

Kyoto University Economic Review

MEMOIRS OF
THE DEPARTMENT OF ECONOMICS
IN
THE IMPERIAL UNIVERSITY OF KYŌTO

VOLUME XVII
1942

PUBLISHED BY THE DEPARTMENT
OF ECONOMICS IN
THE IMPERIAL UNIVERSITY OF KYOTO

THE DEVELOPMENT OF SOCIAL POLICY IN JAPAN

By YONOSUKE NAKAGAWA

1. THE MEANING OF SOCIAL POLICY

There is no fixed theory regarding the meaning of social policy. This is due partly to the differences of views on the part of scholars as to what is social policy, and partly to the fact that social policy has undergone a constant development and change. Although scholars differ in their views regarding social policy, this does not mean that there is no point of common agreement among them. A perusal of many theories reveals that they almost agree in the notion that social policy aims at remedying the existing social defects of basic society, which it intends to maintain rather than reform radically. In other words, social policy is not one of social revolution but one of social amelioration.

Now, the function of social policy having such essence has constantly developed with the passing of times instead of remaining fixed. In its early stage, its policy was directed towards the protection of workers. But when the advancement of liberalism brought about the increasing inequalities of wealth and the intensification of class opposition between capitalists and workers, social policy was directed towards the mollification of this opposition. Thus, social policy was regarded as a class policy. But class policy originated in an attempt to bring about compromise and mollification in the egoistic opposition between different classes, and thus at its very inception recognized the egoism of classes. So long as such class egoism is recognized, there will be no end to class

struggle. In such an egoistic class struggle, no real peace will prevail unless one class destroys the other. The truth that social policy is opposed to social stability though it seems to stabilize it was fully proved during the Social Democratic regime in Germany. Social policy as class policy ended in failure in both theory and practice. Thus, a new policy was demanded for overcoming class egoism, and social policy was evolved into one of dissolving class opposition. This means the dawning of a new era of control or renovation for basic society of liberalism. The function and theory of social policy have made such a development, which, we have noted above, was not made without reference to realities. On the contrary, it developed as a policy for solving social problems which rose and developed with the growth of basic or liberal society. I shall hereafter describe the development of social policy in Japan.

2. THE DEVELOPMENT OF JAPANESE CAPITALISM AND SOCIAL PROBLEMS

Liberalism came into existence after the passing of the feudal era. The economic progress made under liberalism is simply amazing but it was accompanied by social problems unprecedented in its magnitude. Mention may be made, as instances, of great inequalities of wealth, the rise of mass poverty, economic crises, unemployment, and class struggle. The times of their appearance may differ in countries, but they were common to all capitalistic countries. I shall review in the following pages the social problems of Japan, one of the late comers as a capitalist nation.

For convenience sake, I shall divide the development of Japanese capitalism into five periods. The first period is from the early part of the Meiji Era to the beginning of the Sino-Japanese War; the second period, from the close of the Sino-Japanese War to the beginning of the Russo-Japanese War; the third period, from the end of the Russo-Japanese War to the beginning of the First World War;

the fourth period, from the close of the First World War to up to the Manchurian Incident; and the fifth period, from the Manchurian Incident to the present.

The first period was the period of preparation for Japanese capitalism. The political, social and cultural structures of the old feudal regime had been nearly replaced by the new capitalistic structures up to the fifteenth or sixteenth year of the Meiji Era (1883 A.D.). However, up to the outbreak of the Sino-Japanese War, Japanese capitalism was in the period of preparation or infancy. In consequence, this period was marked mainly by social problems which arose from confusion due to the social transition, but which were not inherent in capitalism. Mention may be made of the persons in extreme poverty and beggars in the first part of the Meiji Era, the unemployment of former warriors, and farmers' riots due to the adoption of the new tax system in which payment in kind was replaced by that in currency. However, society in general welcomed the new regime and the people of the civilian class in particular were active, adapting themselves to the new economic policy.

During the second period, Japan secured indemnity from China as a result of her victory over that country and thereby established the gold standard system. Moreover, advance was made in the war industry and other new industries all of which received a big impetus from the war. On the other hand, the progress made by capitalism gave rise to modern social problems such as the strikes of factory workers, the formation of labour unions, labour and social movements, etc. Social problems in this period were not of conscious activities but were of natural origin and spasmodic occurrence, there being as yet no proletarian consciousness in evidence. Strikes were directed against merchants, wholesalers, factory inspectors and not against capitalists. However, the economic crisis in 1896-7 had the effect of stimulating proletarian movements.

The third period was marked by a great advancement of Japanese capitalism. Japan won the war against Russia

and made Korea her protectorate; the South Manchurian Railway established in Manchuria proved to be the foundation of the continental advance of Japanese capitalism. Remarkable was the advance made by Japanese industries during the period between the close of the Russo-Japanese War and about 1918. During the same period the number of factories increased from 10,000 in 1906 to 17,000 in 1912 and the number of factory workers from 610,000 to 850,000. But the period was not a continuation of prosperous times. In 1907 there was an economic crisis due to the post war reaction, and many banks went bankrupt and tens of thousands of workers were thrown out of employment. The number of labour disputes increased and the men affected also increased in number, and the fighting power of workers expanded which came to indicate something of radical inclination. The Russian revolution of 1905 had its obvious effect on the Japanese proletarian movement. Frequent strikes were declared in mines, government shops and other large industries. By this time social problems in Japan became highly complicated and very difficult of solution.

The fourth period may be said to be that of decline for Japanese capitalism. But even in this period, industries continued to register advance up to 1919, because of the boom created by the World War. The number of factories in 1919 was given as about 44,000 and that of factory hands as about 1,500,000, both of which are more than the double the figures for 1914. But since the appearance of an economic crisis in 1930, the Japanese economic world has been faced by a chronic depression. It was further intensified by the great earthquake and fire of 1923 in the Kanto district. This industrial depression created difficulty in the livelihood of the Japanese people and caused the frequent occurrences of strikes and tenant disputes. By this time, the number of factory workers had shown a large increase, and Japanese industry had shifted from the period of light industries to that of heavy industries; and the working class in Japan had made a remarkable qualitative change, its power

having become considerably great. The number of labour disputes increased from 50 in 1914 to about 500 in 1919. Moreover, the strategy of labour disputes had shown much progress and the demands of labour disputes now embraced the improvement of labour conditions, the establishment of shop committees and the horizontal labour associations, in addition to the old demands for wage raise and the reduction of working hours. In short, the Japanese working class developed an extensive and systematic struggle. All this had the effect of consolidating the capitalist camp, and the class struggle in Japan was greatly intensified. It was at the time of such stalemate in the Japanese society that the Manchurian Incident occurred.

The fifth period which began with this incident had the effect of completely changing the whole aspect of society in Japan. This was because the incident was directed not only against China but also against the League of Nations, and Japan could not afford to have a domestic strife of any kind. She was in need of a national structure in which capitalists and labourers, cities and farming villages alike had to fulfill their respective duties, so that the object of the State may be attained. Here, we should note that the national unity shown after the Manchurian Incident was different in essence from that which was shown in times of Japan's wars with foreign nations. Japan's wars with China and Russia and her participation in the first World War fell in the periods of preparations, of rise and prosperity for Japanese capitalism, and the national unity shown at each of these wars only amounted to the consolidation of capitalism in the country. But the national unity or State control shown following the outbreak of the Manchurian Incident was not the consolidation of capitalism, because by that time capitalism had faced deadlock not only internally but also throughout the world, and it was unable to break up its own deadlock. Thus, the national structure of Japan made after the outbreak of the Manchurian Incident was made from the standpoint of the State or the whole people.

The Japanese State waged a foreign struggle on one hand and on the other executed an internal social reform which was based upon her traditional national structure. The new tendency became all the more pronounced after the outbreak of the China Incident. Such political and social factors undoubtedly had the effect of greatly changing the nature of social problems in Japan after the Manchurian Incident. Class egoism and social struggle based on egoism were suppressed politically, while the people's gradual awakening to the new situation led them to abandon their former egoism. Labour disputes greatly decreased; various unions and associations whose aim was social struggle either disbanded themselves or gave themselves up to the camp of nationalism; and Marxism which once enjoyed prosperity declined together with individualistic ideas. In short, the Manchurian Incident was the turning point for liberal society in Japan which began to undertake the construction of a new social order of national and totalitarian nature.

An examination of the development of social problems during the above described five periods reveals various aspects. Social problems rose with the growth of capitalism and took the same course with those of other capitalistic countries: they first dealt with the protection of labour; secondly, with the mollification of the class opposition between capital and labour; and thirdly, with the matters of the proletariat in general.

However, one can observe some Japanese characteristics in the concrete processes and forms of the development of social problems in Japan, of which we shall mention the principal ones. In Japan capitalism developed with an amazing speed and social problems extended in all directions in a very short space of time. The very fact that capitalism in Japan from its very inception was subjected to the attack and criticism of progressive social ideas made the government officials and the capitalists to have a deep concern with labour problems. To this may be added another fact that the swift transition from the feudal period to liberalism

prevented the mass of people to fully prepare and discipline themselves for Western liberalism; and that even during the period of prosperity for capitalism; the people of Japan, especially the farmers and labourers, retained their feudalistic ideas of their social station and of their proper places in the State. These two facts are the basic factors for the phenomenal advancement of Japanese capitalism. Thus, we cannot regard liberalism in Japan as identical with Western liberalism. And the fundamental cause of difference between the two is that the traditional national spirit of the Japanese inculcated under the Japanese national structure prevented them to have the individualism and class conception of Western liberalism.

3. THE DEVELOPMENT OF JAPANESE SOCIAL POLICY

The development of Japanese social policy may be divided into the following three periods of time: first, the period of charitable policy, second, the period of class social policy, and the third, the period of national or totalitarian social policy.

The first period,—the period of charitable policy. During this period, although charity was given to the poor, there was as yet no need for social policy. The State under liberalism in principle allows liberty to each of its members but itself does not shoulder the responsibility of assuring subsistence to the people. For, should the State allow liberty to its people, and at the same time assure living to them, no one would be willing to work, and such a society could never exist very long. It is natural, therefore, that so long as liberalism and individualism are the governing principles of a State, that State does not hold itself responsible in principle for the sustenance of its people. For this reason, the functions of the liberal State are said to be limited to national defense, the maintenance of internal peace, etc., all of which are necessary for the whole nation. Under such

a theory, in the early period of liberalism in every State, charity was given to the persons in dire need and fundamental policy such as that of social adjustment was not regarded as necessary. Such a period is known as the period of charity or the period of charitable policy. The period, therefore, is not that of real social policy; it may indeed be appropriately regarded as the pre-period of social policy.

The fundamental law of the benevolent period in Japan was the relief regulations promulgated in the seventh year of the Meiji Era (1875). These regulations had inherited the similar regulations of the Tokugawa Period. These were imperfect and restricted as law and applied only to those bachelors of extreme poverty who were unable to earn livelihood because of some physical disabilities. Being essentially acts of charity, neither the State nor public bodies possessed the responsibility of relief, and rice and money given to the poor were very small in amount. The regulations in short were very primitive and imperfect as a social relief system. During the same period, two acts were promulgated in the 32nd year of the same era. The one concerned with the relief of sick travellers and the disposition of the dead in the street, and the other with the provision of funds for the relief of the victims of natural calamities. The former provided for the relief of "those who were unable to walk" and "the disposal of the dead in the street unclaimed by any one". The other act provided for the reserve of funds by prefectural governments in ordinary times "for the sake of the victims of some natural calamity over an entire prefecture or part of it". These two acts were special laws while the relief regulations were general laws but all these had a spirit common to all. For instance, the expenses of relieving sick travellers were to be borne in principle by the persons having the legal obligation of supporting them. Again, as to the relief of the victims of natural calamities it is presumed that the responsibility lies with prefectural governments instead of with the State. In short, all the charitable and relief works mentioned above are based on

the principle of economic self obligation.

The second period,—the period of social policy. This period extends from the close of the Russo-Japanese War to just before the outbreak of the Manchurian Incident. This period during which the modern social policy was carried out, may be sub-divided into two periods: the period of protection for labour and that of class policy.

During this period liberalism gave rise to new social problems in the course of its development. First comes the problem of protection for labour. In the early period of liberalism, children and women were extensively employed, not only in Japan but also in all advanced capitalistic countries. It could be noted that during the period of light industries from which capitalism shifted to heavy industries, children and women supplied the sufficient amount of labour, and capitalists preferred to employ them because their cheap wages and their negligible social power placed the capitalists in an advantageous position. But as in other countries, in Japan also their mistreatment became a social problem. England, France and Germany, had already enacted factory laws, and Japan as early as the 15th year of the Meiji Era (1883) felt the need of such a law and began to make investigation into its legislation. In spite of the opposition shown by the capitalists, the Government authorities continued their efforts along this line and a factory law was promulgated in the 44th year of the Meiji Era (1911), and was put into force five years later in 1916. The law forms the basis of our Japanese labour legislations and its promulgation made an epoch in the history of Japanese social policy. By virtue of the factory law, all children below twelve years old were prohibited from working in factories coming under the operation of the law, and male workers below the age of fifteen and all women workers were prohibited from working more than twelve hours and their night work, in principle, was also forbidden. Needless to state, the factory law as a labour protection legislation is not of such nature as would deny or revolutionize capitalism. On the contrary, it is one of

capitalistic production policy and rather may be said to have been intended to rationalize and consolidate capitalism. During and after the First World War, Japanese capitalism has found this labour protection policy by means of the factory law its supporting pillar. Another social legislation enacted during the same period was the government insurance act which was intended to stabilize the living of the masses. This was the beginning of government insurances and proved the preparations and basis of the various social insurances of later development. As has been already observed, Japanese capitalism underwent a phenomenal advancement due to the First World War, but it must not be forgotten that behind this advancement lay the aggravation of social discrepancies and internal strifes. Inequalities of wealth were intensified; prices soared and economic crises, unemployment and difficulty of living and other similar problems pervaded the entire society. The rice riots of 1918, in particular, startled the government and people reflecting as never before the living difficulty of the lower strata of people as well as the astonishing changes that had come in their ideas. In view of the new situation, the Government promulgated various social legislations one after another as counter measures for it. The rice riots proved the turning point which divided Japanese social policy into the two periods, first and second. Social legislations after the rice riots were not labour protection policies, their aim being to mollify and adjust the opposition between capital and labour. In other words, the period of social policy as class policy was ushered in. During this period the following legislations were adopted: first, in 1921 the employment agency act was enacted followed in 1922 by the health insurance act, which was the first social insurance in the country. The following are other notable social legislations: (a) the tenancy dispute act of 1924 which was aimed at mollifying the class opposition between landowners and tenants over tenancy disputes; (b) the land lease and house rent act of 1921 which aimed at mediating between landowners and between house owners

and house renters so as to temper their class opposition; the subsidiary regulations for the creation and maintenance of peasant farms promulgated in 1926 the purpose of which was to protect middle class and tenant farmers; the public pawn shop act of 1927 which was intended to give financial aid to the poor, especially those in cities. All these indicate the anxiety of the government authorities to protect and and elevate the lower classes of people. But special mention may be made of the enactment of a progressive relief act which in 1929 replaced the old relief regulations promulgated in the seventh year of the Meiji Era. This act which greatly expanded the scope of relief may be considered as being important not only in the history of Japanese relief work but also in that of social policy in general. This epoch-making renovation in the system of relief for the poor was also intended to mollify the class opposition between the rich and the poor.

We have seen that social policy as a class policy was embodied in various legislations to protect workers, peasants and tenants, and those to expand the relief system, and those to protect leaseholders and tenants. The fact remained, however, that the class opposition once appeared in society could not be eradicated in a day. Moreover, Japan also found herself as early as 1920 in the midst of the worldwide crisis of international capitalism, and the consequent depression placed the people of the lower classes in a hopeless condition. Now, social policy as a class policy faced by such a serious situation, accepted as a matter of course the class opposition as being inevitable in the end, but tried to mollify it by various measures. It must be noted, however, that so long as capital and labour should oppose each other around their own class interests, their opposition would never come to an end. Any policy attempting to mollify such an opposition will end at the best in a temporary compromise only. Thus, social policy as a class policy would come to bankruptcy both in theory and practice. Accordingly, social policy had to unfold itself in a new theory,—totalitarian social

policy.

The third period, of totalitarian social policy. Totalitarianism or State policy excludes class rule or class egoism. For the people the structure of their eternal life is the State. Both individuals and classes live and pass away within the State. Both individuals and classes are but parts of the whole State and are only temporal manifestations when viewed from the eternal life of the State. Parts are not allowed to destroy the whole, nor can the temporary and historical injure the eternal. So long as individuals and classes are parts of the whole and the historical being of the eternal, it is just and appropriate that they should do service to the whole. No attempt asking for the protection of class interests by any one living within the State will be allowed. According to the newly accepted viewpoint, the adjustment of relations between capital and labour which hitherto has remained the central problem of social policy, should be decided from the lofty standpoint of the State or the whole nation, instead of from the egoistic standpoint of any one of these classes. It is further conceived that the relations between capital and labour are not those of antagonism or struggle but those of service to the State or the nation. This transition of social policy in Japan became much clearer after the Manchurian Incident, especially after the outbreak of the China Incident, and adjustment and betterment are now being made in many phases of national life which during the era of class policy did not provide any problems at all. Present-day Japan may be said to be establishing a new national and social structure based on an awakening consciousness of the traditional Japanese State, beyond the category of Western capitalism.

During this era, new social legislations appeared one after another. First, mention may be made of the retirement reserve and retirement allowance act (promulgated in 1936). By this law both employers and workers are required to set aside a definite amount of reserve in advance for allowance to be given to the latter upon their retirement. This act,

which in the absence of an unemployment insurance in Japan functions as such, was applied to shops employing more than 50 operatives or enterprises coming under the operation of the mining act. Further, the shop act and the new employment agency act (both promulgated in 1938) and the health insurance for professionals have been enforced (1939). The shop act prescribed the closing hour for shops for the purpose of promoting the health and general welfare of the employees of commercial houses; the new employment agency act placed the formerly private and public employment agencies under State management in principle for the purpose of rationalizing the protection and distribution of labour from the standpoint of the whole State, while the health insurance for professionals aims at protecting the health of salaried men and shop clerks, giving them the benefits of insurance upon their illness, injuries, death, birth, etc., and has the nature of an illness insurance. It is a coercive insurance for employers and its insurance premia are borne jointly by the employers and workers, while State subsidy is also given to it.

For the protection of agricultural villages, two acts were promulgated in 1938, namely, the farm land adjustment law and the agricultural insurance act. The farm land adjustment law was an epoch-making legislation for the protection of peasants and tenant farmers and had several important provisions. It provided the public management of farm lands for the purpose of preventing the decrease of productive power due to scarcity of labour power; it contained provisions which made difficult the transfer of farm lands the lending of land, and making land as security of loan, so as to maintain peasant farmers; it also prescribed the rights and obligations of tenancy relations and expanded the power of the tenancy officials in order to facilitate the mediation of tenant disputes. The agricultural insurance act is intended to provide against the loss in both crop and tenant fees due to natural calamities on such staple products as paddy rice, wheat, and mulberry trees, from the spirit of mutual aid.

among the farming community. Its positive nature is shown by the fact that its management is entrusted to urban farm associations and rural farm associations.

For the protection of the general people of the lower strata of society may be mentioned the following: the mothers and children protection law (promulgated in 1936), the national health insurance (1937), the popular treasury act (1937), the pension treasury act (1937), and the social enterprises act (1937). The national health insurance is an insurance for farmers and the owners of middle and smaller commercial shops in towns and cities, and together with the health insurance for labour and the health insurance for professionals it forms one of the main pillars of social insurance in Japan. The national health insurance is similar to both the health insurance for labour and the health insurance for professionals in respect to both object and form of administration. The popular treasury created under the popular treasury act is a financial organ of small loans for the benefits of middle and lower industrialists and salaried men and was established by a government fund of 10,000,000 yen. The maximum amount of loans is 1,000 yen. This act represents a big advance in popular finance because of its several points. In the first place, loans are to be made on personal credit; secondly, redemption is made in installments or periodical payments; and thirdly, losses incurred are to be born by the Government. The pensions treasury act is an organ of finance created for the benefits of pensioners and is intended to do away with the evils involved in the existing means of financing for them. The mothers and children protection act is intended to relieve mothers or grandmothers having under their care children less than thirteen years old. The work of relief is under the direction of the heads of towns and cities, and consists in giving aid to living, education, vocation, and medical relief. By this social policy, the double suicide of a mother and children due to extreme poverty which has been of frequent occurrence formerly, can now be prevented. The new spirit of this law

is shown in its desire to relieve mothers and children as one body and to respect motherhood in general. The social enterprises law is intended to control the existing social enterprises both public and private from the standpoint of the State. The law categorically prescribes the spheres of social enterprises and provides positive assistance of the State and of public bodies for social enterprises as well as their supervision by administrative offices. Social enterprises will hereafter continue their sane development in close relations with the State policy, especially social policy.

I have above described the development of the so-called totalitarian social policy. The main characteristics of this period may be summarized as follows. First, a great development was made in the protection of labour. As a health policy it was shown in the shop law and the health insurance for professionals; and as a policy of labour protection, particularly against unemployment, it may be seen in the revision of the employment, it may be seen in the revision of the employment agency act and in the retirement reserve and retirement allowance act. Secondly, another feature of this period is the positive policy of protecting farming communities. The problem of farmers' relief had proved a burning issue even before the outbreak of the Manchurian Incident but it was during this period that it came to be realized in concrete measures, such as the farm lands adjustment act and the agricultural health act, the former being an epochal event in the history of tenancy protection in Japan. Thirdly, the policy of enhancing the welfare of the lower strata of society became an object of grave concern for the State during this period as testified by the State adjustment and control of social enterprises and aid given to their advancement, as well as by financial aid and protection given to the common people. The social enterprises act, the popular treasury act and the mothers and children protection act all represent the extension of the State hand into the sphere which had hitherto been left to social policy. These characteristics are seen in the various strata of people who are

the object of social political enterprises. In a nutshell the main features of this period may be said to be, first, the protection of the health of the people and secondly, the stabilization of the living of the people. Further, when viewed from the standpoint of the administrative technique of social policy, it may be said that a remarkable advance was registered during this period in the system of social insurance as seen in the retirement reserve and retirement allowance act, in the national health insurance, in the health insurance for professionals, and in the agricultural health insurance. One may say that viewed from social administration, Japan has entered the period of social insurances. Moreover, as seen in the case of the social enterprises act and the revision of the employment agency act, private enterprises gradually came to be placed under State control during this period. We have seen the development of social policy after it came to assume national character; it indeed will offer some hint as to the future course of development.

CONCLUDING REMARKS

A general survey of the three periods of the development of social policy in Japan reveals that it advanced from the period of charity to that of social policy, and from the period of the denial of social policy to that of the acceptance of social policy, and from the period of benevolence to that of legislative policy. Further, labour social policy so-called advanced from the period of industrial labour protection policy to that of general labour protection policy, and then to that of far mer protection policy, thus culminating in the policy of protection for the entire nation. A more minute examination of this advance will show that it progressed from social policy of parts to that of the whole, from the unsystematic to the systematic, from post-facto relief to ante-facto preventive relief, and from temporary relief to permanent relief. After the Manchurian Incident, Japanese capitalism came to be placed under the increasing control

of the State and at the same time the welfare of the entire people including the working class has become a matter of deep concern for the State. The chief object of the Japanese State is to establish a new social order in the light of its traditional national structure. When it is remembered that this, of course, means the conquest of Western individualism and class principles and is bound to become the foundation not only of new Far Eastern order but also of the new world order, we cannot but recognize the gravity of the mission of Japanese social policy at present and in the future.