

THE USEFUL WAR

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Of the many descriptive phrases associated with Shōwa Japan, three are especially popular and evocative. The first, well known in Japan, is “the dark valley” (*kurai tanima*), referring to the decade and a half of militarism and repression that preceded Japan’s surrender in 1945. The other two phrases refer to the postwar years. One, closely associated with early Occupation-period (1945–1952) policies of demilitarization and democratization, is “the new Japan.” The other, popularized when Japan attained high growth rates in the 1960s and emerged as an economic superpower in the early 1970s, is “the Japanese miracle.” It is easy to see where all three phrases come from, but they are not equally accurate. For the peoples of Asia who suffered from Japanese aggression, and for most Japanese themselves, the period from 1931 to 1945 was indeed dark and tragic. Although far-reaching reforms were carried out in the years that followed, however, it is misleading to speak of a “new Ja pan” risen out of the ruins of the old. And the notion of a postwar “miracle” belongs to mythology rather than serious history. In fact, many of the characteristics and accomplishments of postwar Japan are deeply rooted not merely in the prewar period, but more precisely in the dark valley of early Showa. In ways we only now are beginning to understand, developments that took place in conjunction with Japan’s fifteen-year war proved to be extremely useful to the postwar Japanese state.

This is not a popular argument, and it easily can be misunderstood. That the policies and practices of the early Showa state brought misery to countless millions of people is beyond dispute, just as it is beyond dispute that postwar Japan has been a more democratic and obviously less militaristic nation. That the early, militaristic decades of the Showa era also were a period of immense complexity and diversity that influenced the nature and dynamics of postwar Japanese society in positive as well as negative ways is more difficult to comprehend. In many ways, however, the dark valley of early Showa resembles a tumultuous earlier period that preceded an epoch of dramatic renovation and change in Japan: the Bakumatsu era of 1853–1868 that began with the forced opening of feudal Japan to the West and ended with the Meiji Restoration and overthrow of the ancient regime.

In both Bakumatsu and early Showa, we see not merely the “deep” legacies of the past but also the accelerated processes of change that occur in periods of acute crisis. The wide-ranging reforms and accomplishments of the Meiji period (1868–1912) are inexplicable without an understanding of Bakumatsu dynamics—and much the same argument holds for the relationship between postwar Japan and the dynamics of the decade and a half before Japan’s surrender, when the entire country was mobilized for total war in a comparable crisis atmosphere. In the twentieth-century case, as in the nineteenth, the linkages and influences are apparent almost everywhere one looks: in continuities of personnel and institutions, in technological and economic legacies, in bureaucratic and technocratic activities, and in the permutations and transformations of consciousness and ideology at both elite and popular levels. The Japanese of the postwar era, like their Meiji predecessors, may have undertaken to reinvent themselves; but they necessarily did so with the materials at hand.

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Some of these linkages, such as continuities in personnel and institutions, are fairly obvious. In retrospect, apart from the military officer corps, the purge of alleged militarists and ultranationalists that was conducted under the Occupation had relatively small impact on the long-term composition of men of influence in the

public and private sectors. The purge initially brought new blood into the political parties, but this was offset by the return of huge numbers of formerly purged conservative politicians to national as well as local politics in the early 1950s. In the bureaucracy, the purge was negligible from the outset, apart from the temporary removal from public office of hundreds of former Home Ministry officials who had been intimately involved in running the apparatus of the police state. In the economic sector, the purge similarly was only mildly disruptive, affecting less than sixteen hundred individuals spread among some four hundred companies. Everywhere one looks, the corridors of power in postwar Japan are crowded with men whose talents already had been recognized during the war years, and who found the same talents highly prized in the “new” Japan.

Such continuity of influential personnel was facilitated by the fact that, at almost every level, the postwar state rested on organizational pillars that were firmly planted in the past. Much of this institutional continuity was readily apparent, as seen in the preservation of the imperial throne, the revival of prewar political party lineages across the ideological spectrum, and the straightforward carryover of powerful public institutions such as the Ministry of Finance and Bank of Japan. More often, however, the institutional genealogies are more complex than is apparent at first glance. The powerful Economic Planning Agency established in 1955, for example, traces back to the Economic Stabilization Board that was created in 1946 in the midst of the rampant inflation that followed Japan’s surrender; and this in turn was the successor to the major bureaucratic superagency of the war years, the Cabinet Planning Board established in 1937. Similarly, the Ministry of International Trade and Industry (MITI), established in 1949, is not merely the successor of the former Ministry of Commerce and Industry (1922–1943, 1945–1949), which functioned as the Munitions Ministry between 1943 and the end of the war. MITI also absorbed trade functions of the Occupation-period Board of Trade, which was the successor to the semiautonomous Trade Bureau established for war purposes in 1937—thus combining authority over industrial and trade policy to a degree not even attained under the militarists.

In the private sector, institutional continuities are similarly more complicated than they usually appear to be at first glance. Keidanren, the immensely influential Federation of Economic Organizations, for example, was established in 1946 but actually traces its genealogy not merely to the prewar Japan Economic Federation (Nihon Keizai Renmei, founded in 1922), but also and more suggestively to some of the “control associations” (*tōseikai*) established by the government in the final stages of the war in a desperate last attempt to bring state and private economic interests in line. In analogous ways, the contemporary Japanese business world includes not only major corporations that had their origins in the war economy but also older concerns that predated the Showa era but increased their scale and market share enormously in the 1930s and early 1940s. Even the mass media, often ignored in such analyses, reflects this phenomenon. Of the five great national newspapers in contemporary Japan, two (*Nihon Keizai*—often referred to as “Japan’s *Wall Street Journal*”—and *Sankei*) are by and large offspring of wartime mergers, while the other three (the *Yomiuri*, *Asahi*, and *Mainichi*) date from the nineteenth century but greatly increased their circulation and influence during the war.

More important than examples of individual organizations, however, is the dynamic legacy to the postwar economy of war mobilization in general. The picture of ruined Japanese cities and a run-down productive system that became etched in popular consciousness at war’s end is not wrong. Rather, it is misleading. Sixty-six major urban centers including Hiroshima and Nagasaki were heavily bombed in the last year of the war, and the Japanese government later calculated that the war in its entirety destroyed one-quarter of the nation’s wealth. This was equivalent to wiping out the tangible assets created during the whole decade prior to surrender—and this estimate did not include some \$20 billion in overseas assets that also were lost through defeat. As John Stuart Mill noted long ago, however, from the perspective of

economic production it does not matter greatly if a country is laid to waste “by fire and sword,” for in a few years one can expect wealth to be reproduced. What matters is not the physical goods destroyed, but rather the population that remains—or, more precisely, the skills of the population and the resources available to them. The Japanese economy was collapsing even before the U.S. air raids began, but what the rubble and exhaustion of 1945 obscured was the rapid growth that had taken place throughout the 1930s and for several years after Pearl Harbor.

In the 1930s, when much of the world was struggling to recover from the Depression, for example, Japan’s annual growth rate averaged 5 percent of GNP (the United States, by contrast, was still attempting to regain the level of 1929 in the late 1930s). Growth was particularly rapid in metals, chemicals, and engineering: the index for consumption goods rose from 100 to 154 between 1930 and 1937, while that for investment goods rose from 100 to 264. By 1937, Japan was constructing most of its own plants, including many kinds of machine tools and scientific instruments, and was largely self-sufficient in basic chemical products. The British economic historian G. C. Allen estimated that Japan’s industrial production at this time was twice as great as the rest of Asia’s combined (excluding the Soviet Union). As a trading nation, Japan had become a major exporter of manufactured products (although still over half textiles) and a major importer of raw materials. Its merchant marine was the third largest in the world, and it was surpassed as an exporter only by the United States, the United Kingdom, and Germany. These accomplishments, moreover, reflected developments within Japan proper—that is, not including growth in the Formosa and Korea colonies, or in the rapidly industrializing puppet state of Manchukuo.

On the eve of Pearl Harbor, Japan was thus one of the most rapidly growing economies in the world. As the government intensified its controls following the initiation of open war with China in July 1937 and then with the Allied powers in December 1941, moreover, many of the newly emerging industrial sectors continued to experience accelerated growth. Between 1937 and 1944, for example, production indices showed increases of 24 percent in manufacturing, 46 percent in steel, 70 percent in nonferrous metals, and 252 percent in machinery. By another calculation, paid-in capital invested in machinery (including shipbuilding and machine tools) rose from 7 percent of total investment in 1937 to 24 percent in 1945. In metals, the comparable figures were 5 percent in 1937 and 12 percent in 1945. The labor force in manufacturing and construction increased from 5.8 million in 1930 to 8.1 million in 1940 and 9.5 million in 1944, and this was accompanied by a dramatic alteration in the percentage of workers employed in light and heavy industry. In 1930, only 27 percent of the industrial work force was in heavy industry; this rose to 47 percent in 1937 and 68 percent by 1942.

Japan was still a late developer in comparison with the United States, and by war’s end—after the colossal war boom experienced by the United States—the gap was greater than ever. Nonetheless, between the Depression and 1945 Japan underwent a “second industrial revolution” that carried with it profound changes in the basic structures of both capital and labor. After the war, the Japanese were called upon to play catch-up economics in a very different milieu, but they had a strong base of experience and knowhow from which to do so. In the long view, the Japanese even may be said to have benefited by losing. In the Cold War context, they quickly became a favored client of the United States, rewarded for acquiescence in the “containment” of communism with access to advanced U.S. technology (much of which also represented breakthroughs of the war years). In certain instances, moreover, the destruction of physical plant in the air raids actually hastened the construction of more up-to-date factories after the war. And the dismemberment of the old empire that was one of the prices of defeat forced the Japanese to devote concerted effort to planning new market strategies in a world that was, in its own way, about to move slowly and painfully into an era of decolonization. One of these strategies, it soon became clear, was to promote the export of manufactured goods other than textiles—that is, to convert the new wartime technologies into peacetime

trade advantages. This began to be emphasized in Japanese planning papers within a few years after surrender, and it became a reality in the 1950s.

From the perspective of postwar development, then, what is important about the increasingly militarized economy in this critical decade and a half is not that it was militarized, but that it was diverse and sophisticated in ways that facilitated conversion to peacetime activity. The automobile industry illustrates this. Of the eleven major auto manufacturers in postwar Japan, ten came out of the war years; only Honda is a pure product of the postsurrender period. Three of these ten firms—Toyota, Nissan, and Isuzu—prospered as the primary producers of trucks for the military after legislation passed in 1936 had driven Ford and General Motors out of the Japanese market. For the seven other manufacturers, postwar auto production in most instances was a spinoff from wartime activity in such fields as aircraft, tank, and warship manufacture, precision machinery, and so on. Even the major postwar lobby for the automakers (the Japan Automobile Manufacturers Association), which was founded in 1948 and played a major role in persuading the government to support protectionist policies and low-cost loans in the 1950s and 1960s, was obliquely connected to wartime organizations. Its precedents were to be found in two “control associations” established in 1941 and 1942 to coordinate the production and distribution of vehicles; both wartime associations were headed by company executives who worked closely with the government.

Other corporate giants on the postwar scene gained comparable competitive advantage during the war years. Nomura Securities, for example, which is now the second wealthiest corporation in Japan after Toyota, was founded 1925 as a firm specializing in bonds. Its great breakthrough as a securities firm, however, came through expansion into stocks in 1938 and investment trust operations in 1941. Hitachi, Japan’s largest manufacturer of electrical equipment, was established in 1910 but emerged as a comprehensive vertically integrated producer of electric machinery in the 1930s as part of the Ayukawa conglomerate, which also included Nissan. Similarly, Toshiba, which ranks second after Hitachi in electrical products, dates back to 1904 but only became a comprehensive manufacturer of electrical goods following a merger carried out in 1939 under the military campaign to consolidate and rationalize production. Dentsu, described as the world’s largest advertising agency in the 1970s, took its present name only in 1955. Yoshida Hideo, the leading figure in its postwar success, however, had been intimately involved in the wartime consolidation that reduced the number of Japanese advertising companies from 186 to 12. In a good example of personnel continuity, moreover, Dentsu recruited so many ex-military officers and former Manchukuo bureaucrats after the war and Occupation that its corporate headquarters became known as the “Second Manchurian Railway Building.”

Whole sectors were able to take off in the postwar period by building on advances made during the war. Japan’s emergence as the world’s leading builder of merchant shipping by 1956, for example, is directly related to the almost frantic development of a capacity to turn out warships (and superbattleships such as the *Yamato* and *Musashi*) in the previous decades. Other manufacturing sectors that Japan relied on during the early stages of its postwar recovery—such as cameras, binoculars, watches, and the like—were similarly grounded in technologies given priority during the war. In some cases, the swords-to-plowshares transformation was so thoroughgoing as to border on the maudlin: in one instance, for example, sewing machines were produced by factories converted from making machine guns.

Examples such as these give substance to John Stuart Mill’s sensible observation that it is the capabilities of the population that matter most. It is well known that manpower policy under the Japanese militarists was often inefficient, and that by the final two years of the war the labor market was near chaos. Nonetheless, the nonagricultural work force was not merely larger but also conspicuously more skilled in 1945 than it had been fifteen years earlier. Almost four million new workers were brought into the industrial labor force between 1930 and 1945—while millions of males who had been exposed to military discipline

survived to be reintegrated into the postwar economy. The number of technical schools increased from eleven to over four hundred between 1935 and 1945, while at the same time in-firm technical training designed to create a highly skilled cadre of blue-collar workers became a widespread practice.

Science and engineering also were stimulated by war. University students in these fields became exempted from the draft, and the number of graduates between 1941 and 1945 was triple what it had been a decade earlier. While isolation from interaction with Western scientists was a grievous blow to first-rate researchers, moreover, the other side of the coin was the expansion of indigenous research facilities in both basic and applied science, centering on such institutions as the prestigious “Riken” laboratory. At the same time, the military’s need for mass-produced goods of reliable quality led to the establishment of uniform standards. Although the “QC” (quality control) ideals that have become so famous in contemporary Japan were decisively influenced by postwar American technical consultants such as W. Edwards Deming, even in the mid 1980s the formal guideline for quality maintenance used by MITI remained the Industrial Standardization Law introduced by the military government in 1940.

As Nakamura Takafusa and other economic historians have demonstrated, the expansionary pressures of the wartime economy also brought about fundamental changes in the interweave of industrial and financial capital, as well as in labor-management relations. Mobilization for war stimulated a spectacular concentration of capital. As military orders came to play an increasing role in the economy, the hegemony of the four “old *zaibatsu*”—Mitsui, Mitsubishi, Sumitomo, and Yasuda—was challenged by the emergence of a group of so-called “new *zaibatsu*” (*shinkō zaibatsu*) more exclusively dependent on military contracting. Six conglomerates dominated the new *zaibatsu*: Asano, Furukawa, Ayukawa, Okura, Nomura, and Nakajima. In 1937, these ten largest *zaibatsu* controlled 15 percent of total paid-in capital in Japan; by the end of the war, this had risen to over 35 percent.

These big capitalists did not evaporate after Japan surrendered. Although the *zaibatsu* concentrations were weakened by the dissolution of holding companies and diversification of shareholding in the early Occupation period, many of the key enterprises have remained close through a variety of formal and semiformal relationships. The vaunted “big six” enterprise groups (*kigyō shudan*) and related “financial enterprise groups” (*kinyū keiretsu*) of postwar Japan, for example, consist of three old-*zaibatsu* groupings (Mitsui, Mitsubishi, and Sumitomo) and three groups headed by giant banks (Fuji, Dai-ichi Kangyō, and Sanwa). The Fuji Bank is in fact the former central bank of the old Yasuda *zaibatsu*, and its so-called Fuyō group includes many former Yasuda enterprises. Corporations affiliated with the “big six” accounted for 23 percent of the assets of large corporations in 1955, and almost 30 percent in 1970. In the early 1980s, more than 17 percent of all corporate assets were associated with these six enterprise groups.

The central role played by a highly concentrated banking structure in the postwar economy is itself a conspicuous legacy of the war years. Prior to a severe banking panic in 1927, there were approximately fourteen hundred ordinary commercial banks in Japan. By the end of 1931, the number had declined to 683. At the end of 1936, it stood at 418. Between then and the end of the war, the number of banks was drastically reduced by mergers and absorptions to sixty-one—and there has been little change since. Moreover, the powerful “city banks” (actually national banks) that stand at the hub of the postwar enterprise groups were in most instances greatly strengthened by critical legislation introduced between 1942 and 1944, which designated a small number of “authorized financial institutions” to receive special support from the government and Bank of Japan in providing the great bulk of loans to over six hundred major producers of strategic war materials. Even the famous “overloan” or “leveraging” policy that has characterized postwar Japanese lending practices had its genesis in the war economy. As Sakakibara Eisuke and Noguchi Yukio have shown, the figures here are quite striking. Thus, in 1931 the ratio of direct (equity) to indirect (bank loan) financing of industry was roughly 9:1. By 1935, the ratio had become 7:3, by 1940 it was 5:5,

and in 1945 it was exactly the opposite of what it had been in 1931—and almost exactly the same as what it would be during the high-growth 1960s—that is, 1:9.

In the nonconcentrated sector of the economy, the war years witnessed the emergence of tens of thousands of small and medium-sized enterprises, which also greatly influenced the dynamics of postwar growth. The negative side of this industrial “dual structure” became widely criticized in the 1950s and 1960s, for it was associated with gross wage and income differentials and recognized as being a primary facilitator of dumping abroad. Such legitimate criticism, however, should not obscure the dynamism of the nonconcentrated sector. Many small enterprises flourished as subcontractors as well as independent entities under the war economy and continued to do so after the war. In the late 1960s, for example, over 40 percent of the ancillary firms supplying parts to Toyota traced their subcontracting relationship back to the war years. And in certain critical sectors such as the machinery industry, small-scale firms frequently were responsible for a major portion of relatively high-skill output. During the war, small entrepreneurs developed effective networks of political and bureaucratic patronage, and they generally responded with strong support for the militarist government. In the postsurrender period, their support was successfully cultivated by the conservative politicians who eventually merged to form the Liberal Democratic Party in 1955. Much of the genuinely innovative entrepreneurial energy that lies behind Japan’s postwar economic takeoff, moreover, has come from such smaller enterprises.

Inevitably, the war-stimulated “second industrial revolution” altered not merely the size, composition, and competence of the labor force, but also the basic nature of industrial relations. In recent decades, a great deal of attention has been given to the existence of a purportedly unique “Japanese employment system,” and commentators both in and outside Japan delight in finding deep, peculiar cultural explanations for this. Japanese industrial relations, this thesis goes, reflect old Confucian values of harmony and hierarchy, or the master-apprentice relationships and lifelong loyalties of feudal merchant houses, or “familial” values that transcend Confucianism and reflect some quintessentially Japanese consciousness of the *ie*, or “household.” In fact, the three distinct features associated with labor-management relations in contemporary Japan—lifetime employment, seniority-based wages, and company or enterprise unions—apply not to the majority of industrial workers but primarily to workers in large enterprises. They reflect the peculiarities of a dualistic labor force, rather than some old cultural legacy. And they did not become fixed in their present forms until the 1950s. Like the dual structure itself, however, all three distinctive features of labor relations in large enterprises have strong roots in the war years.

At no time prior to the postwar period is it possible to speak of a stable labor market in Japan. Surveys conducted by the government between the 1937 China Incident and the attack on Pearl Harbor four years later disclosed alarmingly high rates of employee turnover in critical industries, and job jumping actually continued until the very end of the war. It was in response to this instability that the military government intervened to try to bring the industrial labor force under greater discipline and control. Thus, between 1939 and 1942 the authorities sponsored a series of ordinances prohibiting unauthorized changes in places of employment. Between 1939 and 1943, an equally dense and detailed series of laws and regulations was introduced aimed at stabilizing the wage structure in a manner that would likewise hold workers to their jobs; this included fixed starting salaries and clearly defined raises at regular intervals. As a result of these government actions, two of the three pillars of “the Japanese employment system”—permanent employment and wages pegged to seniority for skilled and semiskilled employees—came into general practice. With them came other practices that also characterize postwar labor relations in large firms, such as greater reliance on on-the-job training, as well as certain supplemental in-company benefits such as family allowances.

The genesis of the third feature of the postwar employment system in large firms—enterprise

unionism—is more controversial among Japanese industrial-relations specialists, some of whom stress the decisive influence of early postwar developments. Here, however, it is in any case impossible to ignore the organizational and ideological influence of the wartime mobilization of labor under the notorious “Sampō” organization (Sangyō Hōkokukai, or Industrial Patriotic Association). Established under government auspices in 1938, Sampō brought some six million employees in eighty-seven thousand companies under a nationwide umbrella distinguished by corporatist ideals, a company-focused *modus operandi* and “enterprise family” (*jigyō ikka*) rhetoric. Such ideological fixations had much more of a future in Japan than they did a past.

While mobilization for war accelerated trends in the modern sector, it simultaneously undermined one of the most basic and retrogressive features of the prewar economy: the extensive prevalence of landlordism in the countryside, where over 40 percent of the total national work force was engaged in agricultural production. At the time of Pearl Harbor, only 36 percent of Japanese peasants owned all the land they farmed, and 46 percent of all cultivated land was worked by tenants. Rents for riceland commonly were paid in kind, at a rate of slightly more than half the average crop, thus perpetuating a large “semifeudal” sector within the developing economy. Although some landlords may have been paternalistic, poverty and unrest were widespread in rural Japan. The militarists came to power after the Depression promising, among other things, to rectify the rural crisis; and, wittingly and unwittingly, their policies rang the death knell for the landlord class.

The land reform carried out between 1946 and 1948 dispossessed the landlords and virtually eliminated tenancy. This was a critical step in achieving an expanded domestic market and mature bourgeois capitalism in Japan, and that it was accomplished so swiftly and smoothly is due almost entirely to the exceptional circumstances of war and defeat. The land reform was a central part of the “demilitarization and democratization” agenda introduced by the victorious Americans, and it is indisputable that the authority wielded by the victors was essential to ensuring that the reform was implemented thoroughly. As the Americans themselves acknowledged, however, success ultimately depended on circumstances beyond their control. That the vast majority of the rural population welcomed such a drastic transformation of relations was of course essential, but the reform also was facilitated by two additional circumstances. First, there existed a cadre of Japanese academics and former wartime bureaucrats who were themselves committed to land reform and possessed the technical and administrative expertise to carry it out. And second, it quickly became apparent that wartime developments, especially after 1940, had severely eroded the traditional power of the landlords.

The second point frequently is overlooked. The precipitous decline in landlord authority can be dated from 1941, when the government introduced a “food administration system” designed to increase agricultural production and to expedite delivery. By paying tenants directly for their produce, the government essentially undercut the landlords economically and destroyed their direct relationship with their tenants. Andrew Grad, who was involved in planning the postwar Japanese land reform, acknowledged the profound ramifications of this in an early resume of what had been accomplished. “The separation of the landlord from the land was far-reaching in its consequences,” Grad wrote concerning the war years. “As the produce of his land was not permitted to reach him, as the price paid him for rice was considerably lower than the price paid to the tenant, and as he was not permitted during the war to evict his tenants, the bond between the landlord and his land was all but severed. In the eyes of the government he became little more than a good-for-nothing rentier—a view that paved the way for the postwar land reform. It became much easier to take land from the landlords when they could not claim it, its produce, or even its rent.” Grad concluded that “it is doubtful that, even with the support of the Occupation authorities, land reform could have been carried out by a conservative government as successfully as it was, if the way had not been

smoothed during the war.”

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In most of these developments, there was a visible hand. More accurately, there were many visible hands, and the most blatantly manipulative of them came from the military and civilian bureaucracy. These were years of extraordinary intervention and experimentation on the part of the Japanese state, and the practice and ideology of technocratic control which emerges so vividly here is certainly among the most conspicuous and controversial of the wartime legacies to contemporary Japan.

War strengthened the bureaucracy, and the nearly seven-year Occupation that followed strengthened it further. Each in its own way, both war and peace fostered an overwhelming sense of crisis and an intense preoccupation with national security. Both stimulated renovationist thinking among the bureaucrats—a deep commitment to the necessity of guided change—and in this sense there was no real break between the presurrender and postsurrender periods. Immediate tasks changed drastically, of course, from “war” to “peace.” What remained was a deep dissatisfaction with the status quo and an abiding commitment to top-down, long-range planning to create a strong state in a new world order.

Nor was there any break in the elite status and intellectual élan of the civilian bureaucracy. Before 1945 as well as after, huge numbers of the brightest university graduates gravitated to careers in the bureaucracy. This was the elite course, and during the war it attracted thousands of ambitious young planners who drew eclectically and voraciously on intellectual and ideological thinking outside Japan—meaning Nazi and fascist and national-socialist thought, to be sure, but also Marxism, Leninism, and Stalinism, and also Fordism, scientific management, and New Deal interventionism where these seemed to offer solutions to the crisis of economic depression and war. These “new bureaucrats” (*shin kanryō*) or “renovationist bureaucrats” (*kakushin kanryō*) had allies among the intelligentsia and even in certain corporate circles, as well as within the military. In contrast to the United States, wartime government service was not a temporary diversion from normal career paths for most of these flexible young technocrats. Sharp and agile, they stepped lightly across the surrender and continued to administer the postwar state.

One of the less abstract and more neglected legacies of the presurrender renovationist bureaucrats lay in the area of social-security and social-welfare legislation. For some bureaucrats, a genuine populist idealism may have lain behind this. More often, social reform was rationalized as being essential to the creation of a strong defense state, for the Depression and war crisis exposed how physically unfit and psychologically demoralized the Japanese populace as a whole really was. A nation-wide survey of draft-age men conducted by the army in 1936, for example, revealed a shockingly high percentage of males who were unfit for military service because of malnutrition, communicable diseases, or job-caused disabilities. The Japanese were in much poorer physical condition than their American or European counterparts, and the army attributed this to conditions such as low income, poor nutrition, excessive working hours, and hazardous job conditions. Such exploitation was not new, but its scale and implications were greater than ever before. Military conscription was hampered, the civilian work force enfeebled. The morale of parents and elders, as well as that of young servicemen and workers themselves, was undermined. The possibility of communist upheaval—always a fear of the ruling groups after 1917—was strengthened. Because for decades the private sector had failed to ameliorate such conditions, the task devolved upon the bureaucracy.

Such reports merely confirming what had been apparent earlier, and the bureaucratic response to this social crisis was intense. A new Ministry of Health and Welfare was created in 1938. That same year, in the wake of the invasion of China, medical insurance coverage was expanded. By war’s end, over half of all Japanese were covered by these entitlements, which became the basis of the postwar medical insurance

system. Similarly, the postwar pension system was built upon a series of laws enacted between 1939 and 1944, which originally were designed to hold workers to their jobs while simultaneously creating a capital fund that the government could tap to help finance the war.

After Japan's surrender, the "social bureaucrats" who had been involved in formulating such reformist wartime legislation played a complex role. On the one hand, they helped draft such progressive legislation of the early Occupation period as new fundamental labor laws (the Trade Union Law of 1945 and the Labor Standards Law of 1947), a revised civil code, and a drastically reformed educational system. They also played an important role in implementing the land reform. On the other hand, former wartime social bureaucrats also were able to temper some of the early drafts of reformist legislation introduced by the U.S. Occupation authorities—without, however, ever attempting to gut them entirely. This occurred in such basic reforms as the new constitution and legislation aimed at promoting greater local autonomy. Once the Cold War intensified and U.S. Occupation priorities turned from reform to economic reconstruction, the Japanese technocrats and their American counterparts found common cause in antileftist activities such as the McCarthyist "Red purges" of 1949 and 1950, which resulted in the firing of over twenty thousand employees in the public and private sectors. Many of the former Home Ministry officials who had been purged after Japan's surrender were depurged before the Occupation ended in 1952, and quickly rose to important and conspicuously reactionary "social control" positions under the conservative Liberal Democratic Party, America's new ally in Asia. All along the line, "convergence" made for unexpected bedfellows.

Even more far-reaching than the influence of the social bureaucrats, however, was the postwar impact of their colleagues who had been directly engaged in managing the war economy. The postsurrender dissolution of the military and Home Ministry removed two of the strongest institutional rivals to the economic bureaucrats. At the same time, the early Occupation policy of dissolving *zaibatsu* holding companies and introducing antimonopoly legislation placed the private sector at a temporary disadvantage. In the chaos of the early postsurrender transition, the United States even transferred to the bureaucracy some of the economic regulatory functions that the private sector had struggled to maintain all the way through the war. The rule-from-above style of the U.S. Occupation staff reinforced the acceptability of bureaucratic direction; the policy of running the Occupation "indirectly" through the Japanese government enhanced the real power of the career bureaucrats; and the truly stupendous economic disorder and confusion that prevailed until almost the very end of the Occupation in 1952 placed economic and technocratic expertise at a premium. It is generally acknowledged that the economic bureaucrats had even more influence under the Americans than they did under their own military leaders during the war.

Even after 1952 the rigidly Cold War nature of the peace settlement with Japan helped perpetuate the preeminence of the economic bureaucracy. Because the country was so thoroughly subordinated to the United States militarily and diplomatically, it really had no foreign policy of its own. As a consequence, even the proud Ministry of Foreign Affairs found itself overshadowed by MITI, which is the most conspicuous example of the long ride of the economic bureaucrats. Until the mid 1970s, all top officials in MITI came out of the presurrender bureaucracy; and their memories, clearly, were excellent. As Chalmers Johnson has shown, for example, the controls over trade and foreign exchange that enabled MITI to orchestrate a successful industrial policy from the 1950s to the 1970s were first codified in the 1930s and then perpetuated, almost willy-nilly, in the 1949 Foreign Exchange and Foreign Trade Control Law enacted while Japan was still under U.S. direction. Another feature of the MITI *modus operandi*, its ability to target specific industries for official guidance and support, can be traced back not merely to organizational arrangements introduced in the late 1930s but also to a panoply of industry-specific laws introduced between 1934 and 1941—many of which were "resurrected" during the 1950s and 1960s, when MITI power

was at its zenith.

The economic bureaucrats, whether managing war through such organs as the Munitions Ministry and Cabinet Planning Board, or managing peace through MITI and the Economic Planning Agency, pose a challenging question for political analysts: What sort of capitalism have the Japanese been practicing since the 1930s? Clearly, it is not *laissez-faire* in the manner associated with Adam Smith. On the other hand, state ownership is not the issue, for in fact this is minimal in Japan. The question is really one of *laissez-faire* in a box—that is, how (and how much) control is imposed on the market—and in recent years numerous phrases have emerged which all suggest that the box is very intricately constructed indeed. Japan is said to be a plan-rational as opposed to a market-rational nation, a mixed capitalist state, a capitalist development state, a technocratic state, a neomercantilist state, a “smart” state, a network state, a corporatist (or corporatist-without-labor) state. It practices industrial policy, administrative guidance, “window” guidance, patterned pluralism, canalized pluralism, bureaucracy-led mass-inclusionary pluralism, administered competition, compartmentalized competition, guided free enterprise, managed capitalism, quasi-capitalism, state-directed capitalism. In Chalmers Johnson’s phrase, since the 1930s Japanese development has been powerfully guided by an “economic general staff”—a most effective metaphor for conveying both the historical and the ideological mesh of war and peace that lies behind the so-called Japanese miracle.

These catchphrases are lively and useful, but they can be misleading if taken to mean that Japan is first and foremost a bureaucratic state. More pertinent is the fact that it is a strong capitalist state, and its version of capitalism is brokered by conservative interests in a manner that retains the market while controlling “excessive” competition and promoting nationalistic goals. The economic bureaucrats are indeed influential actors in this grand enterprise, but so also are big business and the conservative politicians. This brokered capitalism is neither very new nor very old. It is not simply a postwar phenomenon—a “Japan, Inc.” or “new Japanese capitalism” that emerged out of the ashes in the 1950s. On the other hand, neither is it a traditionally “closed” system rooted in the economic nationalism of the Meiji period or in the insular and consensual values of an even earlier time. Japan’s brokered capitalism is fundamentally a transwar phenomenon. The conservative elites that work the system now are no longer militaristic. As we have seen, however, a great many of their institutions, ideas, practices—and leaders—were formed in the crucible of war.

In peace as in war, this brokering of power has been fierce and costly. Even in the most desperate years of World War II, Japan’s leaders never succeeded in establishing a totalitarian state, or a consensual polity, or a harmonious body politic. Contrary to the popular image of a fanatically loyal populace resolutely united behind the war effort, intense competition and conflict took place within as well as among different constituencies—the military, the civilian bureaucracy, old *zaibatsu* and new *zaibatsu*, political parties, small and medium-sized enterprises, rural versus urban interests, and so on. Like the myth of the “enterprise family,” the wartime slogan “one hundred million hearts beating as one” was an illusive goal rather than a description of reality, and this internal tension and competitiveness is as important as any other legacy to the postwar years. It helps explain both high levels of achievement and what often appears to be indecisive and even two-faced behavior, especially in the international arena in recent years. The curious image that Japan acquired in the 1980s of being a powerful but seemingly decapitated state, especially when it comes to assuming the responsibilities that should accompany economic eminence, can be partly explained by this internal conflict.

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Many observers would agree that nationalism and a paternalistic elitism have held Japan’s brokered

capitalism together ideologically since the war. If this is so, then what can we say about postwar Japanese democracy? We can say that this too has been brokered, in ways that respect the form but often kill the spirit of democracy.

The intellectual and ideological legacy of the war is contradictory. On the one hand, shattering defeat left the Japanese people as a whole with an almost visceral aversion to military activity. The mass media have helped to keep memories of the “dark valley” of early Showa alive in numerous ways, and such memories entail not only recollection of suffering at home and abroad, but also an abiding wariness toward the sort of authoritarianism and muscular nationalism that contributed to the disastrous war. The early Occupation ideals of “demilitarization and democratization” struck a resonant chord in Japan because the Japanese already were sick of repression and death long before the war ended. Even after the Cold War intensified and the Americans themselves backed away from their initial reformist agenda, millions of Japanese continued to cherish these twin ideals and to regard them as inseparable. The most dramatic expression of antimilitarism and democracy in postwar Japan is the liberal “peace constitution” adopted under the Americans in 1946. Three features distinguish this national charter: the famous “renunciation of war” in Article Nine (buttressed by strongly expressed antimilitarist ideals in the constitution’s preface); sweeping guarantees of human rights (including the equivalent of a feminist “ERA” article); and relegation of the emperor to the status of being merely “the symbol of the State and of the unity of the people.” Although the ruling conservative party has been openly dedicated to revising the constitution since the mid 1950s, and although the original sweeping antimilitary intent of Article Nine has been distorted to permit incremental Japanese rearmament (with strong U.S. support), for almost half a century popular sentiment has prevented any amendment whatsoever of this unusually progressive charter. Even if the conservatives eventually succeed in breaking this taboo against constitutional revision, as seems likely in the foreseeable future, it is predictable that their efforts will focus on modifying Article Nine to legitimize remilitarization within certain limits, including dispatch of fighting forces abroad under United Nations auspices. Other basic constitutional ideals—including the separation of powers, bicameral elective parliament, symbolic status of the emperor, and clear provision of human rights—retain strong support even in conservative circles. Appreciation of not merely the “virtues” but also the practical efficiency of parliamentary democracy is yet another of the abiding legacies of the lost war.

At the same time, however, it cannot be denied that regimentation and susceptibility to certain forms of soft indoctrination also survive as legacies from the war years. Loyalty to the firm and sacrifice for the country remain effective appeals. In some instances, acquiescence to such appeals may reflect a real sense of reciprocal obligation; in many instances, it reflects plain weariness and existential resignation on the part of the average employee and citizen. Whatever the case, the ethic of self-denial has depended on the maintenance—even the reinvention—of immense pressures ranging from carefully nurtured social taboos to overtly paramilitary rituals such as company drills and corporate “boot-camp training.” By the 1980s, as international tensions rose in response to Japan’s new economic eminence and economic nationalism, moreover, more strident ideological legacies of the war years had emerged in the form of disturbing neonationalistic appeals to the homogeneity and superiority of the “Yamato race.”

The nature of Japan’s brokered postwar democracy is a subject that still awaits its historian. In suggestive ways, however, it returns us to an observation made at the outset of this essay, namely, the resonance between Japan’s mid-nineteenth-century transition from feudalism to industrialization and “Westernization,” and its mid-twentieth-century transition from war to peace. In both cases, far-reaching and even revolutionary transformations took place. And in both cases, these were revolutions “from above.” Where democratic ideals are neither defined nor won by the general populace, they are relatively weak. From the perspective of Japan’s civil elites, this too was a useful legacy of the war.