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Japan's foreign policy, 1931-1941 : as influenced by the militarists and the Zaibatsu

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JAPAN'S FOREIGN POLICY, 1931-1941, AS INFLUENCED
BY THE MILITARISTS AND THE ZAIBATSU

A Thesis
Presented to
the Faculty of the Department of Political Science
The College of the Pacific

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts

by
William F. Hecomovich

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CHAPTER I

INTRODUCTION

In order to prepare herself for the task of world conquest, Japan, like Nazi Germany, carried through within ten years a complete spiritual, political, economic, and military mobilization of the nation. The mobilization began in 1931, when the "Manchurian Incident" put the nation in a war-like mood and the military in the saddle. The military then courted and won the hand of the Zaibatsu, the giant financial and industrial combines, to form a deadly duo dedicated to subjugating the world. Through the events of this "decisive decade" from 1931-1941, Japan was converted from a promising democracy into a totalitarian military state whose super-structure followed the Nazi blue-print but whose foundations were wholly Japanese.

The militarists and the Zaibatsu combined to effect a spiritual mobilization consisting of a ruthless purge of all American and European thought and a return to the spirit of Old Japan. Liberalism and individualism, freedom and democracy, which had given Japan the semblance of a modern nation, were denounced as causes of disunion and decay and expunged as dangerous thoughts. Instead, Japan was subjected to a total regimentation of every phase of national life as rigid as that of Nazi Germany. In the spiritual field it was even

more successful because it had an ancient religion to build upon. As in Germany, this new totalitarianism, based on revival of ancient ways and ancient superstitions, was hailed in Japan as the wave of the future and was presented to the world as means for its salvation.

The militarists and the Zaibatsu infiltrated into the political realm by bringing about the suppression of all political parties and the creation of a one-party state functioning under the Fueher principle as centered in the Emperor with the war-lords and the economic combines as his spokesman. These two groups maintained leadership in the country. The single party organization with its control of the Diet became a puppet of the military; the Foreign Office was a Geisha girl for the war-lords; the Emperor stood in the background and issued Imperial Rescripts under the direction of the militarists and the Zaibatsu.

The economic mobilization, carried through by the Zaibatsu under the aegis of the military, established complete state control over industry, commerce, and trade; over capital and labor; over production and consumption. In this particular realm the combines were supreme. They made and unmade laws and regulations at will. They controlled with an iron hand the economic destinies of Japan.

Finally, war mobilization was completed with such efficiency that its results surprised the world. The

war-lords knew what they wanted, and they used every method at their disposal to achieve it.

These are the ways in which Japan was prepared for war. The purpose of this paper will be to show how the militarists achieved the power that they did, power so great that it enabled them to go over the heads of, and the protests of, the civilian branch of government and even the Emperor himself if necessary. The history of the war-lords needs to be examined in order to furnish a background needed for a study such as this.

Together with a history of the militarists will be a survey of the beginnings of the Zaibatsu and their rise to undisputed prominence in the economic life of Japan. This is vital owing to the fact that it is doubtful if the militarists could have proceeded on their trail of terror without the aid and solicitations of the economic combines, the Zaibatsu.

The primary function of this investigation will be to show the role played by these two factions during the "decisive decade" from 1931-1941. That decade began with the incident at Mukden, Manchuria, September 18, 1931, and ended with the bombing of Pearl Harbor, December 7, 1941. Various aspects of the situation will be examined in order to illustrate as fully as possible the magnitude of the role of the militarists and the Zaibatsu. In this way the true picture of Japanese foreign policy can be seen.

Some observers of the world scene cite September 18, 1931, as the beginning of World War II. Perhaps they are right. It is a known fact that both Hitler and Mussolini took courage for conquest when they saw Japan win in Manchuria without serious opposition by the so-called Great Powers. At any rate, the "Manchurian Incident" marked the beginning of aggression by the twentieth century militaristic and totalitarian powers, aggression which was to plunge the entire civilized world into war.

CHAPTER II

JAPANESE MILITARISM: INCEPTION AND HISTORY

The legendary history of Japan says the Empire was founded in 660 B.C. Japanese historians ascribe to that date an Imperial Rescript said to have been issued by the first Emperor, Jimmu Tenno. In this document occur two classic phrases upon which there was built up a mass of mystical thought and interpretation. The first phrase is Hakko Ichiu (literally, "All the world under one roof") which was interpreted to mean the bringing together of the corners of the world under one ruler or the making of the world into one family.

The second principle of conduct was the doctrine of Kodo, a contraction for an ancient phrase which meant literally "the oneness of the Imperial Way."¹ The way to the realization of Hakko Ichiu was through the benign rule of the Emperor; and therefore the "way of the Emperor," the "Imperial" or the "Kingly way," was a concept of virtue and a maxim of conduct. Hakko Ichiu was the moral goal, and loyalty to the Emperor was the road which led to it. These

¹Mary A. Nourse, Kodo: The Way of the Emperor, A Short History of the Japanese (New York: The Bobbs-Merrill Company, 1940), p. 12.

two ideas were fashioned by Japanese militarists into a grotesque distortion of their original purpose. This was done, of course, to further the ends and the goals of the military clique that has dominated Japan for so long.²

The Taikwa Reform. In the history and culture of Japan, military tradition occupies a conspicuous and important place. This is owing to the fact that from the seventh to the nineteenth century Japan was ruled by the sword.³ In all matters the power of the state was the military power, and the ruling class was the military class. This all began with the Taikwa Reform of the seventh century. This movement was the first step in the ascendancy of the militarists.⁴ The outstanding feature of the Taikwa Reform was the confirmation of power in the hands of the militarists or samurai. In effect it made Japan a nation by introducing the idea of a government which was ruled and administered by a supralocal authority, and it firmly and solidly established the oligarchic structure in both the political and economic life of Japan. The Taikwa Reform ranks with the Meiji Restoration of 1868 as an epoch-making event in

²Mark Gayn, Japan Diary (New York: W. Sloane, 1948), p. 32.

³W. Macmahon Ball, Japan: Enemy or Ally? (New York: John Day, 1949), p. 37.

⁴Ibid.

Japanese history because it brought the samurai into the role of the most powerful agent of the government.

Samurai. The advent of the warrior class was one of the decisive events of Japanese history. This added the military element to the already established oligarchic pattern. Not only did the warriors dominate Japan's economic and political systems, they also created the conditions for the acceptance of modern militarism in Japan.⁵ The samurai put an end, once and for all, to the role of the court nobility in Japan. They put into effect a system whereby the Emperor would be the titular head of the government, but the reins of power would be in the hands of the military. Japan, therefore, was to be governed by a feudal, militaristic regime that established enduring political and economic relationships which were to survive for centuries. The code of Japan henceforth was to be the code of the samurai.

Bushido: The code of the samurai. In exploring the rise of the militarists in Japan, it is necessary to examine bushido, the doctrine of the warrior.

Bushi means knight, do, way. Bushido, therefore, is "the knightly way" or "the way of the samurai." Curiously enough, the samurai never heard of bushido.

⁵Ruth Benedict, The Chrysanthemum and the Sword (Boston: Houghton Mifflin Company, 1946), p. 175.

It would be hard to find a more amazing case of deception practiced by the rulers of a nation upon its people. The militarists, intent upon bending the masses to their will, fabricated bushido in the 1890's.⁶ They put it into the schoolbooks, knowing well that to deceive the people it is necessary to start with the young. They also knew that to impress the Japanese with any doctrine it must appear to have age. They made bushido retroactive. Built to order, like a false antique, it was put forward as the ancient philosophy of the race. The Japanese believed in its longevity.

Foreign scholars were also duped. British and American histories and encyclopedias gravely refer to bushido as Japan's age-old code of chivalry.⁷ The truth is that the word bushido never appeared in any dictionary, English or Japanese, before 1900!⁸

Why was the hoax perpetrated upon the Japanese people? It was simply a means of holding the Japanese people in subjection. During the years following the opening of Japan by Commander Perry, a flood of European and

⁶Ibid.

⁷John F. Embree, The Japanese Nation (New York: Farrar and Rinehart, 1945), p. 113.

⁸Ibid.

American ideas was endangering the authority of the oligarchy. It was felt necessary that the eyes of the nation be turned away from ideas from the Western world, back to the master-and-slave psychology of old Japan, hence bushido. The army placed the code of bushido on a pedestal. School lessons, magazines, books, dramas, Kabuki plays, motion pictures by the hundreds, were turned out to glorify samurai days. Godlike virtues were pinned on the breasts of the Japanese soldiers--honor, love, truth, courtesy, modesty, and unparalleled gallantry--and the whole was called bushido.⁹

The code of bushido has been one of the most important weapons in the hands of the militarists. It helped them instill within the people a subservience and loyalty that has been unmatched elsewhere in the world, a subservience and loyalty so strong that the thought of questioning the wisdom of the Emperor or his advisors did not occur. Willard Price explains this feeling vividly when he says:

It teaches that duty to one's master, though he be a criminal or a babbling idiot, is supreme. For a superior officer one must if necessary sacrifice family and friends and self.

Law must not stand in the way. If you lie, steal, destroy or kill in the service of your commander, you are above the law. It extends

⁹K. Nohara, True Face of Japan (London: Jarrold Publishers Ltd., 1939), p. 97.

to international treaties - they are but scraps of paper if they conflict with the higher law, that of the Son of Heaven.¹⁰

Through the use of the code of bushido, the militarists strengthened their grip on the government. The people had unflagging faith, loyalty, and devotion to the Emperor; and the militarists were able to control the Son of Heaven and bend his will to theirs. This might be described as the original "vicious circle," but it did much to insure the dominance of the military in Japanese governmental affairs.

The results of the Taikwa Reform continued for about five hundred years. During this period there were years when culture, art, philosophy, and religion came to the fore; but they were short-lived. The death knell was sounded for civil power in the year 1192 when the warrior chief, Yoritomo Minamoto, having crushed the Taira nobles and captured the Emperor, received the title of Sei-i-tai-shogun (subduing-barbarian-generalissimo).

Yoritomo: The first shogun. The commission of shogun had been granted previously by the Emperor in Japanese history but only for specified and limited periods of time. In the case of Yoritomo, however, it was for life; and he was also granted the honor of naming his own successor,

¹⁰Willard Price, Key to Japan (New York: John Day Company, 1946), p. 45.

thus assuring the Yoritomo clan the hereditary supreme command of Japan's fighting machine.¹¹

Under Yoritomo the shogun became the warrior chief, the administrative head, and the political leader of Japan. This was to continue for almost seven centuries. The office, of course, remained the monopoly of the most powerful military families, except on a few occasions not long after the death of Yoritomo, when his successors to power appointed youthful imperial princes and members of the Fujiwara family as puppet occupants of the office.¹²

During these years, the shogun was the actual ruler of Japan and the Emperor merely a figurehead. The people paid reverence and respect to the Emperor, but the shogun originated the laws and edicts issued in the name of the Emperor. The theory of the divinity of the Emperor was encouraged by the shogun because this would increase the loyalty of the people to the Emperor and at the same time enhance the power of anyone who controlled the Emperor.

The power of the shogun was made even more evident when Yoritomo consolidated his position by leaving the Emperor and his court at the capital of Kyoto and moving the bakufu (military camp) away from the luxury of the civil

¹¹J. H. Longford, The Story of Old Japan (New York: Charles Scribner's Sons, 1922), p. 64.

¹²Ibid., p. 75.

capital to the city of Kamakura. In this way the Emperor would not be able to countermand the policies of the shogun because, in most cases, he wouldn't know what the shogun was doing. The Emperor waned and the military grew.¹³

After the death of Yoritomo and down to the middle of the sixteenth century, the Shogunate increased in importance while the Emperor remained in a semi-Babylonian Captivity. Known as the dark age of Japan, this period was one of almost continuous warfare between the feudal lords. None of them was strong enough to dispose of the existing Ashikaga shogun, and none was strong enough to capture and control enough of the country to become politically dominant. Matters were so disorderly and so disunified that, eventually, the way was paved for a strongly centralized government. The situation had gotten to the point where it couldn't get any worse; it simply had to get better.

At the end of the sixteenth century there appeared on the scene contemporaneously three of Japan's greatest men: Oda Nobunaga, Toyotomi Hideyoshi, and Tokugawa Iyeyasu. These three men knew each other personally, and it is doubtful if the works of one could have been possible without the contributions and works of the other two. Together they consolidated the position of the military.

¹³Edwin O. Reischauer, Japan: Past and Present (New York: Alfred A. Knopf, 1953), p. 66.

Oda Nobunaga. Nobunaga paved the way for Hideyoshi and Tokugawa by blasting away the elements within the nation that stood in the way of unification. He put down revolts and insurrections among the rival clans and succeeded in restoring peace to the ravaged country. He made Yoshiaki shogun and then proceeded to tell the shogun what and what not to do. Yoshiaki plotted against Nobunaga; but Yoshiaki lost out and was exiled in 1573, thus marking the end of the Ashikaga Shogunate.¹⁴

Nobunaga struck still another blow against the forces of disunion by destroying the Buddhist temples throughout Japan. Many of these temples had existed for years as virtual city states within the territorial limits of Japan. They had accumulated large land holdings and wealth and had built up armies of their own. Nobunaga struck his greatest blow against the monasteries in the year 1571 when he stormed and captured the Buddhist stronghold on Mount Hiei near Kyoto. He burned the temple to the ground and put to death by the sword many of the priests.¹⁵ The Japanese people were revolted, but this action eliminated from the scene a source of grave disorder and strengthened Nobunaga's rule.

¹⁴ Ibid., p. 60.

¹⁵ Nourse, op. cit., p. 148.

The build-up of the military increased under the reign of Nobunaga because of the victories achieved under his rule. This first phase of unification came to an end in 1582 when Nobunaga was assassinated. His policies, however, were to be carried on.

Toyotomi Hideyoshi. Hideyoshi was a lieutenant in the army of Nobunaga and assumed command of the armed forces upon the death of Nobunaga. He was to carry forward in aggressive fashion the unification process that had been started by his predecessor; that is, the laying of the foundation for a warrior dominated state.

Hideyoshi was unique in that he was virtually the only man in pre-modern Japan who rose to a position of power and influence from among the common people. He soon forgot his beginnings, however, and became completely absorbed with the warrior class. Through his ability and force of arms, he became one of the greatest men in Japanese history. He conquered the country and brought peace to the nation which he dominated.

It was Hideyoshi who set the pattern for the caste system of Japan. He issued edicts which prohibited people from changing their status. He prohibited the changing of employment by a person without the permission of the lord. He stated that no samurai (warrior) could become a townsman, that no farmer could leave the land, and that no landlord

could protect vagrants. This law led the way in placing the samurai upon almost hallowed ground.¹⁶

One of Hideyoshi's most widely known acts was the "sword hunt" in the year 1587.¹⁷ He declared that all farmers had to hand in to the government any and all weapons that they had in their possession. It is plain to see that by this act he wanted to set up a definite dividing line between the warrior class and the rest of the population. The privilege and profession of bearing arms was to be reserved henceforth for the members of the warrior class, thus strengthening the authority of the warriors vis-a-vis the great mass of the people.

Hideyoshi is also remembered for his attempted invasion of China and Korea in what was probably the first stage of a world conqueror complex. He invaded Korea in 1592 and rapidly over ran most of that nation. The Japanese were eventually checked when they over-extended their lines of communication and supply. They held on for several years despite a gradually deteriorating situation in the maintenance of their sea communications. The death of Hideyoshi in 1598 gave the commanders a welcome excuse for abandoning the whole venture. The armies streamed home but not before

¹⁶ Benedict, op. cit., p. 62.

¹⁷ Ibid.

they decapitated 38,000 Koreans, cut off the left ears and noses, pickled them in barrels of brine, and sent them back to Japan as a symbol of their glorious victories.¹⁸ These "souvenirs" are still kept at the large Buddhist temple in the city of Kyoto, and the entire edifice is known as the "Mound of Ears."

Hideyoshi had perfected a system which guaranteed his unchallenged position in the government of Japan so long as he lived, but his regime fell apart after his passing. This is where the third member of the triumverate, Tokugawa Iyeyasu, comes upon the scene.

Tokugawa Iyeyasu. Iyeyasu perfected the system begun by his two illustrious predecessors. The first thing he did was to crush the opposition. This was done at the Battle of Sekigahara in 1600.¹⁹ Iyeyasu emerged from this battle as the most powerful and dominant figure in Japan. He then went to work with the finishing stages of the unification process. He isolated Japan from the rest of the world, an isolation that was to last until Commander Perry reopened the country. Iyeyasu imposed a strict control of the feudal lords and of the imperial throne. He imposed stricter stratification of society than had either of his

¹⁸Upton Close, Behind the Face of Japan (London: D. Appleton-Century Company, 1942), p. 41.

¹⁹Reischauer, op. cit., p. 80.

predecessors. He placed numerous restrictions upon the life of every individual in Japan. The system concentrated so much power in the hands of Iyeyasu and his family that they were able to maintain control and power over the nation for over two and a half centuries. The rule of Iyeyasu did much to create the political and social attitudes that were the basis for the modern authoritarian state in pre-Pearl Harbor Japan.²⁰ This was the period of the Tokugawa Shogunate, the most powerful period of rule in Japan prior to the Restoration.

Collapse of the Shogun. Various forces were fermenting within Japan during the years of the Tokugawa Shogunate. These forces finally burst forth in active rebellion in 1867. This followed by a few years the visit of Commander Perry, and many historians and scholars cite this visit as the reason for the overthrow of the shogun. However, Perry's visit was not alone responsible. Other factors played an even more important role in eliminating the Shogunate.

First, there were certain Japanese scholars led by Motoori Norinaga who delved into certain ancient writings which stated that the Emperor, not the shogun, was the rightful ruler of the nation. During the years of the

²⁰ Ibid., p. 90.

Tokugawa Shogunate, the Emperor had been virtually forgotten. Norinaga and his associates preached that the Emperor, as the direct descendant of the Sun Goddess, Amaterasu-Omikami, was divine. If the Emperor was divine, what right had any mortal to rule in his place. They uncovered writings to bolster their ideas, and they brought to the people the doctrine of the divine origin of the Emperor. This caused a great commotion throughout the nation, and soon the people were clamoring for the return of their divine ruler. This Emperor revival was probably the most important factor in the downfall of the Shogunate.²¹

Another factor was the wide-spread dissatisfaction among the peasants of Japan. For hundreds of years they had been exploited by the shoguns. They lived in economic conditions which were pitiable while at the same time they were forced to give to the shogun outrageous amounts of rice and other farm crops as taxes. They did the work while the shogun and his followers reaped the harvest. It is not hard to see why they would be in favor of the riddance of the shogun.

In addition to these factors, an empire such as had been built by the Iyeyasu family needed strong men to

²¹ D. C. Holtom, The National Faith of Japan: A Study in Modern Shinto (New York: E. P. Dutton and Company, 1938), pp. 48-49.

continue. During the nineteenth century no strong men were to be found within the ruling class. Centuries of luxury and idleness had softened the once mighty ruling class. This lack of leadership was crucial at a time when the pressure of both events and men on the Tokugawa regime was growing stronger and stronger.

Sat-Cho-Hi-To. Leading the rebellious forces were the tribesmen from the western clans or tribes of Japan. These clans were four in number: Satsuma, Choshu, Hizen, and Tosa, generally shortened to the more convenient

Sat-Cho-Hi-To. These clans were located a great distance from the center of government, and this encouraged them to be independent. Moreover, they were the strongest and most progressive of the Japanese clans. In developing manufacture and trade as a means of boosting clan revenue,

Sat-Cho-Hi-To were far ahead of the other clans. They fostered not only handicrafts, porcelain manufacture, sugar-refining, and textile mills, but mining, iron foundries, gun-making, shipbuilding, and allied industries as well.²²

In these western clans the anti-foreign spirit was intense. For some years, in defiance of the shogun, the clans carried on what was practically an independent war

²² Chitoshi Yanaga, Japan Since Perry (New York: McGraw-Hill, 1949), p. 85.

against the Western Powers and against the newly acquired treaty rights of Westerners in Japan. They frequently attacked foreigners, both on land and sea. Things came to a head in 1863-64 when they tried to expel all foreigners by force.²³ In August, 1863, in retaliation for the murder of an Englishman by the Satsuma clan, a British squadron bombarded the Satsuma port of Kagoshima. In September, 1864, an allied fleet composed of British, Dutch, French, and American ships destroyed the Choshu forts at Shimonoseki. These forts had been firing on Western vessels passing through the narrow Shimonoseki Straits.²⁴

These decisive proofs of Western military and naval superiority gave Sat-Cho-Hi-To reasons for a review of their policies. Soon, all four clans stopped their anti-foreign activities. They had long seen the need of acquiring modern armaments. This determination was now made doubly strong. Many other leaders came to see that Japan could not keep her door shut forever and that her salvation lay in learning and mastering Western techniques.²⁵ This could not be done under the rule of the shogun, for the Shogunate represented the isolation of Japan from the rest of the world. In order

²³Ibid.

²⁴Ibid., p. 87.

²⁵John M. Maki, Japanese Militarism: It's Cause and Cure (New York: Alfred A. Knopf, 1945), pp. 146-147.

to adopt the policies of Sat-Cho-Hi-To, the shogun had to be disposed of. Once having grasped this realization, the western clans acted on it, boldly and unhesitatingly. Their actions paved the way for the overthrow of the shogun and the Restoration of the Emperor.²⁶

One can see that a complex array of economic, political, social, and diplomatic factors was pressing ever more heavily on the Tokugawa regime. The bakufu was becoming increasingly helpless to solve the major problems that were facing it. Events were moving rapidly in the direction of another change in the oligarchy that had ruled Japan for centuries. The militarists had grown tremendously during the shogun era. They were to grow even more as Japan stood on the verge of the most dramatic and significant change in its history.

²⁶ Ibid.

CHAPTER III

THE MEIJI RESTORATION AND REIGN

The seeds of militarism were sown in feudal Japan. During the reign of the Emperor Meiji, they grew amazingly. This entire process came about under the pretense of democracy and constitutional government, and it all began with the Restoration of the Emperor.

As has been shown earlier, the Shogunate, in its latter years, came under increased fire from both the peasants and the landlords. This brought about a sharpening of Japan's internal conflict. The extraordinary thing about this internal conflict was this. The groups opposing the Shogunate were revolutionaries; they rejected the existing system and fought for a new one. They sought progress for Japan, and progress meant opening the country to Western influence. Yet, in their struggle with the shogun, they were all against the foreigner.¹ The reason for this is not difficult to discern. These anti-foreign demonstrations provided a handy weapon for attacking and discrediting the Shogunate. As has been noted in the discussion of the Sat-Cho-Hi-To clans, the cry to "drive out the barbarian" disappeared when the clansmen realized that the only way in

¹J. H. Gubbins, The Progress of Japan: 1853-1871 (Oxford: The Clarendon Press, 1911), p. 56.

which progress could be achieved was through the adoption of Western ways. The old cliché "don't fight 'em, join 'em" was employed. Join up they did.

Rise of the Emperor in influence and prestige. During the time that the Shogunate was under fire internally, the prestige and actual authority of the Emperor grew. It grew and it continued to grow during this period of transition. As early as 1858, recognizing the Emperor's new importance, the shogun sought his approval of greater intercourse with the West; and in 1863 the shogun even obeyed an Imperial summons to Kyoto.² It was plain to see that the time was approaching for the revocation of the powers of the shogun and for the restoration of the Emperor.

In September, 1866, shogun Iemochi died. In February, 1867, the Emperor Komei also died.³ These two deaths provided an ideal opportunity for a radical change. In October, 1867, Yoshinobu Keiki, the fifteenth Tokugawa shogun, received a memorial from the leader of the Tosa clan urging that he resign his Shogunal commission as a means of ending the disastrous division of political authority.⁴ The Satsuma, Choshu, and Hizen clans later joined in this

²Mary A. Nourse, Kodo: The Way of the Emperor, p. 205.

³Ibid.

⁴Ibid., p. 204.

request. Completely undermined, Keiki, on November 3, 1867, sent his resignation to the Emperor.⁵ With the disintegration of Tokugawa power, the Sat-Cho-Hi-To clans were left in complete control of the court at Kyoto. After two hundred and fifty years, the Tokugawa Shogunate had fallen; and the way was opened for the restoration to full sovereign power, in theory at least, of the fourteen year old Emperor Mutsuhito who ruled under the name of Meiji (enlightened government) from 1867 to 1912.

How fared the military? How did the military fare in the Restoration battle? Military tradition was not absent in the struggle for the Restoration of the Emperor and the abolition of feudalism. The group of clever statesmen who destroyed the Shogunate contained many warriors. Many of the able statesmen who expedited the modernization of Japan were soldiers. The great national plan of political and economic development which they adopted for Nippon included not only the building of railways, the creation of banks, and the stimulation of industry along Western lines but also the arming of the nation in the latest European fashion, the substitution of a standing army in place of a feudal soldiery, the introduction of conscription on a nation-wide scale, and the construction of a powerful

⁵ Ibid., p. 206.

navy.⁶ Important also was the inculcation of militarism in schools and a continuance of the fanatic code of loyalty to the Emperor. This loyalty was cultivated as a means of arousing an intense enthusiasm and devotion to the state on the part of the humble citizenry.

Opposition and revolt. In 1877 the last bit of armed resistance to the new order flared up in the form of a revolt by the Satsuma clan. This seems rather surprising because the Satsuma, it will be remembered, led the way for the restoration of the Emperor. As it developed, however, Saigo Takamori, leader of the Satsuma, had become disgruntled with the Emperor and the new system because they had thwarted his attempts to invade Korea in the year 1874.⁷ The Satsuma clan, traditionally one of the most war-like of the feudatories, was also dissatisfied with the treatment that the warriors were receiving. They saw the warriors as a class losing their favored position in Japanese society. The army was being thrown open to the masses by the institution of the system of mass conscription which was inaugurated in 1872-73.

⁶W. W. McLarnen, A Political History of Japan During the Meiji Era (New York: Charles Scribner's Sons, 1916), p. 77.

⁷Ibid., p. 83.

Conscription. The system of conscription demanded that every Japanese male without distinction of rank or class serve his country as a conscript, three years in active duty together with two years in the first reserve and another two years in the second reserve.⁸ At first glance it would seem that the military signed their own death warrant by opening their ranks to admit the common citizen. This was not the case. Since the system of conscription was begun by the militarists, then surely they would not undermine their own motives. Conscription was brought about for a purpose, and this purpose was to hasten the downfall of feudalism as the economic and political structure of the country. Although this was accomplished, feudal psychology remained the dominating factor in the establishment of a new form of government, a government fashioned to meet the ends of the military. The new form of government demanded unquestioning acceptance of control of authority as its foundation. The old class barriers that were erected during the Tokugawa period were swept away, and the warriors as a separate and distinct class in Japanese society disappeared. However, the whole Japanese nation became instilled with the zeal and ambition that once affected only a very small

⁸ Hillis Lory, Japan's Military Masters (New York: Viking Press, 1943), p. 21.

percentage of the people. Universal male conscription didn't sweep away the idea of a dominant military class. On the contrary, it carried this theory even farther, right to the whole of the Japanese people. The spirit of the military class became the feelings of all of Japan.⁹ This feeling was to be incorporated into what was supposed to be the symbol of a democratic and constitutional government, the Constitution of Japan itself.

The Meiji Constitution. One of the first major problems to face the military was how to form a constitutional government which would preserve the rights and powers of the military and at the same time satisfy the growing demand for representative government.

The solution of this problem fell to Prince Hirobumi Ito, the leading advocate of a constitutional government with absolute powers. In 1882 he went abroad to study government administration throughout the world. He found the Prussian system the best model for the preservation of the throne's position and powers. Between 1883 and 1888, Ito laid down the principles of a suitable constitutional document and paved the way for its adoption.

Ito's constitution was drafted in secret. There was no constitutional convention, no consultation with party

⁹John M. Maki, Japanese Militarism: Its Cause and Cure (New York: Alfred A. Knopf, 1945), p. 183.

leaders, no popular discussion or debate, and no popular ratification. The constitution resulted in the creation of a new aristocracy. A Cabinet replaced the old Council of State, and its first members were young men with militaristic sympathies. No representatives of the old nobility were included. Local governments were reorganized in a compromise with democracy. The Privy Council, composed of members of the new nobility and distinguished statesmen, was created. It was the duty of this Privy Council to approve the constitution and to draft constitutional amendments.¹⁰

A representative Diet composed of two chambers was established. The upper chamber, or House of Peers, included members of the royal family and the nobility. The lower chamber, the House of Representatives, was a body of some three hundred selected for four year terms by all adult males who paid a specified annual tax. The Diet had the right of debate and the right to question members of the Cabinet. It was never able to gain control over the purse, however; and the Emperor retained the power to summon and to dissolve the House of Representatives.¹¹

At first glance it might appear that the forces of liberalism and democracy were gaining the upper hand in the

¹⁰ Herschel Webb, An Introduction to Japan (New York: Columbia University Press, 1955), p. 43.

¹¹ Ibid.

battle for control of the government. This was not the case, however. There were several reasons why this assumption was not true. First, the ministers of war and the navy had the right of iaku josu, or direct access to the Emperor. This practice was permitted by Article VII of the Imperial Ordinance on the Organization of the Cabinet of 1889 which reads:

With the exception of gunki gunrei or of military affairs of secrecy and grave importance which, having been reported directly to the Emperor, may have been submitted by the Emperor for the consideration of the cabinet, the ministers of state for war and the navy shall report to the minister president.¹²

This meant that the militarists could take their case directly to the Emperor while the non-militarists were forced to resort to constitutional means in order to convey their feelings to the throne. This was a decided advantage for the military, and they did not hesitate to use it.

Second, the militarists insured the continuance of their position by placing the organization and standing of the Army and Navy, not in the Diet where it would be subject to civilian jurisdiction, but in the hands of the Emperor. This, in effect, made the Army and Navy the private property

¹² Quoted in Kenneth Colegrove's Militarism in Japan (Boston: World Peace Foundation, 1936), p. 22. Colegrove does a remarkable job of analyzing the growth of militarism in Japan. His concise work has furnished much information on this subject.

of the Emperor. The Japanese believed that the Emperor was divine and could do no wrong; therefore, the Army and Navy could do no wrong.¹³ The position of the militarists in this particular facet of the problem was tremendously aided by the principle of iaku josu, or "direct access." Third, through the use of Article 67 of the constitution, the Diet was prohibited from reducing the budget once it had been fixed.¹⁴ In other words, the Army and Navy could always count on a certain amount of money. The Diet might not increase funds for military appropriations; but, on the other hand, it could not decrease them. This continuous, steady source of income helped to stabilize the position of the military.

Probably the most important single weapon in the hands of the militarists was a law which stipulated that the Minister of War could be chosen only from a list of active generals. Each Cabinet had to have a Minister of War before it could function. If the militarists didn't approve of the premier or his policies, they would simply refuse to permit a general on active duty to accept the position of Minister of War. If a general did accept the post against the wishes of the militarists, he was taken off of the active list, the

¹³Colegrove, op. cit., p. 25.

¹⁴Gubbins, op. cit., p. 183.

Cabinet would fall, and the potential premier would have to cater to the militarists in order to secure a Minister of War. In this manner the military clique made and unmade Cabinets and premiers.

The constitution created a framework of government which included institutions similar in form to those found in democratic states but marked by features which made the development of a democratic system impossible. The Emperor controlled the budget of the Army and the Navy; yet the people in no way exercised control over the Emperor. The only influence playing a direct role on the Emperor was levied by the military. The war-lords were playing with the deck stacked in their favor. The constitution made the military independent of civilian control, added nothing to the civil arm of government, and detracted nothing from the role of the military. As one author has noted:

The 1889 constitution is a document embodying Japanese political principles under the cloak of representative institutions. It put the militarists in the drivers seat. They were riding high, wide and handsome and there was nothing in their way to even more power.¹⁵

The military from 1889-1914. Beginning with the Meiji Restoration, Japan was expansionist in feeling and

¹⁵Robert A. Scalapino, Democracy and the Party Movement in Japan: the Failure of the First Attempt (Berkeley: University of California Press, 1953), p. 91.

policy. Even before the Restoration many Japanese leaders had favored territorial expansion.¹⁶ During the years of internal reform, however, they had cautiously refrained from rash adventures abroad. A strong movement in favor of a punitive expedition to Korea had developed in 1871-1873, but the dominant clan bureaucrats had skillfully prevented the outbreak of war. They had permitted a Formosan expedition in 1874 but had settled the resulting issues peacefully with China. Some small gains had been made, however. The Bonin Islands were annexed in 1876 and the Ryuku Islands in 1879. A naval demonstration in 1876 secured for Japan special treaty rights in Korea which led to more and more intervention in Korean affairs.¹⁷ It was in Korea that the military masters of Japan were to launch their first full scale imperialistic ambitions.

Sino-Japanese War: 1894-1895. For centuries Korea had been under the suzerainty of China. Under this arrangement China gave Korea protection against external aggression and solicited her recognition and approval of each new ruler.¹⁸ In 1882 anti-foreign riots broke out in Seoul, the capital of Korea. Acting in accordance with her mutually

¹⁶Gubbins, op. cit., p. 113.

¹⁷E. T. Williams, China, Yesterday and Today (New York: Viking Press, 1942), p. 35.

¹⁸Ibid., p. 38.

recognized obligation, China sent troops to assist in restoring order. Japan, with whom Korea had no such agreement, felt she should have a finger in the Korean pie and, accordingly, sent troops to the scene. Complications arose which led to intense feeling between China and Japan, and war between the two countries was narrowly averted. In 1885 China and Japan mutually agreed to withdraw their troops, and Korea was urged to organize her own army. It was, moreover, agreed that in the event of any further disorders calling for outside intervention both China and Japan should notify each other before dispatching troops and that troops so sent were to be withdrawn as soon as their object was attained. This agreement became known as the Convention of Tientsin.¹⁹

Despite the Convention of Tientsin, the situation was full of political dynamite; and only a spark was needed to bring about a major explosion. Such a spark was furnished in 1894 when Korea was again thrown into serious confusion and bloodshed through what is known as the Tonghak Rebellion, an indigenous nationalistic movement, mildly religious but intensely patriotic and anti-foreign.²⁰ China dispatched two thousand troops to the scene and, in accordance with the agreement of 1885, notified Japan of her action. Japan

¹⁹Ibid., p. 53.

²⁰Ibid., p. 57.

replied by sending more than forty-five hundred troops and at the same time rejecting China's long-standing claim to suzerainty by pointing out that Japan had never recognized Korea as a state tributary to China. The militarists had their boot in the door, and they were intent upon forcing the door wide open.

The Japanese commander served notice upon China that Japan intended to undertake single-handed the task of reorganizing the government of Korea.²¹ The first move in this direction by Japan was the demand that the King of Korea declare his country an independent state no longer under the suzerainty of China. While these negotiations were being carried on, China managed to increase her forces to approximately three thousand men while the war-lords of Japan poured over eighteen thousand troops into the "land of the early morning calm."²²

On July 21, 1894, Japanese troops entered Seoul and quickly and quietly proceeded to take over the palace, telegraph installations, the city gates, and Korean military camps. Japan's action, said the militarists, had been

²¹F. A. McKenzie, The Tragedy of Korea (New York: The Macmillan Company, 1917), p. 59.

²²Ibid., p. 62.

brought about because Korean soldiers had fired upon Japanese troops. The Japanese placed the young regent upon the crown and forced him into demanding the expulsion of all Chinese troops from Korea.²³ War seemed imminent and it was.

The conflict which ensued, known as the Sino-Japanese War, was of short duration. Hostilities commenced when the Japanese torpedoed the Kowshin, a Chinese transport with twelve hundred men aboard. The Japanese forces then struck one blow after another in rapid succession, throwing into confusion the ill-prepared and sadly over-confident Chinese army which was outnumbered and finally almost annihilated at Pingyang.²⁴ Then followed the destruction of the Chinese fleet in the Battle of Yalu, the capture of Port Arthur with its horrible massacre,²⁵ the invasion of the Liaotung Peninsula, and the capture of Weihaiwei in Northern Shantung. Crushed and humiliated China was forced, by the Treaty of Shimonoseki, to accept the following terms: recognition of the full independence and autonomy of Korea; the ceding to Japan of the Liaotung Peninsula, the island of

²³Williams, op. cit., p. 67.

²⁴McKenzie, op. cit., p. 73.

²⁵Ibid.

Formosa, and the Pescadores; and payment to Japan of an indemnity of \$150,000,000.²⁶

The war-lords were jubilant. Their first full scale effort had met with tremendous success. However, the enthusiasm was short-lived. The terms of the Treaty of Shimonoseki were not at all to the liking of three powerful Western nations: Germany, France, and Russia. All three had their own very definite ideas as to the future exploitation of the Chinese Empire, and they had no intention of permitting a Japan that had just emerged from a state of semi-barbarism to disrupt their plans. A few days after the signing of the Shimonoseki Treaty, Japan received from these three nations a firm but loftily worded protest concerning her proposed acquisition of the vastly strategic Liaotung Peninsula. Such an arrangement would, this protest pointed out, constitute a dire menace to China's capital at Peking and would render purely illusory the newly declared independence of Korea.²⁷ What could Japan do in the face of such a protest? She had, to be sure, defeated without great difficulty the armed forces of her backward neighbor; but to face the armed forces of three of the world's leading powers would be an entirely different matter. There was nothing to

²⁶ Maki, op. cit., p. 196.

²⁷ Ibid., p. 197.

do but accept the "recommendations" of the Tripartite Powers.

Even this set-back strengthened the militarists. They used it to discredit the Foreign Office of the government. They pointed out how the armed forces of Japan had won a glorious victory only to be deprived of it by the ineptness of the civilian branch of the government. A double victory was, therefore, gained by the militarists.

The "Tripartite Intervention," as the militarists called it, rankled Japanese hearts. Salt was rubbed in to the wound only a year after the signing of the Treaty of Shimonoseki and the Tripartite Intervention.

Li-Lobanov Treaty - 1896. In March, 1896, the famous Chinese diplomat Li Hung-chang was appointed by the Empress Dowager Tsu Hsi to journey to St. Petersburg, ostensibly for the purpose of representing China at the coronation of Russia's new Czar, Nicholas II. There was, however, another purpose for his visit and a very important commission which he was instructed to execute. He appeared duly in St. Petersburg in all the regalia of his office and attended by an impressive retinue; and in June, 1896, he negotiated with Russia a secret treaty of alliance specifically aimed at Japan. It was agreed that if the latter should pursue an aggressive policy in China, Korea, or Manchuria the contracting parties would assist one another on land and sea.

At the time, the Russian representative, Lobanov, who actually negotiated the treaty with Li Hung-chang succeeded in persuading Li that the safety of China depended upon the construction of a transcontinental railway across Northern Manchuria to Vladivostok; this right was embodied in the treaty. This treaty marked the start of the fortification of the Liaotung Peninsula and the building of the Dairen-Harbin railroad by the Russians.²⁸ Japan saw the handwriting on the wall, and the military decided to erase it.

Russo-Japanese War: 1904-05. Having firmly established herself on the Liaotung Peninsula, Russia lost no time in extending her influence to the north; and by the beginning of the year 1902, Russian forces were in undisputed military possession of China's three eastern provinces, the territory better known as Manchuria.²⁹ Such a dominant Russian position was full of danger to all other foreign interests in the Far East as well as to those of China. It was to Japan, however, that the situation constituted the greatest menace; and it was the militarists of Japan who decided that they were sufficiently prepared to challenge Russia's alleged rights. One of the sources of

²⁸ Webb, op. cit., p. 89.

²⁹ Sir Frederick Whyte, The Rise and Fall of Japan (London: Royal Institute of International Affairs, 1945), p. 153.

confidence for the Japanese was the Anglo-Japanese Alliance of 1902 by which each would go to the defense of the other if either were attacked by more than one nation. This treaty was used by the British as a means of curtailing Russian expansionist tendencies in the Far East, but at the same time it gave the war-lords of Japan a free hand in the Orient.³⁰

Early in 1903 the situation began to assume a serious aspect, and once again war clouds began to gather in the Far East. Throughout the year Russia and Japan were engaged in more or less wearisome negotiations, which arrived at no definite conclusions. In Japan the militarists were stressing the divinity of the Emperor, the code of bushido, the concept of hakko ichiu (bringing the corners of the world under one roof), and the belief in kodo (the way of the Emperor) to stir the people into a frenzy. They succeeded in doing this to such a degree that public opinion soon demanded that Russian penetration and infiltration in Manchuria be stopped.³¹ This is one time where the militarists were more than willing to submit to the will of the people.

³⁰ Ibid., p. 158.

³¹ Ibid., p. 173.

In the negotiations between the representatives of Russia and Japan, the Russians dilly-dallied and appeared to be in no great hurry to come to a settlement. Japan, on the other hand, feeling herself competent, would brook no further delay. On February 6, 1904, Japan severed diplomatic relations with Russia. Two days later the Imperial Japanese Navy under the command of Admiral Togo attacked the Russian fleet off Port Arthur. Formal declaration of war did not come until the 10th. Hostilities lasted nearly two years. Although Russia was badly beaten, the Japanese themselves were on the verge of collapse because of the prolonged strain of the war on men, supplies, and raw materials. Both sides were ready for peace.

Treaty of Portsmouth: 1905. Under the sponsorship of Theodore Roosevelt, Russia and Japan agreed to the following peace terms as set up at the Treaty of Portsmouth:

- (1) Both powers agreed to evacuate Manchuria which was to be restored to the exclusive administration of China with the exception of the Liaotung Peninsula, the lease of which was to be transferred to Japan;
- (2) Japan's paramount political, military, and economic interests in Korea were recognized;
- (3) Russia ceded to Japan the railway from Port Arthur to Changchun, retaining the railway north of that point; and
- (4) Russia ceded the southern half of Sakhalin Island to

Japan and granted important fishing rights in northern Pacific waters to Japanese interests.³²

Japan had taken on the "colossus of the north" and, much to the surprise of everyone, had emerged victorious. The militarists were praised throughout Japan. Never did their prestige glow so brightly. They were the saviors of the Yamato race. It seemed that the policy of hakko ichiu was to succeed.

On July 30, 1912, the Emperor Meiji died. With his death an era came to an end. Feudalism had been replaced by constitutional militarism. Two great wars had been fought and won. Japan was recognized as one of the world's great powers, owing primarily to the policy of the militarists. Two years later another period of still more ambitious expansion and growth was ushered in by World War I.

³²Williams, op. cit., p. 139.

CHAPTER IV

JAPANESE MILITARISM AND WORLD WAR I

World War I gave Japan a great opportunity for expansion and growth, and her military leaders were quick to seize it. The conditions created by World War I had been made to order for Japan. They brought all her strategic advantages into play and were ideally adapted to meet her economic, political, and military necessities. The prediction of Viscount Tani upon his return from the West in 1868 seemed about ready to come true:

Make our country secure by military preparation.
... Encourage and protect the people at home, and then wait for the time of the confusion of Europe which must come eventually sooner or later . . . Such an event will agitate the nations of the Orient as well, and we will then become the chief nation of the Orient.¹

Outbreak of World War I: 1914. After the outbreak of hostilities, Japan, acting she claimed in consonance with the terms of the Anglo-Japanese Alliance, offered to come to the aid of Great Britain. In reply Great Britain suggested that Japan confine her fighting to the sea; that is, attacks upon armed German merchantmen in Pacific waters.² Japan,

¹Upton Close, Behind the Face of Japan (London: D. Appleton-Century Company, 1942), p. 103.

²E. T. Williams, China, Yesterday and Today (New York: Viking Press, 1942), p. 495.

however, refused to so restrict her operations if she entered the war at all; for the eyes of the Japanese militarists were upon Tsingtao, wealthy city and strategic fortress on the Chinese mainland, together with Kiaochow, a territory of one hundred and ninety-three square miles and an important center of trade as well as the gateway to historic Shantung Province, one of the richest states in China.³ These were the territories that had been leased by the Germans during the hectic years when China was considered a plum for Western imperialism.

Great Britain was in a dilemma. According to the terms of the Anglo-Japanese Pact of 1902, which had been reaffirmed in 1911, either of the countries was supposed to come to the aid of the other in case of an attack by more than one power. Britain had been attacked by more than one power and now Japan was offering to come to her assistance, not for the purpose of living up to the terms of the treaty, but for furthering her own militaristic and imperialistic aims. Britain did not want Japan in the war but did not know how to keep her out.⁴

³ Ibid., p. 498.

⁴ Dr. Stanley Hornbeck, Contemporary Politics in the Far East (New York: D. Appleton-Century Company, 1928), p. 284

In the final analysis, Japan decided to act upon her own account; and on August 15, 1914, she issued an ultimatum to Germany demanding complete withdrawal by Germany from her possessions in the Pacific.⁵ Receiving no reply Japan declared war against Germany on August 23 and immediately commenced operations against the Germany leased territory of Kiaochow and against the surrounding Chinese territory. Here the militarists were treading upon dangerous ground. They wanted to move ahead rapidly and felt that they had a good chance in succeeding in their objectives because of the fact that the rest of the world was embroiled in the conflagration in Europe. Yet, there was a need for hesitancy and caution lest the entire Japanese scheme for the ultimate control of China be recognized.

In her ultimatum to Germany on August 15, Japan had demanded that Germany deliver to her the leased territory

⁵There is quite a difference of opinion on this matter. Dr. Gilbert Reid in his volume, China Captive or Free (New York: Viking Press, 1939), pp. 46-49, goes to some pains in an effort to show that Japan entered the war at the request of Great Britain, quoting as authority for his statements a rather formidable array of testimony almost entirely Japanese in origin. Professor E. T. Williams, on the other hand, in his China Yesterday and Today, p. 498, says that Japan offered to come to the assistance of Great Britain, but that the latter declined the offer, whereupon Japan undertook to act independently. Dr. Stanley Hornbeck, Contemporary Politics in the Far East, p. 286, and Paul S. Reinsch, An American Diplomat in China, p. 125, concur with the views of Professor Williams. The statements of Professor Williams and Dr. Hornbeck are based upon incontrovertible evidence and have never been repudiated.

of Kiaochow "with a view to the eventual restoration of the same to China"; and on the day that this ultimatum was delivered, Count Ikuma, Premier of Japan, in a telegram to the American press had said:

Japan's proximity to China breeds many absurd rumors; but I declare that Japan acts with a clear conscience in conformity with justice, and in perfect accord with her ally. Japan has no territorial ambitions and hopes to stand as the protector of the peace in the Orient.⁶

Thus spoke the Premier of Japan, the spokesman of the militarists. Later, in a message sent to the New York Independent, Premier Ikuma declared:

It is my desire to convince your people of the sincerity of my government and of my people in all their utterances and assurances. . . . This Far Eastern situation is not of our seeking. . . . I have read with admiration the lofty message of President Wilson to his people on the subject of neutrality. . . . As Premier of Japan I have stated, and I now again state, to the people of America and of the world, that Japan has no ulterior motive, no desire to secure more territory, no thought of depriving China or any other peoples of anything which they now possess. . . . My government and my people have given their word and their pledge, which will be as honorably kept as Japan always keeps promises.⁷

The whole thing now seems grimly humorous in the light of Japan's subsequent depredations, but it served the purpose of the militarist clique by lulling the nations of

⁶ Quoted in Reginald Wheeler's China and the World Today (New York: Aladdin Books, 1939), p. 9

⁷ Quoted in Close, op. cit., pp. 103-104.

the West into a false sense of security while the secret plans of the war-lords were put into effect.

Weeks passed. Tsingtao had been taken; German control had been wholly eliminated from the leasehold and the railway. China waited, expecting that Japan would at least evacuate the parts of Shantung which she had occupied outside of the German area; but Japan gave no indication of any move in that direction. Finally, on January 7, 1915, almost two months after Tsingtao had fallen, the Chinese Government officially notified Japan that, inasmuch as the military necessity no longer existed, the zone of belligerency in Shantung was abolished; and she requested that all Japanese troops be withdrawn into the Kiaochow area.⁸ This Japan stigmatized as an unfriendly act. Not under any circumstance, she declared with well-affected umbrage, would she acquiesce in such a request. Japanese troops, she asserted defiantly, would continue to move freely in Chinese territory.⁹ It must be remembered that this happened less than five months after the Premier of Japan had uttered his lofty statements pledging Japan to honor and uphold the integrity and sovereignty of China; a pledge which was to be "honorably kept as Japan always keeps promises."

⁸ Reid, op. cit., p. 99.

⁹ Ibid., p. 101.

The Twenty-One Demands: 1915. Immediately following the brazen affront to China's sovereign rights described above came Japan's notorious Twenty-One Demands for certain privileges which, if granted, would have reduced China to the position of an economic and administrative protectorate of Japan. These demands comprised a most astounding diplomatic communication and have been characterized by more than one eminent political writer as a more vicious assault upon Chinese sovereignty than was Austria's ultimatum in 1914 upon the sovereignty of Serbia.¹⁰ Astonishing also was the fact that, contrary to established diplomatic usage, these demands were presented not to the Minister of Foreign Affairs but directly to the President of China by the Japanese Minister Hiroki, who enjoined upon him the utmost secrecy.¹¹ Their presentation was accompanied by verbal demands for prompt acceptance and by threats of dire consequences to President Yuan Shih-kai, the government, and the nation should the matter become known to the world.¹² Furthermore, they were not written on the stationery of the Japanese Foreign Office but upon Japanese War Office paper,

¹⁰ L. A. Lyall, China (New York: The Macmillan Company, 1935), p. 213.

¹¹ Ibid.

¹² Ibid.

watermarked with machine guns and battleships, a bit of jingoism that the Japanese war-lords have never bothered to explain.¹³

The Twenty-One Demands were divided into five groups. The first group, consisting of four articles, covered Japan's position in the Shantung Peninsula and in effect would have converted that Chinese area into a Japanese holding. The seven articles of the second group would have given Manchuria and Eastern Inner Mongolia the status of Japanese preserves. Japanese subjects would have been given special rights in these areas, and China would have been forced to consult Japan in the event that other governments requested railway or financial privileges in these areas. The two articles of group three covered certain Japanese mining holdings in China. Group four, a single article, was designed "with object of effectively preserving the territorial integrity of China." China was to agree not to cede or lease to any other power any harbors or any islands along the coast of China. This move was designed to prevent any other nation from challenging Japan's paramount position in China.¹⁴ The fifth and final group of seven articles would

¹³Ibid., p. 218.

¹⁴F. L. Hawke-Potts, A Sketch of Chinese History (New York: Century Books, 1941), p. 145.

have placed influential Japanese in the Chinese government as political, financial, and military advisers; given Japanese hospitals, temples, and schools the right to own land in the interior of China; placed Japanese in virtual control of the Chinese police system; given Japan control over Chinese armaments; granted Japan the right to construct certain railways in China; placed Japan in a position to veto the participation of foreign capital in the development of Fukien province; and given Japanese the right to preach in China. The last articles were so bare-faced in their infringement on Chinese sovereignty that the Japanese eventually attempted to deny that they represented anything more than Japanese "wishes."¹⁵

Contrary to Japanese instructions, the news of these demands was not kept secret. Information leaked out, and world opinion was so greatly aroused that the Japanese militarists were forced to back down on their claims. Although the war-lords did retreat, they did not give up entirely on their demands. Some, in fact, were agreed to by China in two treaties: that of May 1915, respecting Shantung, and another signed concurrently respecting Japanese rights in South Manchuria. Under the first treaty China agreed to abide by any agreement made by Japan and

¹⁵Ibid., p. 163.

Germany regarding Shantung. The second treaty gave Japanese subjects certain rights in South Manchuria and more limited ones in Inner Mongolia. In notes accompanying the above treaties, the Chinese government agreed to give preference to Japanese subjects in the employment of advisers, to consult with the Japanese government if it proposed to negotiate certain loans involving South Manchuria and Inner Mongolia, and to keep foreigners and foreign capital out of Fukien Province. In return, Japan agreed to turn back to China the Kiaochow Leased Territory provided that the Chinese government make special concessions regarding it.

Although the militarists were foiled in their attempt to take over China completely, progress had been made which enhanced their already soaring prestige. They could afford to wait.

The end of World War I saw Japan recognized as one of the five Great Powers. During the war she had tremendously expanded her possessions with small loss of life. Secret treaties drawn up during the war with the Allied nations allowed her to keep her newly established position in Shantung province as well as the extension of her rights in South Manchuria. These provisions were written into the Treaty of Versailles.¹⁶ In addition to this, the German

¹⁶ Thomas A. Bisson, Shadow Over Asia: The Rise of Militant Japan (New York: Foreign Policy Association Inc., 1941), p. 60.

islands north of the equator were awarded to Japan as a Class C mandate under the League of Nations. This was the type of mandate that bordered upon being outright annexation, and the militarists made good use of this classification.

Peace saw Japan and her militarists reigning supreme over Asia. From Mongolia in the north to the tropical isles in the south, the blazing sun of the Mikado waved over all.

From war to peace to war: 1918-1931. Soon after the end of World War I, the Japanese militarists found their prestige declining. The main reason for this lowering of the prestige of the Army was the universal movement for peace, a movement that seems to occur at the end of all great conflicts. People the world over were engaged in wishful thinking which was so well expressed in the slogan "war to end wars." Even the people of Japan hailed the doctrines of peace. The militarists were at a loss as to how to combat the growing sense of resistance to force as a means of settling disputes. The war-lords did not change in their feelings, however. They referred to this period as one of "decadent sentiment nurtured by the prosperity of war, fusing with liberal thought."¹⁷

¹⁷ Jerome B. Cohen, The Japanese Economy in War and Reconstruction (Minneapolis: University of Minnesota Press, 1949), p. 113.

During this period, the militarists began to suffer their first reversals since their modern inception during the Meiji Restoration. First, there was the failure of the Siberian Intervention in which Japan was repulsed in its attempt to take over a portion of Russian Siberia. Then there was the Washington Peace Conference of 1921-1922. The Conference met to solve those problems in the Far East that might lead to war. The Japanese delegates to the Conference accepted a 5-5-3 naval ratio which gave Great Britain and the United States a naval strength of 5 to 3 for Japan. The militarists were vehement in their denunciation of the treaty, but it was approved over their protests. In addition, Japan pledged to return to China the province of Shantung, which had been taken from Germany after World War I.¹⁸ This segment of the pact infuriated the militarists, but the wish for peace was so strong throughout the world that the warlords were forced to accede.

In 1928 Japan signed the Kellogg-Briand Peace Pact, which outlawed war as a means of national policy. Again her diplomats aroused the ire of the militarists but to no avail. The clique felt that Japan should have insisted upon the same right as that given to Great Britain; that is, Japan should have demanded specified freedom of action in

¹⁸Ibid., p. 123.

her spheres of influence. However, the diplomats did not feel that this was necessary to the future of Japan.¹⁹

While the Japanese diplomats had signed these various treaties and agreements which would have done much to insure the peace of the world if they had been observed, the Japanese war clique continued to speculate on the doctrine of hakko ichiu and to make plans for its accomplishment. One of these plans came to the fore during the one period of domination that the militarists had in governmental affairs during the 1920's. This event occurred during the premiership of Baron Ichiro Tanaka and is known as the Tanaka Memorial.

The Tanaka Memorial: 1927. Today, the Tanaka Memorial is regarded as the blueprint followed by the Japanese in their attempt to bring the eight corners of the world under one roof. At the time of its publication, however, very few people placed any credence in its statements.

It was not until the chance disclosure and publication of the famous Memorial which Baron Tanaka presented to the Emperor that the attention of the world was drawn to Japan's grandiose dreams. Baron Tanaka, who had become premier as the leader of the aggressive Seiyukai Party, sent his Memorial to the Emperor on July 25, 1927. It had been

¹⁹Ibid., p. 128.

prepared following a conference in Mukden which was attended by all the civil and military officials of Manchuria and Mongolia. For eleven days the conference discussed Japanese policies in these two countries. Some months later the Memorial was published by Chinese publicists with the explanation that a copy had come into their hands. Though its contents caused a great deal of surprise to those who were unfamiliar with the history of the Far East, it did not contain anything not advocated by the militarists for years.²⁰

The plan laid down in the Tanaka Memorial by which Japan would first conquer Manchuria, then China, then the Philippines and Southeast Asia and adjoining territory is well known and need not be discussed in detail here. What is important, however, is the Japanese frame of mind that would permit the militarists to embark upon a course of conquest which had been laid bare before the eyes of the entire world. The release of the Memorial showed that while the diplomats of Japan talked peace the war-lords prepared for war.

²⁰ Carl Crow, Japan's Dream of World Empire: The Tanaka Memorial (New York: Harper and Brothers, 1941), p. 18. The author goes into detail to show how the Tanaka Memorial was simply a restatement of many of the beliefs of prominent Japanese for centuries. He also includes the complete text of the Memorial itself.

The Tanaka Memorial was the sole exception to the steady decrease in prestige of Japan's military clique during the 1920's. Army influence continued at a low ebb during most of this period. Other forces were checking, temporarily, the traditional power of the army. The old powerful clan leaders of the Camp who earlier had moulded government policies were either dead or taking a less active role in domestic and foreign affairs.

As has been mentioned briefly, Japan was swept by the post-war surge of democracy and peace. This was made doubly evident in 1918 when Takashi Hara, president of the Seiyukai Party, established the first true uni-party Cabinet in Japan's recent history. True, there were many Cabinets; but none ruled according to the English principle of responsibility to the Parliament. During the 20's there were to be six one-party Cabinets in succession.²¹ To many, the nation appeared on the verge of an era of responsible government, a government in which the military would occupy a proportionately less influential position.²²

²¹F. R. Dulles, Forty Years of American-Japanese Relations (Boston: Houghton-Mifflin Company, 1931), p. 184.

²²Ibid., p. 187. The author goes to some length to show the rise of the democratic spirit within Japanese politics and how this spirit made itself felt in governmental matters. He also traces the reasons for its failures.

The Minseito Cabinet of 1929: Most liberal in Japanese history. In 1929 the Minseito Cabinet took office. This was the strongest and most liberal party government to hold office in Japanese history. It came the nearest to establishing democracy in Nippon. It also had to meet the first onslaught of the military forces. In the story of Japan's political development, it thus represents a critical turning point of unusual significance.²³

The Minseito Cabinet was liberal but by no means radical. It was, in reality, a government of big business. Its liberalism stood out mainly in its moderate foreign policy, which contrasted sharply with Baron Tanaka's "positive policy." A discussion of the Cabinet's liberalism is included in the section of this paper devoted to the Zaibatsu, and it takes away some of the luster of the moderate policy. There is no doubt, however, that the Minseito Cabinet was opposed to war unless all other means failed.

The Minseito Cabinet was made up of distinguished leaders. Among them were Hamaguchi, the Premier; Shidehara, the Foreign Minister; and Inouye, the Minister of Finance.

The Cabinet labored, however, under a fatal handicap, similar to that which confronted President Hoover in our own

²³ Robert A. Scalapino, Democracy and the Party Movement in Japan: The Failure of the First Attempt (Berkeley: University of California Press, 1953), p. 89.

country; for it entered office in July, 1929, at the height of the post-war boom. The Wall Street crash and the spreading world depression followed immediately. The swift change in economic conditions during its period in office had much to do with the final overthrow of the Minseito Cabinet.

Hamaguchi and his Cabinet aides began with a great victory on the issue of the London Naval Treaty of 1930. This treaty extended limitations to cruisers and destroyers as well as to capital ships. The Army and Navy leaders opposed it and opposed it bitterly. The people and the press supported the Cabinet's fight for it. On October 1, 1930, the Privy Council ratified the treaty. The Cabinet and the people, it seemed, had won.

It appeared that the Army and Navy were finally under control. This was, it transpires, just an illusion. The war-lords kept to their guns and preached the doctrines that had haunted Japan for years: hakko ichiu, bushido, kodo, and the mission of Japan to rule the world. The depression was in full swing, and the liberal policies of the Minseito Cabinet were not increasing trade or shortening the rice lines. The military pointed to their periods of control and boasted with pride of the booming factories, increased exports, higher standard of living, and better economy that they had given to the people.

In 1930 Premier Hamaguchi was shot by an assassin who was sponsored by the military. With him died democratic government in Japan. The war-lords had served notice that anyone who stood in their way or opposed them would be eliminated. Democracy in Japan was dead, and the war-lords danced their dance of death over the prostrate form of representative government. The militarists once again controlled Japan. Now they would set out to control the world.

CHAPTER V

THE ZAIBATSU

The word Zaibatsu means "moneyed group." It generally refers to the Big Four financial combines of Japan: Mitsui, Mitsubishi, Sumitomo, and Yasuda. However, it is also used to include the other large trusts and combines in Japan as well.

In Japan the Zaibatsu represented a concentration of financial and economic power which was unparalleled anywhere else in the world.¹ The relative position of the Mitsui and Mitsubishi concerns in the life of Japan was so important that, compared to them, the role played by organizations like du Pont and Standard Oil seem small.² These vast, monopolistic enterprises dominated the financial, industrial, and commercial life of Japan.³ Most experts agree that the Big Four controlled more than one third of the total deposits in private banks, seventy per cent of the deposits in all trust companies, and one third of the foreign trade of Japan. These mammoth combines also

¹Jerome B. Cohen, Japan's Economy in War and Reconstruction (Minneapolis: University of Minnesota Press, 1949), p. 19.

²Ibid., p. 28.

³Ibid., p. 34.

dominated the strategic sections of industry, with controlling amounts of capital invested in shipping, shipbuilding, aviation, engineering, mining, metal manufacture, and others. Because of their inter-locking control over banking, industry, and commerce, the Zaibatsu were able to exercise indirect control over many smaller banks, industries, and trading enterprises in addition to those which they operated directly.⁴ Because of the financial pressure they were able to exert on the government, they were in a position, not only to influence the government's industrial policies, but also to secure substantial subsidies, fiscal protection, and profitable war contracts. How did the Zaibatsu manage to gain and consolidate such a grip on the economy of Japan, and to what extent did they collaborate with or oppose the militarists in their aims?

History of the Zaibatsu. Japan's modern business order matured under historical circumstances giving it a special character, different in many respects from Western capitalist systems. Much is implied in the fact that Japan has had almost no laissez-faire experience or tradition,

⁴Thomas A. Bisson, Japan's War Economy (New York: International Secretariat, Institute of Pacific Relations, 1945), p. 35. Mr. Bisson is recognized as one of the foremost authorities on Japanese economy, particularly the Zaibatsu. The writer has made extensive use of his materials both in this work and other works which will be listed in later footnotes.

whereas the West has experienced the long struggle of a growing middle class, first to throw off government fetters on its freedom of economic action and then to take over government and remold it in a democratic framework. What bulks so large in the West is missing or strangely distorted in Japan.⁵

Japanese capitalism was a late product, emerging directly from a feudal society that suffered dissolution only in the 1870's. It had its roots in feudalism and was formed while the influence of the feudal society was still strong. It rested, moreover, on a relatively weak and vulnerable economic foundation of national resources, technical development, and world markets. Japan's modern business life, as represented by the Zaibatsu system, was therefore adjusted to a special background, in which feudal customs still prevailed. In these conditions, new forms and practices were appropriated; individualism least of all. The reasonableness of privileged status was no less implicit than the necessity for autocratic power. It was natural that the Zaibatsu combines, along with Japan's newly adopted institutional changes in general, should display both features.

⁵ William W. Lockwood, "Industrial Development," Japan (Ithaca: Cornell University Press, 1950), p. 74.

We are all familiar with the development of industry in Europe at the beginning of the eighteenth century. By comparison, Japan as recently as the early nineteenth century remained in a stage of economic development hardly more advanced than that of Western Europe in the late Middle Ages.⁶ Of her twenty-eight to thirty million people, the overwhelming majority were unfree, poverty-stricken peasants. They lived mostly in self-sufficient rural villages. The foundation of the economy and chief source of wealth was the cultivation of rice, carried on by primitive methods little changed over the centuries.

This agrarian base supported an aristocratic ruling hierarchy of some 270 territorial lords or daimyo and the warrior class or samurai. The former had long held feudal sway in their territorial fiefs, while acknowledging nominal allegiance to the Emperor in Kyoto. Since 1603, however, they had been actually under the dominance of one of the great military families, the Tokugawa clan at Edo, now called Tokyo. Some forty per cent or more of the peasants' produce was annually appropriated by the daimyo and the shogun for the support of themselves and a vast army of vassals and retainers numbering upwards of two million.⁷

⁶ Ibid.

⁷ Cohen, op. cit., p. 74.

The remainder barely sufficed to sustain the population at its existing level. An earlier growth in numbers associated with an expansion of the cultivated area in the seventeenth century had been arrested despite the persistence of high fertility patterns.⁸ Thereafter a precarious equilibrium between population and food supply was maintained only by famine, disease, abortion, infanticide, i.e., by use of all the Malthusian checks save war; and this was resorted to before too long.

Accompanying the growth of cities in the seventeenth and eighteenth centuries and fostered by the peace and unity of Tokugawa rule, was a considerable development of manufacturing, mining, and interregional trade. The home industry of farm households came to be supplemented by workshop production organized under clan monopolies or craft guilds. But industrial output continued to be essentially handicraft in character, and the artisans and tradesmen remained an inferior class without political rights or social status. Manufacturing was dispersed through rural villages or concentrated in castle towns and centers like Edo and Osaka where the wants of the aristocrats were met. Trade was predominantly a movement of rice from country to city, mostly in payment of feudal dues. There was only limited

⁸Ibid.

exchange of industrial products. Mainly these were luxury items. Commerce remained crippled by complete bans on foreign intercourse that was one of the trademarks of the Tokugawa Shogunate. Through strict control over travel and trade as well as over freedom of occupation and enterprise, the Tokugawa regime sought to suppress the growth of any new forces which might threaten the feudal-agrarian foundations of the state.

"This late feudalism," writes E. Herbert Norman, "represents one of the most conscious attempts in history to freeze society in a rigid hierarchical mold."⁹ Significantly, nevertheless, it served only to stunt and not to stifle the advances in technology and commerce which had received their first sharp impulse in the turbulent fifteenth and sixteenth centuries. Already, by 1750 and even earlier, the institutions of agrarian feudalism had been heavily qualified. The economic disorder of the next one hundred years itself testifies to this fact. Much of the difficulty can be attributed simply to the ineptness of an archaic military dictatorship in dealing with the resulting problems of population growth, currency, debt, and taxation. Only when Japan's industrialization in the

⁹ E. Herbert Norman, Japan's Emergence as a Modern State (New York: American Institute of Pacific Relations, 1940), p. 12.

twentieth century is seen as a projection of these earlier trends, now accelerated by the opening of the country to Western influence, can its speed and its technical achievements be understood.

The decay of feudalism. The modernization of Japan after 1868 has been likened to the bursting of a dam. It was the more violent because it brought the release of long pent-up forces.

In part these pressures were economic in character. The latter half of the Tokugawa period, from the early eighteenth century onward, resembled in certain respects the situation which has recurred periodically in the long history of Japan and other Oriental countries. Consumption requirements expanded beyond the inelastic limits of a backward and exploitative agrarian society as a result of population growth and the insatiable demands of a parasitic ruling class.¹⁰ Production and distribution within the traditional framework also became subject to violent disturbances arising from the mismanagement of public finance. From 1750 on, the Shogunate was in almost constant financial difficulty. It sought escape by heavier taxes, borrowing, and disorderly debasements of the currency.¹¹

¹⁰ J. H. Gubbins, The Progress of Japan, 1853-1871 (Oxford: The Clarendon Press, 1911), p. 78.

¹¹ Ibid., p. 83.

In lesser degree this was true of many daimyo who tried in turn to solve their problems at the expense of the samurai and peasantry. This time, however, new and revolutionary forces were at work within the country. The traditional institutions of Japanese feudalism were progressively undermined at the foundations by the slow growth of commercial economy and the rise of a new and ambitious class of merchants and townspeople. This new class was to form the nucleus of the Zaibatsu.

As in Europe, the old self-contained barter economy and the rigid patterns of the class relations associated with it gradually crumbled under these mercantile influences. The samurai, a rentier caste, became progressively impoverished and indebted to the merchants or chonin as their rice stipends proved inadequate to meet increasing money requirements. Attempts to extract larger revenues from peasants only intensified the difficulties of the latter, who likewise found themselves exposed to the insecurity of a growing money economy. Currency debasement and crop variations brought wide fluctuations in the price of rice, the one crop that was the precarious base of the economy. To these uncertainties the manipulations of merchant speculators

further contributed, now injuring the farmer and now the city consumer.¹²

The chonin, though expanding their wealth and influence at the expense of the samurai, chafed under multifarious feudal restrictions on initiative and opportunity. These included restrictions on the transfer of land, on foreign trade, on improvements in internal transport, and on the manufacture of certain goods. Most irksome was the subordinate social status to which they were confined by an arrogant military aristocracy. Progressive clans also sought to expand their revenues through promotion of new manufactures and of trade. Here developed a new breeding ground for mercantilist ambition. The energetic young samurai-bureaucrats who pioneered this development began to display a new spirit of capitalistic enterprise which could only find full expression through a complete and definite break with the old regime.

To these difficulties and discontents were added a series of famines and natural disasters in the latter Tokugawa years. The misery of the peasants in certain areas drove increasing numbers off the land in flight to the cities. After 1750 the strain on the traditional structure

¹² Chitoshi Yanaga, Japan Since Perry (New York: McGraw-Hill, 1949), p. 183.

was reflected at the base in a series of peasant rebellions.¹³ At the top there was a steady decline of the power of the Shogunate and increasing defiance of its authority by the more independent clans. The whole process culminated in a crisis of public finance in the nineteenth century.

Economic discontent was reinforced in turn by other factors in the last decades of the Tokugawas. Some were literary and religious in character. An intellectual renaissance led to a rediscovery of national traditions and a revival of Shintoism, with its glorification of the Emperor whose traditional prerogatives had been usurped by the shogun. It will be remembered that this same feature played an important part in the rise to dominance of the military.

Effective power within the feudal clans now passed largely from the control of the effete daimyo, "aimless nobodies" as W. E. Griffis calls them, into the hands of able, young samurai of inferior rank.¹⁴ By various means these men had steadily acquired a growing knowledge of Western military science, practical arts, and history. Through these new learnings, coupled with expanding intercourse with the West, the more farsighted individuals saw

¹³Hugh Borton, Peasant Uprisings in Tokugawa Japan (Tokyo: The Asiatic Society, 1938), p. 196.

¹⁴W. E. Griffis, The Mikado's Empire (New York: The Macmillan Company, 1900), pp. 292-93.

fresh possibilities for a national rejuvenation under the aegis of the Emperor as well as new scope for personal enterprise and power. More and more it seemed that only through such a course of action was national survival possible. The obstacle was the Shogunate, which now found itself caught between the insistent demands of the foreign powers and the growing assertiveness of rebellious clans grouped around the throne. Unable to withstand the pressure it fell.

Post Restoration. As has been noted, in the Tokugawa era a Japanese third estate was developing strength within the feudal society and after a fashion asserting itself. It had some leverage of its own. On occasion the samurai retainers or even their feudal lords might tremble before the economic power of this rising merchant class. Its leading representatives, nevertheless, became subordinate fiscal agents of the Shogunate, not a rival center of power setting itself counter to feudal absolutism.¹⁵

In the swift adjustments of the Restoration, this position was perpetuated with virtually no break and an extraordinary smoothness of transition.¹⁶ For example, in

¹⁵Clyde H. Paul, The Far East: A History of the West in Eastern Asia (New York: Prentice Hall, 1952), p. 71.

¹⁶Ibid.

August, 1867, the Mitsui house acted as agent of the Shogunate in the distribution of a new currency issue; in October it became the chief quartermaster for the anti-Shogunate forces. Tokugawa merchant families, the same then as at the time of the Manchurian "Incident," joined by new samurai elements turned businessmen, clasped hands with a modernized dynastic state in which they played an important but still subordinate role. Feudal tariff barriers went down, lands became alienable, taxes were centralized, freedom of occupation and movement established, and modern codes introduced. In short, all the basic requirements of a capitalist order were met. All of the requirements, that is, except equality in governmental matters.

Although the Zaibatsu leaders took second place politically in the early Meiji period, their links with high government officials, as in Inouye Kaoru's patronage of the Mitsui house or Okuma Shigenobu's of Mitsubishi, were tightly forged.¹⁷ Through such interplay, the growing Zaibatsu combines were already a part, even if not the dominant part, of the Japanese oligarchy and derived great advantages from the position so occupied. Government might extort loans from Mitsui, but it could also vest Mitsui

¹⁷ Sir George B. Sansom, The Western World and Japan (New York: Alfred A. Knopf, 1950), p. 139.

with exchequer functions in the collection and handling of national and local tax moneys for nearly two decades.¹⁸ It could confer other benefits on the combines but none so great as this extraordinary privilege of access to capital in an era of business expansion. The government developed new factories or acquired merchant vessels with state funds and then turned them over to the Zaibatsu concerns along with some of Japan's richest mines, all at low prices and on easy terms, if not as outright gifts.¹⁹ From early Meiji times, subsidies and other preferences were common; and they steadily continued. State power was being used in this way to make up for Japan's economic weakness, and the combines from the outset held a position that enabled them to benefit from the acts of the government. The benefits derived by the Zaibatsu grew to such extremes that within fifty years from the Restoration it was almost impossible to tell whether the government was granting subsidies to the combines or the combines were granting subsidies to the government.

The infant begins to walk: 1893-1919. Between 1893 and 1919 a marked impetus in industrial expansion was

¹⁸Ibid.

¹⁹M. Cameron, T. H. D. Mahoney, and G. E. McReynolds, China, Japan and the Powers (New York: Ronald Press, 1952), p. 153.

afforded by two wars and preparation for a third. The two wars that had been fought were brought to successful conclusions. Both were begun by the militarists with the blessings and sanctions of the Zaibatsu.²⁰

The conflict with China (1894-95) produced an inflationary boom in Japanese war industries, which carried over into the later years under the stimulus of continuing arms expenditures. It also gave the nation and the Zaibatsu the power and prestige to regain Japan's tariff independence and won her an indemnity from China which went, almost in its entirety, to the Zaibatsu for further expansion.²¹ Customs autonomy made possible more effective protection of new industries, and the Chinese indemnity provided her with a gold and sterling reserve with which she adopted the gold standard in 1897. Her public credit now solidly established, Japan proceeded to borrow heavily abroad to finance the purchase of arms, industrial equipment, and materials for further industrial and military expansion.

After the Russo-Japanese War (1904-05) Japanese industry began to assume the basic pattern which was to characterize it for the next several decades. One branch comprised the metallurgical, engineering, and other

²⁰ Ibid.

²¹ Ibid., p. 173.

industries. These were the industries essential to military strength; yet they were especially difficult to establish in Japan because of their heavy capital requirements and advanced technology.²²

We see here the beginnings of the evil alliance between the Zaibatsu and the military. The military went into their imperialistic wars with China and Russia in order to promote their doctrine of hakko ichiu. The Zaibatsu encouraged them in these ventures in order to build up their monopoly in industry, trade, and finance. The two worked together; and it is doubtful if either would have been able to attempt the expansion of Japan, militarily or economically, without the other.

World War I saw a strengthening of the alliance between the military and the Zaibatsu. It came as a blessing to both. Through the decade prior to World War I, armament and war expenditures imposed a heavy strain on Japan's financial capacity. Large-scale foreign borrowing fostered military and industrial development; but it also burdened the country with increasing debt obligations abroad, which brought growing difficulties in balancing international accounts.²³

²² Ibid., p. 178.

²³ Herbert Feis, The Road to Pearl Harbor (Princeton: Princeton University Press, 1950), p. 59.

Just as Japan seemed headed for a serious financial crisis, war broke out in Europe. Almost immediately a limitless opportunity developed for exports of Japanese manufactures, and the Zaibatsu were quick to grasp the opportunity. War orders poured in. European competitors disappeared from Far Eastern markets, and the merchant marine inherited a large share of the world's carrying trade. Exports built up large foreign credit balances, which were used to sustain a rapid inflation of credit and prices at home. Japanese manufacturing thus embarked on a period of unprecedented prosperity, and the Zaibatsu thrived.

Full maturity. The Zaibatsu "hey-day": 1920-1931.
The Zaibatsu ruled supreme in Japan during the 1920's. The enormous profits that had accrued to the combines enabled them to buy their way into any position of government they desired. By 1925 the industrialists or their representatives held many of the leading offices which the clansmen had formerly made their own. They held the presidency of the Privy Council and the key posts in the Imperial Household Ministry. They were influential in the House of Peers, in the bureaucracy, and even in the Army and Navy.²⁴ Generals and admirals could actually be found to support the

²⁴ Sansom, op. cit., p. 212.

policies of party government. All the Elder Statesmen except Prince Saionji, the last of the Genro, had died; and even he, being related to the Sumitomo banking house, was in sympathy with the capitalistic outlook. As Prince Saionji was the Emperor's chief adviser on the choice of a new Premier, he occupied the most strategic position in the state; and he made it a point to recommend those men who were friendly to the interests of the Zaibatsu. Technically speaking, the Emperor could be classified as a member of the Zaibatsu since he possessed nearly half a billion yen in stocks and bonds, nearly as much as the Zaibatsu families. He would, therefore, be sympathetic to the interests of the Zaibatsu because their interests would be the same as his.²⁵

We see here that the Zaibatsu had the Emperor and his most trusted advisor on their side. What other factors were in their favor that enabled them to gain so complete control of governmental machinery during this period?

First, there were close personal ties between the members of the combines and influential people in the government. While employees of different combines refused to mix socially, not even patronizing the same restaurants or entertainment houses, no such inhibitions existed among the top combine families. A good example is offered by

²⁵Ibid.

Baron Iwasaki Hisaya, head of the Iwasaki family that controlled the Mitsubishi combine. His second son married the daughter of Ikeda Seihin, a leading Mitsui executive. Ikeda held such positions as chairman of the board of Mitsui Bussan Kaisha, which was the predecessor of Mitsui Bussan, top holding company of the Mitsui combine. He was also managing director of the Mitsui Bank, Minister of Finance in the government, governor of the Bank of Japan, and a member of the Privy Council and the House of Peers. Baron Iwasaki's sister married Shidehara Kijuro who served as Premier of the country. Baron Iwasaki's niece married Viscount Shibusawa Keizo, head of another Zaibatsu house and Minister of Finance in the Cabinet of Shidehara.²⁶ This method of close ties between the Zaibatsu and officials of the government insured the Zaibatsu that they would have the inside track on any benefits to be derived from the government.

Another method used by the Zaibatsu to coerce the government was through their control of the money and banking organizations of the nation. As in industry, Japan imported Western financial machinery: a central bank, commercial banks, trust companies, stock exchanges, gold reserves. All came over the sea intact. These names are, however, misleading. They are misleading because in Japan

²⁶ Bisson, op. cit., p. 103.

there is not a group of industrialists and another group of bankers, each doing business and each jockeying with the other. In Japan the industrialists and the bankers are the same people.²⁷ The great industrial interests actually owned the great private banks. Reference was often made by Japanese to the Big Six Japanese banks which controlled nearly half of the nation's private bank deposits. The first four of the Big Six Banks were Mitsui, Mitsubishi, Yasuda, and Sumitomo--the same Big Four of the Zaibatsu combines.²⁸

It all boils down to this: Since the Zaibatsu controlled most of the industry of Japan and at the same time most of the banking, Japanese capital was hardly more than a revolving fund among the big combines. It was like taking money from one pocket and putting it into another. Both pockets were on the same pair of pants, and the Zaibatsu were wearing them.

As had been noted, party influence was growing in Japan at this time. However, through their ties with the government and through their immense wealth, the Zaibatsu were able to take over the major political parties in Japan;

²⁷"Gentlemen of Japan," Fortune, XIV (September, 1936), 67.

²⁸Ibid., p. 69.

and this they did. Mitsubishi interests were linked with the Minseito Party and Mitsui with the Seiyukai.²⁹

In 1925 manhood suffrage was adopted. Instead of lessening the influence of the Zaibatsu, this act strengthened it because it meant that the members of the Diet were forced to spend more money on electioneering; and the only people that had enough money were the Zaibatsu. During this period it was almost impossible to be elected to the Diet without the support of the Zaibatsu. They had the money and money won elections.

The postwar increase in Zaibatsu political influence is best indicated by the Kato government of 1924-25, known in Japan as the "Mitsubishi Gang." Both Premier Kato and Foreign Minister Shidehara were related by marriage to the Iwasaki family which controlled the Mitsubishi interests. Two other members of the Kato government were directly associated with Mitsubishi while the remainder of the Cabinet was indirectly linked with the financial and industrial circles related to that firm.³⁰ It can be safely said that Mitsubishi thrived during this government's tenure.

²⁹Ibid., p. 70.

³⁰Ibid.

What was the foreign policy of the Minseito and Seiyukai parties during the 20's? Were they pacifistic or militaristic in their goals or did they have different goals?

Both the Minseito and Seiyukai parties agreed on the final goal of their policies, but they differed in how the final goal was to be reached. The Minseito party believed that territorial expansion and gains should be achieved by using all means short of force. Economic penetration was their weapon. Of course, if economic penetration failed, then force would be the only alternative.³¹

The Seiyukai party, on the other hand, believed in the use of force first, a "positive policy." Dominated as they were by the Mitsui combine, they saw their future in the taking over of China first and eventually all of Asia. Their policies were directed primarily against China and Russia, but their long range goal was the financial and industrial control of the world.³² This was made evident in the administration of Baron Tanaka, who was the head of a Seiyukai Cabinet. He laid down the plans for the achievement of the goals of the Mitsui clan.³³ His theory of a

³¹Ibid., p. 76.

³²Ibid., p. 77.

³³Ibid.

"positive policy" should have warned the world of the intention of the Zaibatsu and the militarists, but it went unheeded.

Both parties, then, agreed on the final goal of Japanese foreign policy. They had different ideas on how the goal was to be reached; but if it came to a showdown, they would be found standing side by side. Working together, they set the stage for the events which culminated on the evening of September 18, 1931.

Organization of the Zaibatsu. In the preceding pages we have seen how the ancient and the modern blended in many different ways to form the Zaibatsu system. So it was, too, in the more technical matter of the combine structures. The fusion of old and new elements created a corporate entity that differed in essential respects from its Western prototype.³⁴ One face showed a modern corporation, the other a family dynasty which, with its mass of loyal retainers, ruled over a vast business empire. The spirit represents more than the form; and it is, therefore, appropriate to attribute full significance to the older elements in this amalgam despite the modernity of its outward appearance. Old and new in combination, moreover, added greatly to the strength and cohesion of the Japanese corporate type.

³⁴Josephine Budd Vaughn, The Land and People of Japan (Philadelphia: Lippincott, 1952), p. 97.

The economic spread of the Zaibatsu represented a crucial structural feature. Like most other elements of combine structure, its origins lay in the past. Economic diversity stemmed from early business activities of the Zaibatsu families, who were engaged in ramified banking, trading, and semi-manufacturing operations long before the Restoration. When industry and mining, previously reserved almost entirely to the clans and the Shogunate, were fully opened to private business houses in the seventies, the Zaibatsu moved into this area, aided by the initiative of the new government. In a decade or two, the combines had brought within their scope virtually every type of commercial, industrial, and financial activity.³⁵

Down to 1900 few legal restraints existed to hamper business leaders as they set about expanding old combine structures and building new ones. Their patrons in government viewed business in the light of Japan's political requirements--the need for rapid appropriation of Western technique, supplemented by the highest measure of strong, centralized authority.³⁶ Economic concentration meant strength and efficiency in an era when both were required by

³⁵Ibid., p. 99.

³⁶Robert A. Scalapino, Democracy and the Party Movement in Japan: The First Failure (Berkeley: University of California Press, 1953), p. 273.

the "catching up" process in which Japan was engaged. That such a monopolistic combination was objectionable business conduct would hardly occur to them. The same outlook prevailed in the drafting of the new Civil and Commercial Codes at the end of the century permitting the combines to operate freely without fear of local check, to continue their rapid growth, and to spread their networks over the whole economy.³⁷

The economic spread of the combines enabled the Zaibatsu families to build structures of business power unsurpassed in size and strength. It also created an organizational problem of some difficulty; one that could be defined in various ways: integrating widely diverse and often entirely unrelated enterprises, establishing effective control from one guiding center, or holding in check secessionist tendencies of giant operating subsidiaries. Japan's business leaders solved the problem by combining modern corporate techniques with the ancient sanctions of hierarchical loyalties. The Zaibatsu combines brought into play every device of corporate practice developed in the West, but applied en toto to a single business organization. It also drew on the fealties of an older age to link executives

³⁷ Ibid.

and employees into one body owing allegiance to the controlling Zaibatsu family.

Details of corporate organization in the dozen or more larger Zaibatsu combines varied widely, with the newer ones departing furthest from the norm. In the combine structure as a whole, however, the similarities outweighed the differences. In the biggest combines--Mitsui, Mitsubishi, Sumitomo, and Yasuda--the differences were minimal. Their dominant position justifies a discussion of the structural form concentrated in this group.

The basic structure of these four combines had four levels: the Zaibatsu family or families, the top holding company usually termed honsha, the major operating subsidiaries, and the underlying corporate network of lesser subsidiaries. It was through these four different levels of organizational structure that the Zaibatsu managed to consolidate and hold their dominant position in all phases of manufacturing, commerce, and finance.³⁸

The families, in effect, were themselves business entities, even if they were not legally incorporated as such. The Mitsui law, as administered by the house council, governed the business and personal lives of the eleven Mitsui families in detail. Members of the house could not,

³⁸ Ibid., p. 276.

on their own private account, engage in business, hold securities, or take company officerships. The house council determined all personal matters of the family members affecting marriage and succession. It allocated the honsha dividend to a joint house reserve fund, an individual reserve fund of each member family. It controlled payments from either the joint or the individual reserve funds. Less than ten per cent of house property was vested in the families individually; the rest was held collectively with title vested jointly in the eleven families. The jointly held portion of the house wealth was divided in the proportion of 23% to the parent house, 11.5% to each of the five other families of the parent house, and 3.9% to each of the five branch families. Breach of the house law or unbecoming acts, by decision of the house council, might visit on a family member suspension from the council or forfeiture of his share of the business assets or joint property. These facts show the extent to which the individual families partook in the affairs of the combines.³⁹

The Mitsui Combine. The corporate network classification of the Zaibatsu is worth a study in itself, but we have to be content with a brief summary of their organization. The Mitsui combine is recognized as the leading

³⁹Ibid., p. 279.

figure in the Zaibatsu, so it is only fitting that we examine its structure a little more closely to see the scope of its influence.

Most studies list the break-down of the Mitsui interests during the 1930's as follows: 1 honsha or top holding company; 22 designated, that is, major operating subsidiaries of the honsha; 48 ordinary subsidiaries of the honsha; 27 subsidiaries of the honsha's ordinary subsidiaries; 81 subsidiaries of designated subsidiaries except Trading and Mining; 126 subsidiaries of Mitsui Trading; and 31 subsidiaries of Mitsui Mining. This gives us a total of 336 companies that were directly under the control of the Mitsui family.⁴⁰

This tabulation gives some idea of the scope of the Mitsui combine, though perhaps not enough to show that, with its three million employees, it was the world's greatest business organization. Its influence extended to many Japanese companies not listed as subsidiaries, reached out powerfully over much of the Far East, and radiated into most other parts of the world. Major operating subsidiaries of the big combines, as with Mitsui, were often holding companies themselves with an even larger array of subsidiaries than the honsha.

⁴⁰Ibid., p. 281.

The average control by the Mitsui family among its various enterprises was 63.4%. This assured the Mitsui direct control. Indirect control was exercised over many other companies through the placing of combine men on boards of control and through minority investments. The position of the Zaibatsu was, to say the least, solid.

Now for an even closer break-down of the Mitsui combine. At the peak of the pyramid was the Mitsui Gomei Kaisha, the family holding company which averaged a capitalization of three hundred million yen during most of the thirties. Beneath this mammoth catchall, the Mitsui interests ran the financial gamut with the great Mitsui Bank which did 5.3% of Japanese commercial banking, with the Mitsui Trust Company which did more than 17% of the trust business, and with the Mitsui Life Insurance Company which did about 2% of the insurance business.

Mitsui ran the commercial gamut with the largest private trading company in the world, the Mitsui Bussan Kaisha, which handled more than 40% of Japan's total imports and exports. The Toshin Warehouse Company did about 19% of Japanese warehousing. The Mitsukoshi Department Stores handled 32% of all department store retailing in Japan. It could even be said that the Mitsui combine was "chicken-feed"

because they controlled the giant Nihon Mixed Poultry Feed Company. From international banking to feeding chickens!⁴¹

Here is a partial list of some of Mitsui's activities with a percentage of the total Japanese business in each industry: Kanegafuchi Cotton Spinning, 14%; Toyo Rayon, 15%; Oji Paper, whose subsidiaries included a nest of lumber and pulp companies and the great Osaka Mainichi Newspaper, 78%; Onada Cement, 17%; Mitsui Mining, 17%; Shibaura Engineering Works, 5%; Hokkaido Colliery and steamship, 11%; Mitsui Electro-Chemical Industry, 5%; Nihon Wheat Flour, 25%; Tropical Produce, 28%; and Dai Nippon Celluloid, 4%.⁴²

In addition to these, Mitsui was the controlling factor in the following industries: hemp, vegetable oils, tobacco, coke and its several by-products, chemical dyes, pharmaceuticals, synthetic resins, rayon and other artificial fibres, caustic soda, soda ash, fish oil, soap, lubricating oils, synthetic oils, carbon bisulfide, carbon sulphite, ammonia sulphate, sodium silicate, flotation agents, chemical fertilizers, caffeine, matches, nicotine products, carbolic products, crude oil refining and by-products, brewing, cold storage plants, coal, bauxite, salt, lead, zinc, gold, sulphur, mica, copper, silicon, brick and

⁴¹"Gentlemen of Japan," op. cit., p. 127.

⁴²Ibid., pp. 127-28.

porcelain clays, phosphorus, smelting, refining, real estate, general contracting, engineering, construction works, mortgage and loan businesses, shipbuilding, ship repairing and marine engineering, marine transport, machine tools, light and heavy industrial machinery, farm tools and implements, automobiles, radio sets and instruments, various types of rubber goods, electric furnaces, air conditioning plants, buying, selling, exporting, forwarding, and warehousing.⁴³ This does not complete the list, but it will give an indication of the sweep of the Mitsui combine. The only way, however, that one can realize the power of the Zaibatsu is to see the manner by which they used their position to buy, threaten, cajole, and intimidate political parties, the Diets, and premiers to obtain their desired ends. These "ends" were destined one day to bring the Zaibatsu houses tumbling down like the proverbial house of cards.

⁴³Alonzo L. Baker, "The Influence of the Divine Emperor Doctrine upon Japan" (Doctoral Dissertation, The University of Southern California, Los Angeles, June, 1948), pp. 299-300.

CHAPTER VI

THE DECISIVE DECADE AND THE MILITARY

In 1931 Japan came to an irrevocable turning point in its foreign policy. Late in 1929 the New York silk market had collapsed, bringing acute distress to the Japanese countryside which depended heavily upon cocoons as a cash crop. The military leaders became concerned lest the economic crisis cause dissatisfaction in the army, whose composition and outlook were largely agrarian. The situation also presented them with an opportunity to gain the political dominance they had long sought and to discredit the civilian moderates, during whose brief ascendancy Japan had subscribed in the treaties concluded at the Washington Conference of 1921-22 and the London Naval Conference of 1930 to policies of self-restraint toward China and to limiting naval armaments. Military propagandists denounced the parliamentary parties and big business for allegedly exploiting the masses and betraying national interests, assailed the United States for discriminatory treatment of Japanese and for erecting tariff walls against Japanese manufactured goods, declared that Japan as a have-not nation must expand in order to survive, and proposed a program of social and economic reconstruction, of reactionary nationalism, and of a strong and independent foreign policy. The

ascendancy attained by the army in the government and the role of the militarists in the formulation of foreign policy was the key to Japan's international relations during the "decisive decade" from 1931 to 1941.¹

The political and intellectual liberalism of the 1920's, which was discussed earlier, was for the most part limited to the larger cities. Peasants and residents of the thousands of villages and small towns, who still constituted the bulk of the population, looked on at what was happening in the cities with wonderment and often with disapproval; and certain elements among the more educated classes regarded the liberal, sometimes radical, political theories of the city intelligensia with growing hostility and resentment.² Army and Navy officers, rural landowners, lower middle class citizens of the smaller towns, and many petty government officials found it quite impossible to accept or even to tolerate the growing challenge to established political and social authority.

These men, too, were members of the new generation and products of the new education; but with them the heavy nationalistic and militaristic indoctrination of the school

¹Cornelia Spencer, Understanding the Japanese (New York: Aladdin Books, 1949), p. 134.

²Ibid., pp. 136-37.

system had weighed more heavily than the opening of new horizons and the influences from abroad. They were in complete sympathy with the authoritarian rule at home and the strong expansionist program abroad of the Meiji leaders. The post war liberalism and internationalism seemed to them signs of weakness and perversion. From the Meiji leaders they had inherited a compelling nationalistic urge to make Japan even stronger, but too much nationalistic and militaristic indoctrination had robbed them of the breadth of view of the Meiji leaders they sought to emulate.

Ultra-nationalist and militarist sentiments from time to time found expression in political parties; but these essentially reactionary elements, with their inherent distrust of representative government, leaned more to direct action through private pressure groups and extra-legal cliques than to political action by means of the ballot box. Ultra-nationalistic secret societies quite naturally developed as one of their major forms of political expression. Some of these exerted considerable influence on Japanese politics by terroristic activities and violent propaganda attacks against their opponents.³

Viewed in this light, the strange mixture in Japan of what have been traditionally considered antithetical forces

³Hugh Byas, Government by Assassination (New York: Alfred A. Knopf, 1942), p. 78.

of left and right takes on a new and sinister meaning. We have, in recent decades, become all too familiar with the totalitarian perversion of egalitarian ideals and scientific knowledge in the more backward parts of Europe. Japan, as the most advanced country of Asia, was the first to show us that this terrible pattern could also appear in Asia.

These disturbing tendencies grew slowly and almost unnoticed during the 1920's; then, in the early 1930's the blatant militarism, fanatical nationalism, and anti-liberal and anti-democratic prejudices of the younger Army and Navy officers and other reactionary groups swept over Japan in a sudden reversal of the dominant trends of the preceding decade. The parliamentary coalition of the bureaucrats and politicians, with more or less active support from the urban middle classes, had been the first successor of the Meiji oligarchy. Now it was pushed aside by the militarists with the noisy backing of the ultra-nationalistic societies and the tacit support of the rural population.⁴

The exact time and speed of the reaction against liberalism and democracy were certainly influenced, if not determined by outside forces, just as the rapid growth of liberal tendencies had been fostered by the external factor of World War I. For one thing, the world-wide

⁴Ibid., p. 114.

disillusionment with democracy, which followed soon after the war and helped to create totalitarian regimes elsewhere, did not go unnoticed by the Japanese. Many of them were impressed by the vaunted superiority of totalitarian governments and their points of agreement with traditional Japanese concepts of authoritarian rule.

Another outside influence was the world wide depression of 1929 and the resultant collapse of international trade. Japan started its depression with a bank crisis in 1927, but it was of little consequence throughout the world as a preliminary affair for the 1929 depression. The "big bust" seemed to spell ultimate disaster for Japan's foreign trade. The businessman's program of continued economic expansion and prosperity through a growing export trade was suddenly revealed to be dangerously dependent on the good will and tolerance of foreign powers. Huge political units like Russia and the United States could ride the storm of world depression, for they had their own sources of supply for most raw materials and their own consuming markets. But a smaller unit, like Japan, which depended on other lands for much of its raw materials and on China, India, and the Occident for a vital part of its consuming market seemed entirely at the mercy of the tariff policies of other nations.

In the early 1930's many Japanese believed that the only answer to rising protective tariffs in other lands was for Japan to resume its old program of colonial expansion and win for itself the sources of raw materials and the markets needed to make it self-sufficient and invulnerable as a world power. The militarists were there to fan this feeling to their own advantage. To the militarists and the reactionary groups this reasoning seemed obvious. Those businessmen and intellectuals who remained moderate and international in their views were not able to refute these arguments to the satisfaction of the majority of the Japanese public.

There was a gradual swing of popular support to the military expansionists. As these same groups also stood for authoritarian rule within Japan, much of the support for imperialist aggrandizement abroad readily became popular backing for the attack on democratic institutions at home. The incipient Japanese totalitarians, however, did not wait until growing popular support should bring them victory at the polls. That might never have come; and in any case it was a means to power which they, as a matter of principle, repudiated. Instead, they began a direct, frontal attack on liberal beliefs and democratic institutions. They had no well-defined philosophy or central, conspiratorial organization, such as had helped the German Nazis and the Russian

Communists to win power. The attack was made piecemeal by individuals or small organizations, but it was almost as effective as the better co-ordinated efforts of the totalitarians in Europe.⁵

Scores of small groups of fanatical nationalists stirred up popular support for the militarists and hacked away at the foundations of parliamentary government. Occasionally young hotheads were inspired by their rabid elders to commit political assassinations, which not only eliminated their unfortunate victims but, through intimidation, silenced large numbers of other potential opponents. Most important of all, the Army on its own authority embroiled Japan in foreign wars of conquest. This, while forcing the nation back to the strategy of military conquest, also aroused the nationalistic emotions of the people and thus won their support for the authoritarian as well as the imperialistic aims of the military.

The ease with which the Japanese totalitarians stifled the growth of democracy in Japan illustrated the obvious fact that the roots of liberalism were still shallow. It also revealed certain specific weaknesses in the

⁵Herbert Feis, Road to Pearl Harbor (Princeton: Princeton University Press, 1950), p. 167.

democratic mechanism, attributable to its authoritarian background and haphazard growth.⁶

One basic flaw in the whole Japanese political system had been deliberately fashioned by the Meiji oligarchs and carefully preserved by the parliamentary groups of the twenties until it contributed to their own undoing. This was the mystic position of the Emperor as a demi-god whose personal will, in theory, took precedence over all law. The Meiji leaders, who had come to power by championing the right of the Emperor to rule, had created and fostered this tradition since it gave them, as men who surrounded the throne and spoke for the Emperor, far greater authority over the people than they could have achieved otherwise. By building up an elaborate state cult of Shinto centered on the person of the Emperor and the Imperial line and by indoctrinating school children with fanatical devotion to the Emperor and blind faith in all statements said to represent his will, they secured for themselves the unquestioning loyalty and obedience of the people. The parliamentary leaders who succeeded to power chose to perpetuate this system; for it seemed to give them, too, an unassailable position of authority as spokesmen for the Emperor. Consequently, they

⁶Robert A. Scalapino, Democracy and the Party Movement in Japan: The First Failure (Berkeley: University of California Press, 1953), p. 183.

permitted the wildest sort of utterances by members of the lunatic fringe of the militarists, because they were couched in terms of devotion to the Emperor; but they vigorously and ruthlessly suppressed all radical thinkers who challenged the validity of the Emperor concept.⁷

The parliamentary leaders made their fatal error in failing to see that the militarists presented the most immediate threat to their continued supremacy.⁸ These groups neatly turned the tables on the civil government by claiming that they, not the government, represented the true Imperial will. The claim in the case of the Army had a certain validity; for in theory the armed forces were the personal Army and Navy of the Emperor, enjoying under him a status of equality with the civil government and, therefore, equally qualified to speak for the Emperor. Profiting from this break in the solid front of government authority and taking advantage of tacit Army approval, individual extremists were able to go even further in claiming Imperial sanction for their personal views and deeds. Acts of aggression abroad and at home, acts of civil disobedience, political murders, and open mutiny were all justified as being in accord with the true will of the Emperor, whose

⁷Ibid., p. 197.

⁸Ibid.

views, it was claimed, were misrepresented by the corrupt politicians around the throne.⁹

Confronted with this monstrous perversion of their own policy, the weak-kneed parliamentarians failed to take drastic measures or even to stand firm and united. Instead, they all but openly admitted the justice of the charge by remaining silent and by compromising with their attackers. The more liberal elements in the urban population, while dismayed, were too weak politically and, for the most part, too timorous to fight back. The general rural and small-town population accepted these acts of supposed devotion to the Imperial will at their face value and created an atmosphere so sympathetic to political assassins and other extremists that such offenders were usually given only absurdly light punishment.¹⁰

Thus, the theory of the Imperial will was a fatal flaw in Japan's political structure; but the militarists could not have exploited it so successfully if the armed forces had not in practice enjoyed considerable independence of public control and autonomy within the government. This was another serious constitutional flaw. Diet control over the Cabinet was never fully established even in the 1920's

⁹Ibid., pp. 214-15.

¹⁰Byas, op. cit., p. 80.

because the Diet never won full control over the purse strings. If the budget was rejected by the Diet, the Cabinet had the right to continue in force the budget of the preceding year; and the Army controlled the Cabinet through the policy of nominating only active duty officers to the position of War Minister, officers who would abide by the will of the war lords. This ruling permitted the armed forces to destroy Cabinets or prevent "undesirable" leaders from taking the premiership simply by refusing to let any qualified officers accept portfolios in the government. The militarists not only established their independence of the civil government but they won a virtual veto power over the Cabinet. The way was open for any action the Army wished to take, and the eyes of the war-lords were on Manchuria.

Manchuria: A brief background. During the year 1930 and the opening months of 1931, although evidences of growing hostility between Chinese and Japanese residents in Manchuria were not lacking, the official relations between the two countries were, on the surface, unusually cordial. This was largely because of the fact that Baron Shidehara, as Minister of Foreign Affairs for Japan, had maintained a policy consistently friendly to China, advocating among other things that the sovereign rights and territorial integrity of China should be maintained and the principle of absolute non-intervention in her internal affairs faithfully

adhered to, that relations in conformity with mutual solidarity and economic cooperation should be promoted, and that the reasonable desires of the Chinese should be recognized with sympathy and good will and reasonable assistance rendered for their realization.¹¹ This policy was also supported by such prominent statesmen as Hamaguchi and Inouye and by many of the principal banks and business houses of Japan. The ulterior motives of these elements will be discussed later but suffice to say that active aggression was not one of their aims. Had this policy of Shidehara been adhered to, the subsequent chronicle of Sino-Japanese relationships might have been a very different story; and Japan and China, indeed the whole world, might have been saved a multitude of sorrows. Such a policy, however, did not meet with the approval of the militarists. They felt that the policy of Shidehara was not bringing in the desired results, and they were vocal and vehement in their denunciation of the policy.¹² The militarists felt that Shidehara's policy was falling short primarily in Manchuria where Marshal Chang Tso-lin and later his son, Chang Hsueh-liang, had pursued a policy of competitive

¹¹Kenneth C. Latourette, The History of the Japanese (New York: The Macmillan Company, 1951), p. 157.

¹²H. F. McNair, The Real Conflict between Japan and China (Chicago: University of Chicago Press, 1938), pp. 111-12.

economic development designed to build up Chinese institutions and to break down foreign monopolies, which were mainly Japanese. An outstanding feature of this policy of the Changs was an ambitious program of railroad construction which offered an effective competition to the Japanese-owned South Manchurian Railway. Such a program of railroad development was not at all in keeping with the wishes and aims of the Japanese. Another disturbing factor was the entry of China into the development of Manchurian railroads, and this became a matter of grave concern to the Japanese militarists because it was leading to increasing friendship between Marshal Chang Hsueh-liang and the Nanking government of Chiang Kai-shek. A relationship of good will and cooperation between the strong man of Manchuria and the central government of the Republic of China was a thing unwanted and frowned upon by the Nipponese militarists.¹³ In this matter they had shown their hand, though perhaps not intentionally, in the summer of 1928. Peking had at last capitulated to the Nationalist Government, and the reign of the Kuomintang had been inaugurated throughout all of China south of the Great Wall. Nanking was making overtures to the Young Marshal Chang Hsueh-liang, who in turn was on the point of throwing in his lot with the newly established

¹³Ibid.

Nationalist Government. Into this picture of approaching stability and unification stepped a special envoy from Tokyo who informed the Young Marshal in no uncertain words that such a step would not be regarded with favor by the Mikado's government, and pressure so strong was brought to bear upon him that for six months he wavered.¹⁴ Perhaps while he wavered his mind dwelt upon the violent death that had overtaken his father who was killed by an explosion, which wrecked the train upon which he was riding. Guilt of the crime has never been discovered, but all evidence points to the theory that the Japanese militarists were the plotters because the Old Marshal had refused to conform to the will of Japan in the matter of railroad development.¹⁵ The Old Marshal played the game according to Japanese rules and lost. The Young Marshal remembered. Finally, Chang Hsueh-liang took the step; and on December 29, 1926, he raised the flag of Nationalist China throughout Manchuria and pledged loyalty to the Nanking Government. That he did so and at the same time revealed the attempted coercion from Tokyo was something for which Japan never forgave him.

The Wanpaoshan Affair. In a land where such rivalries and animosities exist and where both parties to long

¹⁴Francis C. Jones, Japanese New Order in East Asia (London: Oxford Press, 1954), p. 178.

¹⁵Ibid., p. 181.

standing disputes are supported by large bodies of armed forces, there is certain to be no lack of incidents capable of affording a spark sufficient to set off the powder magazine. Manchuria in 1931 was no exception to the general rule. In April, 1931, at Wanpaoshan, a point about sixteen miles from Changchun, a Chinese middleman leased from a group of Chinese farmers about five hundred acres of land, which he in turn sub-leased to a group of Korean farmers. Subsequently, these lessees undertook to dig an irrigation canal running from the leased land to a point on the Itung River eight miles away where they also proceeded to build a dam. This canal traversed land owned by Chinese, some, but not all, of whom had leased their land to the Chinese contractor. Claiming that this irrigation project would obstruct navigation on the Itung River and place some six thousand acres of land in danger of being flooded, the Chinese farmers protested; and as their protest went unheeded, a mob of some five hundred Chinese, accompanied by a detail of Chinese police, on July 1, filled up a part of the canal.¹⁶ Japanese police sent out from Changchun appeared on the scene; there was some exchange of shots; more Japanese police and some Chinese troops were sent to the spot; arguments and intermittent hostilities continued for

¹⁶Ibid., p. 187.

several days but quieted down after July 3. Subsequently, the Koreans completed their project under Japanese protection. Reports of this affair, greatly exaggerated, appeared in the newspapers of Korea with the result that widespread and violent anti-Chinese riots developed in numerous Korean cities. According to official Japanese estimates, 103 Chinese were killed, 75 were seriously injured, and 26 slightly hurt.¹⁷ The apparent inactivity of the Japanese police and the fact that the army was not called out led the Chinese to charge that the disorders were encouraged by members of the Japanese military clique. China demanded that Japan accept full responsibility for the disorders and pay an indemnity to cover Chinese losses. Japan expressed regrets, voiced the intention to indemnify the Chinese families who had suffered losses, but refused to accept the responsibility for the attacks. While diplomatic negotiations dragged on, a vigorous anti-Japanese boycott commenced to develop within China which in turn forced some of the more pacifist elements in Japan to demand that something be done to alleviate the situation.

The Nakamura Affair. Suddenly, in the middle of August, the Wanpaoshan and Korean affairs were entirely eclipsed by a startling piece of news. Captain Nakamura

¹⁷Ibid., p. 190.

of the Imperial Japanese Army, so the report ran, had been summarily executed by Chinese soldiers in Manchuria. Although this event was thought to have taken place late in June, it had not been immediately discovered; and, even after it had become known, news of it had been for a time suppressed by the Japanese Foreign Office. According to accepted reports, Captain Nakamura and three companions, traveling in civilian clothes through Western Manchuria, were arrested by Chinese soldiers. Upon investigation it was found that Nakamura possessed a Chinese passport issued at Harbin but that he had concealed his identity and military status and was representing himself as an educator engaged in a geological expedition. The Chinese military, after a full investigation, condemned Nakamura and his companions as spies, shot them, and cremated their bodies.¹⁸

Owing to the fact that Captain Nakamura had misrepresented himself as an educator, it was suggested by the Japanese Foreign Office that his military status be kept secret. Such a suggestion, however, was rejected defiantly by the Japanese military authorities who, in the face of strenuous protests from the Foreign Office, published the full details of the case.¹⁹ Now the struggle of the liberal

¹⁸ Ibid., p. 193.

¹⁹ Ibid.

Minseito Government against the aggressive measures advocated by the military group with regard to Manchuria, which for months had been going on under cover, came out into the open. The attempt of Baron Shidehara to negotiate a settlement was made especially difficult by the fact that investigators sent out by the Mukden authorities reported that they found no evidence of the alleged murders. The military clique, on the other hand, desiring revenge, exerted themselves to the utmost to inflame public opinion and sought to dictate the policy of the government by a threat of independent punitive action in Manchuria.²⁰

"Japanese lives," they proclaimed loudly, "must be protected at all costs. The Japanese Army must rise and strike in self-defense."²¹

On September 12, Colonel Doihara, Chief of the Kwantung garrison's Special Service Corps, reported to General Kanaya, Chief of Staff, regarding a concrete plan for measures to be taken against China, which had been suggested by the leading commanders of the Kwantung Army. The action to be taken was thereupon carefully worked out by the General Staff and the War Department; and instructions were wired to General Honjo, Commander of the Kwantung

²⁰Ibid.

²¹Ibid., p. 197.

Garrison. On September 14, Colonel Doihara left Tokyo for Mukden and immediately after his arrival issued mobilization orders to all Japanese troops in the area in the same manner as at a time of actual warfare.²² Thus, the stage was set for a major conflagration. Only a spark was needed to set it off, and it was but a matter of a few days before such a spark was furnished.

The "Incident." Save for the fact that there was a spirit of expectancy in Japanese military circles and a tenseness on the part of those who had reason to fear that Japan was planning a coup, all was peaceful in the city of Mukden on the night of September 18, 1931. Most of the inhabitants had already retired. For others, the gay night life was in full swing. Suddenly the peace and gayety of the city was shattered by the news that serious hostilities had broken out between Chinese and Japanese troops a few miles away, that the Chinese were being driven back, and the Japanese were advancing on the city. An incident had occurred. Outside the city of Mukden an explosion had taken place and had damaged a few feet of the tracks of the South Manchurian Railway. This damage, which the Japanese described as a "blowing up" of the railraod, actually

²² T. A. Bisson, "Japan In Manchuria," Foreign Policy Reports, XIII (June 22, 1932), 91.

consisted of nothing more than the "cracking of the fish-plate at the juncture of two rails, damaging the rail flange for two feet on each side of the junction, and knocking a few splinters off a wooden tie."²³ The Japanese claimed that their railroad police had actually witnessed Chinese soldiers engaged in perpetrating the act; the Chinese denied the accusation, charging, on the contrary, that the Japanese themselves committed the deed. Furthermore, the Chinese emphasized the fact that the South Manchurian Railway was so thoroughly policed by the Japanese as to have made it practically impossible for any Chinese, more especially soldiers, to approach close enough to the tracks to commit such an act. The truth will probably never be known, and perhaps it makes little difference. Whoever was responsible, the incident was not of sufficient importance to justify what followed. Japan's militarists were all set to sweep into action, and this seemed to them to be the right time. For years the Chinese and Japanese had known that this day would come--the former wondering how long they could stall it off, the latter how soon they dare ring up the curtain. Furthermore, almost every observant Westerner living in the Orient knew that sooner or later the day would

²³Chester H. Rowell, "The Manchurian Incident," Asia, XXXVII (April, 1932), 37.

come.²⁴ Only the gentlemen in the swivel chairs at home believed that the peace of the Far East was secure because, forsooth, Japan had set her hand, with eight other nations, to a treaty of peace and good will. So after all, to know who fired the shot that was heard around the world is not so very important. The important fact is that immediately after the explosion detachments of both Chinese and Japanese troops had appeared on the scene, and the fighting had ensued. Some four hundred Chinese soldiers from the near-by barracks of Peitaying had come to the assistance of their comrades; and with the almost simultaneous arrival of large Japanese reinforcements, hostilities had assumed serious proportions. The undeclared war was on. Fighting continued all night. By 2:30 a.m. the Japanese had taken possession of the Peitaying barracks, and by 4:30 a.m. they were in complete control of the city of Mukden. The smoothness, rapidity, and efficiency with which these operations were carried out led to the Chinese contention that the attack was premeditated.²⁵ Moreover, it was not only in and around Mukden that the Japanese were ready to strike. Word was flashed over the wires and through the ether to every

²⁴Rowell, op. cit., p. 39.

²⁵Sherwood Eddy, "China and Japan in Manchuria," League of Nations Official Journal, LXIX (1932) 2138.

Japanese army commander on the Asiatic mainland. By daylight of the nineteenth the Japanese garrison in Korea was mobilized and troops were en route to Manchuria. Before dawn Lieutenant-General Shieru Honjo, commander of the garrison of Kwantung, Japan's leased territory in South Manchuria, had transferred his headquarters from Port Arthur to Mukden, a move of 146 miles. With him, in crowded troop trains and rapid transit lorries, went the infantry and artillery stationed at Port Arthur. Both he and his troops arrived in Mukden that morning. A squadron of Japanese bombing planes took the air in Korea and shortly thereafter landed near Mukden while in Japan several brigades of infantry, cavalry, and artillery were mobilized and were waiting to cross the Yellow Sea by midnight of the nineteenth, only twenty-four hours after the incident had occurred. This tends to show that either the Japanese were miraculously well-prepared or knew that something was going to happen. The trend of well-informed opinion seems to be toward the latter explanation.

On September 21 China appealed to the League of Nations invoking Article XI of the Covenant. In response the League Council addressed to the governments of both China and Japan communications urging both to refrain from all action likely to aggravate the situation or prejudice a peaceful settlement. China accepted the recommendations.

Japan stated that she had already taken steps along the lines suggested, that Japanese troops had been withdrawn within the railway zone, and that the Japanese Government intended to continue withdrawing as soon as tranquility was restored. On September 23 the Japanese Government issued a communique in which it stated:

It may be superfluous to repeat that the Japanese Government harbors no territorial designs on Manchuria. What we desire is that Japanese subjects shall be enabled safely to engage in various peaceful pursuits and be given the opportunity to participate in the development of that land by means of capital and labor. . . . The Japanese Government, true to its established policy, is prepared to prevent the present incident from developing into a disastrous situation between the two countries and to work out such constructive plans as will once and for all eradicate any causes for future friction . . .²⁶

While the Japanese were stating to the world that their only aim was to stabilize the situation in Manchuria and to strive for peace with China, the armies of the Mikado were swinging far and wide throughout the country.

On October 13 the League Council convened at Geneva to consider the Manchurian situation. The assembled statesmen expressed surprise that Japan had not withdrawn her forces. On October 23 they adopted a resolution calling for the immediate initiation of a progressive evacuation by the

²⁶Quoted in Shuhai Hsu's How the Far Eastern War was Begun (Shanghai: Kelly and Walsh Ltd., 1938), p. 78.

Japanese to be completed by November 16. At this meeting the representatives of fourteen nations were present. The final vote showed thirteen nations voting in favor of the resolution and one, Japan, voting against it.²⁷

Japan answered this action of the League Council by extending her occupation of Manchuria. On November 18, two days after the date set by the League for complete evacuation, a strong Japanese force took possession of Tsitsihar, capital of the Heilung-kiang Province, notwithstanding the fact that this city was several hundred miles to the north of any portion of the South Manchurian Railway and far outside the zone of the treaty rights which Japan claimed in Manchuria. On January 2, 1932, in spite of vigorous protests by the League of Nations and the State Department at Washington, Chinchow was seized by Japanese forces; and immediately thereafter the territory between Chinchow and Shanhaikwan was cleared of Chinese troops.²⁸ Japanese control was thus extended south to the Great Wall. On February 5, Harbin, the great commercial center in the north, was taken over by Japanese troops. Japan's military occupation of Manchuria was now complete.

²⁷Ibid., p. 83.

²⁸Owen Lattimore, Manchuria: Child of Conflict (Boston: Little, Brown and Company, 1938), p. 112.

Behind the scenes in Japan. A clash between the militarists and the civilian branches of the government broke out in Japan immediately following the "incident." The Cabinet's view was that the situation was local in nature and could be handled through normal diplomatic channels. The Cabinet asserted itself by revoking an order sent by War Minister Minami calling for troop reinforcements to be sent to Manchuria.²⁹

The militarists, however, put all the blame for the "incident" on China and stated that the world powers would not intervene for this reason. They would not listen to Cabinet pleas that the armies be removed from Manchuria in order to facilitate negotiations. In fact, after War Minister Minami's order to send troops to Manchuria had been killed by the Cabinet, the militarists, under the leadership of General Hayashi Senjuro, took the responsibility for the sending of reinforcements on their own. The reinforcements were sent, and the Army program for the occupation of Manchuria was carried out without hindrance.³⁰

The struggle within Japan continued for weeks; and finally, the Army emerged triumphant. It had succeeded in

²⁹Feis, op. cit., p. 201.

³⁰Paul M. A. Linebarger, Far East Governments and Politics (New York: Von Norstrand, 1954), p. 146.

what it had started out to do and had shamed and ridiculed the Cabinet by its refusal to abide by the wishes of the civilian component of government. Civilian authority was useless, powerless, and discredited. From this time on, the major decisions of Japan in foreign relations were to be made by the militarists and those in favor of their program.³¹

The Minseito Government fell in December, 1931. It could not cope with the ever increasing power of the military. It had been presented with an accomplished fact in Manchuria, and it was forced to assume responsibility for the actions. It came under attack from internal forces because of its lack of enthusiasm for militaristic achievements and externally because of its inability to cope with the war-lords. The militarists were one step away from complete control of Japanese domestic affairs.

Party government had one last chance in Japan. After the fall of the Minseito Government, the militarists campaigned for a government that would be free of party politics. The campaign failed. The new government was formed by the veteran Seiyukai leader, Tsuyoshi Inukai, under advice of Prince Saionji, the one remaining elder statesman. This action involved party succession rather

³¹Ibid., p. 157.

than the assumption of internal political power by the army leaders. The Seiyukai, however, had always been an advocate of a stronger foreign policy than had the Minseitō and thus could be expected to give more vigorous support to the Manchurian policy of the army leaders. For that reason their reaction to its establishment must be thought of in domestic terms rather than in those of foreign relations.

Elections for the Diet were held in February, 1932; and since it controlled the election machinery, a Seiyukai majority was returned to replace that of the Minseitō. The struggle to overthrow the party system of government was, therefore, resumed. Even before the elections on February 9, Inouye, former Finance Minister, was assassinated. About a month later Baron Dan, head of the Mitsui interests, was shot. This was only the beginning. The army launched a campaign of terror throughout Japan. Assassinations, attempted assassinations, bombings, speeches, pamphlets, rabble-rousers and demagogues were employed by the military to serve notice upon the more liberal elements that their advice and counsel were no longer needed.³² No one was safe, and the conservatives wondered who would be next.

³²Ibid., p. 162.

The May 15 Incident. On May 15, 1932, a group of young Army and Navy officers gathered together, formed their plans, broke into the home of Inukai, and assassinated him. At the same time bombs were thrown into the homes of the Lord Keeper of the Privy Seal, the Grand Chamberlain, into the Tokyo Metropolitan Police Headquarters, the headquarters of the Seiyukai Party, the Bank of Japan, and the Mitsubishi Bank.³³

The young officers responsible for the May 15 incident were captured and brought to trial. The real army attitude was shown during the trial. It was a huge parade of chauvinism and militaristic propaganda. The criminals were treated as unfortunate patriots rather than as murderers. The press played them up as idealists who had the future of Japan as their reason for the assassinations. The trial developed into a public arraignment of the Western Powers who were opposing Japanese expansion. Those who were found guilty of the assassinations were given such light sentences that their terms were substantially covered by the time spent in jail during the period between the commission of the offense and the conclusion of the trial. Now both the civilian and the judicial branches of government had been ridiculed and castigated by the military.

³³John M. Maki, Japanese Militarism, Its Cause and Cure (New York: Alfred A. Knopf, 1945), p. 214.

The May 15 incident played an important role in the consolidation of militaristic powers. As John M. Maki states:

The assassinations indicated that no prominent civilian was safe from attack by extremists either in or out of the services. The conduct of the trials of the men involved in the assassinations showed that actual and potential victims of assassins not only lacked the protection of law, but that public opinion was definitely against them. The attack on the capitalists meant that it was not healthy to be either a businessman or a spokesman for the protection of the interests of big business. The attacks on political party headquarters and the attempt to involve the parties in the corruption of the businessmen also indicated that parties were in a position where they could no longer play a dominant role in the politics of Japan. The attack on the groups within Japan that might possibly stay the sweep toward power of the militarists was bearing fruit.³⁴

The assassinations continued, and with them developed an overwhelming fear on the part of most influential men in Japan to do anything contradictory to the wishes of the military. Assassinations, however, were just one method used by the militarists to solidify their positions. They also increased the already strong imperialistic and militaristic indoctrination of the people, and they did their best to whip the masses up to a frenzy of nationalistic fervor. They coined the phrase "national crisis," an undefined term which hinted that war was imminent. There was open

³⁴Maki, op. cit., pp. 215-16.

encouragement of anti-foreign prejudices, and the people were taught to look upon all foreigners as possible spies.

On top of all this, the militarists issued hundreds of vehement pamphlets which further inflamed the people against the United States, Russia, England, the governmental parties, the liberals, China, and every conceivable person, country, or thing, the discrediting of which would enhance the position of the clique. Japan began to speak freely of liberating the people of Asia from the yoke of colonialism. The people of the Western powers laughed this off, but the Japanese accepted it completely and came to believe that Japan was the champion of the downtrodden peoples of Asia and would some day free them from their white oppressors.³⁵

On the home front, things not to the liking of the militarists were termed un-Japanese and, if possible, suppressed. Liberal educators were forced to resign, leading statesmen were driven out of political life, and threats of death were passed out liberally. Smear techniques were perfected and used with skill. Soon the only news permitted to enter the ears of the Japanese citizens was news praising the militarists and damning their opponents. The opponents didn't have a chance.

³⁵Hugh Borton, Japan (Ithaca: Cornell University Press, 1950), p. 184.

Perhaps it is only fitting that a brief sentence be inserted here stating that in 1933 Japan, under the domination of the militarists, rejected the League of Nations and left Geneva. The reason for the refusal of the League's suggestions by Japan was given by General Araki Sadeo, who wept in front of the Lytton Commission and stated that they (the members of the League) didn't see the true spirit of Japan toward China and the rest of Asia. That if the true spirit were seen by the Western nations, they would praise and approve of the men of Japan who had such humanitarian ideals. The West was condemned by the Japanese for something that was entirely the doing of the military; and the true culprits, the clique, walked off with honors.

In 1933 a new Cabinet headed by Admiral Saito took office. Although non-party it did include three representatives from the Seiyukai and two from the Minseito, thus making it partially acceptable to them. The two most important figures in the new Cabinet were General Araki, the militant army leader, as War Minister and Korekiyo Takahashi as Finance Minister. This Cabinet was of short duration and did not contribute much to either the continuing rise of the army or to the bolstering of the foundations of civilian government. It acted as a breathing spell for the military machine, a chance to catch their breath before the next round.

Relative calm thus reigned in the internal policies of Japan until the beginning of 1936. The new leaders of the army and the navy had apparently reverted to the same type of alliance with the capitalist and party forces as that which had existed for two decades after 1900 to which they had such a strong revulsion. However, the elections, which were held on February 20, 1936, and which seemed to augur a return to earlier conditions, represented the last of the calm before the storm.

The February 26 Incident. As a result of the election of 1936, the Minseito regained its position as the leading party in the Diet with the Seiyukai second. The return of the Minseito to control of the Diet probably had something to do with the resumption of assassination as a political method.³⁶ The threat of such direct action had, however, been constantly present during the preceding years. There had been no revulsion of popular feeling against the earlier assassins; in fact, there seemed to be an acceptance of Gustav Eckstein's observation that assassination in Japan ". . . is like voting. Things get settled. The people get too much of something and someone is assassinated."³⁷

³⁶Byas, op. cit., p. 187.

³⁷Gustav Eckstein, In Peace Japan Breeds War (New York: Harper and Brothers, 1943), pp. 181-82.

The high point of the assassins came during the February 26 Incident. This was more like a small scale war than a minor uprising. It took place early in the morning of February 26 when approximately 1500 young Army and Navy officers attempted to overthrow the government and for three days virtually had the city of Tokyo in their grasp. These army units occupied the Metropolitan Police Headquarters, the War Ministry, and the Diet Building. Many of the more liberal newspapers were attacked and burned.

The death list was appalling and included General Watanabe Jotaro, Inspector-general of Military Education; Takahashi Korekiyo, Finance Minister; and Viscount Saito Makoto, Lord Keeper of the Privy Seal. This is the same Saito who had headed an earlier government and was referred to by American newspapers as Japan's "grand old man"; the same Saito who in 1933 had said, "Everything will be all right as long as we old men are here to put on the brakes."³⁸ What happened to Saito's "old men"? Some had the same fate as Saito, some were pushed out of the way and submitted weakly to the will of the militarists. Now there was no one "to put on the brakes."

In spite of the fact that the February 26 Incident was begun by radical army officers, the military did not

³⁸Quoted in "Gentlemen of Japan," Fortune, XIV (September, 1936), 168.

lose prestige in the affair. They put seventeen of the radicals to death and absolved themselves of any blame by stating that the cause of the revolt lay outside of the army, that is, in civilian life and that efforts must be taken to insure that such a thing never happens again. To accomplish this the militarists proposed two points: First, a clarification of national policy which was designed to attack Western nations and customs and to "purify" Japanese beliefs and second, a stabilization of national life which was a thinly designed program for putting the country on a war and expansionist footing. The Cabinet, said the Army, had to be strengthened while the authority of both the Diet and the Privy Council had to be lessened. This may seem odd until one remembers that the Army held complete control over the Cabinet. This is exactly what happened.

In 1937 the Army toppled the Hirota Cabinet and refused to grant a War Minister to the new prospective Premier, Lieutenant General Ugaki. This prevented the formation of a Cabinet by Ugaki even though he had the Emperor's sanction, the backing of the people, and the loyalty and respect of many generals who would have gladly served with him. Ugaki's views were deemed too liberal by the clique; and the premiership finally went to General Hayashi Senjuro, the same person who defied the Cabinet in 1931 and sent troops to Manchuria over the protests of the

Premier and Cabinet members. There could be no doubt as to whether Army wishes would be followed with Hayashi in the driver's seat.³⁹

The first seven years of the third decade of the twentieth century saw the military men of Japan expand on the Asian continent by the conquest of Manchuria. At home, they had denounced the League of Nations and gotten away with it. They left the League and promoted imperialism. They denounced the London Naval Agreement and resumed the building of a huge Navy and the strengthening of the Army. They controlled the Emperor and the Cabinet. What was next?

In the decade from 1931-1941, the foreign policy of Japan was divided into dealings with three nations: China, Russia, and the Western Powers, notably Great Britain and the United States. The dealings with China have already been discussed at some length. It is interesting to note, however, that during this decade there were over 300 different disputes between Japan and China. Most of these disputes occurred in North China and in the vicinity of the Manchurian border. There was actual warfare over Jehol Province, which was settled in 1932. Other disputes involved smuggling, narcotics, Japanese suppression of student demonstrations in Manchuria, revision of textbooks,

³⁹Maki, op. cit., p. 219.

and the harassment of educational leaders in Manchuria, and sniping by soldiers of both sides. Although none of these disputes brought the two countries into full scale combat, they paved the way for the events of the summer of 1937.

In 1935 Japan again presented to China demands which were somewhat similar to the Twenty-One Demands discussed earlier. Although not as comprehensive and as thorough as the Twenty-One Demands, these were equally insulting and were known as the Hirota Three Point Program.

Hirota's Three Point Program. In October 1935 Foreign Minister Koki Hirota of Japan presented to General Chiang Tso-pin, Chinese Ambassador at Tokyo, his demands which stated that there had to be (1) positive action by the Nanking Government in cooperation with Japan in the extermination of all anti-Japanese activities in China and the realization of positive Sino-Japanese economic cooperation; (2) positive political cooperation, including China's recognition of Manchukuo (Manchuria); and (3) military cooperation between China, Japan, and Manchukuo in preventing the spread of Communism in North China.⁴⁰ It was recognized in China that the signing of any such agreement would place the nation in the position of a colonial

⁴⁰W. W. Willoughby, Japan's Case Examined (Baltimore: Johns Hopkins Press, 1940) p. 66.

dependency or protectorate of Japan. The first principle, under the guise of suppressing anti-Japanese activities, would put Japan in control of China's police administration; the second would, of course, end in China's recognition of Manchukuo; and the third would make China party to a military alliance with Japan against the Soviet Union. The Chinese refused to sign the agreement, and the militarists hesitated in calling a full scale war against the Chinese. They had other matters to clear up first.

Relations with Russia. Japan and Russia stood on the brink of war several times during the mid-thirties due to incidents along the Manchurian-Mongolian border. This was not surprising, since the frontiers had not been clearly defined after the conquest of Manchuria by Japan. The Russians asserted that the Manchurian-Siberian frontier had been well defined by treaty and by accompanying maps. The Japanese, however, insisting on a new demarcation of boundaries, refused to accept such treaties and maps as a basis. Until an agreement on frontiers had been reached, boundary disputes of at least a minor sort were certain to continue.

But what began as a series of minor incidents, with individual sentries and patrols sniping at each other, grew progressively as the border forces on both sides were increased. Thus, the minor incidents of 1934-35 led up to

major clashes in 1936.⁴¹ Such a major incident on the Mongol-Manchurian border February 8-10, 1936, brought a crisis when several hundred Japanese and Manchukuoan troops, using trucks, tanks, and planes, penetrated some six miles into Mongolia. In the encounter which followed, the Japanese, definitely worsted, withdrew behind their own boundary. An even more dangerous crisis was reached on the frontier in the latter days of March, 1936, when a Russian force of about 4,000 men faced a mixed Japanese-Manchukuoan force of about 2,500. A little indiscretion on the part of either commander would have probably committed the two countries to a war for which neither was ready. Things were at a stalemate. Japan accordingly gave up such provocative tactics and resorted to the safer strategy of probing into China rather than into Russia.

On March 31, 1936, a Pact of Mutual Assistance was signed between Russia and Outer Mongolia which stated that an attack on Outer Mongolia by Manchukuo, supported by Japan, would be considered as an act of war on Russia itself. This defensive alliance checked Japanese and Manchukuoan aggressions. At the same time, however, it provided Japanese militarists with further arguments in their

⁴¹James M. Bertram, First Act in China (New York: Alfred A. Knopf, 1940), p. 89.

efforts to secure larger appropriations for military purposes.

Faced with the Russo-Mongolian Treaty, Japan's warlords decided to make a treaty of their own; and the result was the Anti-Comintern Pact of November 25, 1936, between Germany, Italy, and Japan. While directed against the policies of Russia, this pact also furnished working political relationships between Berlin and Tokyo and gave Japan the basis of association with Italy. This collaboration of Japan with two strong European Powers on the basis of hostility to communism helped to immobilize the Soviet Union and to weaken the vigor of its opposition to Japanese policies in the Far East. The militarists again emerged on top. The Anti-Comintern Pact emphasized the words of General Araki when he said:

Japan must defend herself against those wolves which are sharpening their fangs, and castaway cats showing their teeth for attack. In one way or another sooner or later, Russia must be destroyed.⁴²

Relations with the United States and Great Britain.

In this case, threats and intimidations took the place of actual fighting, although several times war was closer than the great majority of people imagined. The Japanese warlords knew that their policies were directed toward an

⁴²Quoted in Jesse F. Steiner's Behind the Japanese Mask (New York: The Macmillan Company, 1943), pp. 49-50.

eventual war with the Western Powers. All they had to do was choose the time and place. They even went so far as to openly predict the coming catastrophe knowing full well that both Great Britain and the United States would look upon their threats as only idle boasts. Throughout the thirties these threats were commonplace. Lieutenant Fujita declared: "Great Britain is in the twilight and an Anglo-Japanese war will lead to Great Britain's self-destruction."⁴³ One of the highest ranking members of the militarist clique, General Sato, destined to become Foreign Minister in the latter thirties declared that:

American designs threaten our existence, the future of our country, and our posterity. If we do not thwart those designs now, we cannot die in peace. A Japan-American war is inevitable. We emphatically declare that America is our open and immediate enemy.⁴⁴

These then were the warnings given to the Western Powers; but as the war-lords predicted, they went unheeded. Even actions failed to arouse the ire of America to the extent that she would declare war against Nippon as was proven in the Panay Case.

Sino-Japanese relations: 1936-July, 1937. One source of dissatisfaction among the Chinese people with the Nanking Government was its apparent willingness to give way

⁴³ Ibid.

⁴⁴ Ibid.

to some extent to Japanese pressure rather than attempt "national salvation" by resistance even to the ultimate point of war. In other words, while Chiang Kai-shek was attempting to get along with Japan by negotiating settlements of issues which arose or were created, the Chinese were steadily growing more anti-Japanese in sentiment. This was shown by the proclaimed objectives of many of the influential parties and individuals in China during this time. There were striking indications of the growing anti-Japanese sentiment among the Chinese populace. These occurred at such widely separated places that the feeling must be considered to have been national in character. A Japanese druggist was killed by a mob at Pakhoi in Kwangtung province. A consular policeman was killed at Hankow. The Japanese consul at Swatow reported the discovery of a bomb in a Japanese restaurant at that place. It was alleged that a Japanese officer and his orderly had been assaulted at Fengtai, a short distance out of Peking. Three Japanese sailors were shot by Chinese gunman in the International Settlement at Shanghai, although the area was beyond Chinese jurisdiction.⁴⁵

The Japanese reaction to these outbreaks was to increase their forces which, in turn, aroused even more

⁴⁵T. A. Bisson, Japan In China (New York: The Macmillan Company, 1938), p. 9.

resentment among the Chinese. This resentment manifested itself in further outbreaks, which brought Japanese reprisals. Things seemed to be heading for a showdown. There was a period of comparative quiet about the time of the overthrow of the Hirota Government in Japan. It seemed that an agreement might be reached, but Japanese insistence that their armies be allowed to move independently within China quenched this hope. The militarists made sure that no agreement was reached. They had planned for another "incident," and it was soon in coming.

The Lukouchiao Incident. On the night of July 7, 1937, Japanese garrison troops at Lukouchiao held an unusual maneuver and, alleging that a Japanese soldier was missing, demanded entry into the city of Wanping to conduct a search. Fighting broke out while the Japanese complaint was still under negotiation; and on the afternoon of July 8, the Japanese issued an ultimatum for the surrender of the city. In the battle which ensued, the Japanese forces sustained casualties; and on July 10, a truce was agreed to upon the proposal of the Japanese commander.⁴⁶

The incident might have been regarded as closed, but that was not the Japanese intention. Within twenty-four

⁴⁶Ibid., p. 15. Bissen gives a careful review of the circumstances surrounding the incident in Chapter I of this work. It is probably the most factual and accurate account of the actual proceedings.

hours of the initial conflict, large units of the Kwantung Army began to converge upon the scene of the fighting. Reinforcements having reached North China, new demands were made for the withdrawal of Chinese forces. On July 13, the Army General Staff decided that, if Chinese troops were sent to North China, resolute steps would be taken to meet the situation.⁴⁷ In default of compliance with the new Japanese demands, fighting was resumed at Lukouchiao upon the following day. The war with China had begun.

The incident at Lukouchiao was the culmination of the Army's scheme for bringing North China under Japanese rule. Plans had been made months before. Now they were ready to be carried out.

The war itself is of such recent history that it need not be carried into great detail. Suffice to say that the militarists meet a strong set-back in the refusal of Chiang and his government to give in to the overwhelming superiority of the Japanese. Instead of a quick victory, the war deteriorated into a stalemate. Although this frustrated the plans of the militarists, it enabled them to gain an even stronger strangle-hold upon the Japanese nation by their insistence that production be diverted primarily to war materials. More important in fact than the purely military

⁴⁷Ibid., p. 19.

preparations of 1937 was the degree in which the Army had achieved the realization of its broader scheme to mobilize the entire strength of the Japanese nation for war. By electing to renew the war in China, the Army had seen its major schemes adopted by government and nation with a readiness scarcely possible of attainment in time of peace. The nation was united behind the militarists, and they were united in their determination to bring the doctrine of hakko ichiu to fulfillment.

In Japan itself, the nation was placed on war footing all through the latter thirties. The Army placed its personnel in charge of the newspapers, propaganda outlets, and even in the schools. The Diet was purged of members who refused to accept the militarists' schemes. The Zaibatsu were courted and won over to the Army side. The Emperor was issuing Imperial Rescripts prepared by the war-lords. Cabinets came and went, and every new Cabinet strengthened the position of the military by the inclusion of more and more rabid expansionists.⁴⁸ The Western Powers were openly denounced; and the United States in particular was damned, especially after July 11, 1938, when America placed a moral embargo upon aircraft and war materials shipped to Japan.⁴⁹

⁴⁸ Peter Mendelssohn, Japan's Political Warfare (London: George Allen and Unwin Ltd., 1944), p. 83.

⁴⁹ Ibid., p. 113.

The handwriting was on the wall, but the diplomats of the West basked in the ersatz sunshine of pacifism and neutrality.

Japanese foreign relations during the period from the outbreak of the Sino-Japanese War until the bombing of Pearl Harbor can be consolidated into her dealings with the United States and Great Britain on one hand and Germany and the Soviet Union on the other. Her dealings with China at this time were wholly military as would be expected, so we will confine our scrutinization to the above mentioned nations.

Relations with Germany and the Soviet Union. Japan had been essentially on the defensive against the Soviet Union, at least after 1935, when Japanese pressure had effected the sale of the Russian interests in the Chinese Eastern Railway to Manchukuo. After the outbreak of the Sino-Japanese conflict, the Soviet Union, which viewed with concern the prospects of the absorption of China by Japan, gave the Chinese government extensive aid in the form of military supplies and technical advice and by her military dispositions along the border immobilized in Manchuria a considerable part of Japan's best troops.⁵⁰ An armed clash in July, 1938, between Soviet and Japanese forces at

⁵⁰ S. K. Hornbeck, The United States and the Far East: Certain Fundamentals of Policy (New York: D. Appleton-Century Company, 1938), p. 117.

Changkufeng Hill led to ten days' fighting, and another clash in 1939 along the Mongolian border inaugurated extensive hostilities lasting from May until September. The Army and war-lords, knowing that a conflict was inevitable, were powerless to resort to force due to the hostilities in China. As a means of checking the Soviet Union, the Japanese Army, after the outbreak of the conflict with China, worked actively for a closer tie with Germany than that afforded by the Anti-Comintern Pact concluded in November, 1936. Germany, which had extensive commercial interests in China, was none too pleased with Japan's program there and was willing to consider an alliance only if it assured Germany of Japan's support against Britain and France.⁵¹ Japan's leaders opposed making commitments which might involve it in a European war. In May, 1939, Baron Kiichiro Hiranuma, who in January had succeeded Konoye as premier, undertook a fresh initiative toward an alliance. Suddenly, on August 23, the conclusion of the German-Soviet Nonaggression Pact was announced. Germany's action without giving prior notice to Japan and the fact that the plea for an alliance had rested on its expected value against Russia resulted in the discrediting of the pro-German policies of the Hiranuma Cabinet

⁵¹Ibid., p. 121.

and forced it to resign.⁵² While it is true that the German-Soviet Alliance aroused the ire of the militarists, it also enabled them to spur the people and government into even more frantic attempts to prepare for war. It gave the militarists an even tighter grip on the nation. After the German attack upon the Soviet Union, ties between Japan and Germany grew even closer; and they were united in a single, ambitious, militaristic, expansionist program.

Relations with the United States. From the outset of hostilities in the Sino-Japanese War, the rights and interests of other powers in China suffered from Japanese acts. British property interests in China were greater than those of any other power, but Great Britain was largely preoccupied with the crisis and the subsequent war in Europe. Consequently, it was chiefly the United States that led in efforts to restrain Japan. On December 12, 1937, Japanese aircraft bombed and sank the U.S.S. Panay in the Yangtze River under circumstances which pointed to either a deliberate disregard of consequences or negligence by some responsible person. The Japanese government called the act unintentional and made a prompt settlement consisting of an expression of regret, assurances that measures would be taken against infringement of the rights and interference

⁵²Ibid.

with the interests of the United States and other powers, disciplinary action against the responsible commanders, and indemnification amounting to \$2,214,007.⁵³ Hillis Lory states that the sinking was done on purpose under the direct orders of General Hayashi with the hope that it would lead to a declaration of war by the United States.⁵⁴ The war-lords were prepared to engage in actual warfare with the United States as early as this. To the disappointment of the militarists, war was not declared; and they resorted to time-biding.

The Japanese failure to keep the assurances given in connection with the Panay settlement and the vain efforts by the United States to obtain the discontinuance of and redress for Japanese violations of American rights and the cessation of indiscriminate bombings from the air, which had caused the death of many thousands of Chinese civilian population and were jeopardizing the lives of third-power nationals, eventually induced the United States on July 1, 1938, to place a moral embargo upon the export of aircraft and aircraft equipment to Japan. On October 6, in consequence of the Japanese government's continued failure to

⁵³Edwin O. Reischauer, Japan: Past and Present (New York: Alfred A. Knopf, 1953), p. 180.

⁵⁴Hillis Lory, Japan's Military Masters (New York: Viking Press, 1943), p. 171.

fulfill its repeated assurances to observe the principle of equality of commercial opportunity, the United States addressed to the Japanese government a comprehensive note on its discriminatory practices and interference with American rights and asked that these be discontinued promptly. The Japanese government's reply, on November 19, was an open challenge to the Western powers in the assertion of Japan's pretensions to the domination of China; and it constituted a repudiation of the treaties concerning China.⁵⁵ The note stated in part that Japan was devoting her energy to the establishment of a new order based on international justice throughout East Asia, the attainment of which was indispensable to the very existence of Japan and was the foundation of the enduring peace and stability of that region. The conviction was expressed that in the new situation fast developing in East Asia an attempt to apply inapplicable ideas and principles of the past would neither contribute to the establishment of a real peace in East Asia nor solve the immediate issue.

Since the Japanese note contained no satisfactory assurances for an amelioration of the situation, the United States on December 31 delivered to the Japanese government

⁵⁵Wilfrid Fleisher, Our Enemy Japan (Garden City: Doubleday, Doren and Company, 1941), pp. 35-36.

another note expounding more fully the American position. No reply to that note was made. On July 26, 1939, the United States notified Japan of its desire to terminate the Treaty of Commerce and Navigation of 1911.⁵⁶ The United States reasoned that the treaty was not affording adequate protection to American commerce either in Japan or in Japanese-occupied portions of China, while at the same time the operation of the most favored nation clause of the treaty was a bar to the adoption of retaliatory measures against Japanese commerce. This notification came at a juncture when Great Britain was being subjected to pressure, through a partial blockade by Japan of the British and French concessions at Tientsin, to surrender to a local Japanese controlled court four Chinese whom the Japanese had accused of complicity in the murder of a puppet Chinese official. On August 18, however, the British ambassador informed the Japanese government that Britain would be unable to consider, in a conference with Japan alone, problems affecting the interests of third powers. The war-lords saw the disunity of the Western powers and were quick to take advantage of the same.

The situation kept deteriorating steadily. The militarists refused to answer many American protests let

⁵⁶Ibid., pp. 38-39.

alone accede to them. Finally, conditions became so bad that a new Japanese ambassador, Admiral Kichisaburo Nomura, was sent to the United States to discuss with President Roosevelt and Secretary of State Hull means of improving relations between the two countries.⁵⁷ Ambassador Nomura was assured by Secretary of State Hull that the United States was ready and willing to discuss any and all means for alleviating the Far Eastern crisis. This marked the beginning of the negotiations which were to continue down to December 7, a period of eight months.

During the time that these negotiations were being carried on, Japan allied herself even more strongly with Germany through a strengthening of the Axis Pact and at the same time signed a non-aggression pact with Russia. This all lent added prestige to the militarists who had been the guiding hand behind the two diplomatic achievements. Japan was now closely attached to Hitler's Germany which was reigning supreme on the continent of Europe and was, at the same time, protected against attack by the treaty with the Soviet Union. The war-lords could now concentrate entirely on the United States.

The die is cast. On October 17 the inevitable happened. The army took over the government in name as well

⁵⁷ Gayn, op. cit., p. 149.

as in action. Hideki Tojo assumed the Premiership, kept the War Ministry, and assumed the Home Ministry. For the first time in centuries political, military, and police power were concentrated in the hands of a single man. The militarists had decided that it was time to show their true colors, and this they did. Their policy, known as "armed diplomacy," ranted, raved, and threatened. The clouds of war grew darker.

On November 5, hope for maintaining peace in the Pacific rose when the Japanese Government dispatched one of its most able diplomats, Saburu Kurusu, to Washington to assist Ambassador Nomura in the negotiations being carried on. Hopes soared but in vain. The aims of the militarists had been made clear several times. They had been reiterated periodically. They were in such direct disagreement to the stated aims and policies of the United States that it was now apparent that war was almost inevitable. Experienced observers sent their words of warning, but many Englishmen and Americans were so opposed to the thought of war that they leaped at any sign or indication that peace might prevail while disregarding the blatant blasts of the war lords.

Some of these warnings and speeches are worthy of note. On October 22, the Japan Times Advertiser's editorial stated:

What is it going to be, a way to peace or an approach to war? Japan has chosen to speak for peace. At the same time, she makes it plain and ugly as a tank that she can take care of herself and her neighbors and will brook no threat, intimidation, encirclement, or blockade, or other acts near war. Japan does not go to America or any nation with hat in hand, but stands conscious of her power for peace or war. The encircling nations can have it either way. Lest there be misunderstandings, people everywhere should understand clearly that Japan is not asking favors, rather she is ready to confer them. Her people do make demands for cessation of various forms of hostilities, which must not be interpreted as a weakness. Weak nations always plead in vain. Strong ones demand, and they get, their rights, as this country intends to do. This Empire is nobody's tool. It understands with full clarity the implications of any combination against it, arising out of a world-wide victory.⁵⁸

On November 1, 1941, Domei News Agency declared that Japan was completing her war preparations for an armed clash in the Pacific, "Which now seems inevitable and can be averted only if the United States alleviates economic pressure on Japan."⁵⁹ On November 10, Finance Minister Kaya declared that it was Japan's aim to " . . . force Britain and the United States to retreat from East Asia."⁶⁰ These threats couldn't be any blunter or clearer, and yet they were almost wholly ignored. The Western powers thought that nothing would happen while the special emissaries of the Emperor

⁵⁸ Otto D. Tolischus, Tokyo Record (New York: Reynal and Hitchcock, 1943), pp. 279-80.

⁵⁹ Ibid., p. 284.

⁶⁰ Ibid.

were in Washington with proposals of peace. Just what were these proposals. Tolischus lists them as follows:

1. All military and economic aid to Chungking must cease.
2. China must be left "free to deal with Japan," and Chungking must be advised to make peace with Japan.
3. Military and economic encirclement of Japan must end.
4. Japan's "Coprosperity Sphere" must be acknowledged and Manchukuo, China, Indo-China, Thailand, the Netherlands East Indies, and other states and protectorates must be allowed to establish their own political and economic relations with Japan without interference of any kind.
5. Manchukuo must be recognized; "Nobody will undo what has been done there."
6. The freezing of Japanese and Chinese assets must be ended unconditionally.
7. Trade treaties must be restored and all restrictions on shipping and commerce ended.⁶¹

With proposals such as this, it was apparent that the mission of Kurusu was doomed to failure. It is now clear that this was what the militarists were really after. All of their planning and their efforts had been directed to this end. To Tojo and his associates, it seemed that the time had come for them to rule, not only Japan, but the world. Hakko ichiu was the principle that guided them. The way of the Emperor was clear. All that was needed was another "incident." This was provided in the early hours of the morning on Sunday, December 7, 1941. The war-lords struck, and the world was at war.

⁶¹Ibid., p. 287.

CHAPTER VII

THE DECISIVE DECADE AND THE ZAIBATSU

The role of the Zaibatsu in the ten years from 1931 to 1941 might fall into the category of "a riddle wrapped in a mystery, inside an enigma." There are many different views as to the actual participation of the combines in the formulation of imperialistic and militaristic policies. One school of thought agrees with the statement of Joseph B. Kennan, Chief of the International Prosecution Section, when he said: "No evidence has been unearthed to show that businessmen were responsible for the war;" that industrialists and capitalists helped the militarists only "at the point of a gun."¹ This group would absolve the Zaibatsu of any guilt at all in the responsibility of Japanese war plans.

There is another group, however, which accuses the Zaibatsu of guilt equal to that of the militarists in the instigation of the events leading to Pearl Harbor.

Professor T. A. Bisson states:

At all stages of Japan's modern career, the Zaibatsu combines were closely tied to the

¹Quoted in Alonzo L. Baker's "The Influence of the Divine Emperor Doctrine upon Japan" (Doctoral Dissertation, University of Southern California, Los Angeles, June, 1948), p. 242.

military-bureaucratic elements that planned and executed the strategic phases of the expansionist program.²

Willard Price, another member of this school, wrote, "Mitsui (largest of the Zaibatsu) carried the army in its pocket-- except occasionally when the army slipped out of the pocket and carried the Mitsui."³ It seems that most students of Japanese affairs during this period agree that if the Zaibatsu did not actively endorse the policies of the militarists, they did nothing to obstruct them. It is on this premise that we continue with our investigation.

On the surface it has often seemed that the Zaibatsu were the chief opponents of the army extremists in the political struggle of the "decisive decade." This is only partly true. These two groups had been the strongest political forces in Japan. They both sought to win the bureaucrats and public opinion to their side, but they were in complete agreement on many points.

The Zaibatsu, as well as the military, were interested in territorial expansion and had taken advantage of its results. Many of them favored the Manchurian invasion, because they saw that it would give widespread social

²T. A. Bisson, Zaibatsu Dissolution in Japan (Berkeley: University of California Press, 1954), pp. 36-37.

³Willard Price, Key to Japan (New York: The John Day Company, 1946), p. 36.

discontent in Japan a safe outlet. But at the same time, the Zaibatsu tended to be more cautious than the army leaders in foreign policy. They did not want to take risks or to plunge recklessly into a big war if the chances of success were slight.

Even on the home front, there was an area of agreement between the army extremists and the business men. Both wished to maintain their ruling position against the threat of a social revolution. The Minseito government took measures to stamp out revolutionary groups as early as 1829-30, the height of "democratic" government in Japan. There was full agreement on regimentation of this kind, but the Zaibatsu bitterly opposed the army's efforts to take over all political power or to seize control of their business enterprises.⁴

Keeping these general thoughts in mind, we can turn to a consideration of the Zaibatsu in the "decisive decade."

Economic consequences of the Zaibatsu. Any full appraisal of the economic consequences of the Zaibatsu must take into account an extremely broad range of value judgments. So much has been said of the social evils latent in monopolistic aggregations of wealth and financial power

⁴Francis C. Jones, Japan's New Order in East Asia (London: Oxford Press, 1954), pp. 104-05.

that it is easy to overlook other considerations. Market structure and business practice must be judged in part at least by their effects on long-run economic development. Beyond the question of profits is the question of how they are used. And the ultimate test of efficiency is not any particular structure of enterprise but whether wide scope is allowed for initiative, whether steady improvements take place in products and processes, whether output grows and diversifies with increasing maturity and falling costs, whether the system works for or against economic stability and the wise use of resources.

Looking back at the broad history of Japan in the prewar era, one cannot fail to be impressed with the constructive role of the Japanese combines in technical progress, especially in the earlier decades. The Zaibatsu were not merely political wire-pullers or financial manipulators or even rentier investors. They performed an essential function in large-scale enterprise which could otherwise have been performed only by the State and not necessarily with greater public benefit. If they reaped fabulous gains, as they did, they continued to plough back the larger share in entrepreneurial investment in new and expanding activity. The new is always uncertain; and as Joseph Schumpeter remarks, "some degree of market power to

ward off competition is apt to be the condition of successful innovation, especially where large outlays are at stake."⁵

Very likely the concentration of control was excessive in various fields, even taking efficiency alone as the criterion. Yet the combines were able to risk major undertakings of a combined character because they were large and to gain substantial profits from new products and new processes even if rival firms subsequently copied them. By virtue of their resources, they were able to command and train the best business and engineering talent to staff their companies. Their operating companies pioneered many of the major innovations in banking, large-scale industry, and trade, capitalizing on the freedom and support extended by a solicitous government.⁶ In so doing they built a new framework within which their top executives reigned as oligarchs but where millions of small businessmen also found new opportunities for productive activity. A good deal of Zaibatsu activity itself, it is true, was centered in strategic industries which increased the national power of Japan more than her national income in goods and services.

⁵Joseph Schumpeter, The Industrialization of Japan and Manchukuo, 1930-1940 (New York: Century Books, 1941), p. 536.

⁶Jerome H. Cohen, The Japanese Economy in War and Reconstruction (Minneapolis: University of Minnesota Press, 1949), p. 211.

Fortunately for Japan, the dangers of restriction and stagnation latent in monopolistic concentrations of power were held somewhat in check by one circumstance. This was the country's continuing dependence on imported materials and machinery, which made for vigorous competition in many domestic markets. Japan was forced to import all of her cotton, silk, wool, rubber, and aluminum; most of her iron, lead, zinc, tin, and petroleum; and large amounts of machinery, machine tools, vehicles, and equipment. Moreover, the combines with their numerous affiliates were apt to be heavy importers as well as domestic producers. Where this was true, they had a consumer interest in high quality and low price, perhaps also a merchant's and shipper's interest in a large trading volume. The force of international competition could be moderated by tariffs, government buying, and subsidy.⁷ Sometimes it was entirely excluded. Through a very wide range of producers' goods, however, it could not be eliminated without blockading the road to industrial expansion.

Andrew Roth has pointed out that this inadequacy of the internal market provided the shotgun which was present at the wedding of the Zaibatsu and the militarists.⁸ The

⁷ Ibid., pp. 237-38.

⁸ Andrew Roth, Dilemma in Japan (Boston: Little Brown and Company, 1945), p. 76.

wages paid to the workers in the factories and to the farmers was not enough to enable them to purchase the products of the Zaibatsu plants. The combines, therefore, found it necessary to link hands with the militarists in a drive for territorial conquest by force of arms.

Against the technical achievements of the Zaibatsu as capitalists and innovators in prewar Japan must be set the more repugnant social and political features of the system. Extreme inequalities of wealth and income characterized Japanese capitalism from the beginning. Under different forms, this perpetuated the inequality of status and opportunity which runs so deeply in Japanese history and tradition. The actual concentration of economic power went even beyond the concentration of property ownership, through the wide ramifications of economic and political influence exercised by financial magnates.

The inequality of wealth can be shown by the following example. In 1930, half of Japan's 12.6 million households received incomes below 400 yen. This accounted for a quarter of the aggregate household income. The second quarter went to 28 per cent of the families in the 400-800 yen range. The remaining half accrued to the most prosperous 16 per cent of the nation. Over ten per cent was actually appropriated by 0.2 per cent of the people (Zaibatsu) at the apex of the pyramid. The great mass of

people, therefore, was below the 1,000 yen level while only 1,739 families enjoyed incomes of 50,000 yen or more.⁹ Of these 1,739 families with incomes of more than 50,000 yen, only twenty had incomes of 300,000 yen; and all of these twenty families were members of the Zaibatsu.¹⁰ This small, select group accounted for over 2 per cent of the entire national income of Japan. This is surely inequality of wealth at its worst. What makes it even more terrible is the fact that tax laws were directed towards the people at the bottom of the social pyramid. The Zaibatsu were permitted to keep almost all of their income while the man in the street, needing every yen he earned, was forced to part with much of his income through the tax system.¹¹ How was this done? It was done through "legitimate" means, of course. The Diet and the Cabinet passed laws which regulated the tax system. This sounds fine until one realizes that the Zaibatsu either controlled or had a large say in

⁹William W. Lockwood, The Economic Development of Japan: Growth and Structural Change; 1868-1938 (Princeton: Princeton University Press, 1954), p. 273.

¹⁰Baker, op. cit., pp.290-91.

¹¹Lockwood, op. cit., p. 274. Lockwood has probably done the most complete and authoritative survey of the industrial growth of Japan. His book covers all of the aspects of industrialism from the Meiji Restoration until 1938. In it he deals quite extensively with the role of the Zaibatsu in the industrialization process.

the operations of both the Diet and the Cabinet. It can be assumed that they would "frown" upon any move to increase their taxes. The combines made the profits and then made up the laws saying who should pay the tax. An unbeatable combination in any league.

Aside from the obvious evils of gross disparity between the wealth of the few and the poverty of the many, there were other social consequences of profound significance.

The existence of great aggregates of financial power, reinforced by political influence, tended from early times to discourage the growth of a sturdy middle class, i.e., a broad middle class of independent businessmen endowed with sufficient capital and freedom of opportunity so that they could develop medium-size, modern enterprise efficiently and on their own. Equally, the power of the Zaibatsu concerns in the labor market, where they were careful to maintain a common front, helped to stifle the growth of a vigorous trade union movement. There were other obstacles to trade unionism to be sure--the pressure of population, the prevalence of female labor in factory industry, the wide dispersion of small enterprise throughout the countryside, and the lack of experience in democratic, mass organization. But the weakness of collective bargaining, even at its height in the twenties, and especially Japan's lagging

progress in factory and social legislation, must be attributed to the intense opposition, led by the Zaibatsu, which greeted every proposal for advance in these fields. Whatever the business rivalries of the Zaibatsu, and there were many, they closed ranks and presented a solid front in the face of any and all reform movements.¹² In the political realm, as well, the existence of concentrated business power retarded the growth of democratic movements at home while providing a pliant instrument for military aggression abroad.

This explanation of the role of the Zaibatsu in the economic life of Japan was cited to show that in order to maintain its position the Zaibatsu had to exploit the people and deprive them of the fruits of a democratic government. The people had to be held in line. This was done by a collusion between the Zaibatsu and the Army. They were the two strongest groups, and they joined their forces to hold down any attempt by the people to voice their sentiments. Roth points out that one of the main points of agreement between the Zaibatsu and the militarists was the recognition by the combines of the fact that they needed the military to maintain "order" at home. Agreement here led to further

¹²Ibid., p. 273.

agreement in the field of diplomatic relations and in the expansionist policies favored by both factions.

The case of the Zaibatsu in the economic aspect of Japanese life has been closely followed and studied by Professor T. A. Bisson. He summarized the problem as follows:

Although the Zaibatsu case was not lacking in elements of strength, its weaknesses were formidable. The incidence of the Zaibatsu system was the point, above all, on which it stood condemned. It offered no real protection to the worker, the farmer, and the consumer. Its spokesmen coolly weighed the advantage of having a poverty stricken farm population that provided a surplus labor force to hold down wages. Employers, who might retain a sense of paternal responsibility for their workmen, nevertheless invoked the police arm of the state to restrict independent labor organization. Glaring extremes of wealth and poverty existed, and little or no effort was made to mitigate conditions by welfare measures. The society as a whole was marked by grave instabilities. Ancient sanctions of hierarchy and status endured in strength, yet an increasing measure of overt force and repression was required to keep the ruling caste in its seat of power.¹³

This, then, is the role of the Zaibatsu in the economic life of Japan; dominating, cruel, and powerful. Let us now examine their role in the foreign affairs of Japan and the degree of their co-operation with the warlords.

The Zaibatsu and foreign relations. Roth states that "The Zaibatsu was just about as peaceful in its foreign

¹³Bisson, op. cit., p. 36.

policy as it was democratic in its internal policy."¹⁴

Historical events have proved this statement to be true.

Zaibatsu leaders, in the main, were firm supporters of the principles of hakko ichiu and kodo.¹⁵ Their disagreement with the war-lords was not over the ultimate ends of the policy but how the ultimate ends were to be achieved. They attempted their methods during the "liberal" twenties, but the world wide depression of 1929 forced a cancellation of their plans.

Effect of the depression of 1929 on the Zaibatsu.

Most students of Japanese politics agree that the depression of 1929 discredited the great combines. Opposition was especially strong from the military, who disliked the policies of the different Zaibatsu governments which advocated "peaceful penetration" of China and the mainland through economic channels. The war-lords favored the "positive policy" as set down by Baron Tanaka in his infamous Memorial. Again, the reader must remember that the methods, not the goal, were the cause for this disagreement.

At any rate, violent attacks were made on the Zaibatsu on the ground that, in promoting their own financial prosperity, they had jeopardized the interests of the State

¹⁴Roth, op. cit., p. 82.

¹⁵Bisson, op. cit., p. 8.

and had done great harm to the peasants and the small producers and traders. These attacks came to a head in May, 1932, with the assassination of Baron Dan, the chief executive of Mitsui, at the hands of a "young officer" group. The Zaibatsu retreated. They tried to disarm popular resentment by relegating to obscurity officials who had been responsible for their previous business policy. Mitsui, which was the main target of criticism, withdrew from trade in minor agricultural products and sold to the public large holdings of shares in some of its leading companies.¹⁶ It made a donation of three million yen for the relief of distress, and it established a fund of thirty million yen for the promotion of social services. The Zaibatsu attempted to show their devotion to the national interests by establishing, or investing in, new enterprises of strategic importance, such as synthetic oil production; and they provided most of the capital for a new bank intended to finance those small traders and industrialists who were members of the Manufacturers' or Export Guilds.¹⁷

This decay of Zaibatsu influence provided the militarists with the opportunity they needed. They moved in to

¹⁶ Ibid.

¹⁷ Thomas C. Smith, Political Changes and Leadership Developments in Japan (Stanford: Stanford University Press, 1955), p. 187.

recapture some of the prestige that had been lost during the anti-war sentiment of the post World War I era. The first move they made was the creation of the Manchurian Incident. The course of events followed by the military was noted previously. Now we will see how the Zaibatsu reacted to the situation, a situation brought about primarily because of the lessening of Zaibatsu influence due to the repercussions of the depression of 1929.

The Zaibatsu and the Manchurian Incident. The invasion of Manchuria on September 18, 1931 was heralded by Hideki Tojo, the blatant trombone of Japanese militarism, as "a heaven sent toscin signaling at home and abroad the epoch-making dawn in East Asia."¹⁸ How did the Zaibatsu view the developments in Manchuria and the road to war policy of the militarists?

The Zaibatsu, together with the government, was faced with a situation in Manchuria that they could do little about. The occupation of Manchuria was completed before there could be any effective opposition by any of the various non-military segments in Japan. It was almost a case of take it or leave it. The Zaibatsu could take advantage of the increased trade and profits bound to come from the

¹⁸Quoted in Otto Tolischus' Through Japanese Eyes (New York: Reynal and Hitchcock, 1945), p. 59.

Manchurian venture, or they could leave the benefits of militaristic expansion to others. It seems that the Zaibatsu were willing to join with the militarists in sharing the loot, but they were afraid that Japan's war-lords would carry them into a major world conflagration which they opposed. Reischauer sums up this feeling as follows:

The average Zaibatsu executive remained afraid of the risk and expense of a major war, but he was not adverse to cooperating with the militarists in minor colonial ventures and in the profits of building an empire.¹⁹

At the beginning of the Manchurian Incident, the Zaibatsu leaders felt sure that the Western Powers would step in and put an immediate and effective halt to the plans of the militarists. This did not happen. The attitude of the Zaibatsu leaders infuriated many of the most powerful militarists, some of whom harbored ill-feelings toward the industrialists because of the threat posed by the combines to army ambitions. There was open talk of mass assassinations of Zaibatsu leaders.²⁰ This did not happen immediately although the slaying of Baron Dan, leader of the House of Mitsui, could be traced to military sources. Instead, the war-lords urged that a new group of

¹⁹Edwin O. Reischauer, Japan: Past and Present (New York: Alfred A. Knopf, 1953), pp. 179-80.

²⁰Ibid.

industrialists be organized. This group would be in favor of any and all imperialistic gestures by the army because they would be organized by the war-lords, and their continued existence would depend upon army and navy business. This group of new industrialists had their baptism of fire in Manchuria and were known as the Shin (New) Zaibatsu.

The Shin Zaibatsu in Manchuria: Threat or ally to the combines? Since 1931, the so called "younger" business groups rose in importance in Japan together with war industries. Of these the chief firm was the Nissan (Nippon Sangyo Kaisha) group under the leadership of Y. Aikawa. Aikawa was a protege of Marquis Kaoru Inouye of the Mitsui clan and became prominent in Japanese business circles when he took over the Kuhara Mining Company and thereby proceeded to expand his activities by supplying the increased demands of the militarists.²¹ Apart from its great mining properties, Nissan was especially important in the field of engineering, a field which was held in great esteem by the militarists.

In Manchuria, Nissan was given the green signal over the Zaibatsu. As was mentioned, Nissan's fortunes were

²¹ F. C. Jones, Manchuria Since 1931 (New York: The Macmillan Company, 1949), pp. 118-119.

wholly bound up with the promotion of Junsenji Keizai; and the leaders of the Nissan were amenable to militaristic influence. The militarists had set up many business enterprises in Manchuria, and they needed the guiding hand of some of the magnates of Japanese industry. While fostering new business groups in Manchuria, the war-lords kept strict control over business activities by means of the Kwantung Army. Army personnel checked and double-checked all activities in Manchuria; and, as a result of this intervention, none of the main objectives of industrialist and militaristic expansion were realized.²² The State controlled South Manchurian Railway Company, in whose hands most of the large scale undertakings were concentrated, found it difficult to raise adequate capital to finance its ventures; and with the probability of war with China eminent, it was deemed necessary to revise the organization to produce the desired result. To further these aims, the Manchukuo Heavy Industries Development Company was organized. In this company, the Nissan group held half of the capital; and the remainder was held by the Manchukuoan Government.²³ Even this, however, was not enough.

²²Ibid.

²³W. H. Chamberlin, Japan Over Asia (Boston: Little, Brown and Company, 1937), p. 137.

Much to the chagrin of the war-lords, it soon became apparant that a country the size of Manchuria couldn't be fully developed without the capital which the huge concerns alone could provide and that the capital would not be forthcoming under the old system of rigid State control. In other words, the army was forced to accept the Zaibatsu as full-fledged partners in Manchuria. The combines were more than willing to join in the venture once they saw that Western intervention would not be forthcoming. They saw the possibility of huge profits, and they jumped at the chance to make the possibility a probability.

Was there a difference between the Shin Zaibatsu and the older Zaibatsu families? In all probability, no. The alleged contrast between Nissan and the other younger industrialists and the older families is more apparant than real.²⁴ The fact is that the holders of many of the shares in Nissan and its subsidiaries were members of the older families.²⁵ Coupled with this is the fact that Nissan was forced to borrow money from the old Zaibatsu clans in order to proceed with its program in Manchuria. Although some of the banks in Japan were willing to lend money to Nissan, the

²⁴Ibid., p. 145.

²⁵Morton S. Ginsbury, "Manchurian Railway Development," Far Eastern Quarterly, VIII (1948-1949), 401.

total amount available would not be enough to guarantee success to Nissan's ventures. Besides this, the banks had many other preoccupations and could scarcely supply sufficient funds for long-term investments outside of Japan proper. Furthermore, the head of the Nissan group, Y. Aikawa, had family connections with leading persons in the Mitsubishi clan; and connections such as these are of great importance in Japan. The fact is that most of the "younger" groups had connections of one kind or another with the older Zaibatsu. An example of this is the Mori group of the Shin Zaibatsu which had close family connections with the Yasuda clan, one of the Big Four of the Zaibatsu group.²⁶ One author states:

As far as surface indications go, the Nissan interests are independent of the "older" group, but such personal connections would be far from likely to preclude interrelations, not necessarily open between the "younger" financial interests and the "older" finance capital groups.²⁷

Thomas Blason states that events have demonstrated:

. . . the absence of any real distinction between the so-called old and new Zaibatsu. . . . The old-established Zaibatsu combines, however, ranged more widely over the whole of Japan's expanding territorial sphere, and, when it came to Army

²⁶ N. Yasuo, "The New and the Old Combines," Pacific Affairs, (June, 1938), p. 333.

²⁷ Ibid., p. 334.

contracts, could hardly be said to play a role second to that of the newer and lesser combines.²⁸

This seems to indicate that when the members of the old clans and their sympathizers blame the Shin Zaibatsu for supporting the military, they are, in reality, indicting themselves. If, as all information seems to indicate, the Zaibatsu supported the military, it was the "old" Zaibatsu as well as the "new." The shadow of guilt hangs over them all.

Zaibatsu-Militarist co-operation in Manchuria. Once it was clear to the Zaibatsu leaders, both old and young, that the United States and Great Britain would not interfere in Manchuria they proceeded to work hand in glove with the military.²⁹ This co-operation was to continue throughout the thirties, right to December 7, 1941. In Manchuria teamwork between the two parties was apparant in all activities from railroading to narcotics. A few of the most important facets of the co-operation between the two warrant further attention.

The beginning of active co-operation could be listed as August 8, 1933. On this date, leaders of both factions decided that they would:

²⁸ Bisson, op. cit., p. 123.

²⁹ Ibid., pp. 130-31.

. . . develop Manchuria into an independent nation possessing indivisible relations with the Japanese Empire. They would strive for the unification of Japanese and Manchurian economies in order to establish securely the foundation for the expansion of the Empire's economic powers to the whole world. Co-existence and co-prosperity of Japan and Manchuria was to be restricted by the demands of the national defence of Japan.³⁰

According to this doctrine, transportation, communication, and other enterprises in Manchuria were to be developed by special companies directly or indirectly under the supervision of Japan so as to contribute to the "national defense" of the Empire.³¹ These "special companies" were, of course, the Zaibatsu and their subsidiaries.

The term "national defense" took in quite a bit of territory. In fact it encompassed all of Manchuria's economy. First the railroads were seized. The Chinese owned railways north of the Great Wall, and the money standing in their credit in Manchurian banks was confiscated. All railroads were co-ordinated, connected with, and placed under the management of the Japanese agency known as the Manchurian Railway Company.³² This was just the beginning.

³⁰ Quoted in "Japanese Aggression Against China," Judgement: International Military Tribunal for the Far East, Part B, Chapter V (Departmental Records Branch, TAGO, 1948), p. 624. This work shall be referred to henceforth as Judgement.

³¹ Ibid., p. 628.

³² Chamberlin, op. cit., p. 183.

Electrical supply and distribution systems were quickly taken over. All sources of revenue were taken by force, and the revenues expanded to finance the new government. The customs were seized on the pretext that Manchuria was a separate state. The Central Bank of Manchuria was established to replace the old provincial banks whose funds were used to capitalize the new organization. A new currency was issued. The telephone, telegraph, and radio systems, being state owned, were seized and placed under Japanese control. In all of these public services, Japanese officials and advisors were placed in the main political and administrative offices and exercised effective control of the organizations. The only people in Japan with enough knowledge and experience to step into the various administrative offices were members of the Zaibatsu clans.³³ They were entrusted with the economic program in Manchuria.

This economic program was announced by the puppet government of Henry Pu Yi in 1933 under the title: "An Economic Construction Program for Manchukuo." It was announced that economic development was to be based on the following basic principles:

- (1) To supply State control and take measures in regard to the important branches of economic activity, in order effectively to open up the various national resources with which this country is endowed and to

³³Ibid., p. 187.

promote a co-ordinated development in all fields of economic endeavor; (2) To aim at the co-ordination and rationalization of the East Asian economy, to place the emphasis on co-ordination with the good neighbor Japan in view of the economic relationship of mutual dependence between the two countries, and to make increasingly closer this relationship of mutual helpfulness.³⁴

In accordance with basic principles, it was announced that the Government proposed "to make it a guiding principle that important enterprises of the nature of national defense or public utilities should be managed by public bodies or special companies."³⁵ This could only mean the Zaibatsu; for as was pointed out, they were the only ones with enough experience or finances to take up the task. From the time that intervention from the Great Powers ceased to materialize, the Zaibatsu worked hand in glove with the militarists.

Japan-Manchukuo Joint Economic Committee. The Zaibatsu and the militarists continued to work together and to increase their co-operation in Manchuria during the mid-thirties. The high point of this co-operation was the Japan-Manchukuo Joint Economic Committee established in 1935. The agreement provided that the Committee was to consist of eight members, four from each country. Japan's members were to be: Chief of Staff of the Kwantung Army; the Councillor

³⁴ Judgement, op. cit., p. 635.

³⁵ Ibid.

of the Embassy in Manchukuo; the Chief of the Kwantung Bureau; and one member especially appointed by the Japanese Government. The latter was usually a spokesman for the Zaibatsu.³⁶ Manchukuo's members were to be: the Ministers of Foreign Affairs, Commerce and Industry, and Finance, and the Japanese Director of the General Affairs Board. All questions before the Committee were to be decided by majority vote. In answering a question as to the possibility of Japan's being out-voted, Premier Oki Hirota replied:

I ask him (the questioner) to consider the fact that three out of the four members of the Committee from Manchukuo are Ministers and the remaining one is the Director of the General Affairs Board, who is, and will be a Japanese forever, I am confident. Although he is an official of Manchukuo, he is a central organ assuming leadership of that country. Therefore, in case of a difference of opinion between the two countries, it cannot be imagined that he will make any decision that will be disadvantageous to Japan.³⁷

Here was an iron-clad guarantee that the wishes of the militarists and the Zaibatsu were to be carried out.

Now, we turn to the duties of the Committee. It was to deliberate on all questions concerning the economic ties between the two countries and supervise the Joint Holding Company to be organized in Japan and Manchukuo. It was to

³⁶ Raymond Vernon and Caroline Wachenheimer, "Dissolution of Japan's Feudal Combines," Department of State Bulletin, XVII (July 13, 1947), 58.

³⁷ Judgement, op. cit., p. 636.

control the industries of Manchukuo. It was provided, however, that matters important to the economic ties of both governments, but which were in Japan's power, would not be discussed by the Committee. Since such topics could not be deliberated by the Committee, those matters were to be made into unilateral contracts binding only upon Manchukuo.³⁸

All points of doubt were dealt with admirably by the Zaibatsu and the military.

One of the first acts of the Joint Economic Committee was to integrate the currencies of the two countries. In November, 1935, the yen bloc was established; and Manchukuo's currency was no longer based on silver but was stabilized at par with the yen. This enabled trade to flow more freely between the new industries of Manchuria and the combines of Japan.

The next important step was the organization of the Industrial Bank of Manchukuo in November, 1936. The bank was begun with a capital of 60 million yen and served as an easy means of financing industries to be developed under the plans of the militarists and the Zaibatsu.³⁹ This bank handled all imports made for industrial purposes in Manchukuo. The Manchurians were permitted to make deposits

³⁸Jones, op. cit., p. 174.

³⁹Yasuo, op. cit., p. 374.

in the Central Bank of Manchukuo and its branches, but they were not allowed to borrow from the Industrial Bank; only Japanese were permitted this privilege. A law of savings was enacted to force the people to save money and deposit it in the Central Bank for the Japanese. At the high point of these compulsory savings, over 600 million dollars were in the Bank, money that was ear-marked for the industrial plans of the Zaibatsu.⁴⁰

The Second Period Construction Plan. The aforementioned activities were included in what was known as the First Period Construction Plan and took in the period from 1931 to 1936. In January, 1937, the Second Period Construction Plan went into effect. It was drawn up by various Ministries of Manchukuo, the Cabinet Planning Bureau, the South Manchurian Railway Company, leaders of the Zaibatsu, and the Chief of Staff of the Kwantung Army.⁴¹ This Second Five Year Plan followed the basic principles underlying the First Five Year Plan and laid emphasis on opening up resources in Manchukuo and making them available for "national defense," that is to say "war." The outline of the plan declared the policy with regard to mining and

⁴⁰Ibid.

⁴¹Jones, op. cit., p. 187.

industries, fields in which the Zaibatsu were primarily interested, to be:

. . . that munition industries for weapons of war, airplanes, automobiles, and rolling-stock will be firmly established and basic major industries such as those of iron, liquid fuel, coal and electric power will be developed, and emphasis will be laid especially on the development of iron and liquid fuel industries, which materials are necessary for national defense.⁴²

It is interesting to note how the term "national defense" is continually associated with the aims of the Zaibatsu. At any rate, the plan was adopted at a conference of Provincial Governors and the Chiefs of the General Affairs Bureau of the various Ministries in Manchukuo in January, 1937, and ratified by the government of Manchukuo on February 17, 1937. For the militarists and the Zaibatsu, things were proceeding according to plan. The designs that were initiated in the First Five Year Plan were carried even further in the Second. At the same time, more profits were available to the Zaibatsu; for their partners in crime, the militarists, had instigated the Marco Polo Bridge "Incident" and were now involved with a full scale war in China.

The Zaibatsu in China. After the Japanese Army had made deep penetrations into the interior of China, steps were taken by the Japanese to review the administration of

⁴²Judgement, op. cit., p. 640.

the occupied area. It was decided that some sort of China Affairs Board be organized to supervise the economic reconstruction and development in the occupied areas of China. A Special Commission on Chinese Affairs was created on July 26, 1938; but its main purpose was in crushing the resistance of the Nationalist Government and in organizing a puppet regime in its place. Economic matters were beyond its scope. In the eyes of the Zaibatsu, a special board was needed; and they got it.

The Ko-A-In or Asia Development Board. On December 16, 1938, the Ko-A-In or Asia Development Board was organized. According to the regulations governing its organization, the Board was put in charge of the following: politics, economics, and culture and the formulation of policies relative thereto; the supervision of commercial concerns to undertake enterprises in China under special laws or to do business in China; and the coordination of administrative affairs in China conducted by Japanese Government agencies.⁴³ Its head office was in Tokyo, with four branch offices in Shanghai, Peiping, Kalgan, and Amoy and two sub-branch offices in Canton and Tsingtao.

⁴³Lawrence K. Rossinger, China's Wartime Politics, 1937-1944 (Princeton: Princeton University Press, 1944), pp. 158-159.

Two important organizations were set up under the Ko-A-In. These were the North China Development Company for North China and the Central China Promotion Company for Central China. Together they played an important part in the plans of the Zaibatsu and the militarists.

The objects of the North China Development Company were to further economic development and to consolidate various undertakings in North China. Its operations were carried on as a holding company. It financed and controlled leading enterprises in transportation, harbor and port developments, an electric power generator plus mining and manufacturing.

The North China Development Company operated under the supervision of the Japanese Government and was subject to the orders of the government. In fact, except in routine matters, it required the approval of the government for all of its decisions; and in the majority of cases, the orders of the Japanese Government were prepared by the leaders of the Zaibatsu.⁴⁴ For example, the approval of the Japanese Government was required for the raising of loans, making changes in the articles of association, giving effect to mergers and dissolutions and distribution of profits. The Company's plans for investment and financing for each fiscal

⁴⁴Jones, op. cit., pp. 193-194.

year also required the approval of the government and of the Zaibatsu. In short, the combines made sure that any and all activities of the supposedly "independent" companies would come under supervision from Zaibatsu leaders.⁴⁵

The Central China Promotion Company had objectives very similar to those of the North China Development Company and was subject to substantially the same control by the Japanese Government and the Zaibatsu. The operations in the development of public utilities, transportation, and natural resources, which will be shortly referred to, came under the control of one or the other of these companies.

Before dealing with the particular operations of the Zaibatsu and the militarists in China, reference should be made to the "Program for the Economic Development of China" adopted by the Planning Board in January, 1939. It was stated in this program that the development of natural resources in China had far-reaching consequences in realizing the ideas of economic collaboration between Japan, China, and Manchukuo as the basic step for establishing a "New Order" in East Asia.⁴⁶ It was further stated that these activities were "as vital and urgent as military

⁴⁵Ibid., p. 196.

⁴⁶Rossinger, op. cit., p. 214.

operations and political activities and that they should be carried out even during hostilities."⁴⁷

Reference should also be made to the "Summary of the Program for Economic Construction Embracing Japan, Manchukuo, and China" put out by the Cabinet Information Bureau on November 5, 1940, the principal purpose of which was the establishment of self-supporting and self-sufficient structure within ten years to strengthen the position of East Asia in world economy. Under the program Japan's function was to promote science and techniques and to develop heavy industry, the chemical industry and mining. Manchukuo was to develop important basic industries and China her natural resources, particularly mining. It must be remembered at all times that the Zaibatsu and only the Zaibatsu were capable of supplying the money and the "know-how" to do all of these things. In all of these matters they were working with the militarists because they knew, just as the war-lords knew, that intervention from the West would not be forthcoming; and their coffers were overflowing from the profits of Japan's imperialistic, expansionistic policies. If the Zaibatsu were hesitant partners at first, they were more than willing accomplices by the late thirties. Johnstone points out that:

⁴⁷Judgement, op. cit., p. 735.

The industrial monopolists joined with the militarists in the attempt to create the Greater East Asia Sphere, where their own stake in successful conquest appeared greater than their chance for profits through peaceful international trade.⁴⁸

In these two agreements it is interesting to note that not only was no provision made for consulting Manchukuo or China with regard to their approval, but it is made clear that decisions as to its being put into effect in all its aspects were to be made by Japan and Japan alone.

It is significant to note that the plans named had three main points: the first was to supply Japan with war materials; the second was to expand Japan's armaments; and the third was to meet the needs of peace-time economy.⁴⁹

The foregoing gives an outline of the general plans and policies adopted by the militarists and the Zaibatsu. A short outline of how the general plans were applied to particular industries and special phases of economics will be of value at this point.

Transportation and Communication. In 1935 plans were drafted by which Japan took over most of the railways in North China and secured permission to build more roads at places of their choosing. Among the railroads seized were

⁴⁸William C. Johnstone, The Future of Japan (London: Oxford University Press, 1943), p. 121.

⁴⁹Ibid.

the Tientsin and Shihchiachuan line, the Shantung Railway, and the Lunghai Railway. These railroads were important in the development of new sources of raw materials and received first priority from the militarists and the Zaibatsu.

In the field of communications, the North China Telephone and Telegraph Company was organized in July, 1938. The North China Development Company, which was discussed earlier, held seventy per cent of the capital stock of the new firm. Its object was to construct and operate telegraph and telephone service including submarine cable between North China, Japan, Manchukuo, and the rest of the world. Other subsidiary companies of the North China Development Company were the North China Communications Company and the North China Aviation Company. The North China Communications Company operated 3,760 miles of railways, 6,250 miles of bus lines, and 625 miles of inland waterway communications in North China.⁵⁰ In all of the various companies, the positions of influence were held by members of the Zaibatsu.⁵¹

Natural Resources. In the exploitation of natural resources, the Zaibatsu really showed their true colors. "The Outline of Measures for the China Incident" of

⁵⁰Ibid., p. 127.

⁵¹Jones, op. cit., p. 213.

December, 1937, provided that the National Policy Company was to take over the salt industries and practically the entire mining industry in North China.⁵²

The first step in this exploitation process was the setting up of the various organizations which were to supervise the undertakings.

First, the Central Iron Mine Company, a subsidiary of the Central China Promotion Company, was set up in April, 1938, to develop the estimated one hundred million tons of coal in Central China.

Next, deposits of iron ore in North China estimated at approximately two hundred million tons, or more than half of China's estimated iron ore deposits, were taken over in July, 1939, by the Lungyen Iron Mine Company, a subsidiary of the North China Development Company. Of the mines coming under the control of this company, the one having the largest estimated deposits of all was the Lungyen Mine in Chahar Province. Part of the iron ore from this mine and the surplus of pig iron produced therefrom were exported to Japan. Of a total production of 4,300,000 tons of ore mined by the company, 700,800 tons were used for the production of pig iron; and of the balance, 1,400,000 tons were sent to

⁵²Ibid.

Manchuria and over a million tons to Japan.⁵³ The Zaibatsu made sure that not only their profits but their raw materials came from conquered and exploited areas.

In Central China, iron deposits in the Yangtze Valley were estimated at one hundred million tons. For the purpose of continuing the development of this deposit, the Central China Iron Mine Company was established under Zaibatsu leadership in April, 1938.⁵⁴ The company was under the direct control of the Central China Promotion Company and other Japanese interests; payment for Chinese interests in the property was arranged to be made in the form of equipment and goods.

Coal deposits in North China were enormous and estimated to be more than 50 per cent of the deposits in the whole of China. In developing these coal resources, the Zaibatsu adopted a policy of controlling the supply to the Chinese in order to insure a further supply for Japan, having particular regard for the need of coking coal. The Tatung Mine, which had the largest annual production, was taken over and operated by the Tatung Coal Mine Company, a subsidiary of the North China Development Company. It

⁵³H. S. Quigley, Far Eastern War (Boston: Little, Brown and Company, 1942), p. 185.

⁵⁴Ibid., pp. 191-192.

should be noted that all of the different enterprises were interwoven to insure the Zaibatsu of a single, co-ordinated policy. Although these were the main ventures in the field of natural resources, the Zaibatsu extended their tentacles to all other areas. In short, the entire economy of North China and Manchuria was tied firmly to the Zaibatsu apron strings.⁵⁵

Public Utilities. Immediately after the occupation of Shanghai in December, 1937, the Japanese took over various public utility companies among which might be mentioned the Puntung Electric Supply Company, which was then made a subsidiary of the Central China Water and Electricity Company, which in turn was Japanese controlled, and the Chinese Electric Power Company in Shanghai, which was taken over in June, 1938, and made a subsidiary of the same holding company. In these cases the owners of the companies were compensated at a valuation considerably below the real worth of the companies, a valuation that was set by the Zaibatsu leaders.⁵⁶

Banking. From the beginning of the occupation of North China, the Japanese circulated bank notes of the Bank of Chosen and in Central China bank notes of the Bank of

⁵⁵Johnstone, op. cit., p. 157.

⁵⁶Ibid., p. 158.

Japan, together with some military or occupation yen notes. However, the use of Japanese currency in occupied territories was disturbing to Japan's monetary system. In order to remedy this situation, the Zaibatsu urged that certain monetary changes be made in occupation policies. These changes led to the promulgation of the Federal Reserve Bank of China organized in February, 1938, the main policy of which was to stabilize currency and control the money market in foreign exchange. It was authorized to issue paper currency, which was linked to the Japanese yen, and so made the basis for Japanese investments in North China. Controlled by the Japanese Government, this bank became very important and carried out the aims of the Zaibatsu in the financial field.⁵⁷

As a result of Japanese control of the economics of occupied China and its control of a substantial part of industry and commerce, many Japanese businessmen and industrialists went to China and entered into its economic life making no effort to hide their control of the entire commercial field.⁵⁸

The adoption of the measures referred to inevitably had the result of affecting the trade and commerce of other

⁵⁷ Quigley, op. cit., pp. 224-225.

⁵⁸ Ibid.

powers. Consequently, on October 6, 1938, United States Ambassador Joseph Grew wrote to Prime Minister Konoye that the events in Manchuria were being repeated in China; that the exchange control in North China was discriminatory; that with the alteration of customs tariffs the Japanese would control all transportation and communications; and the proposal to create a monopoly in wool and tobacco was putting Japanese industrialists in a preferred position in China.⁵⁹ He consequently asked for discontinuance of (1) exchange control and other measures discriminatory to American trade and enterprise; (2) monopolies or preferences conferred on Japanese interests, superiority of rights in commerce or the economic development in China; (3) and interference with American property and rights, particularly censorship of mail and restrictions upon residence and travel by Americans and American trade and interests.⁶⁰ To this protest, the Foreign Office, under the prodding of the militarists and the Zaibatsu, while admitting the truth of the charges, claimed justification for the economic measures as being for the benefit of China and East Asia and necessary to Japan's "national defense."⁶¹

⁵⁹ Joseph C. Grew, Ten Years In Japan (New York: Simon-Schuster Company, 1944), p. 298.

⁶⁰ Ibid., pp. 301-302.

⁶¹ Johnstone, loc. cit.

Narcotics. Similar policies were adopted by the Japanese in both China and Manchuria in regard to narcotics. This traffic was related to military operations, political developments, and industrialization in that, by means of it, substantial funds were obtained for the various local governments. These local governments were set up by the Japanese; and if it were not for the funds derived from the narcotic traffic, the money needed would have to be supplied by the Japanese or through increased local taxes, both of which were frowned upon. Incidentally, the effect on the morale of the Chinese population by the tremendous increase in drug addicts can well be imagined.

Prior to the outbreak of the China War, the Chinese Government had been making determined efforts to wipe out opium smoking. That these efforts were meeting with success is demonstrated by a report made by the Advisory Committee of the League of Nations in June, 1939, to the effect that the measures taken by the Chinese Government for the suppression of drug addiction under regulations promulgated in June, 1936, had produced highly satisfactory results.⁶²

In the field of narcotics, one can grasp a vivid picture of the co-operation that existed between the militarists and the Zaibatsu. These two groups, together with the

⁶²Judgement, op. cit., p. 754.

Japanese Foreign Office and the Asia Development Board, were connected with the opium traffic in China from 1938 on. Prior to 1938, the Mitsubishi Trading Company and the Mitsui Bussan Kaisha were making large purchases of Iranian opium for Japan, Manchukuo, and China.⁶³ By arrangement with the militarists and the Foreign Office, the two companies made an agreement in respect to the places from which the opium was to be imported and their respective shares in the business. Under this agreement the distribution of opium for Japan and Manchukuo was to be handled by the Mitsubishi Combine and that for Central and South China by the Mitsui firm. The distribution for North China was to be shared equally. At the request of the Asia Development Board, the agreement was revised by providing for the organization of the Iranian Opium Purchasing Association, the business of this company to be divided equally between Mitsui and Mitsubishi.⁶⁴

It becomes apparant that the Zaibatsu moved right in with the militarists in a campaign of imperialism and expansion. They were not two horses pulling in the opposite direction but one well-drilled team, each member striving toward the same goal even though their purposes may have been different.

⁶³Ibid.

⁶⁴Ibid., pp. 756-757.

It is important to recognize that Japan's war-machine was built with the assistance of the Zaibatsu whose representatives have never actively opposed the idea of conquest and domination abroad. Rather, the Zaibatsu have, in fact, established those economic interests abroad, the protection of which became a major excuse for territorial expansion. If their interests were threatened, they simply called upon the militarists for support; and another "incident" would take place. If an "incident" was not apropos, the Zaibatsu managed to uphold their end of the agreement in another manner; and that was through espionage.

The Zaibatsu as Japan's overseas espionage headquarters. Besides co-operating with the militarists in the field of industry and expansion, the Zaibatsu contributed to the plans of the war-lords in another more seditious manner. The foreign offices of the Zaibatsu combines were scattered throughout the world, particularly in the United States. It was through these offices that much of Japan's foreign trade was carried on. It was also through these offices that many military secrets were transmitted to the Land of the Rising Sun. The foreign offices of all of the Zaibatsu in general and of the Mitsui and Mitsubishi in particular served as bases for Japanese espionage. Within these offices lurked many undercover agents who gathered pertinent information which was useful to the militarists and relayed this

information back to Japan through regular trade channels.⁶⁵ Roth cites the fact that only six months before Pearl Harbor the Japanese militarists were able to secure valuable information about the amount of oil and gasoline that was being shipped to Hawaii. This information was transmitted through the Mitsubishi foreign office in the United States.⁶⁶ It was information such as this that enabled the war-lords of Japan to set a timetable for their plan of conquest in the Pacific. The contributions of the Zaibatsu in this particular field cannot be overemphasized. Although this facet of militaristic-Zaibatsu collaboration is often overlooked, it is of prime importance in ascertaining the guilt of the combines. It must be remembered that economic infiltration is, in many cases, more successful than military operations. The proponents of the doctrine of hakko ichiu had a double-bladed sword. One blade was the samurai sword of the militarists, and the other was the economic scimitar of the Zaibatsu. In the field of foreign espionage, this sword smote swift and clean.

We have studied the various fields in which collusion between the militarists and the Zaibatsu took place. Now we

⁶⁵Roth, op. cit., p. 86.

⁶⁶Ibid.

must look into the main reason for the alignment of the combines with army and navy.

Profit: Prime reason for Zaibatsu-military collusion.

There is no doubt that the increased profits that would accrue to the Zaibatsu through a policy of expansion and conquest was the main reason for their joining hands with the militarists.⁶⁷ If at first the Zaibatsu were suspicious of the militarists and slow to align themselves with the war-lords, they made up for it with the speed with which they co-operated when they saw the size and amount of the profits which would come to them through a successfully and vigorously pursued policy of expansion. As has been noted, the depression of 1929 made a deep cut into the profits of the combines. The Manchurian Incident helped to alleviate the situation, and from then on the money began to flow once again into the coffers of the industrialists. This was due to the fact that a policy of expansion required a shift from light to heavy industries. This meant a tremendous gain for the Zaibatsu as they were the only firms in Japan capable of producing the required materials for the military. This shift from light to heavy industry was especially true in the accelerated growth of aircraft and tank industries.

⁶⁷ Thomas A. Bisson, Japan's War Economy (New York: International Secretariat, Institute of Pacific Relations, 1945), p. 33.

Although these two phases of production had been neglected during the twenties, they rated top priority in the thirties. Another industry benefiting from the expansionistic policy of the militarists was the shipbuilding concerns. These three facets of industry--aircraft, tanks, and shipbuilding--then, were aided tremendously by Japan's imperialistic designs; and all three of these industries were controlled by the Zaibatsu. Roth cites the Mitsubishi combine as a typical example of the increased profits from increased military spending:

The shipbuilding industry was particularly badly hit by the depression of 1930-1933, and the preparations for armed aggression came to its rescue. Almost 3,000,000,000 yen were allotted in four naval programs beginning in 1931, and three quarters of that went to private companies. Large subsidies were granted to insure the development of a large, speedy merchant marine. The declared capital of the seven largest shipbuilding companies more than doubled between the outbreak of the China War in 1937 and the outbreak of the Pacific War in 1941. Mitsubishi shipbuilding itself had a declared capital of 120,000,000 yen in 1937; by 1941 it had reached 240,000,000. . . .

Mitsubishi profited to an even greater degree from the expansion of the aviation industry due to the war in China and preparations for the Pacific War. The paid-up capital of Mitsubishi's aircraft

subsidiary increased from 10,000,000 yen in 1937 to about 60,000,000 in 1943.⁶⁸

The latter date is beyond the scope of this investigation, but it is included to give an idea of the tremendous growth of the combines during this period. The huge profits were enough to allay the fears of the Zaibatsu that an aggressive foreign policy would damage their foreign trade and diminish their profits. These fears went for naught because the exact opposite was true.

There seems to be little basis for the opinion that the Zaibatsu were forced into active participation in an expansionistic and imperialistic policy of aggression. Facts seem to prove that both the militarists and the combines had the same goals; only their methods differed. It might be said that aggression and "incidents" make strange bed-fellows. Reischauer states:

The coalition of the military with the Zaibatsu interests was perhaps nothing more than a marriage of convenience, but it was nevertheless a successful working arrangement. And as time went on, it became something more. Zaibatsu firms, such as Mitsui and Mitsubishi, in many cases represented monopoly capitalism, but at the same time, because of their very size, they made the transition to a

⁶⁸Roth, op. cit., p. 65. Roth goes perhaps farther than any other authority to show the collusion that existed between the militarists and the combines. He attempts to prove that only trivial matters such as timing, direction, and division of spoils caused friction between the two groups. He states that the divisions became increasingly minor and that the two became an indissoluble bloc committed to Japan's war of aggression.

state-controlled economy easier than it would otherwise have been. In preparation for the unspecified "national crisis" of the militarists, the government increasingly assumed direction over broad segments of industry and commerce, and the great Zaibatsu combines, which were coming to be run by professional managers rather than by their owners, were convenient units of governmental control. The pressures of war hastened the growth of such controls, and the Zaibatsu combines tended more and more to become economic branches of the state. Japan appeared to be taking the first steps toward a curious sort of state socialism, born of Zaibatsu capitalism and sired by militaristic authoritarianism.⁶⁹

The coalition of the bearers of arms and the makers of armaments was complete. Japan, ruled by the militarists and the Zaibatsu, girded itself for war. By December, 1941, the two factions were a smoothly functioning unit. Manchuria had been overrun. The war in China, while proceeding slower than anticipated, still yielded land and profits to the Empire. The Greater East Asia Co-prosperity Sphere had infiltrated into French Indo-China. Propaganda broadcasts announced the dawn of a new era in the Pacific, a dawn in which the only light was to be the rising sun of Japan. At home the Japanese people, oppressed, down-trodden, and filled with promises of a New Order in East Asia, followed the wishes of the tyrants and tycoons. Everything was set for the final step. On December 7, 1941, the word was given, the attacks made, and the world was at war.

⁶⁹Reischauer, op. cit., pp. 179-180.

Summation. For over a decade, historians and students of Asian and Japanese politics have been trying to fix the blame for the aggressive policies of the Japanese Empire beginning with the Manchurian Incident of September 18, 1931. There was little doubt that the militarists were among those chiefly responsible for the crimes and atrocities committed against humanity. Others placed equal blame upon the giant industrial combines, the Zaibatsu. Strange tales were told of the Zaibatsu. Some said they were men of peace who believed in economic penetration only. Others said that the Zaibatsu gained stature, prestige, power, profits, and equality with the militarists through a succession of successful wars, wars in which they were forced to co-operate with the Japanese war-lords. Throughout this thesis, evidence has been submitted to show that the Zaibatsu and the militarists were one. They worked and strived toward the same ideal--world conquest.

The myth that states that the Zaibatsu and the militarists were mortal enemies fails to take into consideration the fact that the two have co-operated most faithfully in the seventy-five years of Japanese expansion. The two, rather than occupying separate and distinct places in the Japanese scene, are to an extraordinary degree intertwined.

Throughout Japan's modern history, only a few individuals or factions have ruled the nation. There has

been a continual jockeying for position by the Zaibatsu, the palace guards, landlords, Army leaders, Navy leaders, professional bureaucrats, and party politicians. At times the fight grew rough, and certain individuals were hurt.

Assassinations were common place, but this was all in the family. On issues concerning the empire's aggrandizement, as on those affecting popular strivings for democracy, the ruling groups closed ranks. Foremost in this "closing" process were the Zaibatsu and the militarists. The bulk of power emerged in their hands.

To those who believe that the Zaibatsu opposed the military, here are the words of Ginjaro Fujiwara, head of the Mitsui Paper Company and generally recognized as the spokesman for the Zaibatsu during this decisive decade:

Diplomacy without force is of no value. No matter how diligent the Japanese may be, no matter how superior their technical development or industrial administration may be, there will be no hope for Japan's trade expansion if there is no adequate force to back it. Now the greatest of forces is military preparedness founded on the Army and Navy. We can safely expand abroad and engage in various enterprises, if we are confident of protection. In this sense, any outlay for armament is a form of investment.⁷⁰

All evidence indicates that Japan's Empire, an Empire achieved through force, deception, treachery, espionage, and broken promises, was built by a working combination of the

⁷⁰Quoted in Price, op. cit., pp. 62-63.

big business combines and the militarists. The Zaibatsu furnished the "know-how" for the militarists, not only in the manufacture of armaments and munitions, but also in the operation of government. The co-operation between the two was complete.

The Zaibatsu helped create and greatly profited by Japan's war machine, but they were unable to control the monster they created. Failing to prevent the militarists from dominating the governmental policies, particularly after 1931, the industrial monopolists joined with the militarists in the attempt to create the Greater East Asia Sphere, where their own stake in successful conquest appeared greater than their chance for profits through peaceful international trade.

This then was the picture in December, 1941. Japan's plan for world conquest, unbelievably successful thus far, had one more step and that was war with the Western Powers in general and the United States in particular. This final step brought Nippon's dreams of world conquest toppling down like a house of cards. This final step found the doctrine of hakko ichiu, the belief in kodo, the imperialistic dreams of the militarists, and the profit-made schemes of the Zaibatsu marching headlong into oblivion.

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