men and women away from agriculture. We have before us the example of Tsarist Russia in the world war. For all the talk of the Russian steam roller and the belief in Russia's inexhaustible reserves of man power, it was quickly apparent that you cannot remove millions of peasants from the villages in a country of primitive agricultural technique without a breakdown of the whole national economy.

The present high productivity of the land depends on the large quantities of labour power and of fertilisers applied to each acre, and the reduction in both which would be bound to result from war would be much more acutely felt, and much more disastrously shown in decreased productivity, than in a country where modern large-scale farming methods have been adopted.

It is these facts which make all calculations based on Japan's present production of foodstuffs somewhat unreal, since the strain of war would undoubtedly very rapidly diminish the total production of rice and other cereals.

Even in Germany with her modern agricultural technique the wheat harvest decreased by 13% and the potato yield by 18% during the course of two years of war. In Japan the fall would certainly be much steeper and would probably be nearer 25% for rice production. If the fall were only 15% or 20% in the first year of war this would reduce her rice production by nearly 2 million tons and she would cease to be independent of foreign rice imports.

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To summarise the foregoing for the purpose of our estimate of the adequacy of Japanese food resources in time of war, we have to consider on the one hand the very greatly increased consumption resulting from the necessarily higher standard of life of the soldiers as compared with the peasants, and on the other hand the necessarily lower productivity of the land which would result from less labour power and less fertilisers. These two factors, present in any country in time of war, would be more disastrous in Japan than in any other great country owing to her low standard of living and low level of technique.

The food consumption of the mass of the people is only kept at the present extremely low level by poverty and unemployment. In case of war there would cease to be unemployment, so that the effective demand for foodstuffs would increase enormously. At the same time the peasants able to obtain higher prices for their produce would feel the burden of interest payments somewhat less than at present and would probably keep more food for their own consumption. This would especially be the case if there were also a shortage of manufactured goods due to the diversion of labour into war industries and to the difficulty of paying for imports of raw materials. Consequently there would be a steep rise in the price of rice, barley, wheat, etc. This phenomenon which naturally results from war conditions, would be very marked in Japan, where the majority of the population are on such a low level of subsistence that any increase in their incomes goes inevitably towards increased purchases of foodstuffs. It is much less marked in a European country with its much higher standard of life, where an increase in working class incomes means a greater demand for manufactured goods and services and only a comparatively small increase in the consumption of staple foodstuffs, or even a decrease and an increase in the consumption of secondary foodstuffs.

Even during the Great War in which Japan took no part as a combatant, the price of rice rose from an average of 13·69 yen per koku in 1916 to 33·9 in November 1917 and to 43·9 in October 1918, with extreme fluctuations from month to month. The despatch of a Japanese force to Siberia against the Soviet Power in 1918, though so small a force in comparison with a modern army, served to push up prices. If the rice market could be so

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affected in Japan merely by the repercussions of the war and the despatch of a small force to Siberia, it can be imagined what would be the effect on prices of a war in which Japan herself was involved as a principal combatant.

War itself would bring with it a number of new factors such as destruction of crops by the opposing armies (e.g. in Manchuria), the effects of air raids, the question of control of the sea routes between Japan and her colonies and Manchuria and also her ability to protect her fishing fleets in northern waters. There is also the question of how far Japan would be able to squeeze more food supplies out of Manchuria, and even the same quantities as now out of Korea and Formosa, without the subject populations seizing the opportunity of war to revolt.

All estimates which proceed merely on statistical data of food supplies produced and consumed, and leave out of account Japan's foreign balance of payments, are bound to exaggerate her real resources. To take only one instance: if Japan ceased to export marine products because she needed all her fish for her own consumption, she would lose part of the financial resources required to import phosphorites, cotton, wool, iron and other primary necessities.

Japan's unfavourable balance of trade and dependence on imported raw materials has already been dealt with in Chapter II. We have seen that she is extremely deficient or totally lacking in such essential war materials as iron and steel, manganese ore and most other steel alloys, rubber, oil, cotton, wool and hides, and that she has insufficient supplies of copper. Manchuria does not as yet appreciably better the position for Japan. The small quantity of capital invested there in mining, industry and agriculture since its occupation by the Japanese has radically improved the position only as regards bean products, lumber and cement. Japan has not been relieved of the necessity of importing all the above commodities, and many others, from abroad in considerable quantities. The securing of such imports, even if she were not diplomatically isolated from the Great Powers of Europe and the U.S.A., would present an insoluble financial problem unless she received large foreign loans. Before proceeding to the question of Japan's financial position it will be well to consider her military requirements.

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II

In order to make any kind of rough calculation concerning the strain of a great war in Japan one must have some idea of the size of the army which she would be able to place in the field. The German General Haushofer, who has already been mentioned as a sort of liaison officer between Japan and Germany, gives $2\frac{1}{2}$ million as the total strength which Japan could mobilise. This figure includes her home defence and rear defence forces and reserve units. The German military newspaper *Deutsche Wehr* estimates the active army as 1,200,000, but this includes the forces on the Chinese frontier and in Manchuria.

In Germany, which has a population only slightly smaller than Japan, only $9\frac{1}{2}$ million men could be called up in 1916 (at the period of maximum effort) out of 15 million men of military age. Two million were unfit for military service and the rest had to remain in industry and agriculture. The numbers of the latter were in any case totally inadequate even in Germany with her most up-to-date industrial and agricultural technique and extreme efficiency in organisation. A similar calculation for Japan would give a far smaller number of recruits on account of the greater average size of families and the smaller number of those of military age. In spite of all the talk about overpopulation, Japan has only $6\frac{1}{2}$ million men of military age, so that allowing the same proportion as mobilisable as in the case of Germany in 1916 we get only $4\cdot3$ million. The number of men who are, or have been, on military service is $2\cdot7$ million, so that $2\frac{1}{2}$ million is about the number who could be mobilised during the first year of war.

The Great War gave some indication of the toll of deaths and casualties in modern war and the tremendous reserves of man power needed to replace them.

France, in the first year of the war, lost 80% of the original army she had in the field. Tsarist Russia lost 130%. Army writers have calculated that in view of the greater perfection in the arts of war since 1916 (i.e. the greater possibilities of killing or maiming people in a short time), at least 100% of the original army in the field would be lost in the first year of war. The ex-

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perience of the world war further shows that of these losses 64% of the total strength of the army in the field would be a complete loss in the course of a year, i.e. killed or permanently disabled. Japan's man power would accordingly be sufficient to last for 2½ years, but such a calculation is entirely fictitious in view of her economic disadvantages. It is made only in order to give some indication of the demands of modern warfare. It is, however, not to be supposed that a war whose main territory of operation was on Chinese territory or in Siberia, would be fought in quite the same way as in Flanders and northern France. The fighting would probably not be so intensive and the casualties not so high. Against this has to be set the greater destructiveness of present day armaments.

In any case, in estimating Japanese man power one must not forget that, in spite of all the current ideas about the powers of endurance of Japanese soldiers, a very large percentage of the population is not fit enough for active service. Starvation and undernourishment take their toll in disease and physical unfitness and Japan is most unlikely to be able to send as large a proportion of her young men on active service as Germany was. This is an additional reason why she would not really be able to mobilise 4½ million men, apart from the economic weaknesses which we have surveyed in other chapters.

In fact the Japanese military have of late become seriously alarmed concerning the deterioration in the physique and health of recruits. General Terauchi, the present Minister of War, told the Cabinet in July 1936 that examinations of young men for military service in the last few years have shown an alarming increase in the numbers of those physically ineligible for service. He stated that the number of men exempt from military service for reasons of health had risen from 250 to 350 per 1,000 between 1925 and 1932, and had reached 400 in 1935.¹ This is a clear reflection of the starvation and undernourishment in the villages.

If only 60% of the men of military age are fit for military service this reduces the numbers Japan could mobilise to less than

¹British United Press message from Tokyo on 4 July, 1936. See also *London Times*, 4.7.1936, in which their Tokyo correspondent reports that the military are demanding the establishment of a Ministry of Health.

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4 million, even if all the physically fit were called up—an obvious impossibility.

When one speaks of Japan being engaged in a real war and of her man-power resources, one naturally envisages a war against the U.S.S.R., which as the only other continental power in the Far East is, in the last analysis, the only country which can cope with Japan in land warfare. That is to say, the U.S.S.R. is the only country which could put as strong, or stronger, armies in the field as Japan in any land warfare in Eastern Asia. A war against England or the U.S.A. would naturally be mainly a naval war and even more definitely a war of attrition. As regards armies neither England nor the U.S.A. could send anything but small forces to fight so far away. With regard to naval warfare it may be noted here that the English naval expert, H. C. Bywater, in spite of the fact that he is one of those who stress Japan's strategic invincibility in the Pacific, states that the personnel of the Japanese navy in 1912 was from 2 to 3 times as large as the British in proportion to the respective tonnage totals; he considers there has been little change since then.¹

It is not only with regard to raw materials that Japan is too weak to fight a big war successfully—whether on land or sea—nor is it only because of her backward agricultural technique and the prevalence of handicraft and semi-handicraft production in a large part of her industry. Japan is also incapable as yet of making sufficient quantities of certain vitally necessary armaments. She cannot herself yet produce anything but small quantities of airplanes and airplane engines, tanks and automobiles and high calibre guns; nor can she yet produce most kinds of engineering and armament equipment: that is to say, the machinery with which to make machinery and armaments.

This latter weakness means in the first place that she would be unable to dispense with foreign equipment, and that if unable to import it, the terrific wear and tear of war time would very soon impair her existing productive capacity. Here again we have before us the example of Tsarist Russia where depreciation of machinery could not be made good during the world war and productive capacity sank at a catastrophic speed. In addition to this, Japan would probably not be able either to invent new

¹*Sea Power in the Pacific*, p. 17.

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machines of war nor to copy the new inventions of her rivals. Although in the chemical, electrical and shipbuilding industries Japan's level of development is sufficiently advanced to enable her to keep abreast of new inventions, and possibly even to make inventions herself, in engineering as a whole she is far too backward. She certainly would not be able, out of her own resources, to keep pace with the general progress of mechanisation of armies, and the development of aviation, and 1914 to 1918 showed how rapid these developments are in time of war. If Japan had an army of one million in the field she would, at the lowest possible estimate, require 5 million tons of steel during the first year of war. Yet she has only succeeded by great efforts in pushing up her steel production to 4·4 million tons in 1935 from 1·9 million in 1931. This represents her utmost effort and compares with 12 million tons made in Germany for war purposes towards the end of the war.

Even if we allow 1½ million tons of steel as available in Japan for shell making (allowing only 3 million for other armaments and for communications, engines, motor pontoons, repairs, transport, etc., and for ordinary industrial purposes), this would only produce half a million tons of shells, which for an active army of 1 million men gives approximately half a ton of shells per man. This compares with the world war ration of 1·3 tons per man in Germany and 1·01 for the British and French armies.

The above estimates are taken from a recent extremely comprehensive analysis of Japan's military resources and needs: *If Japan Goes to War*, by Tanin and Yohan.¹ Production of the quantity of cartridges, shells, grenades and air-bombs, armaments and transport laid down by these authors as Japan's requirements for one year of war would need: 140,000 tons of copper, 70,000 of zinc, 50,000 of tin, 1,000,000 of lead and 36,000 of aluminium. Even as regards copper Japan is only 80% self-sufficient in peace time, she has no bauxite (for aluminium manufacture) and practically no lead, zinc or tin.²

As regards high grade steel, 400,000 tons is estimated as the

¹International Publishers, New York, 1936.

²Japan's 1934 production of lead is only 7,000 tons as against Germany's 59,000, Britain's 55,000 and Italy's 19,000. In war time practically the whole of the lead for her bullet supply would have to be imported. The same is true of the zinc for shells.

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war time demand for the purpose of making armour plate, gun tubes, armour-piercing shells, important parts of automobiles, steel for aircraft, etc. Such steel requires nickel, vanadium, chromium, molybdenum, wolfram or manganese, and the peace time demand for most of these alloys (in all of which Japan is almost totally dependent on imports) would be doubled and that for manganese trebled.

Mention must also be made of the need of rubber and of cotton or wood pulp for the manufacture of explosives. As regards nitric and sulphuric acid for the same purpose, Japan would be more or less adequately supplied with these chemicals only if she cut down the consumption of nitrogenous fertilisers.

It is already abundantly clear how weak Japan is from the purely military point of view.¹ One can usefully cite here the estimate given by the above Russian military experts of Japan's import needs of raw materials for the first year of war. In their calculation the estimates are made for the first 3 half years separately; for one year they work out at 744 million dollars.

Allowing 80 million dollars deducted for civilian needs from the above total of 744 million, and adding 8% for freight, the authors arrive at a figure of 725 million dollars, equivalent (May 1934) to 2,200,000,000 yen. This is just about equivalent to normal peace-time imports (1929). Accordingly imports in war time would have to be doubled even during the first year. In the short Russo-Japanese war Japan increased her imports only 50%, and yet was on the verge of collapse and could not have won without foreign credits. Although this war cost Japan only yen 2,000,000,000, it landed her in debt to the U.S.A. and Britain to the amount of yen 700,000,000 and increased her total national debt over 1½ milliard.

The above estimates cannot of course be taken as exact, but they are useful as giving some idea of what Japan's requirements of foreign currency or loans would be. Let us remember that

¹This fact is, of course, well recognised in Japan, and admitted in reports and in articles published in Japanese, and not meant for foreign consumption. For instance, the Director of the Japanese Economic Research Institute wrote as follows in 1932: 'In the event of Japan becoming diplomatically isolated from the powerful countries of Europe, there would be real reason to be disturbed about the weakness of Japan's productive capacity.' Other such statements have been quoted in Chapter III.

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Japan has an adverse trade balance in normal times and that her total balance of foreign payments is also unfavourable. It is abundantly clear that even if the above estimates of her essential military imports for a war involving an army of a million men in the field proved to be somewhat too large, or even if she fought a war in which smaller armies were involved, she would have no resources at all with which to finance it. The same is obviously true of a naval war. Leaving aside for a moment the question of what would happen were she involved in a war with England or the U.S.A., it is clear that she could not fight the U.S.S.R. without obtaining credits from abroad infinitely larger than those she obtained in 1905.

The U.S.S.R., on the other hand, has an abundance of almost all raw material resources including food, and her agriculture is already very far on the road to being completely mechanised. She has a population more than double that of Japan, her heavy industry is much further developed and her air fleet is not only much larger,¹ but is admitted by the Japanese themselves to be superior to their own.

It is obviously these facts which have up to now prevented Japan from attacking Russia. Her better informed rulers know that without a guarantee of large credits abroad Japan cannot face modern Russia.

As regards the assumption in certain quarters in England that Japan would be a certain winner if given financial assistance, all the facts given in this book disprove it.

III

Recent occurrences in Japan make it even more obvious than before that Japan is on the verge of a social upheaval. Would any sane financier favour giving loans to the Japanese Government when at any moment all its leading members may be assassinated? Is there any hope of financial stability in a country where a section at least of the army has recently been at open war with the Government, has assassinated the Finance Minister and the Emperor's highest Court official and adviser, and also one of the three heads of the Supreme War Council, at-

¹The U.S.S.R. had 3,000 military planes as against Japan's 1,000 in 1934.

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tempted the assassination of the Prime Minister, seized public buildings in the capital, and negotiated 'terms' with what remained of the Government? If the rebellious army officers are strong enough to force the appointment of their own nominees as ministers in a new Government, is it to be thought that they would hesitate to repudiate Japan's foreign obligations when they think the time opportune? On the other hand, if the 'moderate' type of Government of the past few years remains in existence, how can it be thought safe to give it financial assistance when it may at any moment be blown up or wiped out by the guns of the army?

There can be little doubt that the strain of a real war would quickly bring Japan's rickety social and economic structure crashing to the ground. This is fully realised by her 'moderate' statesmen. Hence their desire to avoid a major conflict until the development of Manchuria and North China shall have greatly strengthened their position. There have always been in Japan two tendencies: the one to obtain foreign credits through financial stability and an orderly public life, the other to obtain them by military aggression, i.e. by proving to the world Japan's worth as a fighting power. Japan's experience has been that it was easy to get loans from England and the U.S.A. on each occasion when she had won a victory over another power. This was so after the Sino-Japanese war of 1894 and after the Russo-Japanese war of 1905. But Japan was then a young David constituting no menace to either England or the U.S.A. Today she has clearly stated her ambition to rule not only over all China, but over all eastern Asia, and eventually indeed, according to the dreams of her military and professional patriots, over the whole world.

In spite of the fact that all public statements and writings to this effect are largely discounted amongst the majority of English people as the ravings of Japanese 'extremists', it is hardly to be thought that English public opinion—much less American—would permit of large loans being given to Japan to fight the U.S.S.R. Individual financial firms and big industrialists might give credits, but such credits would be entirely inadequate for Japan's tremendous needs. The question of finance is discussed in more detail later in this chapter.

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As regards the so-called moral factors in war, there are a great many carefully fostered illusions about the Japanese army. I am referring here, not to the revolutionary ferment amongst the soldiers and junior officers, which has of late been demonstrated so frequently and so dramatically as a danger to the stability of the State, but to actual fighting qualities. There is a general idea that the Japanese soldier, fed mainly on rice, has nevertheless greater power of endurance than the soldiers of the white races, that every Japanese soldier is a kind of mixture of Bayard and Horatius at the bridge, full of the Samurai spirit, bursting with loyalty to King and Country and ready to sacrifice his life, not because he has to, but because he enjoys it. The Japanese soldiers are just human beings like the soldiers of every other nation. Far from being supermen, or men embodying the spirit of a medieval code of honour and loyalty which never existed except in the imagination of poets, they are forced recruits from poverty stricken villages full of anxiety for their wives and children left unprovided for, and just as anxious to return home as the Russian peasants drafted into the army in the world war.

As regards the Samurai spirit, *Bushido*—The Way of the Warrior—it probably had no more relation in the past to the actual deeds and sentiments of the warrior caste than the code of medieval Western chivalry had to the actual behaviour of the medieval Knight, who was in reality a brutal bully and ravisher and a cruel oppressor of his serfs. The Samurai code did not even set out, like the knightly code of medieval Christianity, to foster any of the gentler virtues such as protection of the weak, courtesy to women and so forth; women then as now were treated much like slaves and left to fend for themselves in times of danger.¹ Nor had the Samurai any such notions about killing an enemy

¹At the time of the 1923 earthquake, for instance, the behaviour of male Japanese had nothing in common with European ideas of chivalry. The French writer, Andrée Viollis, who in her *Le Japon Intime* has given a not unsympathetic account of the Japanese, writes:

'An English cruiser had sent some lifeboats to the coast. The men who, be it noted, consider bravery as a cardinal virtue, pushing aside the children and brutally shoving the women aside, wanted to get into the boats first. They were sincerely indignant and even surprised when the disgusted sailors pushed them back with their oars and fished out and saved their despised companions. Was it not their patriotic duty, to preserve for their fatherland, their own incomparably more precious lives?' (p. 208).

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in fair fight as the 'preux chevalier' of Western Europe. Cold blooded murder was not considered disgraceful if performed from some such worthy motive as avenging one's lord or one's honour. The same is true today and the spirit of *Bushido* accordingly sees nothing shameful in the murder of an unarmed old man of 80 in his bed by a group of young officers armed with machine-guns, revolvers and swords.¹ The virtue, on which the Samurai prided himself, was loyalty to his lord and disdain of wealth. Apart from these features the main impression one gets from the idealised version of him as depicted in the Japanese films today, or in the famous Kabuki theatre, is of a swaggering bully of very limited intelligence with an abnormal sense of his own importance and dignity and a callous disregard for the feelings of his wife or mistress weeping at the feet of her stern lord. The point is not whether the Samurai lived up to his code any better than the Christian knight, but the kind of behaviour which the modern Japanese is taught to admire in the heroes of the past as presented on screen and stage.

However closely Japanese officers today may or may not resemble the Samurai, the modern Japanese soldier is usually an

¹I refer here, of course, to the murder on February 26th, 1936, of the Finance Minister Takahashi. A group of young officers made their way into his bedroom early in the morning, riddled him with bullets, and when he still attempted to rise from his bed slashed off his right arm with a sword. Viscount Admiral Saito, Lord Keeper of the Imperial Seal, was shot down in his home by a machine gun after his wife, displaying extraordinary heroism, had put her hand over its muzzle and had her fingers shot off.

The fact that such cold blooded murders as these and the others committed in February 1936 and previously in May 1932, are looked upon by a large section of the public as patriotic acts can in part be explained by the teaching they receive as children concerning the knightly code of *Bushido*.

For instance, the story of the 47 *Ronin*, which is told to every school child as an example of loyalty and heroism to be emulated, concerns the murder by the 47 of the man who had insulted and caused the death of their lord. There is a famous temple erected to them and they are worshipped. There are plenty of similar tales all illustrating both contempt for law and the belief that the end justifies the means. According to the young officers, Takahashi, Saito, Okada, etc., stood in the way of Japan's 'divine destiny', were associated with 'capitalists and venal politicians', so that any means taken to remove them were justified.

At the trial of the murderers of Finance Minister Inouye in 1932 (also an old man who was shot down as he was asking his murderers to take off their shoes)—the crowd applauded when the counsel for the accused stated: 'The accused had as their purpose establishment of a better, purer state. Their aims were unselfish, their heroic decisions should make even devils weep.'

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ignorant peasant, semi-illiterate, trained to absolute obedience by a rigid discipline, inured to hardship and poor food, it is true, but not the best human material for modern mechanised armies. He has never been shown to possess either initiative or intelligence, and it is commonly acknowledged that though he makes a good infantryman he makes a poor pilot or mechanic. The deficiencies of the Japanese airmen are well known, in particular their peculiar deficiency at high altitudes.

The Japanese soldier is treated in good old feudal or 'paternal' style as if he were a child or a half-wit, or, if one cares to put another interpretation on his treatment, as if the authorities were so convinced of the weakness of Japan's political system as to fear that one echo of a 'dangerous thought' would immediately destroy his far-famed loyalty and transform him into a revolutionary. He is forbidden to read papers and books not first approved of by his regimental commander. Although he gets 3 yen a month (3s. 6d.) he is not allowed to spend more than half of this princely sum on personal amusements. He even has to show receipts as to his expenditure. Letters of instruction are sent to his parents concerning his proper conduct. His every waking moment is circumscribed.

At the same time as he is kept carefully protected from every breath of liberal or socialist thought, efforts are made to brutalise him and make him as ruthless as possible. In Shanghai timid Japanese recruits were ordered to bayonet Chinese women dragged out of their homes to the execution grounds, in order to harden the soldiers to the usages of war.¹

Even as regards courage there is little real experience to go upon. True that there were notable examples of mass courage in the Russo-Japanese war, but the Japanese have always been sustained by victories won over weaker opponents and have never shown how they would behave if meeting with reverses. Winning victories over unarmed Chinese peasants or 'bandits', or over ragged, starving and almost unarmed Chinese soldiers with the perfected weapons of modern warfare can hardly be

¹See Edgar Snow's *Far Eastern Front*. Also accounts in newspapers at the time. Some correspondents testified that Japanese fathers of families took their children out to the battlefields to see the corpses, in order presumably to inculcate them with the Samurai spirit.

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held, even by Japan's most inveterate admirers, as proof of the great courage of Japanese soldiers. Actually there has been proof that when the Japanese meet Chinese troops which are even partly equipped on modern lines and have had some modern training, the advantage does not lie with the Japanese. This was demonstrated at Shanghai in 1932, when the 19th Chinese Route Army, taken by surprise, and armed only with rifles and a few machine guns, held back for over a month the Japanese marines, who were equipped with heavy artillery and tanks, supported by the navy guns and by large numbers of bombing airplanes, and enjoyed the immense strategical advantage of operating from an untouchable base in the International settlement. So astounded were the Japanese at this unexpected resistance after Admiral Shiozawa's boastful declaration that he would blast the Chinese out of Chapei in 48 hours, that the marines at first retreated in confusion in many places and there was consternation at Japanese headquarters.

In the end the Chinese withdrew in good order before the Japanese were aware of their retreat.

With regard to physical endurance, although the Japanese army has a high, and probably exaggerated, reputation in this respect, it is not to be imagined that a general mobilisation would produce such good results as the existing picked troops. There would certainly be a large percentage of soldiers of poor physique.

Japan has never fought against a first class power. Her war in 1904-05 was against a dying Tsardom and against disorganised armies thousands of miles from their base and supplied by a single railway track.¹ Even so, in spite of her brilliant victories, she had by no means defeated Russia when peace was concluded. The Russian armies were still in Manchuria prepared to fight again, and only the revolutionary situation inside Russia, coupled with the good offices of the Americans at the peace conference in the U.S.A., saved Japan, who was very near to a collapse.

In 1916 at Tsingtao a mere handful of Germans—6,000 all

¹The Siberian railway is now double tracked. Moreover, motor transport and air warfare have further improved the Russian position and Russia is now an industrialised country with a developed heavy industry.

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told—held off a large part of the Japanese fleet for three months.

Japan's intervention in Siberia, which cost her huge sums of money, was completely unsuccessful from a military point of view.

All foreign observers speak of the Japanese as a people subject to moods of violent enthusiasm alternating with extreme despair. They are not stable and solid, but emotional and excitable, full of vanity and yet quickly cast down.

These psychological characteristics are shown in the violence of their political life and their enthusiasm for 'any new thing' no less than by the abnormally large number of suicides in Japan. These suicides are not all, or even most of them, due to the economic circumstances of individuals. The suicides are mainly among young people, and they witness to a tendency quickly to despair and to abandon life rather than struggle further. In many cases they are evidence of a mystical and hysterical yearning for Nirvana. These characteristics are not of the kind to make a people endure the strain of a modern war. Taken together with the fact that Japan's modern history has accustomed her to quick and easy victory, they mean that even some initial reverses in a serious war might be enough to cause despair and revolution. People who have been taught since childhood that they are superior to any other nation, that their army is the best in the world, that their soldiers and sailors are the bravest and that their destiny is to rule the world, are likely to be dismayed and completely discouraged at the discovery that both the courage and the armaments of the enemy are equal, or superior, to their own. For Japan's mad chauvinism is not based on tested valour and experience, but on a series of lucky victories over armies much weaker than her own. She shows all the bluster and boastfulness of a bully; her behaviour is not that of a strong man and her hysterical proclamation of her superiority to other nations is based on the people's complete ignorance of the world outside. Many Japanese soldiers really believe that the Japanese nation has mechanical devices unknown to the lesser breeds of men and that her technical equipment as a whole is superior to that of all other nations. At the same time they are continually being told that other nations—in particular the British—are

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effete and degenerate and feeble, and that the Japanese people are braver, more loyal and more spirited than any other.

IV

In spite of the insistence of General Araki and his like that 'spirit decides everything', the Japanese military and naval leaders never cease demanding larger and larger appropriations for the army and navy, and turn a deaf ear to the warning that they will ruin the nation by their excessive demands.

Japan's financial position must accordingly be examined as part of our consideration of her weakness in the event of war.

Japan's national income, even according to official estimates in which certain earnings are counted twice over, was only 10,600,000,000 yen in 1930, when the yen was at gold parity. This worked out at 165 yen per capita. No later official estimate has been made, and in his speech at the final Cabinet meeting on the Budget on November 26, 1935, Takahashi gave this 165 yen as the Japanese national income per head, and compared it with England's yen 873, the U.S.A.'s 1155 and France's 465.

One can usefully compare Japan's 165 yen (£16 10s. od. at gold parity) with the per capita income of the belligerents in the world war. In 1913 the per capita income of the main belligerents was estimated to be as follows:

	£	s.
Britain	50	0
Germany	31	5
France	38	8
U.S.A.	70	0

Even if the industrial expansion since 1930 has increased the Japanese national income in yen values, the fall in agricultural prices must have offset this increase to a considerable degree.¹ Calculated in gold the national income must have decreased.

As against the above very small figure of Japanese national earnings Japan's State expenditure is now at the rate of 2,272 million yen, which means 33 yen per capita. Thus State ex-

¹The Mitsubishi Economic Research Bureau estimates the national income (according to researches by Professor S. Hijikata) as 12,817 million yen, and the per capita income as 185 yen, in 1935 (*op. cit.* p. 82).

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penditure amounts to about $\frac{1}{5}$ of the national earnings, which is an exceedingly high proportion in view of the low level of income. Moreover, this State expenditure is for the most part unproductive, i.e. expenditure on armaments, and debt service.

The percentage of State expenditure which goes for armaments is infinitely higher in Japan today than in any other country, not even excepting Germany.¹

XXXIII

PERCENTAGE OF TOTAL NATIONAL BUDGETS REPRESENTED BY DEFENCE EXPENDITURE IN 1934²

France	-	-	-	-	-	-	22·3
Germany	-	-	-	-	-	-	17·1
Britain	-	-	-	-	-	-	16·4
Italy	-	-	-	-	-	-	20·8
Japan	-	-	-	-	-	-	43·7
U.S.A.	-	-	-	-	-	-	17·9

Japan, with a revenue about $\frac{1}{4}$ of Britain's, was in 1934 expending about £60 million on armaments as against Britain's £115 and the U.S.A.'s £142 million. By 1936 Japan was spending £62 million.

Japan's budget allocations for the army and navy, which came to 455 million yen in 1931-32, had risen to over a milliard by 1935-36, and, although kept from a further steep rise the following year by the firm hand of Takahashi, are now being put at from 1300 to 1500 million in the discussions on the 1937-38 Budget.

But these figures by themselves do not reveal the full extent of the strain placed on Japan's resources even by her 'peace time' armaments expenditure and the expenses of 'putting down banditry' in Manchuria. The 1,059 million she is spending on the army and navy in 1936-37, representing 47% of the total budget expenditure, equals 70% of the total ordinary revenue, i.e. of the revenue exclusive of fresh loans, surpluses or non-recurrent receipts from special sources. In 1935-36 the percentages were

¹This is probably true even in 1935 and 1936, although Germany's armaments expenditure has risen steeply and although it is kept more or less secret.

²'Foreign Policy Reports.' New York, 24.10.1935.

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almost as high.¹ The estimated deficit of 758 million (about £40 million) is to be met, as usual, mainly out of fresh loans and by fresh raids on the State railways and other self-balancing accounts. Small as is the revenue figure in comparison with expenditure, it nevertheless envisages a natural increase of 82 million, and this is by no means a sure assumption since Japan's trade expansion may at any moment come to a standstill.

The enormous increase in armament expenditure since 1931 has been met almost entirely by loans, so that by now interest payments on past loans, plus the current army and navy allocations, account for more than the whole ordinary revenue:

	XXXIV	
	<i>1936-37</i> <i>(million yen)</i>	<i>1935-36</i> <i>(million yen)</i>
Allocations to Army	508	493
Allocations to Navy	551	530
Allocations to Finance Ministry	490	473
 Total these 3	 1,549	 1,496
 Total Revenue	 1,515	 1,335

Each year since 1931 there has been an enormous deficit,² and the national debt has gone up by leaps and bounds. The total of new loans since the 'Manchurian affair' had by the end of 1935 reached the sum of 3,680,000,000 yen (£214,600,000). In addition to this increase currency depreciation has added almost exactly 1 milliard yen to the country's debt burden, since foreign loans total 1,372,885 gold yen, which means 3,000,000 paper yen.

Japan's total indebtedness by the end of the 1936-37 fiscal

¹

XXXV

	<i>Budget 1936-37</i> <i>(million yen)</i>	<i>Budget 1935-36</i> <i>(million yen)</i>	<i>Budget 1934-35</i> <i>(million yen)</i>
Revenue -	-	1,335	1,249
Expenditure -	-	2,272	2,193
Deficit to be covered by loan issues	-	680	771
Actual amount of bond issues in million yen.			881
1932-33	-	-	781.3
1933-34	-	-	846.7
1934-35	-	-	830.0
1935-36	-	-	750.0
1936-37	-	-	770.0 (estimate)

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year will be 11,300,000,000 allowing for the rise in the yen value of her foreign debt.

The total long-term indebtedness of the country at the end of 1935 was calculated at 10 milliard (with no allowance made for the increase in the yen value of the external debt). Interest on this, even at 5%—and much of it is at 5% and 5½% though the most recent loans are at 4%—comes to 500 million, so that about a third of the State's revenue is already ear-marked for debt services.

The important point as regards the above figures is that they show not only that Japan has already strained her credit almost to the utmost, but that since she spends practically nothing on social services with the exception of education, she has no reserve fund, which could be tapped in an emergency. For Japan there is no question of sums allocated for unemployment pay, poor relief, health services, road building and other public works, which could if necessary be devoted to financing war. Almost all her available resources are already mobilised for war. Even essential public works such as drainage, river bank consolidation, and so on, are inadequately carried out on account of shortage of funds. Sums for the relief of the starving peasantry are so small as hardly to affect the figure of total expenditure.

All the vast network of public services—health, sanitation, State contributions to unemployment pay, road construction, etc., on which countries like England spend very large sums out of the State revenue, simply do not exist in Japan. Japan has no hospitals, no public health service or sanitation, no poor relief. Even the inadequate sum allocated for Education in the Central Budget is being slowly reduced year by year in spite of the thousands of unpaid teachers and bankrupt local authorities.

The local authorities are in fact in even worse case than the Central Government. According to the most recent figures the funded debts of the local government bodies—prefectural, municipal, town and village—had already reached 3,316 million yen at the end of the 1934-35 fiscal year.¹

¹ 61% of this figure is municipal debt and 26% prefectural. Naturally villages and small towns have not the financial credit necessary for the issue of bonds.

The figures are taken from a summary in the *Yomiuri*, in the *Japan Advertiser* of 25.7.1935, and from Sir George Sansom's and H. A. Macrae's *Economic Conditions in Japan*, Department of Overseas Trade Report, 1934-35.

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This is an increase of 119% since 1926-27—a ratio of increase even larger than that of the national debt. The per capita burden in 1934-35 was 50 yen. Interest payments on the total were already 379 million in 1934-35, and by now must be over 400 million, showing the extremely high interest rates, averaging 10%, paid in Japan even by local authorities. Local government debt charges are now only about 100 million less than those of the Central Government.

Nor has Japan any substantial resources to draw on in the shape of foreign investments. As shown in Chapter II, she has an adverse balance of foreign payments; she is a debtor, not a creditor nation.

These few facts about the budget have been given to indicate how rocky are Japan's finances as the result not of a real war, but merely of the 'pacification' of Manchuria, the bullying of China and the preparations being made for war. Although Japan so loudly demands naval parity with England and the U.S.A., she is not really capable of sustaining the burden even of her present armed forces. The direct expenses she has incurred up to date in subduing the 30 million inhabitants of Manchuria—whom incidentally she tries to represent to the world as welcoming their release from Chinese rule—now total over 1 milliard yen.

This is a large sum for a State whose total ordinary revenue is only 1½ milliard yen.

Yet the cost of a real war on land or sea would be infinitely greater. Since Japan has not been able to meet even her Manchurian expenses out of income, i.e. by taxation, how would she be able to meet those of a real war?²¹ Since she is already increasing her national debt at the rate of about 700 million yen a year,

¹Ratio of National Debt to National Income.

*Ratio of National
debt to National
income*

			<i>National debt</i>	<i>National income</i>	
Britain	1914	£	700 million	2,300 million	30%
France	1913	Francs	34,000	38,000	89%
Germany	1913	Marks	5,500	41,000	13·5%
Russia	1913	Roubles	8,500	13,700	62%
Japan	1935-36	Yen	10,000	10,600	94·3%

N.B.—I have here put Japan's National Income at the 1930 figure, when the yen was at gold parity. Although in yen values it has somewhat in-

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how could she borrow enough to finance a real war? Nowhere was the national debt, on the magnitude of which the successful floating of war loans inevitably depends, as high on the eve of the world war as in Japan today, where it amounts to 94% of the estimated national income.

In a symposium published in Japanese under the title *The Nation in an Emergency*—a military writer, Colonel Yokoyama, envisages the necessity of raising 10 milliard yen for one year of war by means of internal loans. He concludes by saying that the experience of recent years, when loans were issued up to yen 1½ milliard, shows that it will be 'extremely difficult' to achieve the issue of loans up to 10 milliard for one year of war, that inflation will become excessive and that 'the lives of the masses of the people will become harder and harder'.

This writer is expressing the difficulty in very moderate tones. It is quite clear that 10 milliard could not possibly be raised under any circumstances and 10 milliard is a very low estimate of the money which would be required.¹

Japan could only contemplate a real war, naval or military, if assured of foreign credits on a very large scale. It is perfectly clear that no very large sums could be obtained by increased taxation in a country of such low national and per capita productivity as Japan.

Moreover, in Japan for all their boasted patriotism the wealthy classes have been more successful than in other countries in opposing increases in direct taxation. They have refused even in the present 'emergency' to allow anything but a negligible excess profits tax, which brings in a mere 30 or 40 million yen a creased since then, the burden of that part of the National debt which is owed abroad (1,373,885) has been greatly increased by the 66% fall in the exchange value of the yen.

The figures of national income for Britain, France, and Germany have been taken from an article by J. Dessirier in the July 1925 issue of *Bulletin de la Statistique Générale de la France*.

France had a gold reserve of 4 milliard francs on the eve of the war (12% of the National debt), so that the ratio of National debt to income was not nearly so unfavourable as shown in the table. Japan's gold reserves are negligible in comparison.

¹Tanin and Yohan, *op. cit.*, estimate the cost of the first year of a land war as 13·6 milliard yen. They point out that this would mean over 100% of the National income, and that even in the fourth year of the war the Central Powers absorbed only 55% of income for the cost of war.

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year, although many firms are making profits of 30% and 40%, or even 50% on their paid-up capital.

During the Russo-Japanese war 88% of the total war expenditure—which amounted to the comparatively small sum of 1·7 milliard yen—was met by war loans, and only 10% by special taxes, which were borne by the mass of the people, not by the wealthy. Today about half Japan's revenue from taxation comes from indirect taxes borne by the mass of consumers. Even in the world war, when Japan's industries and export trade were enjoying boom conditions, 50% of her war expenditure (which was mainly expenditure on the intervention in Siberia) was covered by loans. These facts have to be remembered in estimating Japan's financial strength. If large scale industry and trade were taxed at anything like the same rate that they are taxed in England today, and as they would have to be taxed if Japan were to embark on a real war, her goods would cease to be the cheapest in the world and there would be an end to her 'phenomenal trade expansion', even if she could still obtain raw materials.

It is believed by large numbers of people that Japan has discovered some wonderful secret whereby she can continue to finance expenditure out of loans without inflation, and that she can go on doing this indefinitely. Actually it is not true that there has been no inflation as we have seen in previous chapters, nor that her present semi-war expenditure has been met without imposing intolerable burdens on the people. Nor is it true that she can go on indefinitely issuing 'red ink bonds'; there is abundant evidence that the limit has already been reached. Nevertheless, in order to appreciate both the financial and political situation in Japan, and in particular in order to understand how Japan has been able to issue such a vast quantity of 'red ink bonds' during the past four years without causing an uncontrolled inflation, one must recall the peculiarities of her economic structure described in previous chapters.

State loans are taken up first by the Bank of Japan and subsequently by the other banks, the big merchant houses, insurance companies, investment trusts and industrial corporations.¹ Few

¹See, for instance, the account on page 11 of the D.O.T. 1935 Report on *Economic Conditions in Japan*, by Sir George Sansom and H. A. Macrae.

The Mitsubishi Economic Research Bureau states that 62% of the bond

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of them are sold to the public because, as already shown in Chapter VII, there is no large investing middle class in Japan. There are the giant family business houses with their army of directors, managers and lesser employees, and there are the innumerable small tradesmen and small industrialists. There are comparatively few medium sized business concerns and joint stock companies, and those which exist have no surplus capital, are indeed borrowers, not lenders. Accordingly, Government bonds are mainly in the hands of the giant corporations controlled by a small number of rich families. This means in the first place that there is no question of diverting investment of the 'savings of the people', to use the classic phrase, from industry to State bonds, since the capital accumulation of the country is in few hands, and is in any case only used to a very limited extent for the purpose of completing the industrialisation of the country, through investment in joint stock companies. This extreme centralisation of capital in Japan means that the country's resources can be mobilised easily for financing war expenditure, i.e. for investment in State bonds, without any rise in interest rates being necessary to tempt capital away from industrial investments. In other words, the bonds can be sold without the inauguration of an easy money policy. This is, however, only true so long as the big business houses favour the State's policy, i.e. control the State's policy. Accordingly up to now the rise in State expenditure out of all proportion to revenue has been met without undue resort to the printing presses (with only a 30% increase in the note circulation), with no rapid upward movement of prices, in short without any of the symptoms of what the Japanese Press terms malignant inflation. All this would not have been possible if industry and the State were competing against one another for capital;¹ it is only possible in Japan because of the fusion of industrial and banking capital in so far as

issues have been acquired by ordinary banks, 15% by savings banks and the remainder taken up by security dealers, trust and insurance companies and Government institutions (*op. cit.* p. 26).

¹"Profits accumulated by prosperous industries in so far as not ploughed in have tended to remain idle (in banks) and thus to promote the absorption of bond issues by Commercial banks without causing the contraction of credit which would have ensued had industry been competing for funds with the Government" (Sansom and Macrae, *op. cit.* p. 13).

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large scale industry is concerned, and because of the support given to the Government by Mitsui, Mitsubishi, Sumitomo, Yasuda, etc. Small scale industry and agriculture have been starved of capital and credit to an even greater extent than before, but are in any case powerless to compete or to affect Government policy.¹

The capital accumulated by the prosperous large concerns would not have been used for investment in small companies, or in giving further credits to small business men and industrialists, since the narrowness of the home market limits profitable and safe investment to export industries and armaments now as in the past (see Chapter VII). When there was no big armament expansion to finance by bond buying, and no profitable investments to be made in colonial ventures, the profits of prosperous business houses and industries were merely kept idle in the banks.²

Although Japan's financial and industrial structure render her more prepared for military aggression than other powers, by facilitating the smooth and rapid mobilisation of financial resources for war expenditure, it also gives her a much lesser degree of social stability. The absence in Japan of a large investing middle class, that is to say of the small *rentier* element which gives stability to the capitalist system in other countries, has very important consequences and constitutes a grave social weakness. There is no large middle class interested in financial stability and opposed to inflation or debt repudiation.

In Japan the small *rentier* class is mainly the landowner class, but since rents are paid in kind, and since most of them are in debt, they favour inflation. The small producers in agriculture and industry would welcome anything which would lessen their

¹In any case, since they support the demand for military appropriations, they are indirectly supporting the Government's loan policy to finance it. It is true that the demand for higher taxation on prosperous industries comes from the military representing the interests of landowners and to some extent those also of the urban lower middle classes, but this demand is always silenced by the big business interests with the threat that it would lead to general depression and the end of the export boom.

²*The Economic and Financial Annual of Japan* for 1935 says: 'Subsequent to March (1934) many banks continued purchases of Government bonds by refraining from granting short term credits, and dealings in securities and other business transactions also gradually declined.'

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debt charges and they have no savings invested in war loan to make them fear State bankruptcy or debt repudiation.

This all means that wealth is too unevenly distributed in Japan, is concentrated in too few hands for the existing social system to have stability. The idea germinating amongst the Military Fascists to repudiate the national debt, scrap the existing financial interests, institute State control of munitions and other key industries and establish a managed currency system, is one which would receive far more popular support than in England or France. Such a policy as this is, of course, unrealisable within the bounds of the existing social system in Japan as in England, and would cause a complete breakdown of production, chaos and revolution. In view of Japan's foreign debt, need of foreign credits and dependence on world markets, repudiation of her national debt, or even a further large dose of inflation, would make it impossible for her to buy raw materials and quite impossible for her to get the foreign credits she must have if she is to develop Manchuria and North China. The financial position and the absence of a vested interest in the present economic system on the part of so large a proportion of the people, plus their extreme ignorance of the world outside Japan and entirely false conception of their own strength and power, cause acute anxiety to the leaders of Japan's business world. They fear that the military may kick over the traces and land Japan on the path leading first to uncontrolled inflation, and then to financial chaos and revolution.

Accordingly, although inflation has so far been kept within bounds there is a limit to the possibilities of issuing Government loans. Takahashi continually insisted that the deficit covering loan issues should be reduced by as much as the natural increase in revenue, intending that gradually revenue and expenditure should be brought into equilibrium, but this could, of course, not be done if each year the army and navy made larger and larger demands. The bankers and big industrialists know that, however profitable it may be to hold vast quantities of Government bonds paying high interest rates and to receive large Government orders for armaments, ships, chemicals, etc., there is a limit to the State's capacity to pay and if that limit is over-reached resort must be had to the printing presses,

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uncontrollable inflation will ensue and the bonds will become valueless.

Moreover, they want now to use their profits for the development of Manchuria and North China, not to spend everything on armaments and the maintenance of a huge army. They want to start chewing what they have already bitten off in China rather than go on biting off more without digesting what they have acquired since 1931.

The young officers and the landowning elements, together with the lower middle class of town and village, having as yet got no profit out of Japan's aggression, and fearing above all deflation, reduction of the armed forces (which means dismissal of themselves or their sons), fearing also what will happen in the villages when the peasantry find that war and conquest have given them no relief, naturally want to go on. So the big capitalist interests, having previously whipped up popular enthusiasm for war and colonial conquest, find it exceedingly difficult to call a halt now that they are temporarily satiated; the people are still starving and may turn to devour their enemies at home. It is the old story of he who rides a tiger not being able to get off its back. In Japan both the capitalists and the landowners are riding a tiger and dare not dismount.

The ever widening gap between revenue and expenditure had begun to alarm the big financial and industrial interests even when the 1935-36 budget was compiled. By the latter months of 1935, when the next year's revenue and expenditure were being debated, they began to take fright and to feel more and more strongly that discretion would now be the better part of valour. In other words it was realised in these circles that unless Japan calls a temporary halt to her military adventures in China, ceases to irritate and alarm England and the U.S.A., and begins to balance her budget, there must soon be a financial crisis of the first magnitude.

A foreign loan is now an imperative necessity for Japan, and she knows she cannot get it unless she conciliates the Powers and shows evidence of financial stability. These views were expressed by the Finance Minister Takahashi and by Baron Goh, President of the Tokyo Chamber of Commerce and Industry, in most forcible terms during the closing months of 1935. The stand

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made by Takahashi at the final Cabinet discussion on the budget on November 26, 1935, created a sensation in Japan on account of the bold words addressed to the military and was undoubtedly one of the causes for his subsequent assassination.

Takahashi pointed out that the nation could not stand a further succession of unbalanced budgets, said that Japan had not got a friend in the world at present and insisted that she is so poor in natural resources that she can never be self-sufficient. He then contrasted Japan's small national income with that of the other Great Powers, said that Japan's progress in trade and industry was exciting the jealousy of other nations and that this was another reason why the budget must be so framed as to be commensurate with the national income.

'In so disadvantageous an international system,' said Takahashi, voicing in plain terms the fears aroused among her best informed statesmen by her political isolation and financial weakness, 'Japan must exercise the greatest caution not to excite more than is necessary the nerves of the other powers, for to do so would make its position more and more difficult.'

'The credit of national finance is a very important thing and it must be maintained. If the zeal of the nation for better defences results in inflation of a vicious character, with the destruction of credit following in its wake, there can be no security of defence. The country must have resources in reserve to meet national emergencies.'

He concluded by a rebuke and a warning to the military, exhorting them not to 'make themselves the object of national resentment by pushing their demands for even larger appropriations'.

'This daring remark'—as it was hailed by the newspapers—was in fact one which no one but this veteran of the Meiji era¹ would have dared to make. *The Nagoya Shinaichi*, a paper circulating in a town of medium sized industrial undertakings and voicing relatively liberal sentiments, acclaimed Takahashi, but said his voice would go unheeded because he was without influential backing. It went on to say that the size of the military appropriations is driving the people to dire straits and referred to the starving farmers of the north-eastern prefectures and to the

¹Takahashi was born in 1854.

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refusal of funds for enterprises under the Home and Agricultural Ministries.

In an article dealing with the Foreign Minister Hirota the same newspaper said that Takahashi advocated a policy of 'wholesale peace with the powers'.

The increasingly war weary tone of the Press,¹ which publishes more and more articles similar to the above, no less than Japan's dire financial straits, shows that she is already too weakened to proceed further with her Imperialist aims for the moment. This is at least the view of the saner, more moderate, and better informed elements among the ruling classes, the industrialists and banking houses and the Court circles.

In a New Year's message issued through the Rengo news agency, Baron Goh, after referring to the budget, spoke as follows:

'However, these bond issues cannot be maintained indefinitely. If the policy continues, ignoring the economic strength of the nation, there will be deplorable inflation, which will destroy economic stabilisation. . . . Efforts should be made to balance Japan's international payments, restore finance to normal and to readjust monetary payments to defence, finance and industry.'

'...Japan can expect more trade expansion in the future, but there is no place for reckless optimism, because economic nationalism continues to dominate the world. Japan must make efforts to improve the situation through diplomatic negotiations on the principle of co-prosperity and co-existence. If Japan works sincerely to readjust trade relations on this principle the Powers will make things less difficult for us.'²

These views are now apparently those of most of the business Titans with the exception of the new millionaires whose businesses would collapse with the cessation of war orders and war conditions.

¹As early as February 1933 a Diet member (Miyawaki) who had the courage to warn the military authorities 'that a nation might yet fall despite its consummate State defence system' was warmly approved of by a section of the Press (*Japan Times*, 6.1.1933, extract from *Jiji*). The aforementioned Nagoya Shinaichi wrote as follows in November 1935: 'In the vigorous nationalistic propaganda, the people have the impression that pressure is being brought to bear on them. Why is this? The answer is that the activities of the people are being restricted. Something which the Japanese do not like will not prove successful. In the strict sense, the so-called Japanese Principle means propagation in the world of the true aspects of righteous Japan, not the taking of territories and markets belonging to others' (Translation from the *Japan Advertiser* of 29.11.1935).

²*Japan Advertiser*, 1.1.1936.

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Mitsubishi and Sumitomo are clearly behind the moderates, although it is not certain that Mitsui are not opposing them. The Minseito party fought and won the election in February 1936 on an 'Anti-Fascist' programme, and its victory meant the triumph of the moderates backed by Mitsubishi. However, the Seiyukai, pre-eminently the landowners' party and traditionally also Mitsui's party, is semi-Fascist, supports the military extremists and sought to rival the latter in 'loyalty' and repudiation of the Emperor organ theory during the Minobe controversy. It failed to win the election, but may have been backed by Mitsui's all the same. It is possible that the explanation of recent events lies partly in the fact that Mitsui must have become relatively weaker, and Mitsubishi relatively stronger, during the past 4 years in view of Mitsui's large interests in silk, and Mitsubishi's preponderant interest in the booming armament and ship-building industries. However, Mitsui have of recent years themselves become far more involved in heavy industry through new investments and new enterprises.

It is possible that Mitsui and Mitsubishi are not at one but are fighting each other, both through the political parties and behind the scenes, standing the one behind the military and the other behind the Court circles and the Navy General Staff. It is as yet too soon to say what is the exact position of affairs. Certainly Mitsui may not be averse to more inflation,¹ whilst Mitsubishi may insist on reversion to financial stability and a policy of consolidation. Perhaps Mitsui with its interests in the American silk market and the world cotton markets and in speculation is more inclined to let the military extremists have their head and rush into a war against the U.S.S.R., whilst Mitsubishi want to call a halt in military expenditure and by means of a balanced budget to make it possible to obtain foreign loans for the development of Japanese heavy industry and for the development of Manchuria. The course of events in 1936, however, indicates that both the big trusts now realise the need for a more conciliatory foreign policy.

In any case it is clear that neither the one policy nor the other,

¹The *Japan Advertiser*, 28.1.1936, said a Seiyukai majority means the end of the policy of reducing public loans by degrees and possibly a vicious form of inflation. The *Osaka Mainichi* said the same.

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neither more war and more inflation nor a balanced budget, peace and consolidation, can solve the problem of the small landowners and small industrialists, any more than it can solve that of the classes they themselves oppress: the tenant farmers and the workers.

It is also clear that war embarked on under the aegis of either the 'moderates' or of a military dictatorship cannot be successful, cannot but lead quickly to financial catastrophe and the breakdown of the whole process of production.

It is a mistake to assume that Japan must be conciliated and her moderate statesmen assisted through fear that if the latter are swept away—yet worse may befall. One frequently hears it said in England that if an attempt were made to stop Japanese aggression by economic measures—by economic sanctions in fact—the Military Fascists would assume complete control and Japan would 'run amok' altogether and become even more dangerous than she is already. In reality it is the influence of the moderates which makes Japan so successful, since they know when to retire and when to make concessions in order to become strong enough to advance again later on. In short, the 'moderates' understand how to *reculer pour mieux sauter*, whereas the 'extremists', who are ignorant of the forces they are up against, or blinded by chauvinism and the economic impasse in which the Japanese people find themselves, leap madly forward to disaster. If the extremist military elements get complete control of the State Japan's Nemesis will be short and sharp, and she will sink into chaos and powerlessness. They will reduce Japan to such financial chaos and produce such a social upheaval that she will be powerless to fight for years to come. Actually the 'moderates' pursue a policy as dangerous to the British Empire and to the U.S.A. as that of the extremists. The 'moderates' are just as determined to dominate Asia—and subsequently the world—as the extremists, but they know how far they can go at a given moment. They know when the breaking point has been reached internally, and they know when the international situation requires that they should tread warily. They believe in consolidating their gains before going forward again. They believe in entering on their future Asiatic Empire as far as possible by the back door, or at least in meeting only one opponent at a time,

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not in rousing up all the Great Powers against them at one time. They have learnt the lesson of Germany's defeat and will not, if they can avoid it, make a frontal attack on the British Empire or on the U.S.A. or even on the U.S.S.R., until they are so strongly entrenched in Manchuria and North China, and have built up so powerful an industry, that they feel they are invulnerable. They understand their present weakness, they know that their heavy industry is too weak, their raw material resources too scanty, and their finances too rocky for a war against a first class Power. So long as Japan's bluff holds good, so long as she can slash provinces out of China with no more than half-hearted protests from England and the U.S.A., the moderates are ready to let the military have sway and go on adding territory to the Japanese Empire. But on the first signs of real resistance, at the first signs of Britain paying serious attention to her Chinese interests (and such a sign was given by Sir Frederick Leith Ross's mission in the autumn of 1935), the moderates begin seriously to try to curb the military and call for peace, retrenchment and better relations with Britain.

If her moderate statesmen maintain the grip on the helm of State which they are now trying desperately to maintain in face of murder, terror and threats, and if the Western Powers continue to give financial and political support to these same 'moderates', then perhaps Japan may one day forge for herself feet of iron instead of feet of clay. Although neither party governments, nor bureaucratic governments, nor a military Fascist dictatorship can solve Japan's social contradictions, and give a tolerable existence to her people, and although she must remain vulnerable and unstable under either 'moderates' or 'extremists', it is the former, not the latter, who may in time render her position relatively stronger than that of the other Imperialist Powers, instead of relatively weaker as it is today.

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