The Social Reality of Japan's Moderization: the Under Side of the "Miracle"

Land Theft, Displaced Farmers, New Poverty, and Emigration

During the Edo/Tokugawa era (1603-1868), most land belonged to wealthy landlords and daimyo. Farmers worked for their landlords, and paid their landlords a percentage of rice yields. Therefore, taxes were linked to yearly crop yields. If the crop yield was low one year, due to a drought or some other problem, then the farmers' taxes were also low for that year.

However, the modern centralized Meiji-era government (1868-1912) announced major land reform in Japan. The new Meiji system called for taxes in cash payments, and the tax rate was tied directly to the value of the land itself. If the crop year was good, then farmers had no trouble paying their taxes. But during a bad year, they couldn't pay their taxes. This led to widespread "parasitic" cash lending by modern banks, moneylenders, and wealthy land owners. These cash loans carried very high interest rates and demanded that farmers use their land as collateral. When a farmer couldn't repay a parasitic loan, the lender could legally and easily take possession of the farmer's land. The conclusion was that these modern banks, money lenders, and wealthy landlords seized millions of acres of farmland from Japanese peasants. The Meiji government, which was more concerned with industrialization, made the problem even worse by focusing on policies that favored large organizations like the *zaibatsu* (monopolies/conglomerates) and even encouraged consolidation of wealth into the hands of a very small number of wealthy families and individuals. This process of land consolidation would continue throughout most of the period of Japan's Imperial Empire (1868-1945).

For the peasants, one result was a massive exit from rural areas, to find work in the industrializing cities. For those who still wanted to farm, about 2 million Japanese settled the newly annexed Hokkaido island between 1886 and 1922—a colonizing action that almost completely destroyed the indigenous populations there (mostly the Ainu). By 1924, over 400,000 Japanese would also emigrate to North America (mostly to Hawaii & California). But in 1924, the USA banned all immigration from Asia (Canada did something similar in 1928). Japanese peasants then focused on finding farm jobs in Brazil until the early 1930s. The Japanese government then encouraged, and often forced, Japanese farmers to settle and colonize Imperial Japan's new colony of Manchukuo (China's northeast state of Manchuria) after 1931. By 1945, there were nearly 2 million Japanese civilians in Manchuria, most of whom had to be repatriated to Japan after WWII. Back in Japan, many of these people were not welcomed and faced discrimination from other Japanese.

Zaibatsu (Conglomerates)

The **zaibatsu** (財閥, literally "wealth clique") were large, vertically integrated, family-controlled industrial and financial conglomerates that dominated the economy of the Empire of Japan (1868-1945), from the Meiji era until the end of World War II.

Core Structure and Characteristics

- Family Ownership: Each zaibatsu was built around a powerful, wealthy founding family (such as Mitsui, Mitsubishi, Sumitomo, or Yasuda), which held control through a top-level parent holding company.
- In-house Banking: Every major zaibatsu owned its own bank, which managed capital to fund industrial projects like mining, shipping, steel mills, and heavy manufacturing.
- Oligopoly and Integration: The zaibatsu operated across nearly all major economic sectors—combining raw material extraction, manufacturing, insurance, retail sales, and foreign trade (via general trading companies or *sogo shosha*).
- Economic Domination: By the end of the 1930s, the ten largest zaibatsu controlled about 65% of Japan's domestic economy and nearly 90% of overseas, colonial economic activities.
- Militarist Ties: During Japan's militarist expansion in the 1930s and WWII, the zaibatsu worked closely with the military government to produce warships, aircraft, and munitions. This created huge profits for the zaibatsu, through military contracts that were paid for by heavily taxing the Japanese civilian population (by 1945, the average Japanese citizen was paying about 80-90% in taxes). After 1945, the Allied Occupation (Americans) and many Japanese domestic reformers cited the zaibatsu as a major reason for Japanese imperial militarism and as an obstacle to modern democracy.
- Ties to Right-Wing Extremism and Organized Crime: The zaibatsu often resorted to corruption as a means to control the civilian government and Japan's colonial administrations. Especially during the late 1930s and into the wartime 1940s, some zaibatsu formed close ties with right-wing extremist groups and organized crime (*yakuza*), mostly to physically intimidate or murder labor rights activists, liberal reformers, or anyone else they considered an enemy.

The "Big Four" and Other Groups

- The Big Four: **Mitsui, Mitsubishi, Sumitomo**, and Yasuda were the largest and most influential zaibatsu until 1945.
- Second-Level Zaibatsu: Included industrial and financial combines like **Nissan**, Furukawa, Okura, Asano, **Nomura**, and Nakajima. After 1945, Nissan was held especially accountable for its direct and widespread participation in war profiteering, including its use of Korean and Chinese slave labor in occupied Manchuria. Postwar research indicates that over 1 million Koreans and Chinese were forced to work in dangerous mines and factories, with about 125,000 to 175,000 deaths from such work.

Postwar Dissolution and Legacy

- Allied Occupation (SCAP): Following Japan's defeat in 1945, Supreme Commander for the Allied Powers (SCAP) dismantled the zaibatsu, seized their assets, and banned holding companies to eliminate wartime monopolies and promote a free-market economy.
- Transition to *Keiretsu*: During the Cold War (1948-1991) and US reindustrialization shifts, the surviving parts of the zaibatsu reorganized horizontally and vertically into loose

corporate alignments known as *keiretsu* (such as the modern Mitsubishi, Mitsui, and Sumitomo groups). Unlike the old zaibatsu, these modern groups are generally not owned or controlled by a single founding family. These keiretsu structures still exist today.

World War One & 1920s

Before the Asia-Pacific War of 1937-1945 (known as WWII in Asia), there was WWI.

World War ONE (1914-1918) triggered a massive economic boom in Japan (*taisen keiki*), which transformed the country from a debtor nation into a creditor nation and created a flashy new-rich class known as the *Narikin* (成金).

The Rise of the *Narikin* (Nouveau Riche)

- **The Shipping Boom:** With European powers preoccupied with WWI, global shipping fleets vanished from Asian waters, generating a demand for new cargo vessels. Japanese individuals who owned ships or ran shipping lines—such as shipping magnate Yamamoto Tadasaburō—accumulated sudden, massive fortunes (*funanarikin* or "ship narikin").
- **Industrial Expansion:** Heavy industries like chemical producers, steel, machinery, and domestic manufacturing boomed as Japan filled global production orders that supplied the Allied powers (mostly U.K., France, and Italy) as well as industrial markets throughout Asia.
- **Obvious Wealth:** The term *narikin* originally came from *shogi* (Japanese chess), referring to a pawn that reaches the back rank and becomes a gold general. During WWI, the term came to describe self-made, overnight rich men who were famous for flashy spending and lavish lifestyles.

Contrast with the Established *Zaibatsu*

- **Old Giants vs. New Money:** While the traditional financial and industrial conglomerates—the *zaibatsu* like Mitsui, Mitsubishi, Sumitomo, and Yasuda—further consolidated their massive, multi-generational monopolies during WWI, the *narikin* represented independent, volatile newcomers.
- **Postwar Collapse:** Many *narikin* fortunes proved fragile. When the WWI demand collapsed after 1918, a severe postwar depression, followed by financial crises in 1920 and 1927, destroyed a large portion of these WWI fortunes—much of this money ended up with the larger, more powerful zaibatsu.
- **Social Unrest:** While the *narikin* lived in luxury, the rapid inflation and soaring cost of basic goods (famous example: the Rice Riots of 1918) caused severe hardships for ordinary Japanese workers and farmers, increasing tensions between classes of people and between workers, companies, and the government.

Crushing LABOR and SOCIAL ORGANIZING in Imperial Japan (1868-1945)

Civil rights, the rights of workers, the rights of women, and political organizing on the Left were all closely connected during the time of Imperial Japan (as they were in China, too). And all of these efforts in Japan became targets for national laws all the way through 1945. In terms of labor (workers' rights), the initial issues and unrest in the Meiji era shifted from mining riots and state-managed industrialization to a focus in the 1920s on class struggle, labor unionism, and socialist organization. All of these were met with aggressive state suppression, typically through laws but sometimes through the use of violence and state-administered executions.

Late Meiji Era & Early Industrialization (1868–1912)

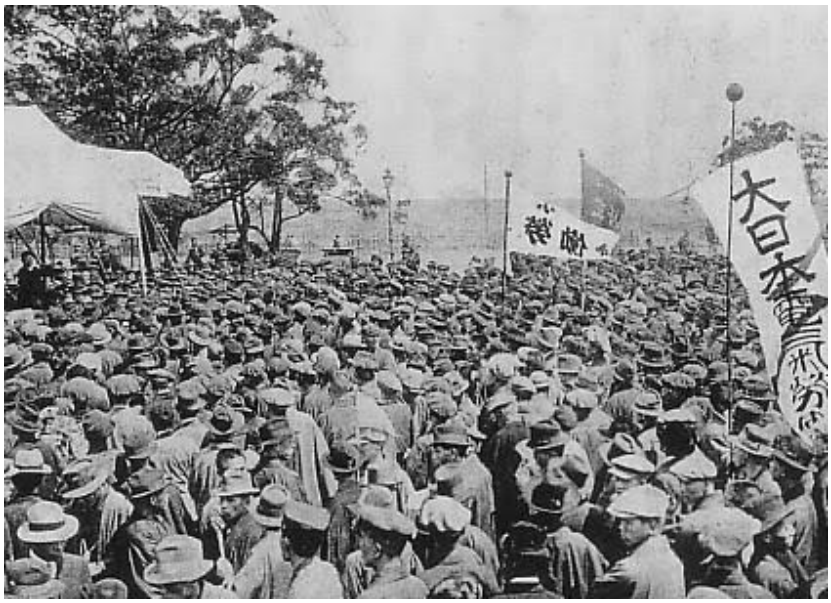
- **State-Driven Priority:** Early Meiji modernization focused on silk, cotton, mining, and heavy industries, to fuel military and economic growth. The workforce in the silk and cotton industries in particular was about 80% women.
- **Early Conflicts:** Pre-1888 disputes centered largely on violent mining riots. By the late 1890s, inflation and falling real wages sparked an increase in strikes in Tokyo and other industrial centers.
- **Legal Suppression:** *The Public Order and Police Provisions Law of 1900* severely restricted union organizing and collective bargaining, crushing early groups like the Metal Workers Union. National laws like this became common and were used continuously against organized labor and various socialist movements and women's groups until after 1945—since the end of the American Occupation in 1952, the new Japanese government began using similar tactics just in less direct ways today.

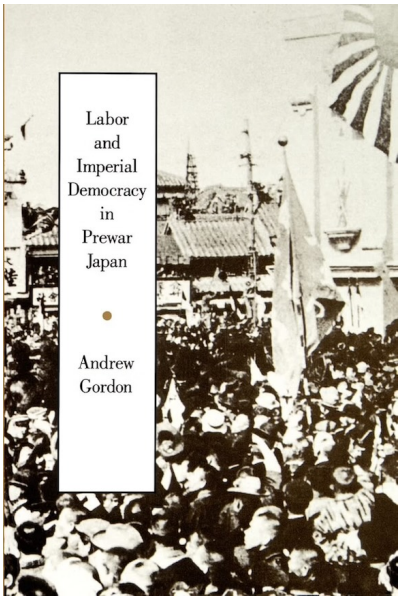
World War I & the Interwar Surge (1914–1930s)

- **Strike Explosion:** WWI economic booms, high inflation, and soaring rice prices caused strikes to jump from fewer than 50 per year to nearly 500 annually between 1917 and 1919.
- **The Rice Riots (1918):** Approximately 700,000 to 1 million people across 42 prefectures and colonies protested high rice prices in a massive nationwide uprising against the *zaibatsu* (conglomerates) and the oligarchic state.
- **Rise of Unions & Leftist Politics:**
    - Socialist political groups, women's reform groups, and labor organizing were attempted several times between 1900 and 1912. All of these efforts were effectively suppressed by laws and police force.
    - The moderate *Yūaikai* (Friendly Society) founded in 1912 evolved into the militant Japan Federation of Labor (*Sōdōmei*) by 1921, representing hundreds of thousands of workers.
    - The underground Japanese Communist Party was formed in 1922, and Universal Manhood Suffrage (voting rights for men only) was passed in 1925.
- **Double-Edged State Response:** Despite passing male suffrage in 1925, the government simultaneously enacted the draconian **Peace Preservation Law** (治安維持法) to criminalize assertive political dissent.

Militarism & Dissolution (1930s–1940)

- **Crackdowns:** Following Japan's 1931 invasion of Manchuria (northeast China) and rising military dominance, independent labor unions, tenant organizations, and leftist political parties faced aggressive police roundups, violence, and even killings.
- **Wartime Mobilization (*Sanpō*):** By 1940, independent labor unions were completely outlawed and replaced by state-sponsored *patriotic service organizations* (*Sanpō*), which stripped workers of independent bargaining rights to support the war effort. By 1945, over 70,000 Japanese citizens had been arrested for "suspicious" labor activity.





https://visualizingcultures.mit.edu/protest_interwar_japan/pij1_essay02.html