

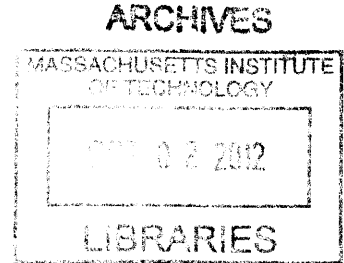
Democratization and the Development of Japan's Uneven Welfare State

by

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Submitted to the Department of Political Science
in Partial Fulfillment of the Requirements for the Degree of

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Signature of Author.....

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ABSTRACT

Comparative data reveal that Japan consistently has had one of the highest poverty rates among advanced industrialized nations, yet its government taxes the poor more heavily and gives them less in public cash transfers than its peers. Why does a country, endowed with democratic institutions, deep pockets, and a sizable social welfare system provide so little public assistance to the poor? I identify two features of Japan's political and economic development that gave rise to a distinctively threadbare safety net. First, the country's late-developer status paired with state-led industrial development incentivized the primary interest groups—namely, the agrarian landlords, industrialists, and organized labor—to oppose redistribution. Second, the manner in which democratic institutions were introduced in the late nineteenth century and the subsequent expansion of suffrage enabled these groups to gain political influence and block expansion of poor relief in the Diet. Beyond formulating redistributive policies, they locked in the minimalist pattern of redistribution by denying the poor the right to vote (pre-1945) and adopting an electoral system that muted their political voice after suffrage was obtained (post-1945). Consequently, Japan's welfare state developed unevenly, featuring a heavy layer of social insurance programs that benefit well-organized interest groups and an exceptionally minimalist public assistance program for the poor. Thus, contrary to extant theories that associate democracy, economic modernization, and a robust labor movement with higher social spending for the poor, I show that these factors stifled redistribution in the case of Japan. My findings strongly suggest that how a country built its democracy and wealth influences whether a welfare state reinforces or ameliorates existing inequality.

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Table of Contents

	<i>Page</i>
<i>Acknowledgements</i>	5
<i>Part I. The puzzle, literature review, and theory</i>	
<u>Introduction</u>	7
<u>Chapter 1</u> Nickel and diming Japanese style: an overview of the data and literature review	34
<u>Chapter 2</u> A conceptual framework of how safety nets evolve	99
<i>Part II. The politics of exclusion</i>	
<u>Chapter 3</u> A break with the past: From feudal poor relief to a modern public assistance system	129
<u>Chapter 4</u> Confronting democracy and poverty: the rise of agrarian landlords and the fall of Meiji oligarchs	152
<u>Chapter 5</u> Partial democratization for the age of industry: the rise of industrialists and the path of retrenchment	194
<u>Chapter 6</u> Building an exclusionary democracy and a welfare state without a safety net: the failed alliance between labor and poor	250
<u>Conclusion</u>	309
<u>References</u>	320

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Part I. The puzzle, literature review, and theory

INTRODUCTION

Just as one should not judge a book by its cover, one should not judge a country by its general profile. Japan is often presented as a successful example of a democratic transition and one of the most prosperous countries in the world.¹ It is the only Asian country considered to be a “welfare state,” a label that only a handful of countries that substantially commit their resources to care for the economic wellbeing of its citizens possess.² One might expect, judging solely from its general attributes, that it dispenses generous assistance to the poor.

This would be a reasonable supposition, given that generations of scholars have contended that democratic institutions are better equipped to care for the poor and have shown empirically that democracies are correlated with higher social spending than non-democracies.³ Most of the explanations center on the electoral process, the ensuing

¹ The most recent work that examines Japan’s democratic transition is Mary Alice Haddad, *Building Democracy in Japan* (New York, NY: Cambridge University Press, 2012).

² Countries that are committed to spending a sizable portion of their government expenditures for social welfare programs are often referred to as the “welfare state” or “welfare regime.” See Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton, NJ: Princeton University Press, 1990).

³ See for example, Robert R. Kaufman and Alex Segura-Ubierno, “Globalization, Domestic Politics, and Social Spending in Latin America,” *World Politics* 53 no. 4 (2001): 553-87; David Stasavage, “Democracy and Education Spending in Africa,” *American Journal of Political Science* 49 no. 2 (April 2005): 343-358; David Brown and Wendy Hunter, “Democracy and Social Spending in Latin America,” *American Political*

competition and political participation inherent in democratic governance: democracy makes leaders address welfare concerns in order to appeal to broad constituencies and obtain a large “winning coalition” (Bueno de Mesquita et al., 2002 and 2003); democracy forces leaders to respond to public welfare issues because voters can penalize them if social-economic conditions deteriorate (Sen, 1981, 1999); democracy makes the median voter the decisive player in government spending decisions and, faced with inequality, the median voter with below-average income will use the ballot box to push for greater redistribution (Meltzer and Richard, 1981).⁴ Accordingly, one would expect Japanese democratic institutions to facilitate substantial government transfers to the poor.

Japan’s status as one of the richest countries in the world would also make us believe that it shows largess to the poor. Simply put, it can afford to lift individuals out of poverty. Studies that link economic modernization and the expansion of social welfare programs inform us that industrialization creates both the demand for and supply of social policies. Proponents of this view argue that the productive forces that improve people’s lives can also generate “an avalanche of social dislocation” that increases the demand for states to provide citizens with social protection.⁵ Simultaneously, economic

Science Review 93 no. 4 (1999): 779-790. For an insightful literature review and assessment of whether democracy helps or hurts the poor, see Michael Ross, “Is Democracy Good for the Poor?” *American Journal of Political Science* 50 no. 4 (October, 2006): 860-874.

⁴ Bruce Bueno de Mesquita et al., “Political Institutions, Policy Choice and the Survival of Leaders,” *British Journal of Political Science* 32 no. 4 (2002): 559-590; *The Logic of Political Survival* (Baltimore: MIT Press, 2003); Amartya Sen, *Poverty and Famines: An Essay on Entitlement and Deprivation* (New York, NY: Oxford University Press, 1981); *Development as Freedom* (New York, NY: Alfred A. Knopf, 1999); Allan H. Meltzer and Scott F. Richard, “A Rational Theory of the Size of Government,” *Journal of Political Economy* 89 no. 5 (October 1981): 914-927. Other scholars argue that democracy improves welfare of citizens because it secures political stability, labor rights, higher wages, freedom of speech, and the rule of law. See for example, Dani Rodrik, “Democracies Pay Higher Wages,” *The Quarterly Journal of Economics* 114 no. 3 (August 1999): 707-737; David Lake and Matthew Baum, “The Invisible Hand of Democracy: Political Control and the Provision of Public Services,” *Comparative Political Studies* 34 no. 6 (2001): 587-621.

⁵ Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston, MA: Beacon Press, 1944), 40.

modernization increases the state's revenue and administrative capacities needed to develop and maintain expensive social welfare programs.⁶ Given Japan's remarkable economic achievements over the last century and the ample financial and organizational resources that the government has accumulated over time, one would imagine that it provides care for the needy.

Moreover, Japan has a well developed social welfare system that offers a variety of social protection schemes to protect citizens from unforeseeable risks and unavoidable events that could lead to income losses.⁷ As Gregory Kasza has shown, the Japanese welfare state is "no more unique than the other advanced welfare states but sits comfortably within the general parameters of the species."⁸ The most recent data reveal that Japan spends nearly twenty percent of its GDP on social welfare programs.⁹ One might presume that a sizable portion of social spending is used to provide adequate social services for the poor.

Although the Japanese poor have seemingly hit the redistribution trifecta by residing in a rich, democratic welfare state, the government has defied the odds by choosing to maintain an exceptionally minimalist relief arrangement for the poor. Comparatively, the Japanese government has taxed the poor at a higher rate while delivering fewer transfers than other countries. On the one hand, the poorest of the

⁶ Harold Wilensky and Charles N. Lebeaux, *Industrial Society and Social Welfare* (New York: Russell Sage Foundation, 1958); Clark Kerr, et al., *Industrialism and Industrial Man* (Cambridge, MA: Harvard University Press, 1960).

⁷ The content of Japanese "welfare state" is also analyzed in the work of John Creighton Campbell, *How Policies Change: The Japanese Government and the Aging Society* (Princeton, NY: Princeton University Press, 1992); Margarita Estevez-Abe, *Welfare and Capitalism in Postwar Japan* (Cambridge, MA: Cambridge University Press, 2008).

⁸ Gregory J. Kasza, *One World of Welfare: Japan in Comparative Perspective* (Ithaca: Cornell University Press, 2006), 140.

⁹ According to the OECD, Japan spent 18.7% of GDP on social welfare in 2007 and this figure is estimated to have increased since then.

population in Japan contributes more taxes and social security payments than other countries: the share of the taxes and social security contributions paid by the lowest quintile in Japan is around 6%, twice if not three times higher than in other countries: Germany (2.1), Finland (4.0), Canada (2.3), United States (1.6), and Britain (1.7). On the other hand, the lowest income quintile in Japan received only 15.9% of all public cash transfers, compared to other countries such as Germany (17.4), Finland (32.9), Canada (25.7), United States (24.8) and Britain (31.4).¹⁰

Whereas most affluent democracies spend over 2.0% of GDP for public assistance programs for the poor, Japan spends merely 0.2%.¹¹ Its access rate to public assistance also confirms the ultra-minimalist approach to poverty. Only 0.3% of working age-population receives public assistance in Japan, in contrast to its peers that generally serve over 3.0% of the population. Furthermore, it is estimated that only 10-20% of the eligible poor actually receive assistance in Japan, compared to the take-up rate for social assistance in other OECD countries that ranges from 40%-80%.¹²

Its meager spending and restrictive access to public assistance belie the fact that the incidence of poverty has been high comparatively and historically. Available data suggest that absolute poverty was widespread during the pre-1945 period—at times even reaching around fifty percent—although it has improved since 1945, the post-tax and transfer relative poverty rate has remained around ten to fourteen percent, a range that is

¹⁰ OECD, *Growing Unequal? Income Distribution and Poverty in OECD Countries* (Paris: OECD Publishing, 2008), 116.

¹¹ I explore the state of poverty and redistribution more fully in chapter one, which also contains the relevant references. For an overview of social assistance in OECD countries that contains valuable information such as programmatic descriptions and relevant data on access rate and spending, see Ian Gough et al., “Social Assistance in OECD Countries,” *Journal of European Social Policy* 7 no. 1 (1997): 17-43.

¹² The average take-up rates in OECD countries is from Virginia Hernanz, Frank Malherbet, and Michele Pellizzari, “Take-up of Welfare Benefits in OECD Countries: A Review of the Evidence,” *OECD Social, Employment and Migration Working Papers* (2004): 11-12. See chapter one for a full list of data sources.

higher than most advanced industrialized countries.¹³ Despite the remarkable political, economic, and social progress that the country has made, the Japanese safety net for the poor—literally, a lifeline for the destitute—is so threadbare that at least one person dies of starvation every week and nearly a dozen people commit suicide daily due to economic hardship.¹⁴ *Why does a country, endowed with democratic institutions, deep pockets, and a sizable social welfare system provide so little to the poor?*

Argument in brief

The central contention of my dissertation is that when and how a country pursued industrialization and democratization mattered deeply in the development of a safety net for the poor. Ironically, what made Japan stand out—being the first non-western country to industrialize and introduce democratic institutions at the turn of the century—gave rise to a distinctively threadbare safety net for the poor. At critical moments in the nation building process, the country’s effort to catch up to the West in the realm of political and economic development impeded it from converging in the realm of social assistance.

In order to illuminate the causal factors and temporal dynamics at work, I present an analytical framework that shows how a particular pattern of democratization and industrialization can interact to hinder the development of a robust safety net over time. I utilize Japan’s “deviant” or “outlier” outcome, which has not been fully explained by existing models, to identify a new causal path.¹⁵ The model presented here, therefore, primarily functions as a heuristic device to identify new variables and processes that are

¹³ Today, Japan’s relative poverty rate is around sixteen percent.

¹⁴ See the appendix in chapter one for historical data on suicide and starvation deaths.

¹⁵ For an extended discussion on heuristic theory building, see Alexander L. George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (Cambridge, MA: MIT Press, 2004), p. 75.

important—such as the role of electoral safeguards and the nature of industrialization-- but have been overlooked or downplayed in the comparative literature on redistribution. Moreover, by pinpointing the key similarities and distinctions between Japan and other countries, my intention is to make the Japan story more accessible and ripe for a comprehensive comparison in future studies.

My principal theoretical claim is that *when* and *how* a country built its democracy and wealth matters in *who* gets what from government. Two issues determine the course of redistribution: who has a say in the policymaking process and what are their economic incentive to aid the poor. I argue that the process of democratization defines who has political influence while the economic incentives to aid the poor are structured by the process of industrialization. As major social groups (e.g., agrarian landlords, industrialists, and working class) vie for greater economic gains and political representation they choose the pattern of the safety net that best suits their broader strategic economic interests.

The dominant interest groups that gain political representation (e.g., agrarian landholders, industrialists, and organized labor), I argue, formulate not just redistributive policies in the short-run but also the overarching electoral institutions that frame the context in which redistribution is contested over time. In the course of shaping and reshaping the electoral terrain, they determine whether to include or exclude the poor from the policymaking process itself. When key social groups have little incentive to help the poor, they are more likely to exclude them from the policymaking process. They do so by instituting stringent voting rules that continue disenfranchising the poor or by adopting an electoral system that mutes the poor's political voice even after they are

granted suffrage. In other words, when major political groups oppose redistribution, they are more likely to create an exclusionary democracy that negates the “one person, one vote” principle in order to shut out the poor from the politics of public expenditures. Thus, cross-country variation in the level of poverty relief today is partly attributable to a particular institutional choice made during democratization, which in turn is based on the very question of how much to give to the poor in the form of relief, votes, or voice. The political structure ultimately reflects the redistributive preferences of the holders of power and this ensures that the pattern of redistribution is locked in for the long run.

Process-tracing the origins of Japanese democracy, capitalism, and the safety net helps us identify the two key elements of democratic reforms that determine who gets to make redistributive choices: the varying effectiveness of electoral safeguards (e.g., constitutional provisions that limit the power of the elected assembly) and “carriers of democratization” (the agents that successfully advance democratic reforms). While the redistributive interests of key social groups (e.g., agrarian landlords, industrialists, and working class) are mainly shaped by the varying tempo and nature of industrial development.

In Japan, two patterns of political and economic development—first, its late developer status paired with state-led industrial development and, second, the elite-driven process of democratization combined with ineffective electoral safeguards--led the government to choose a minimalist course of redistribution. The next section provides a summary of how the development of democracy, capitalism, and social welfare policy in Japan intersected to produce a particular pattern of the safety net for the poor.

The Case of Japan: An Overview

Two centuries ago, Japan was a poor, authoritarian country with a fairly robust safety net for the poor. Its quest to build democracy and wealth, however, led to a dramatic reduction in the level of poor relief in the short run and, in the long run, stifled its growth, even though the country continued making enormous progress in political, economic and social affairs. The country's late developmental state-led industrial capitalism structured the incentives of the main social groups (e.g., agrarian landlords, industrialists, and organized labor) in ways that hurt the prospects of building a safety net. At the same time, the political influence of these groups was amplified because the traditional holders of power introduced democratic institutions with ineffective electoral safeguards and failed to curb the power of the elected assembly.

As a result, the gradual transition towards democratization hampered the development of a robust safety net as expanding suffrage to key groups—agrarian landholders in 1890, industrialists in 1900, and organized labor in 1925—each in turn voiced opposition to expand poor relief in order to pursue their narrow economic interests. Moreover, these groups eventually agreed to institute an electoral system that enhanced the political representation of organized economic interests at the expense of the unorganized; this shut out the poor from redistributive politics even after universal suffrage was adopted in 1945. My four empirical chapters capture how the interplay between democratization and industrialization restricted the flow of redistribution over time. Below, I recount the key findings and point out the main historical turning points.

Prior to the birth of a nation-state (Tokugawa regime 1603-1868), feudal lords engaged in despotic redistribution by employing poor relief as a means of extraction.¹⁶ The economy was largely agrarian and labor mobility was restricted; this enabled each feudal lord to administer relief with the objective of maximizing his returns from poor laborers. In essence, rulers provided relief to the poor—whose labor represented an indispensable source of tax revenue—to increase productivity and discourage rebellion. Each feudal lord was responsible for the wellbeing of the poor who belonged to him and resided in his territories.

In the 1850s, Western powers forced Japan to end its isolationist foreign and commercial policies, which triggered an intricate domestic political struggle that eventually led to the collapse of the Tokugawa regime. The new leaders, the Meiji oligarchs, abolished a host of feudal practices and institutions as a part of the grand mission to build a modern nation state. Dismantling the feudal system entailed a number of significant changes, such as land reform, local administrative changes, and liberalization of the labor market. In particular, increased labor mobility vitiated the logic of despotic redistribution since the poor no longer belonged to any one person or community. The need to socially protect citizens became visible as the wholesale changes, especially the opening of Japan's near-autarkic domestic market, entailed large-scale dislocation and transitional hardships for many ordinary Japanese.

¹⁶ A number of economists conceptualize redistribution as an instrument of extraction. See Dan Usher and Merwan Engineer, "The Distribution of Income in a Despotic Society," *Public Choice* 54 no. 3 (1987): 261-276; Herschel Grossman and Suk Jae Noh, "Proprietary Public Finance and Economic Welfare," *Journal of Public Economics* 53 no. 1 (1994): 187-204; Martin McGuire and Mancur Olson, "The Economics of Autocracy and Majority Rule: The Invisible Hand and the Use of Force," *Journal of Economic Literature* 34 no. 1 (1996): 72-96.

Under such circumstances, the Meiji oligarchs scrambled to create the country's first nation-wide public assistance system, the so-called 1874 Relief Regulations (*Jukkyū Kisoku*). The Relief Regulations, however, virtually served no one as the Meiji government reserved scarce government resources for the sole purpose of promoting national industrial development. Japan's aspirations were to become rich—as quickly as possible—but this was a daunting task given that it was a latecomer that needed to catch-up to the more advanced economies in the West with poor factor endowments: scarce land and capital but abundant in labor. As Rodrik (2012) notes, during the “first wave of globalization,” (1870-1914) all of the poor countries in the periphery were dictated by the constraints imposed by geography and factor endowment.¹⁷ Japan was truly an exception in that it carved out a new path of industrial growth that defied the notion of comparative advantage. The Meiji oligarchs drafted the world's first “development plan,” which employed a capital-intensive strategy that designated the state as the key player to foster industrial growth and nurture private entrepreneurship.¹⁸ To address the shortage of capital, the new Meiji government created a centralized tax system, imposed a high land tax, which fell mostly on the agrarian class, and directed that any funds amassed were to be used primarily to foster industrialization, not for poor relief or any other activities.

With one hand, the government channeled funds to spark industrial growth: it implemented various forms of import substitution programs to nurture infant industries; assisted in the borrowing of foreign technology and acquisition of machinery; invested heavily in key industries such as steel and iron to offset the high entry costs of firms in these sectors; and built vital infrastructure, such as roads, telecommunications, postal

¹⁷ Dani Rodrik, *The Globalization Paradox: Democracy and the Future of World Economy* (New York, NY: W.W. Norton & Company, 2011), 142-143.

¹⁸ *Ibid.*

services, and public utilities (e.g., electricity) to help lower transaction costs. With the other, it withheld funds for the Relief Regulations and instituted new ultra-restrictive eligibility rules to deter individuals from applying. For the first time in history, individuals were subjected to a stringent application process in which they were thoroughly investigated before receiving assistance. The new eligibility rules were so strict that they basically barred most people from relief. In essence, the funneling imperative to meet the initial start-up costs of industrial development trimmed Relief Regulations down to the bare bones.

The new public assistance system was so inadequate that within two decades of its inception, the oligarchs questioned the merits of staying on course with the minimalist policy direction. The task of catching-up to the West in the realm of social policy increasingly gained saliency among the oligarchs but the mission was thwarted by a new political class, comprised of agrarian elites, that were enfranchised as a part of the grand mission to build a “democracy” in the late nineteenth century. The oligarch’s initiative to expand poverty relief in the inaugural session of the Diet largely failed because they *mistakenly* made “democracy” work.

The ruling oligarchs made a crucial decision to adopt democratic institutions in the 1880s in response to an intensifying intra-oligarchic conflict. The minority faction of the oligarchy advocated democratization in order to gain a greater voice in the decision-making process. They formed an alliance with the agrarian landlords who were fuming over the exorbitantly high land tax needed to pursue a capital-intensive, state-guided industrial development. In order to oppose the prevailing taxation without representation, the agrarian landlords willingly supplied financial resources to create pressure for

democratization from below. The majority faction conceded in order to keep the oligarchy intact and preserve its political power, paving the path of democratization.¹⁹

Although the concept of democracy was unfamiliarly “Western” to the Japanese, the Meiji oligarchs were by no means intimidated by the perils of democracy. They were aware that early democratization in Western nations involved implementing a number of undemocratic rules that limited political representation (e.g., restrictive voting rules, non-elected parliamentary chamber) and safeguards to ensure a more gradual transition and controlled institutional change.²⁰ The oligarchs toured Europe and the United States, hired foreign administrative experts and learned how ruling elites abroad had coped with the challenges of early democratization.

The oligarchs ushered in democratic reforms that established a new constitution and an elected assembly, but they applied numerous electoral safeguards against the domination of party politics, such as granting veto power to the House of Peers or giving the Emperor, whom the oligarchs could persuade, the right to dissolve the Diet when faced with an unruly elected assembly.²¹ From local to national political institutions, the oligarchs painstakingly engineered the electoral terrain to create a “sham assembly” and to maintain a firm grip over the decision-making process.²² Yet, to their surprise, once the Diet floor opened, the organs of the embryonic form of democracy unmistakably

¹⁹ Mark J. Ramseyer and Frances M. Rosenbluth, *The Politics of Oligarchy: Institutional Choice in Imperial Japan* (New York, NY: Cambridge University Press, 1995), 28.

²⁰ On this point, see Daniel Ziblatt, “How Did Europe Democratize?” *World Politics*, 58 no. 2 (January 2006).

²¹ As Amel Ahmed points out, the process of democratization prior to 1945 was often inconsistent and contradictory where “inclusionary reforms and exclusionary safeguards” went hand-in-hand. Amel Ahmed, *Engineering Electoral Dominance: Democratization and Electoral System Choice in the Era of Industrialization* (New York, NY: Cambridge University Press, forthcoming), 1. For a historical narrative on how the Meiji oligarchs placed a number of electoral safeguards to hedge the risk of an unruly Diet, see John K. Fairbank, Edwin O. Reischauer, and Albert M. Craig, *East Asia: The Modern Transformation* (Boston, MA: Houghton Mifflin Co., 1965);

²² Fujimura Michio, *Yamagata Aritomo* [Yamagata Aritomo] (Tokyo: Yoshikawa Kōbunkan, 1961), 103.

functioned. Despite the franchise being limited to just one percent of the population—and mostly to the agrarian landholders--the preferences of eligible voters were filtered by national representatives who used the assembly floor to advance their constituents' interests and challenge the status-quo.

Early democratization prevented the country from constructing a safety net because a band of newly-elected provincial notables—who the Minister of Agriculture and Commerce, Mutsu Munemitsu, crudely described as the “three hundred farmers” (*sanbyaku no hyakushōdomo*)—ferociously attacked the oligarchs' proposal to significantly expand poor relief in the inaugural session of the Diet.²³ The oligarchs prided themselves as the defenders of the public interest and denounced the politics of private gains. Elected officials, in contrast, “learned their political lessons on local ground and came to the Diet prepared to represent their class and the interests of their district, much as they had in village and prefectural assemblies, where neither Bentham nor Blackstone had been of much use.”²⁴ The rural agrarian elites, already enraged by the high tax burden imposed by the oligarchs to spur industrialization, opposed expansion of poor relief on the grounds that it would lead to higher taxes in the future.

The “voice” of agrarian landed elites that opposed redistribution on the national political stage was amplified because the oligarchs made a strategic error in granting the legislature veto power over budgetary matters and taxation. Although the oligarchs instituted a number of safeguards to hedge against the risk of an unruly Diet, newly-elected officials chose to oppose rather than cooperate with the oligarchy, thereby dashing the oligarchs' expectations of how elected representatives would respond to

²³ Carol Gluck, *Japan's Modern Myths: Ideology in the Late Meiji Period* (Princeton, NJ: Princeton University Press, 1985), 69.

²⁴ *Ibid.*, 72.

structural constraints. The failure to capitalize on the historical opportunity to expand poor relief reflected a much broader political change ushered in by democratic reforms: steering the course of redistribution required the cooperation of the elected officials who represented economic interest groups that opposed poor relief.

Compared to many Western European countries, where democratic transitions were often gradual and stretched over a long time horizon, democratization in Japan occurred at a much faster pace. It took only a few years from the opening of the Diet for a new carrier of democratization and another villain in the history of poor relief to emerge: the urban industrialists. The political ascendancy of “political merchants” was facilitated by the reluctance of agrarian elites to support the swelling government spending to stimulate industrial growth; in addition, industrialists feared that the strong agrarian opposition towards the land tax might lead to higher corporate taxes. The escalating conflict between urban and rural interests created a schism among the elites and, paired with strong pressure for suffrage expansion by the urban industrialists, eventually induced partial democratization in 1900.

Increasing the political representation of the urban industrialists, however, was lethal to the growth of social assistance for the poor. The industrialists successfully obtained the government funds necessary to build key industries, infrastructure, and a skilled workforce. Using resources to aid the poor, whether they were sick, elderly, children, or working, generated marginal economic gains and, therefore, was a policy industrialists would not consider. From 1890 to the early 1900s, welfare bureaucrats and a few rogue politicians urged the national government to overhaul the 1874 Relief Regulations and create a new comprehensive public assistance system that would protect

citizens from the new risks that rapid industrialization posed. The proposed expansions were defeated without deliberation as the agrarian-industrialist dominated Diet turned a deaf ear to the matter.

The archaic Relief Regulations continued to serve as Japan's principal poor relief legislation until a new ultra-minimalist poor relief bill, the Relief and Protection Law (*Kyūgohō*), superseded them in 1929. By then, Japan had already “taken a leap in the dark” by adopting universal manhood suffrage in 1925, but the key interest group that attained suffrage, the working class, turned its back on poor relief to pursue its narrow economic interests and leverage its political position.²⁵ The tempo and nature of industrialization structure how workers are organized—along centralized or decentralized lines—which in turn define the nature of working class actions, redistributive preferences, and the prospects of allying with other social groups including the poor. Japan's late developmental state-led industrial capitalism induced decentralization of the working class movement and incentivized organized labor to withdraw from the democratization movement and abandon efforts to demand social protection from the state.

Late industrial development created a number of hurdles for organized labor to form a centralized, broad-based working class organizational structure that could forge crosscutting ties and promote encompassing interests. Trailing behind advanced countries gave government officials and employers in late developers more room to forestall the development of a centralized working class mobilization. The Meiji government and employers had foreknowledge of how working class mobilization

²⁵ Lord Derby noted that the 1868 Reform Bill, which would considerably expand suffrage, was like taking “a leap in the dark.”

emerged in Western Europe; consequently, they used repression and adopted labor regulations that prevented the formation of a centralized working class movement more conducive for a labor-poor alliance. In addition, massive importation of technology under the late development approach imposed large-scale, fast-paced economic transformation that hindered workers from controlling skill development; vice versa, it gave Japanese employers the upper hand in monopolizing and decentralizing skill formation.²⁶

Most importantly, however, the dualistic structure of state-led industrial capitalism in Japan made the strongest impact in shaping the contours of working class organization. The “catch-up” policies created a number of giant corporations that would lead the nation’s industrial development. Mainly due to government assistance and collusive banking networks, these pace-setting firms had ample financial resources to provide paternalistic programs and in-company training to instill corporate loyalty and incentivize workers to organize vertically at the firm or plant level and forgo horizontally linked craft or industry unions. Their deep pockets also enabled major corporations to forge close ties with political parties and ensured that the government would help institutionalize vertically structured labor-management relations.

Given these incentives, the powerful unions that formed within the large leading firms strategically chose brotherhood in the factory over class solidarity and withdrew from the democratization movement. In addition, they set the trend for the working class movement as a whole by pressuring smaller unions to follow suit. Thus, plant- or firm-based unions encouraged workers to focus on their narrow workplace issues at the

²⁶ Ronald Dore, *British Factory, Japanese Factory: The Origins of National Diversity in Industrial Relations* (Los Angeles, CA: University of California Press, 1973), 412.

expense of pursuing broad-based political and social welfare reforms. The compartmentalization of the working class limited the prospects of organized labor forging an alliance with other social groups such as the poor and led to the creation of a political “left” that exclusively focused on the needs of organized labor.

The decentralization of the working class movement and the resulting failed alliance between organized labor and the poor led to the latter’s exclusion from the making of the Japanese democracy and welfare state. Weak working class pressure for democratization and redistribution gave the ruling elites, comprised largely of agrarian landlords and industrialists, complete autonomy over deciding which group would be included or excluded in the democratic process and welfare expansion. On the one hand, the ruling elites began creating an oriental version of the Bismarckian social insurance system in the early 1920s in order to coopt emerging labor aristocracy. On the other hand, they staunchly refused to construct a safety net for the unorganized working and non-working poor. Likewise, the ruling elites adopted universal manhood suffrage in 1925 and extended voting rights to the working class but simultaneously instituted a latent voting rule that disqualified individuals who were receiving aid on the account of poverty. In addition, the residency requirement for voting was lengthened to one year in order to prevent migratory workers, who were more likely to be unorganized working poor, from voting.

The results of the sixteenth general election, the first after the enactment of universal manhood suffrage in 1925, reflected workers’ “compromise with capital,” as the overwhelming majority of newly enfranchised workers voted for the ruling conservative parties instead of the socialist party. Without labor’s support for greater

redistribution, a new and restrictive poor relief bill, the Relief and Protection Law passed in the national assembly in 1929 without an appropriation of funds. Despite the onset of the Great Depression, its implementation was delayed for three years and it denied the poor the right to relief and preserved the ongoing practice of minimalist approach to poverty relief. In essence, the country's path-breaking transition towards economic modernity and democratization gave rise to an uneven welfare state that comprised of a heavy layer of social insurance programs at the top but with a distinctively threadbare safety net for the poor at the bottom.

While Japan failed to build a robust safety net during the pre-war era, the aftermath of the war in 1945 brought a new development, the U.S. Occupation, which forced Japan to adopt the Daily Life Security Law (*Seikatsu hogohō*) in 1946, which underwent minor revision in 1950. For the first time in the country's history, the poor were given the right to vote and seek public assistance. Article twenty-five of the Japanese constitution drafted under the U.S. Occupation guaranteed that all citizens are entitled to "maintain the minimum standards of wholesome and cultured living" and the state must mobilize its resources to promote social welfare protection.

Nonetheless, despite the fact that the Daily Life Security Law had the institutional capacity to function as a robust safety net for the poor, it was poorly maintained because the representatives of agrarian landholders, industrialists, and organized labor faced another round of post-war economic catch-up policies and agreed to limit spending for the impoverished. Moreover, this time around, they consented to adopting and maintaining the multi-member-district single-non-transferable-voting system (MMD/SNTV) that was designed to enhance the political representation of organized

economic interests at the expense of the unorganized. Agrarian, industrialist, and labor interests dominated under the MMD/SNTV system, which enabled them to get what they wanted: lucrative farm subsidies, industrial policies, employment protection, and a social insurance-based “welfare state” for organized labor. As a consequence, Japan’s post-war safety net has remained threadbare and stands out as one of most minimalist and restrictive public assistance systems found in the advanced industrialized world.

Lessons from Japan

The findings from the Japan case shed light on some of the enduring puzzles in the study of politics and poverty in affluent democracies today: Why haven’t the poor expropriated wealth from the rich by voting for generous redistributive transfers to themselves? Why has economic progress failed to eradicate poverty? Why do social welfare programs in some countries reinforce rather than ameliorate existing inequalities?

An in-depth examination of the origins of Japanese political, economic, and social welfare institutions reveals three key dimensions of the redistributive policymaking process that help formulate answers to these puzzles. Firstly, all democracies were not created equal and elites that oppose redistribution can impose exclusionary reforms that can undermine the political representation of the poor in redistributive politics. Secondly, for late developers, pursuing a state-led industrial development strategy can take a country from rags to riches but it can also hurt the poor in a multitude of ways. Thirdly, under certain conditions, the working class is neither pro-redistribution nor pro-democratization, which points to the need to examine more carefully how its class interest is defined. Let me explain each point in turn.

From Aristotle to Alexis de Tocqueville, great minds have expressed great concerns that the principle of political equality underpinning democracy is a desirable feature that could also be its Achilles' heel. The seemingly benign inclusionary democratic reforms that establish a "one person, one vote" system, skeptics argue, can breed their own complications because they empower the poor with votes that they may then use to expropriate the rich and drain state finances. The seminal works by T.H. Marshall and Reinhard Bendix have also noted that democratization accompanies conferral of political rights to the lower strata of society, which segues to their attainment of social rights.²⁷

Yet, a number of recent studies have shown that democracies do not necessarily redistribute more to the poor than nondemocracies.²⁸ In fact, even among a select group of the most affluent democracies in the world, one can clearly observe variation in the extent to which governments aid the poor; in addition, my dissertation shows that Japan's level of redistribution is the lowest of the low among this group.²⁹ Some scholars have argued that the issue is not *whether* a country is democratic or not but rather, *which* electoral system (e.g., proportional representation versus majoritarian system) is in place.³⁰ They do not address, however, the fact that social assistance for the poor

²⁷ T.H. Marshall and Tom Bottomore, *Citizenship and Social Class* (London: Pluto Press, 1992); T.H. Marshall, *Social Policy in The Twentieth Century* (London: Hutchinson & Co., 1967); Reinhard Bendix, *Nation-Building and Citizenship* (New York: John Wiley and Sons, 1964).

²⁸ Ross (2006: p. 28) contends that "[d]emocracy unquestionably produces non-economic benefits for people in poverty, endowing them with political rights and liberties. But for those in the bottom quintiles, these political rights produce few if any improvements in their material well-being." See also Casey B. Mulligan, Ricard Gil, and Xavier Sala-i-Martin, "Do Democracies Have Different Public Policies than Nondemocracies?" *Journal of Economic Perspectives* 18 no. 1 (Winter, 2004): 51-74.

²⁹ See for example, Alberto Alesina and Edward Glaeser, *Fighting Poverty in the U.S. and Europe: A World of Difference* (Oxford: Oxford University Press, 2004); Torben Iversen and David Soskice, "Electoral Institutions and the Politics of Coalitions: Why Some Democracies Redistribute More than Others," *American Political Science Review* vol.100 no. 2 (2006): 165-181.

³⁰ For an overview of the extant literature on the link between electoral system and redistribution, see Jonathan A. Rodden, "Back to the Future: Endogenous Institutions and Comparative Politics," in

diverged across countries *prior to* the introduction of universal suffrage or the adoption of an electoral system (e.g., proportional representation) that purportedly leads to higher social spending.³¹ The English poor law, for example, dates back to the late sixteenth century but universal manhood suffrage did not occur until 1918; similarly, Japan created its first nation-wide public assistance system in 1874 while the poor obtained votes only after 1945. Most European countries that adopted proportional representation did so around 1917 to 1920, well after the expansion of modern poor relief system, which took place around the late eighteenth to mid-nineteenth century.³² For example, Denmark introduced proportional representation in 1918. Yet, its compulsory 1803 Danish Poor Law, deemed local parishes responsible for the poor, and the Danish constitution guaranteed that individuals were “entitled to receive aid from the state” in 1849.³³

This problematic timing issue stems from the fact that the existing literature on electoral institutions fails to appreciate the significance of redistributive concerns in shaping electoral rules. My dissertation inspects the intersection between the evolution of politics and markets and reveals a reverse causation: redistributive concerns are one of the primary factors shaping electoral institutions. When the ruling elites oppose redistribution towards the poor, they are more likely to adopt an electoral system that

Comparative Politics: Rationality, Culture, and Structure (second edition), edited by Mark Lichbach and Alan Zuckerman (New York, NY: Cambridge University Press, 2008). See also Markus M. L. Crepaz, “Inclusion versus Exclusion: Political Institutions and Welfare Expenditures,” *Comparative Politics* 31 no. 1 (October, 1998): 61-80.

³¹ The fact that “welfare state” precedes “democracy” is also pointed out by Esping-Andersen (1998). He writes: “When it holds that welfare states are more likely to develop the more democratic rights are extended, the thesis confronts the historical oddity that the first major welfare-state initiatives occurred prior to democracy and were powerfully motivated by the desire to arrest its realization” (Esping-Andersen, 1990: 15).

³² For a longer list on when countries adopted proportional representation, see Ahmed (forthcoming).

³³ Sigrun Kahl, “Religious Doctrines and Poor Relief: A Different Causal Pathway,” in *Religion, Class Coalitions, and Welfare States*, edited by Kees van Kersbergen and Philip Manow (New York, NY: Cambridge University Press, 2009), 273.

shuts out the poor. In other words, electoral systems reinforce rather than produce redistributive outcome.

A full exploration of the origins of democracy in Japan also confirms the causal importance of “political mistakes, misperceptions, and unintended consequences” in the development of political and social welfare institutions.³⁴ While “mistakes” rarely appear in the literature on democratization and redistribution as a causal factor, as Capoccia and Ziblatt (2010) note, these unpredictable, contingent events occur frequently during the period of institutional creation.³⁵ Indeed, the failure of the Meiji oligarchs to maintain its hegemony and build the foundations of a strong safety net highlights the importance of examining contingent factors on the development of democratic institutions and redistributive outcomes.

The second lesson from the case of Japan is that how a country develops economically matters deeply in the evolution of political and social welfare institutions. For a latecomer, pursuing economic growth through state-led industrial growth strategy has its costs, notably, that the poor tend to get excluded from participating in or benefiting from the country’s political, economic, and social welfare achievements. Funneling government resources to stoke industrial growth creates winners (revenue-receiving industrialists) at the expense of losers (the tax-paying agrarian class), and the latter is more likely to demand compensation or a reduction in taxes. Such a stark budget tradeoff creates an intra-elite conflict where each group will attempt to minimize its tax

³⁴ Giovanni Capoccia and Daniel Ziblatt, “The Historical Turn in Democratization Studies: A New Research Agenda for Europe and Beyond,” *Comparative Political Studies* 43 no. 8/9 (2010): 931-968.

³⁵ Ibid. See also, Paul Pierson, “Path Dependence, Increasing Returns, and the Study of Politics,” *American Political Science Review* 94 no.2 (2000): 251-267.

burden and avoid incurring additional expenses, such as programmatic funding for the poor.

Furthermore, the observation that late development hurts the prospects of a labor-poor alliance merits closer scrutiny. Consistent with the findings from Iversen and Soskice (2010, 2012), the Japan case reveals that the decentralized structure of working class mobilization hinders the formation of an “encompassing” left that promotes universalistic generous redistributive policies.³⁶ While Iversen and Soskice attribute the nature of working class mobilization to the presence of strong guilds that control the supply of skills, my Japan-specific story reveals that the country’s state-led industrial development largely induced the decentralization of working class movement.

Finally, the proposition that a powerful “left” produces a strong “welfare state” has become a staple in analyzing a wide range of social policy outcomes. Yet, the Japanese case suggests some limits to this approach. First, the assumption that labor unions and the poor share similar interests in greater redistribution needs to be qualified. Japanese labor unions have historically shown little interest in expanding poverty relief, focusing instead on promoting “workers’ issues”: job security, wage increases, improved working conditions, and employment opportunities. My findings indicate that the left’s preferences toward redistribution to the poor are not as fixed as the theory purports.

This begs the broader question of when and how working class pressure impacts redistribution toward the poor. The Japanese case demonstrates that whether or not the poor are represented in the redistributive policymaking process is directly linked to how

³⁶ I also find that economic interest plays an important role in facilitating democratic reforms. See Torben Iversen and David Soskice, “Two Paths to Democracy,” *Open Forum*, Center for European Studies, Harvard University, 2010; see also their latest book manuscript, *Politics and Capitalism* (presented at the Center for European Studies Workshop at Harvard University (December 2012)).

nascent labor unions marshaled their power resources to gain political representation. Active state intervention in labor conflicts and decentralization of skill formation incentivized organized workers to pursue a strategy that prevented an alliance with the unorganized working poor. Thus, instead of pursuing broad-based working class solidarity, labor unions chose to augment their power by focusing on narrow workplace issues. Labor's strategic political choice to gain voice in politics and workplace created an insider-outsider cleavage between organized workers and the working poor. The rift continues to divide workers today and partly explains why Japan's "welfare state" is uneven, designed to benefit well-off workers and the issue of aiding the working poor has fallen by the wayside, despite their greater need for social protection.

Understanding the causes of Japan's uneven welfare state is critical to assessing how Japan fits into the broader comparative literature. One of the most influential social policy scholars of our generation, Gøsta Esping-Andersen, acknowledged that Japan did not fit neatly into his famous "three worlds of welfare capitalism" typology (e.g., liberal, social democratic, and continental conservative regime). He observed that the Japanese welfare state was a "hybrid"--"an amalgam of the conservative 'Bismarckian' regime and the liberal residualism." It featured a relatively comprehensive social insurance system (e.g., healthcare, social security, etc.) similar to those found in Europe and yet its cash transfers for the poor were limited as in the case of the United States.³⁷ My case study on the origins of the working class mobilization and its impact on the development of the welfare state addresses this issue front and center. It shows that the decentralization and compartmentalization of working class movement prevented labor from allying with the

³⁷ Gøsta Esping-Andersen, "Hybrid or Unique?: the Japanese Welfare State Between Europe and America," *Journal of European Social Policy* 7 no. 3 (1997): 184.

poor, which meant that the political ascendancy of the working class resulted in the expansion of social insurance programs for workers while social assistance for the poor remained trapped in a residual form.

Dissertation organization

My dissertation is organized as follows. The first chapter presents comparative data on the level of poverty and relief efforts across advanced industrialized countries and shows that Japan's public assistance system is distinctively threadbare by international standards. It also evaluates what existing theories of redistribution have to say about the Japan case and beyond.

In chapter two, I present a theoretical framework that explains when and how safety nets evolve over time. The first section provides the nuts and bolts of social protection and identifies the main types of safety nets. Then I discuss the challenges the poor face in attaining social protection. The second section discusses conditions under which safety nets are more likely to emerge and endure. It identifies the key social actors, how their preferences towards redistribution are formed, and what institutional conditions enable or constrain them from exercising their political voice. The third section illustrates the divergent paths of redistribution in comparative terms. This analytical framework is used as a guide for the subsequent case of Japan.

My four empirical chapters are divided according to the four major historical turning points in the co-evolution of the poverty relief system, democratization, and industrialization: from feudalism to modern nation-state (initiating industrial development), introduction of democratic institutions, partial democratization in the age

of industry (industrial take off), and transition towards mass democratization (advances towards industrial maturity).

In chapter three, I examine the transition from feudal poor relief practices to the creation of the country's first national public assistance system. I explain how the country's late-development industrialization strategy contributed to the dramatic reduction in poor relief from feudal times.

Chapter four analyzes how the overlap of two processes—early democratization and late development industrial growth—gave rise to a new political class comprised of agrarian landlords that ended up blocking the oligarchs' proposal to expand poor relief in the latter part of Meiji period. It examines why the agrarian elites sought political representation, how they succeeded in obtaining voting rights, and why they were able to use their votes effectively to advance their redistributive interests in 1890. One of the goals of this chapter is to show how the Meiji oligarchs designed and built Japan's democratic institutions and explain how their faulty engineering eroded their hegemony and gave rise to party politics.

Chapter five examines how the political ascendancy of the urban industrialists induced partial democratization in the age of industry and paved the path of welfare retrenchment. The demand to stoke industrial growth intensified and the agrarian-industrialist dominated Diet approved greater spending for infrastructural development and public goods provision while refusing to expand poor relief. This chapter also shows how the state mobilized civil society actors to provide a substitute for public assistance but their activities were grossly inadequate to address mass poverty.

The penultimate chapter is divided into two parts. The first-half examines the evolution of working class movement from its inception in the late nineteenth century to its subsequent maturation in the 1920s and explains how late industrial development prevented the poor from joining or benefiting from the social movement spearheaded by organized labor. One of the objectives of this chapter is to test the central thesis of the power resources theory that organized labor plays the key role in expanding suffrage and redistribution. The latter part examines the consequences of the failed alliance between organized labor and the poor and how it led to the latter's exclusion from the makings of Japanese democracy and welfare state.

The concluding chapter restates the puzzle, relocates it in the existing literature, and explains the significance of the main findings in each chapter. It also offers the implications of the study and explains how the findings from my dissertation improve our understanding on why some democracies redistribute more than others.

CHAPTER 1

Nickel and Diming Japanese Style:

An Overview of the Data and Review of the Literature

This chapter is divided into two parts. In the first part, I present comparative data on the level of poverty and relief efforts across advanced industrialized countries and show that Japan's public assistance system--the "safety net" for the poor--is distinctively threadbare by international standards and merits exploration. In the latter part, I evaluate what existing theories of redistribution have to say about the Japan case and beyond. I organize the competing explanations into six categories, based on: social division, culture, economic development, civil society, power resources, and electoral system. I discuss the main theoretical claims of each explanation in general terms, examine how it has been deployed in comparative research, and evaluate how well it applies to the Japan case. The five missing elements of the existing literature are: (1) the inadequate explanation for the nexus between the origins of electoral systems and the level of redistribution; (2) the ambiguity over the impact of working class mobilization on redistribution; (3) the limits of deductively positing political and social actor's preferences toward redistribution; (4) paying insufficient attention to the relationship between how a country industrializes and how it redistributes its wealth; (5) the lack of explanation given for why some countries have developed an intra-welfare state inequality.

I. The Japanese exceptionalism

Discovering the skeleton in the closet

On July 10th 2007, the partially mummified corpse of a 52 year old man was found along with his diary in Kitakyushu, Japan.³⁸ The diary chronicled his fight against the pangs of an empty stomach and his grueling ordeal to obtain public assistance. He starved to death two months after his welfare payments were terminated. The report of a person dying of starvation who had been shunned by the country's austere public assistance system was neither the first in Kitakyushu nor in the rest of the country.³⁹ At least one person dies of starvation each week and a dozen commit suicide daily by reason of economic hardship [table 1.1 and figure 1.1].⁴⁰ This darker, harsher side of Japan is at odds with the more familiar images of the country as a modern, affluent, democratic society and merits a full investigation.

³⁸ Sankei Shimbun Osaka Shakaibu, *Seikatsu Hogo ga Abunai* [The Livelihood Protection in danger] (Tokyo: Sankei Shimbun Shuppan, 2008), 65- 68. For articles written in English on this topic, see for example, Norimitsu Onishi, "Death Reveals Harsh Side of a 'Model' in Japan," *The New York Times*, October 12, 2007.

³⁹ The 2007 case was the fifth case of starvation death in Kitakyushu. Similarly in May of 2006, a 56 year old unemployed man was found starved to death. He visited the public assistance office twice but was denied application forms. For articles on this issue written in English, see *The Japan Times*, "Tighter welfare driving starvation deaths," October 14, 2007; *Kyodo News*, "Unemployed temp worker, 49, believed starved to death in Osaka apartment," January 17, 2009. Most recently, the *Sankei* (20 February 2012) reported that a family of three was found starved to death in Saitama prefecture.

⁴⁰ According to the mortality statistics on "lack of food" compiled by the World Health Organization in 2004, Japan's figure (87 deaths in 2000) is significantly higher than those of other advanced industrialized countries: Canada (9 deaths), South Korea (9 deaths), Australia (4 deaths), Spain (1 death), Germany (1 death), and Sweden (1 death). The only country that tops Japan's number is the United States (120 deaths). According to the Japanese government, on average 71 people died each year due to "lack of food" (*shokuryō no fusoku*) from 1997 to 2008 (Ministry of Health, Labour, and Welfare, Jinkō Dōtai Chōsa [Population Vital Statistics Report] various years). In regards to suicide rate, from 1980 to 2007, on average, 4174 committed suicide per year due to socio-economic hardship (*keizai seikatsu mondai*). See the National Police Agency Community Safety Bureau Regional Division, "Jisatsu no Gaiyō Shiryō" [Suicide General Materials], various years at <http://www.npa.go.jp/toukei/index.htm>; Ministry of Health, Labour, and Welfare, *Dai Gokai Jisatsu Shibō Tōkei* [5th statistics concerning suicide deaths] (Tokyo: Kōsei Tōkei Kyōkai, 2005), 200-203.

Poverty amid affluence in the world's richest countries has provoked heated debates and generated a voluminous amount of writing in the last century.⁴¹ Western democracies, most notably, the United States and Britain, are commonly portrayed as rich countries reluctant to provide adequate social welfare services for the poor.⁴² Yet, in this extensive literature, the full extent of Japan's condition is underappreciated.⁴³ Indeed, comparative data reveal that despite having poverty rates higher than its peers, Japan spends less and limits access to poverty relief more than their wealthy counterparts.⁴⁴

For nearly three decades, the OECD has reported that Japan's relative poverty is one of the highest among OECD countries.⁴⁵ Table 1.2 shows comparative data on relative poverty rates after taxes and transfers from the mid-1980s to mid-2000s. Japan ranked consistently near the bottom along with the United States. Japanese scholars' poverty rate estimates are consistent with OECD figures. Using the Shotoku Saibunpai Chōsa [Income Redistribution Survey] by the Ministry of Welfare and Labour, Tachibanaki and Urakawa (2006) estimate Japan's relative poverty rate to be around 15%

⁴¹ Some of the classical works written on this topic are: John Kenneth Galbraith, *The Affluent Society* (Boston: Houghton Mifflin Company, 1984); Richard Titmuss, *Commitment to Welfare* (London: Allen & Unwin, 1968); Brian Abel-Smith and Peter Townsend, *The Poor and the Poorest* (London: G. Bell & Sons Ltd., 1965).

⁴² On this point, see for example, Harold L. Wilensky, *The Welfare State and Equality: Structural and Ideological Roots of Public Expenditures* (Los Angeles, CA: University of California Press, 1975); Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton, NJ: Princeton University Press, 1990).

⁴³ Garon (1998), Milly (2002), and Takahashi (1997) explore various facets of social assistance for the poor in Japan while my dissertation focuses on why Japan's poverty relief trail in comparison. See Sheldon Garon, *Molding Japanese Minds* (Princeton, NJ: Princeton University, 1998); Deborah J. Milly, *Poverty, Equality, and Growth: The Politics of Economic Need in Postwar Japan* (Cambridge, MA: Harvard University Press, 2002); Mutsuko Takahashi, *The Emergence of Welfare Society in Japan* (Vermont, Avebury: 1997).

⁴⁴ Japan's main public assistance system here refers to the existing *Seikatsu Hogo* (The Daily Life Security).

⁴⁵ The OECD defines relative poverty as the percentage of population living on equalized disposable household income less than 50% of median income. See OECD, *Growing Unequal? Income Distribution and Poverty in OECD Countries* (2008), 285.

in 1993, steadily increasing to 17% in 2002.⁴⁶ Similarly, Abe (2006) estimates Japan's relative poverty rate to be around 10% in 1984, gradually trending upwards to approximately 15% by 2002.⁴⁷

[table 1.2]

Gathering the scarce data on Japan's poverty rate prior to the 1980s, Taira (1993) reports that nearly 14.5% of Japanese households in 1968 lived below the poverty line. This high level of poverty is notable because by this time Japan had achieved membership in the prestigious OECD (joining in 1964) and gained the status of an advanced industrial economy.⁴⁸ In addition, an extensive 1972 household income survey conducted in Tokyo found that the poverty rate of Nakano-ward, which was "thought to be typical and representative of Tokyo wards," was around 26.2% of all households.⁴⁹

Existing studies have also shown that poverty in Japan affects diverse groups of individuals. Table 1.3 demonstrates that comparatively Japan exhibits higher levels of working poverty, child poverty, lone-parents poverty, and old-age poverty. Moreover, as Richard Katz points out, the Japanese poor are among the poorest in OECD countries. The real disposable income of the poorest ten percent in Japan is \$5,226 dollars, much lower than the OECD average of \$7,773 and even that of the United States (\$5,819).⁵⁰

⁴⁶ The poverty rate here is defined as household income less than half of the median income. Tachibanaki Toshiaki and Urakawa Kunio, *Nihon no Hinkon Kenkyū* [Japan's poverty research] (Tokyo: Tokyo Daigaku Shuppankai, 2006).

⁴⁷ The relative poverty rate here is also defined as household income less than 50% of the median income. See Abe Aya, "Nihon no Hinkon no Jittai to Hinkon Seisaku," [Japan's state of poverty and poverty policy] in *Seikatsu Hogo no Keizai Bunseki* [Economic analysis of the Daily Life Security], edited by Abe Aya et al. (Tokyo: Tokyo Daigaku Shuppankai, 2008), 29.

⁴⁸ The poverty line here refers to the standard public assistance level and income data were extracted from the *Employment Status Survey*. Koji Taira, "Dialectics of Economic Growth, National Power, and Distributive Struggle," in *Postwar Japan as History*, edited by Andrew Gordon (Berkeley, CA: University of California Press, 1993), 178.

⁴⁹ *Ibid.*, 179.

⁵⁰ Richard Katz, "Income Equality in Japan: Culture or Economics," *The Oriental Economist* (December 2010), 7-9.

[table 1.3]

Despite the country's persistent and alarming "poor problem," the fact that nearly every advanced industrialized country has similar if not higher poverty rates prior to transfers and taxes reveals the lack of government intervention to reduce poverty in Japan. As table 1.4 shows, Japan's relative poverty rate before government transfers and taxes is 26.9%, compared to Sweden (26.7%), United States (26.3%), France (30.7%), Germany (33.6%), Britain (32.7%), and Italy (33.8%). Sweden and Japan had similar levels of poverty prior to transfers in mid-2000, yet while government transfer payments in Sweden reduced the poverty rate by nearly 21 percentage point (from 26.7% to 5.3%), the reduction in the poverty rate in Japan was much less, only 12 percentage points (from 26.9% to 14.9%). The Japanese poverty reduction rate is far less than in other countries: decrease of 23.6 percentage point in France (from 30.7% to 7.1%), 22.6 in Germany (from 33.6% to 11%), 22.4 in Italy (from 33.8% to 11.4%), and 18 in Britain (from 26.3% to 8.3%).

[table 1.4]

Government programs are crucial to poverty alleviation and studies have shown that targeted assistance for the poor significantly reduce poverty.⁵¹ Data on the net redistributive effects of transfers confirm the view that the Japanese social welfare and tax systems are less directed toward the poor.⁵² Comparatively, the Japanese government extracts more from the poor in taxes and gives them less than in other countries. Table

⁵¹ OECD, *Growing Unequal*, 2008: 139-140. Michael Ross demonstrates that infant and child mortality rates only decrease when governments target low-income households. Michael Ross, "Is Democracy Good for the Poor?" *American Journal of Political Science* 50 no. 4 (October, 2006): 860-874.

⁵² Jones (2007, 21-25) makes a similar observation in an OECD working paper that systematically compares Japanese social spending and poverty rates with other advanced industrialized countries. See Randall S. Jones, "Income Inequality, Poverty and Social Spending in Japan," *OECD Economics Department Working Papers*, No. 556 (2007): 1-41.

1.5 displays the net redistributive effect to the poorest of the population.⁵³ The value of Japan's public cash transfers to the lowest quintile in the mid-2000s was 3.1 compared to Denmark (9.2), Sweden (8.5), France (5.3), Germany (4.9), and United Kingdom (4.6) United States (2.3).⁵⁴ On the other hand, the lowest income quintile's contribution to taxes and social security is two or three times higher in Japan (1.2) than in Italy (0.6), Canada (0.6), United States (0.4), and Britain (0.4). The combination of low public transfers to the poor and moderately higher taxes and social security payments makes Japan's net transfers to the poor (2.0) rank near the bottom along with the United States (1.9).

[table 1.5]

Evidence of Japan's minimalist position is further supported by the smaller scale and limited scope of poverty relief. Japan's average public assistance (*seikatsu hogo*) expenditure as a percentage of GDP from 1980 to 2003 is around 0.2% of GDP, compared to other advanced industrialized countries such as France (1.8%), Denmark (1.4%), Germany (1.3%), Britain (1.8%), and the United States (0.3%).⁵⁵ Similarly, Japan ranks at the bottom in aggregate expenditure of means-tested cash benefit programs; it spends around 0.25% of GDP when most of its peers allocate at least 1.0%

⁵³ Net public transfers to the lowest income quintile—which is gross public cash transfers (e.g., social and family assistance) to the lowest income quintile minus direct taxes and social security contributions paid by the lowest quintile households—reveals how well countries target social welfare spending for those at the bottom of the income ladder.

⁵⁴ OECD, *Growing Unequal? Income Distribution and Poverty in OECD Countries* (2008), 116.

⁵⁵ These figures are from the Center for Economic Studies 2008 (Munich Society for the Promotion of Economic Research), calculated based on OECD statistics on social expenditures. One of the challenges in measuring anti-poverty relief measures is that many of the European welfare states offer two forms of social protection for the poor: targeted social assistance programs and universal social insurance programs (e.g., means-tested long-term unemployment insurance and pension credit). Thus, for European countries, the level of poverty relief reported here is an underestimated figure, which makes the level of relief in Japan relatively more minimalist. In the case of Japan, the social insurance programs do not have minimum income guarantee schemes.

[figure 1.2].⁵⁶ Japan is also minimalist with respect to benefits other than cash assistance. Whereas Britain and Germany spend more than 1% of GDP on in-kind benefits for low income families (e.g., housing assistance), Japan's figure is virtually zero in GDP terms.⁵⁷

Comparative data on demographic coverage of public assistance programs are consistent with Japan's minimalist approach to poverty relief. As shown in table 1.6, the beneficiaries of social assistance programs as a proportion of the working-age population in Japan is around 0.3%, which is significantly lower than countries that have poverty rates similar to Japan's: Ireland (4.2%), Australia (3.2%), United Kingdom (2.8%), and United States (1.7%).⁵⁸ The welfare benefit take-up rate—the estimated percentage of eligible poor who actually receive assistance—which typically ranges from 40%-80% in OECD countries is estimated to be 10-20% in Japan.⁵⁹ As Sheldon Garon notes, unlike the British government that actively sought to increase the participation rate and reach

⁵⁶ A word of caution about the use of means-tested programs expenditure as a proxy for the level of poverty relief is in order. While means-tested programs generally refer to services and transfers that cater to low income families, some programs have an income limit (phase out range) that extends to higher income strata. How much the means-testing exclusively targets the poor depends on each country's programmatic design. Thus, the aggregate public assistance figure is a better proxy for the level of poverty relief as it only includes programs that target low income families.

⁵⁷ Tony Eardley et al., "Social Assistance in OECD Countries: Volume I Synthesis Report," Department of Social Security Research Report No. 46 (London: HMSO, 1996), 35.

⁵⁸ The OECD defines social assistance as cash transfers to households that are not distributed through contribution-based social insurance schemes. Social assistance also includes benefits to lone parents. OECD, *Employment Outlook 2003: Towards More and Better Jobs* (2003), 225.

⁵⁹ The OECD-average range of take-up rate is from Virginia Hernanz, Frank Malherbet, and Michele Pellizzari, "Take-up of Welfare Benefits in OECD Countries: A Review of the Evidence," *OECD Social, Employment and Migration Working Papers* 2004 (2), 11-12. Hayashi (2008) lists most recent estimates of take-up rates, which ranges from 9.9% in Ogawa (2000), 18.5% in Komamura (2003), 9-10% in Wada and Kimura (1998) and 16.3-19.7% in Tachibanaki and Urakawa (2006). See Hayashi Masayoshi, "Chihō Zaisei to Seikatsu Hogo," [Local finance and Daily Life Security] in *Seikatsu Hogo no Keizai Bunseki* [Economic analysis of the Daily Life Security], edited by Abe Aya et al (Tokyo: Tokyo Daigaku Shuppankai, 2008), 248. In addition, Karakama (2005) estimates take-up rate to be around 16% and Sohara (1985) estimates it to be around 27% from 1972 and 1982. See Karakama Naoyoshi, "Chūnen Kazokumochi Waakingupua no Seikatsu to Shakaihoshō Kaikaku" [The living condition of middle-age working poor with families and social insurance reform," in *Politik* no. 10 (20 September 2005), 70; Sohara Toshimitsu, "Tei-shotoku setai to seikatsu hogo," [Low income households and the Daily Life Security] in Shakai Hoshō Kenkyūjo (ed.) *Fukushi Seisaku no Kihon Mondai* (Tokyo: Tōkyō Daigaku Shuppankai, 1985).

out to the poor, the Japanese government remains “passive with regard to non-applicants” and instead has pursued to actively inhibit “applications by administering means tests so stringent as to deter most people.”⁶⁰

[table 1.6]

Limited scope of assistance in Japan stems from exceptionally restrictive eligibility rules that must be enforced to the strictest standard to meet the limited funding for public assistance.⁶¹ Recipients must be virtually penniless, homeless, and family-less (without parents, children, or siblings) to qualify for benefits.⁶² Whereas child benefits in countries such as Britain are excluded from income-testing, there are practically no exemptions for government payments in Japan. Additional eligibility rules—on having physical capacity to work, residency requirement, and the rest—are enforced with gusto to ensure a tight cap on expenditures. A case in point is a 2006 incident where a 37-year old homeless man committed suicide by self-immolation at the parking lot of the welfare assistance office after his application was denied yet again for failing to provide a mailing address; ironically, he was living in his car for the last two years.⁶³

As I have shown, Japan’s “safety net” is distinctively threadbare by international standards and this invites the question: What explains the nickel and diming of the poor

⁶⁰ Sheldon Garon, “Japanese Policies toward Poverty and Public Assistance: A Historical Perspective,” World Bank Institute Working Papers no. 37200 (2002): 3.

⁶¹ Comparing rules governing means-testing is a complicated task that requires more time and planning on my part to effectively display the range of strictness. What makes eligibility rules especially difficult to analyze is the fact that the manner and degree in which they are enforced vary by program and the locality in which they are administered.

⁶² In the United States and Britain, for example, ownership of certain properties such as low-valued automobiles and houses are not generally counted as income and savings in the four figures are also permitted. In Japan, however, ownership of a car or a home is an automatic disqualification from public assistance and one can possess only a few hundred dollars in savings to be eligible.

⁶³ Reported in 25 July 2006 of *Akahata*, cited in Nihon Bengoshi Rengōkai, *Kenshō Nihon no Hinkon to Kakusa Kakudai* [Examining increase in Japan’s poverty and inequality] (Tokyo: Nihon Hyōronsha, 2007), 50. Findings from the Japan Federation of Bar Association’s survey on prospective applicants who were deemed ineligible and denied application to apply for assistance similarly reveals the exceptionally strict enforcement of eligibility rules in Japan. See Nihon Bengoshi Rengōkai (2007, 74-86).

in Japan? Existing theories of social policy point to various competing explanations: Are the poor perceived as lazy and undeserving of public aid? Is the traditional role of families providing care for the needy crowding out government initiatives? Are policymakers reluctant to combat poverty when unpopular minority groups make up a disproportionate percentage of the poor? Does politics dominated by conservatives restrain social spending? Or do politicians, under the spell of a highly personalistic electoral institution, see few incentives to help the poor? The list of probable causes goes on. The following section evaluates what existing theories of redistribution have to say about the Japan case and beyond.

II. Competing Explanations of Redistribution

Scholars across multiple disciplines and generations have extensively analyzed the topic of redistribution. Understandably, the methods and scope of research vary greatly. Some scholars focus on the welfare state in a “broader sense,” in which a wide-range of welfare-enhancing programs are aggregated and packaged as a unitary system; others explore the welfare state in a “narrower sense,” analyzing a particular sub-set of the system or a specific program.⁶⁴ Many scholars utilize quantitative methods to test the determinants of social policy spending at a specific moment in time, typically based on a large-N study (comparing many countries).⁶⁵ Others analyze variation in social welfare

⁶⁴ I borrow this distinction from Campbell (2002) in which he calls programmatic focus as “welfare state in the narrow sense,” as opposed to the “welfare state in broader sense,” which encompasses an assortment of welfare-enhancing government policies. John Creighton Campbell, “Japanese Social Policy in Comparative Perspective,” *World Bank Institute Working Papers* no. 37197 (2002): 2.

⁶⁵ For example, Torben Iversen and David Soskice, “Electoral Institutions and the Politics of Coalitions: Why Some Democracies Redistribute More than Others,” *American Political Science Review*, 100 no. 2 (May 2006): 165-181; Alberto Alesina and Edward L. Glaeser, *Fighting Poverty in the US and Europe: A World of Difference* (New York: Oxford University Press, 2005).

spending over time, often through a case study approach (comparing fewer, if not focusing on a single country).⁶⁶ In addition, existing research examines various stages of social welfare development: the origins of social welfare programs prior to 1945;⁶⁷ programmatic developments after 1945;⁶⁸ and the impact of globalization and neo-liberal reform on social spending in the last three decades.⁶⁹ Given the rich diversity of research on social welfare, achieving a simplified classification of the existing literature comes at the expense of nuance and complexity. Nonetheless, I provide here a synthetic summary of the essential logic of each approach, and extrapolate divergent hypotheses on redistribution that can be used to evaluate developments in Japan.

The existing arguments can be broadly divided into six categories, based on: social division, culture, economic development, civil society, power resources, and electoral system. The causal explanations advanced by each literature can further be grouped by the type of causal variables and processes. As figure 1.3 illustrates, some theories focus on socio-economic variables, others on political factors. In addition, theories vary in their view of how policy outcomes are shaped; some envision structural forces at work whereas others maintain a more actor-centered view of social policymaking. I briefly explain these distinctions and preview the main predictions of each approach below.

⁶⁶ For example, Gaston V. Rimlinger, *Welfare Policy and Industrialization in Europe, America, and Russia* (New York, NY: John Wiley & Sons, Inc., 1971).

⁶⁷ For example, Theda Skocpol, *Protecting Soldiers and Mothers: The Political Origins of Social Policy in United States* (Cambridge, MA: Harvard University Press, 1992); Paul V. Dutton, *Origins of the French Welfare State: The Struggle for Social Reform in France, 1914-1947* (New York: Cambridge University Press, 2005).

⁶⁸ For example, Andrea Louis Campbell, *How Policies Make Citizens: Senior Political Activism and the American Welfare State* (Princeton, NJ: Princeton University Press, 2005); Margarita Estevez-Abe, *Welfare and Capitalism in Postwar Japan* (New York, NY: Cambridge University Press, 2008).

⁶⁹ For example, Paul Pierson, *Dismantling the Welfare State?* (New York, NY: Cambridge University Press, 1994); Duane Swank, *Global Capital, Political Institutions, and Policy Change in Developed Welfare States* (New York, NY: Cambridge University Press, 2002).

Figure 1.3 Typology of extant literature on redistribution

	Socio-economic	Political
Structure	Culture Economic Development	Electoral System
Agency	Social Division Civil Society	Power Resources

Four approaches are based on socio-economic variables. *Social division* theory predicts that more ethnically-divided and heterogeneous countries are less likely to redistribute to the poor. Individuals make strategic decisions about how much and to whom to redistribute by factoring in the “race” card. The *culture approach* argues more broadly that cultural values that place blame on individuals for falling into poverty hinder government intervention to aid the poor as they are expected to escape poverty through their own personal resources, which includes support from families. Government responses, structured by the beliefs about poverty, are said to be uniform across social policy issues and consistent over time. Similarly, the *economic development* approach advances a structure-based argument and expects that social policies develop in tandem with economic progress. It predicts that the level of social spending, including aid to the poor, converges across advanced industrialized countries as industrialization creates the demand to protect citizens from the ills of economic transformation and simultaneously increases the government’s revenue capacity to supply welfare services for the needy. The *civil society* literature, in contrast, contends that states do not automatically respond to rising need, instead, what matters most is the ability of citizens to effectively convert social concerns into public policies. It predicts that countries with high levels of civic

activism have stronger safety net for the poor.

While theories based primarily on socio-economic variables downplay the autonomous role that political actors, processes, and institutions have on policy outcomes, two other theoretical approaches argue that politics matter most in shaping redistributive policies.⁷⁰ *Power resources* theory predicts that the strength of the “left” (i.e., the labor movement and leftist parties) is positively correlated with the level of redistribution. In contrast, the *electoral system* approach contends that political actors’ preferences and decisions are structured by incentives derived from electoral rules. It predicts a positive correlation between the proportionality of electoral system and the level of redistribution.

In what follows, I discuss the main theoretical claims of each strand of literature in general terms, examine how each approach has been deployed in comparative research, and evaluate how well it applies to the Japan case. Reviewing the extant literature reveals that each has something important to say about the Japan case. Although existing theories provide valuable insights, they fall short of providing a fuller account, which requires probing deeper into the historical development of democratic governance, markets and social movements. In other words, we need to pay closer attention to how the origins of political institutions influence the construction of the safety net, clarify the causal process of how working class mobilization impacts the poor, and analyze how markets evolved over time to shape poverty relief policies.

⁷⁰ For an introduction to the politics of redistribution, see chapter 12 (section 3) of Robin Boadway and Michael Keen, “Redistribution,” in *Handbook of Income Distribution*, edited by Anthony Atkinson and Francois Bourguignon (Amsterdam: North-Holland, 2000), 677-789.

Redistribution in Divided Societies

Do ethnic divisions hamper redistribution?

The subject of why a wealthy country does not provide adequate poverty relief surfaces most frequently with respect to the United States. Whereas European governments are generally characterized as “generous” and “caring,” American treatment of the poor is often described as “stingy,” “punitive,” and even “mean.”⁷¹ Many make reference to the “color” of social policy, where the country’s unique history of racial division (e.g., slavery and segregation) is said to be fully or partially responsible for hampering efforts to fight poverty.

A group of scholars argue that the American hostility toward public assistance is attributed to racism, specifically, of whites toward blacks who are perceived as the primary recipients of welfare. Using survey-based data, Gilens (1995, 1996, 1999) argues that “negative attitudes toward blacks” have led many whites that support social spending at large to vigorously oppose means-tested programs aimed at the poor.⁷² Similarly, opposition towards public assistance programs has been shown to stem from white resentment towards blacks for failing to work hard enough to better their own

⁷¹ Wilensky describes the American treatment of the poor: “It is true that the United States is more reluctant than almost any other rich country to make a welfare effort appropriate to its affluence. Our support of national welfare programs is halting; our administration of services for the less privileged is mean. We move toward the welfare state, but we do it with ill grace, carping and complaining all the way.” More recently, Robert C. Lieberman notes that the American public assistance programs “tend to be punitive, stingy, and politically weak.” See *Shaping Race Policy: The United States in Comparative Perspective* (Princeton, NJ: Princeton University press, 2005): 3.

⁷² Martin Gilens, “Racial Attitudes and Opposition to Welfare,” *The Journal of Politics*, vol. 57 no. 4 (November, 1995): 994-1014; “Race-Coding’ and White Opposition to Welfare,” *American Political Science Review*, vol. 90 no. 3 (September, 1996): pp. 593-604; Martin Gilens, *Why Americans Hate Welfare: Race, Media, and the Politics of Antipoverty Policy* (Chicago, IL: University of Chicago Press, 1999).

lives.⁷³ Racist attitudes and discrimination against blacks are argued to have produced a “racially-stratified” welfare state, where whites generally enjoy greater benefits and access to social welfare services than blacks.⁷⁴

Divided societies are more prone to lower support for redistribution for reasons that are not necessarily tied to racism. Poole (2006), for example, examines the historical origins of the Social Security Act and argues that its discriminatory practices did not stem from racism per se but from white policymakers’ intention to preserve and enhance “white privileges” by crafting social policies that were biased in favor of white industrial workers.⁷⁵ The emphasis on the role of social policies in enhancing and perpetuating the racial subordination of nonwhites is also found in the work of Williams (2003) and Lieberman (1998).⁷⁶

More broadly, in-group versus out-group tension in a divided society is purported to limit social spending as human beings sympathize less with individuals who are perceived as different from them: voters can “empathize with a poor single mother with two children who looks like them, but if that mother has a different skin color, empathy declines dramatically.”⁷⁷ Through a quantitative analysis of European countries and the United States, Alesina and Glaeser (2005) and Alesina et al. (2001) find a negative

⁷³ Donald R. Kinder and Lynn M. Sanders, *Divided by Color: Racial Politics and Democratic Ideals* (Chicago, IL: University of Chicago Press, 1996).

⁷⁴ On this point, see Michael K. Brown, *Race, Money, and the American Welfare State* (Ithaca, NY: Cornell University Press, 1999); Jill S. Quadagno, *The Color of Welfare* (Oxford: Oxford University Press, 1994).

⁷⁵ Mary Poole, *The Segregated Origins of Social Security: African Americans and the Welfare State* (Chapel Hill, NC: University of North Carolina Press, 2006), 174-175.

⁷⁶ Linda Faye Williams, *The Constraint of Race: The Legacies of White Skin Privilege in America* (University Park, PA: The Pennsylvania State University Press, 2003); Robert Lieberman, *Shifting the Color Line: Race and the American Welfare State* (Cambridge, MA: Harvard University Press, 1998).

⁷⁷ Alesina and Glaeser (2005), 177.

correlation between ethnic heterogeneity and social spending.⁷⁸ Similarly, Roemer (1998) and Roemer and Lee (2006) predict a negative correlation between social division and redistribution, but advance a causal mechanism that does not necessarily involve discrimination as a vehicle to reduce support for redistribution. They argue that the presence of a divisive non-economic issue—such as religious differences-- reduces redistribution through a “policy-bundling effect.”⁷⁹

Although not directly related to poverty relief per se, a number of scholarly work have unraveled the pernicious effects of ethnic divisions on a whole slew of other public policy issues, such as provision of public goods.⁸⁰ Despite differences in the opinions over the magnitude and mechanism of how race affects redistribution, the basic hypothesis of the social division approach is that *ethnically divided countries are less likely to redistribute to the poor, especially when contested minority groups are perceived to make up a significant portion of welfare recipients.*

⁷⁸ Alesina and Glaeser (2005); Alberto Alesina, Edward L. Glaeser, and Bruce Sacerdote, “Why Doesn’t the US Have a European-Style Welfare State,” *NBER Working Paper 8524* (2001).

⁷⁹ To illustrate how the “policy-bundling effect” works, Roemer (1998) specifies the Leftist as a more secular party (e.g., Labour) representing poor voters, and the Right as a more religious party (e.g., Christian Democrats) representing rich voters. Non-economic issues such as religion “bundles” with redistribution when, for example, the more religious poor vote for the more religious but anti-redistribution Rightist party. Alternatively, when the more secular Leftist party appeals to the rich secular voters by reneging their full commitment to redistribution by proposing lower tax rate. Thus, the introduction of a second, non-economic dimension in politics produces an issue-bundling effect that helps explain why universal suffrage has not led the poor to expropriate the rich. See John Roemer, “Why the Poor Do Not Expropriate the Rich: An Old Argument in New Garb,” *Journal of Public Economics*, 70 (1998), pp. 399-424; John E. Roemer and Woojin Lee, “Racism and Redistribution in the United States: A Solution to the Problem of American Exceptionalism,” *Journal of Public Economics*, 90 no. 6-7 (2006), pp. 1027-1052. While Roemer’s results are driven by electoral competition, Austen-Smith and Wallerstein (2003) attain similar results instead through a process of legislative bargaining in David Austen-Smith and Michael Wallerstein, “Redistribution in a Divided Society,” manuscript, Northwestern University (October 2003) <http://www.international.ucla.edu/cms/files/wallerstein.0123.pdf>.

⁸⁰ In explaining why ethnically diverse societies face greater difficulty in providing public goods, Alesina et al. (1999) argue that voters of one ethnic group are less enthusiastic about providing non-excludable public goods accessed by other ethnic groups because they bear the cost of provision. See Alberto Alesina, Reza Baqir, and William Easterly, “Public Goods and Ethnic Division,” *Quarterly Journal of Economics*, 114 no. 4 (November 1999), pp. 1243-1284. For a discussion on competing explanations for why ethnically diverse society undermine public goods provision, see chapter one of James Habyarimana et al., *Coethnicity: Diversity and the Dilemmas of Collective Action* (New York: Russell Sage Foundation, 2009).

What do the American experience and the general theoretical insight of social division and redistribution reveal about the state of poverty relief in Japan? And vice versa, what does studying Japan tell us about this literature? There appears to be no lesson one could draw given the markedly different demographic, political, economic and social elements between Japan and the United States. In contrast to the United States, which has an excuse of suffering racial divisions that is purported to deter redistribution, Japan is a textbook example of a highly homogeneous nation-state.⁸¹ Social division theory would expect Japan to provide higher levels of social spending than its more heterogeneous peers; instead, as I have shown previously, Japan does very little for the poor in comparative terms.

The puzzle of Japan's minimalist status deepens when we consider the premise of American exceptionalism that lies at the core of race and social policy literature. It begs the question, is Japan yet another outlier case? Or do the two countries share more similarities beyond the minimalist poverty relief? Based on the logic of social division theory, does Japan selectively redistribute less to the poor because of discrimination against the ethnic minorities that make up many welfare recipients?

Throughout history, discrimination against Japan's minority groups—the main groups being Okinawans from the Ryūkyū islands, Ainu of Hokkaidō, Korean and Chinese descendants, and the Burakumin—has been well documented.⁸² Research has shown that Japanese social minorities are more likely to be poor and receive public

⁸¹ Some scholars argue against the view that Japan is ethnically homogeneous and culturally unified. For example, Lie (2001) demonstrates that the monoethnic view of Japan is overstated and the country is as ethnically diverse as other countries. See also Ryang (1997) on North Korean lives in Japan. John Lie, *Multicultural Japan* (Cambridge, MA: Harvard University Press, 2001); Sonia Ryang, *North Koreans in Japan: Language, Ideology, and Identity* (Boulder, CO: Westview Press, 1997).

⁸² For literature on racism/discrimination in Japan, see for example, Richard Mitchell, *The Korean Minority in Japan* (Berkeley, CA: University of California Press, 1967); John W. Dower, *War Without Mercy: Race and Power in the Pacific War* (New York, NY: Pantheon Books, 1986).

assistance.⁸³ As table 1.7 indicates, prefectures that have a high percentage of minorities, such as Hokkaidō and Okinawa, rank high on the list of public welfare assistance rate [table 1.7]. In 2004, Hokkaidō prefecture had the second highest public assistance rates (36.2 per 1000 household) and Okinawa the seventh (27.5 per 1000 household).

Contrary to the prediction of the social division theory, however, there has been more, not less, government effort to improve the standard of living of minorities. Public funds were poured into regions that have a high concentration of minorities to counter the socio-economic discrimination they face. Starting from the enactment of the 1969 Special Measures for Assimilation Law (*Dōwa taisaku jigyo tokubetsu sochi hō*), the national government designated Buraku communities as “assimilation districts” (*dōwa chiku*) and energetically financed projects that improved social welfare services to end segregation.⁸⁴ In addition, public funds were provided for public employment placement and training services as well as subsidized loans for local businesses and individuals.⁸⁵

⁸³ For example, the average income of Burakumin—identified as those now currently residing in specially designated assimilation areas called “*dōwa chiku*”—is around 70% of national average. This research also reported that the Ainu population is more likely to receive public welfare assistance and face economic hardship. The report was presented at the Prime Minister’s Office for the Ainu specialist policy forum (“Ainu seisaku no arikata ni kansuru yūshikisha kondankai”). A recent survey compiled by the Hokkaido Ainu Association reported that the average annual income of Ainu is around 356 man yen (around \$35,000), which is only 60% of the national household income of 567 man yen (around \$56,000). 5.2% of the Ainu population was reported to be on public assistance, compared to the Hokkaidō-wide welfare assistance rate of 3.5%. See “Ainu: izen hikui shotoku, 5.2% ga seikatsu hogo jukyū nenshū wa heikin no rokuwari” [The Ainu: income remains low, 5.2% are receiving public welfare assistance, annual income is only 60% of average] *Mainichi Shimbun*, May 30, 2005.

⁸⁴ This was carried out through building new publicly subsidized housing areas, sanitation and water systems, day care centers, medical centers, libraries, and recreational facilities. Over the last three decades, the total public funding to improve the living standard of Buraku people is estimated to be thirteen trillion yen, a period in which nearly 65,000 public housing units were renovated, 60,000 units newly constructed, and 72,000 cases of loans for new homeowners were provided. Toshio Mizuuchi, “Private Struggles, Public Supports: Renovating Japanese Minority Community, Buraku,” *Dōwa Mondai Kenkyū (Osaka City University)*, 20 (1998): 32-33.

⁸⁵ Deborah J. Milly, *Poverty, Equality, and Growth* (Cambridge, MA: Harvard University Asia Center, 1999), 13; Toshio Mizuuchi, “Private Struggles, Public Supports: Renovating Japanese Minority Community, Buraku,” *Dōwa Mondai Kenkyū (Osaka City University)*, 20 (1998): 29-43.

The national government has given the Ryūkyū people in Okinawa and Ainu-populated Hokkaidō prefectures more funds to develop public services than any other prefecture.

Despite the strong presence of in-group (Japanese) versus out-group (non-Japanese) tension in the country—also reflected in the restrictive immigration policies aimed at maintaining homogeneity—welfare assistance has been distributed to foreigners residing in Japan on humanitarian grounds for over half a century. Today, nearly 3% of the total welfare recipients are foreigners [table 1.8].⁸⁶ Thus, the Japan case hints at a more open-ended relationship between race and social policymaking, where redistribution can be employed as an instrument to pacify, not aggravate or accentuate the existing racial tension.⁸⁷ The choice to politically exploit or ameliorate racial tension suggests that political actors have more latitude over formulating social policies.

To better understand why Japan and the United States have followed a minimalist path of poverty relief, we need to consider the puzzle from a broader perspective by moving away from an analysis centered on the poor's social identity or racial profile. In the United States, the majority of public assistance beneficiaries are whites, not blacks. If this is the case, why did the issue of saving poor whites fall by the wayside? If the poor in the United States are collectively nickel and dimed regardless of their skin color, why were they unable to translate their sizable votes and voice into generous redistributive policies?

⁸⁶ The observation that outsiders have benefited from social welfare services can also be found in Apichai Shipper's research on foreign immigrants in Japan. See Apichai W. Shipper, *Fighting for Foreigners: Immigration and Its Impact on Japanese Democracy* (Ithaca, NY: Cornell University Press, 2008).

⁸⁷ This point resonates with how racial division abetted poverty relief expansion in the United States in the 1960s. Some scholars point out that racial politics facilitated greater visibility of and urgency for poverty relief as mounting racial tension was partially blamed on the economic gap between the two races. The Johnson administration's war against poverty found roots in thinking that helping poor blacks escape poverty could mend racial tensions and close the gap in living standards.

Although my research is predominantly based on the Japanese experience, identifying the causal factors that created the minimalist path in Japan can be a first step towards realizing a systematic comparative analysis of the two countries, an analysis that is conspicuously absent in the existing literature. Scholars of the American welfare state may find it particularly useful to learn that the findings from this dissertation suggest that the two countries share more similarities in their development of social policies than first meets the eye. Both countries have intra-welfare state inequality that has developed over time, in which some social welfare programs (such as social security and in-kind benefits) have expanded more robustly than income support programs for the poor.⁸⁸ Their historical treatment of the poor is also similar as the poor faced challenges in exercising their political rights (e.g., stringent voting requirements, such as literacy tests and poll taxes). Moreover, both countries have a less centralized labor movement, which is regarded as one of the key determinants of big welfare states in Europe.⁸⁹ These similarities suggest that social division theory alone cannot explain the root causes of a minimalist path and highlight the need to continue exploring other theories of redistribution.

Culture and Redistribution: The Shared Understanding of the Poor

Do governments steer away from aiding the poor when they are expected to escape poverty through individual effort and their familial support?

⁸⁸ Lieberman (2005).

⁸⁹ If “race,” in fact, permeates all corners of political, economic, and social life in America, is it possible that it indirectly shaped redistributive policies through intermediating on another causal factor? For example, research shows that racial division diluted collective identity and weakened collective actions of labor movements and prevented them from effectively pushing for universal, income guarantee schemes.

While most of the literature on poverty and redistribution define the “poor” mainly by their economic status (i.e., having low income), the culturalist perspective stresses that what it means to be “poor” has a distinct cultural connotation. The socially-constructed beliefs about the poor and normative beliefs about what should be done about poverty manifest themselves in a variety of human interactions and forms: a public assistance administrator chiding welfare applicants for their lack of effort; a policymaker praising the virtues of self-help while disparaging those on welfare as indolent; a passerby who scornfully looks at a homeless person, silently thinking “it’s your own fault”; a poor man, reluctant to seek welfare assistance in order to avoid the sense of shame in receiving government assistance, not realizing that the stigma of poverty also comes from within. These are just a few examples of how cultural values operate within individuals’ mind and emotions, surfacing concretely in how they treat the poverty of others or their own.

The culture approach posits that the beliefs about the causes of and solutions to poverty are central to understanding policymakers’ preferences and decisions towards redistribution. Cultural beliefs and norms translate into a concrete set of policies as actors use “culture as a tool kit” to understand the world around them and seek solutions to social welfare problems.⁹⁰

Finding the nexus between intangible “values” and concrete policy outcomes is a difficult task, which culturalists have duly acknowledged.⁹¹ Determining a coherent set of “core values” in any society is challenging enough, forming a causal link with actors’ preferences toward redistribution adds another layer of complexity. Nevertheless,

⁹⁰ Ann Swidler, *Talk of Love: How Culture Matters* (Chicago, IL: The University of Chicago Press, 2001).

⁹¹ Swidler (2001), 24.

scholars have attempted to demonstrate how pervasive values influence redistributive policy preferences. Survey-based studies have found that individualism and the work ethic in American society are important determinants for social welfare support.⁹² The strong liberal values of individualism and Calvinist work ethic are purported to place responsibility over economic well-being on the individual rather than the government.⁹³ According to this view, policymakers are more likely to pursue a laissez-faire policy and seek remedies based on personal resources and networks, reinforcing and legitimating the normative belief that individuals are responsible for their own poverty.

Investigating why European countries fight poverty more vigorously than the United States, Alesina and Glaeser (2005) empirically demonstrate that countries that score high in perceiving the poor as lazy or holding beliefs that poverty is due to a lack of individual effort rather than luck correlate with less redistribution. More recently, the transatlantic research of Kahl (2010) seeks to explain the comparative variation of poor relief through differences in religious ethics derived from Christian denominations (Catholic, Lutheran, Calvinist/Puritan).⁹⁴

Beliefs about poverty are said to create a set of stable equilibria and the solutions that they generate tend to be consistent over time and across issues.⁹⁵ For culture-based arguments, therefore, redistributive outcomes are more determined than contested. *The culture approach expects divergent policy responses to poverty across countries and,*

⁹² James R. Kluegel and Eliot R. Smith, *Beliefs about Inequality: Americans' Views of What Is and What Ought to Be* (New York: Aldine De Gruyter, 1986); Yehekel Hasenfeld and Jane A. Rafferty, "The Determinants of Public Attitudes toward the Welfare State," *Social Forces* 67 (June 1989): pp. 1027-1048.

⁹³ Alesina and Glaeser (2005); Louis Hartz, *The Liberal Tradition in America: An Interpretation of American Political Thought since the Revolution* (New York: Harcourt, Brace and World, 1955).

⁹⁴ See Sigrun Kahl, *Saving the Poor: Religion and Politics of Welfare in Europe and the United States* (Book manuscript) 25 March 2010.

⁹⁵ Frank Dobbin, *Forging Industrial Policy: The United States, Britain, and France in the Railway Age* (New York: Cambridge University Press, 1994).

broadly speaking, predicts that countries with strong beliefs that the poor are responsible for their own poverty are associated with less public expenditures for the poor.

Culture-based arguments directly speak to the Japanese literature known as the “*nihonjinron*.”⁹⁶ Translated as the “theory of Japanese,” it presupposes that Japan is a culturally unique, socially homogeneous, and fundamentally different society. Various aspects of the country—whether its economic policy or welfare policy—that seem peculiar are explained by its idiosyncrasy. If the Protestant work ethic and individualism form the base of American core values, the Japanese have their counterpart: a unique combination of the culture of “shame” (*haji*) and Confucian emphasis on hard work and family welfare.

Anthropological studies based on interviews and surveys of prospective recipients and ordinary citizens show a high degree of cultural aversion towards seeking and accepting public assistance.⁹⁷ Journalistic accounts of the poor’s reluctance to apply for welfare also describe the “shame” attached to doing so, as family members of applicants are notified of the need for assistance.⁹⁸ Tipton (2003) examines the origins of the poverty relief system in Japan in the early twentieth century and argues that the moralistic view of the causes and remedies for poverty (i.e., poverty is due to individual failings and

⁹⁶ Some of the major “*nihonjinron*” literature are: Chie Nakane, *Japanese Society* (Los Angeles, CA: University of California Press, 1998); Ezra F. Vogel, *Japan As Number One: Lessons for America* (Cambridge, MA: Harvard University Press, 1979); Tadanobu Tsunoda, *The Japanese Brain: Uniqueness and Universality* (translated by Yoshinori Oiwa) (Tokyo: Taishukan, 1985); John F. Embree, *The Japanese* (Washington: Smithsonian Institution, 1943).

⁹⁷ For example, see Carolyn S. Stevens, *On the Margins of Japanese Society* (New York: Routledge, 1997), 74-76; Koji Taira, “Public Assistance in Japan: Development and Trends,” *The Journal of Asian Studies*, 27, no. 1 (November 1967).

⁹⁸ For example, see NHK, *Waakingupua Nihon wo Mushibamu Yamai* [Working poor: The sickness undermining Japan] (Tokyo: Populasha, 2007), 55.

the poor are undeserving of public aid) shaped the Relief and Protection Law of 1929 and continue to influence attitudes towards poverty relief today.⁹⁹

Moreover, culturalist theories claim that the traditional role of families in caring for the poor has allowed the Japanese governments to play a passive role.¹⁰⁰ The household (*ie* in Japanese) has traditionally provided a variety of welfare services for family members, which include childcare, income support for the unemployed, and care for the aged. This is reinforced by the Confucian notion of the relationship between parent and child, in which both parties are expected to provide mutual assistance across different stages of life.¹⁰¹ Jones (1996) categorizes Japan as a type of a family-based “Confucian welfare state.”¹⁰² Thus, the Japanese cultural emphasis on “family” as the provider of welfare (*kazoku danomi*) may have perpetuated the society’s reliance on families as the principal organ of poverty relief.

How well do culturalist arguments stand up empirically? Comparing surveys of social values across countries leads to inconclusive results and beliefs about the poor are not as coherent as culturalists want us to believe.¹⁰³ On the one hand, the World Value Survey reports that 57% of Japanese believe that poverty is due to “laziness and lack of will power,” a level closer to that of the United States (60%) than Europe (26%).¹⁰⁴ On the other, Aoki (2007) shows that 14.2% of Japanese perceive “lack of will power” as a

⁹⁹ Elise K. Tipton, “Defining the Poor in Early Twentieth-Century Japan,” *Japan Forum* 20 no 3 (2008).

¹⁰⁰ For a discussion on the main characteristics of the Japanese-style welfare society (including the role of family-welfare), see Makoto Kono, “The Welfare Regime in Japan,” in *East Asian Welfare Regimes in Transition*, edited by Alan Walker and Chack-kie Wong (Bristol: The Policy Press, 2005), 120-123.

¹⁰¹ George A. De Vos and Walter H. Slote, eds., *Confucianism and the Family* (Albany, NY: State University of New York Press), 1998.

¹⁰² Catherine Jones, “The Pacific Challenge” in *New Perspectives on the Welfare State in Europe*, ed. Catherine Jones (New York, NY: Routledge, 1996).

¹⁰³ This point that surveys show conflicting values is raised in Wilensky (1975), 37-38.

¹⁰⁴ The figures for the United States and Europe are from Alesina and Glaeser (2004), 184 (calculations from 1983-1997). The Japan figure is derived from author’s calculations from 1981 to 2000 in the Values Surveys Databank.

cause of poverty, closer to the level in Europe (16%).¹⁰⁵ More generally, while 47% of Europeans blamed poverty on social injustice rather than on individuals, 51.9% of Japanese responded similarly.¹⁰⁶

Given the conflicting reports on Japanese beliefs about poverty, verifying the reality of the poor's circumstances provides some clues on what it means to be poor in Japan. As table 1.9 shows, nearly 83% of Japanese poor work and the country's rate of working poverty--those who hold employment but cannot escape poverty—is one of the highest among advanced industrialized countries at around 11 percent (table 1.9). Similarly, Japanese lone mothers boast one of the highest labor market participation rates in the world and yet endure the highest poverty rate among OECD countries.¹⁰⁷ The Japanese poor certainly do not conform to the perception that they are lazy.

Regardless of how uniformed or conflicting the beliefs about the poor are, if the Japanese poor mostly work and get virtually no help from the government, where does the perception that they are lazy or the stigma of poverty originate? The source of values has received more attention in recent years and several studies have shown that perceptions about the poor are endogenous to political variables.¹⁰⁸ Alesina and Glaeser (2005), for example, argue that countries with strong leftist-party tradition are more likely to hold beliefs that justify government spending for the poor since left-wing political

¹⁰⁵ Figures from Europe are from Eurobarometer, *Poverty and Social Exclusion* (Brussels: TNS Opinion & Social, 2010), 53-54. The electronic version of the document can be found at http://ec.europa.eu/public_opinion/archives/ebs/ebs_321_en.pdf (accessed: September 2010). The Japanese survey, constructed as a point of comparison to the Eurobarometer's survey, was administered by Aoki Osamu, "Shakai Ishiki: Gendai Nihon no Hinkonkan" [Social awareness: The current Japanese attitudes toward poverty], in *Gendai no Hinkon to Fubyōdō* [Present poverty and inequality], edited by Aoki Osamu and Sugimura Hiroshi (Tokyo: Akashi Shoten, 2007), 204.

¹⁰⁶ Eurobarometer (2010) and Aoki (2007).

¹⁰⁷ The labor market participation rate of poor single mothers is estimated to be around 85% and the poverty rate of single household with children is around 60%. See OECD, *Growing Unequal? Income Distribution and Poverty in OECD Countries* (2008), 133.

¹⁰⁸ See for example, chapter 7 of Alesina and Glaeser (2005) and Alberto Alesina and George-Marios Alesios, "Fairness and Redistribution," *American Economic Review* 95 no. 4 (September 2005).

leaders indoctrinate citizens about the merits of poverty relief to build their electoral support.¹⁰⁹ Likewise, Prasad (2006) demonstrates that neo-liberal cuts in welfare spending were justified by Reagan’s “rhetorical invention” of the “welfare queen” imagery that led people to believe that the poor were potential welfare chiselers undeserving of government aid.¹¹⁰ Political actors possess a wealth of resources to produce and disseminate research reports on poverty that can then be used to support policy decisions. The 1965 Moynihan Report that introduced the powerful concept of the “culture of poverty” blaming individuals for perpetuating their own misfortune and which has been used to legitimate minimalist government intervention in the United States illustrates this point.¹¹¹

Although the stigma surrounding poverty relief is observable in virtually all societies, what governments do with it varies. Across Europe, countries have initiated policies to de-stigmatize poverty by creating transparency and facilitating dialogue on the issue, forging multilateral commitment to fight social exclusion of the poor, and by changing the delivery of assistance (e.g., use of tax credits). In contrast, Garon (2002) observes that the “sense of shame” and stigma surrounding poverty relief in Japan has been “cultivated and strengthened” by political actors.¹¹² Thus, in general, the cultural approach says little about how political actors use their power and resources to create and

¹⁰⁹ Alesina and Glaeser (2005), 206-211.

¹¹⁰ Monica Prasad, *The Politics of Free Markets: The Rise of Neoliberal Economic Policies in Britain, France, Germany, and the United States* (Chicago, IL: University of Chicago Press, 2006), 86-87.

¹¹¹ Although anthropologist Oscar Lewis originally developed the concept of “culture of poverty” in 1959, The 1965 Moynihan Report is credited to have introduced the idea to the public domain. For a recent discussion on the “culture of poverty,” see David Harding et al., eds., *Reconsidering Culture and Poverty*, *The Annals of the American Academy of Political and Social Science Series* 629 no. 1 (May 2010); Patricia Cohen, “‘Culture of Poverty’ Makes a Comeback,” *The New York Times* (17 October 2010).

¹¹² Garon (2002), 3.

shape values, which recent studies have found to be essential to our understanding of making social policies.

Moreover, the alternative cultural explanation, the presence of the “family-welfare” limiting the role of government in poverty relief, is not supported empirically. While policymakers have historically highlighted the prominent role of the family as the nucleus of the “Japanese style” welfare state,¹¹³ the role of family in providing for the poor has been more forcefully imposed than presumed. As I discuss in greater depth in the case study, a number of Meiji government officials, scholars, and journalists voiced concern that rapid urbanization and industrialization were destroying the traditional familial support system. When the Home Ministry began preparing the Poor Relief Bill of 1929 (*Kyūgohōan*), it justified its pursuit of modernization and expansion of the Japanese poor relief system because it had serious doubts about families and neighbors caring for the poor in a new urban, industrial socio-economic environment.¹¹⁴ Despite the fact that non-governmental resources were inadequately equipped to help the poor, political leaders at the time insisted that families and neighbors be the primary caregivers to keep public expenditures as low as possible.¹¹⁵ Thus, the fact that Japanese public assistance continues to rely on non-governmental resources is a consequence rather than the cause of the government’s reluctance to play an active role.

Finally, it is not clear if families were ever fit to substitute public assistance given all the findings from cohort studies and other longitudinal research that have

¹¹³ Joji Watanuki, “Is There a ‘Japanese-Type Welfare Society?’” *International Sociology* 1 no. 3 (September 1986): 264-265.

¹¹⁴ From the Social Bureau chief Nagaoka’s memo, “Kyūhin seido no setsubi ni tsuite” [in preparation for the poor relief system] December 1928.

¹¹⁵ Terawaki Takao, *Kyūgohō no Seiritsu to Shikō Jōtai no Kenkyū* [Research on the passage and implementation of the relief protection law] (Tokyo: Domesu Shuppan, 2007), 198.

demonstrated the vicious cycle of poverty.¹¹⁶ Poor parents tend to produce poor children and their offspring are likely to face poverty for a number of reasons (e.g., the long-lasting pernicious effects of underinvestment in education and health). It may well be that the family-welfare model only applies to families with higher income. Regardless, even in today's world where signs of the frailty of the family-welfare are everywhere—most notably, the destruction of the traditional family system (*kazoku hōkai no kiki*) caused by historically higher divorce rates, low fertility rate, urbanization, and more people choosing careers over domestic household work—the Japanese government's determination to be resolutely minimalist remains unsatisfactorily explained by the family-substitution argument.¹¹⁷

Economic Modernization and Redistribution

Does the demand and supply for public assistance increase as countries become more industrialized?

Whereas cultural approach expects countries to have divergent policies to aid the poor, the economic modernization theory argues the opposite. According to the “structural functionalist” theory of welfare state development, social policies develop in tandem with economic development.¹¹⁸ As industrialization advances, countries follow a similar path of social change: from an agricultural to industrial economy, from rural

¹¹⁶ See for example, Stephen Gibbons and Jo Blanden, *The Persistence of Poverty across Generations: A View from Two British Cohorts* (Bristol: Polity Press, 2006); Miles Corak (ed), *Generational Income Mobility in North America and Europe* (New York: Cambridge University Press, 2004); OECD, *Doing Better for Children* (2009).

¹¹⁷ A government survey conducted in 1991 shows that, comparatively, elderly Japanese feel more anxious about their ability to support themselves financially and support from family members (i.e., children) than in Germany or Britain. Sōmuchō, *Life and Sense of the Aged, The Third Report of Comparative Research* (1991).

¹¹⁸ Giddens (1976) notes that the logic of industrialization finds roots in the structural-functionalist thinkers such as Auguste Comte and Talcott Parsons. Anthony Giddens, “Classical Social Theory and the Origins of Modern Sociology,” *American Journal of Sociology* 81 no. 4 (1976).

settlement to urbanization, and from relationships based on personal kinship to impersonal exchanges.¹¹⁹ These seismic shifts create new problems and needs to which states respond by providing a wide range of social welfare programs for citizens.¹²⁰ For example, industrialization disrupts the traditional communal support systems based on kinship on which individuals rely when falling into poverty; the resulting void is filled by government social programs.¹²¹

Similarly, churning market conditions such as deregulation of the labor market and trade create “social catastrophes” that increase the need for the state to protect and compensate dislocated citizens.¹²² In *The Great Transformation*, Polanyi (1944) argues that industrial revolution produced substantial “economic improvement” but created a never-before-seen “avalanche of social dislocation” that compelled states to “protect society against the ravages of such a mechanism.”¹²³ From this perspective, governments implement social welfare policies, including poverty relief programs, as a means of damage control against destructive market forces.¹²⁴

Complementary to the rising demand for social welfare services, economic development also makes social assistance programs more affordable and ripe for

¹¹⁹ Harold Wilensky and Charles N. Lebeaux, *Industrial Society and Social Welfare* (New York: Russell Sage Foundation, 1958); Clark Kerr, et al., *Industrialism and Industrial Man* (Cambridge, MA: Harvard University Press, 1960).

¹²⁰ Some of the problems wrought by industrialization include delinquency, crime and unemployment. See Wilensky and Lebeaux (1958), 230; Clark Kerr, et al. (1960), 40-41.

¹²¹ Wilensky and Lebeaux (1958), 230.

¹²² Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston, MA: Beacon Press, 1944), 76.

¹²³ *Ibid.*, 40.

¹²⁴ A similar type of argument can be found in theories with an international perspective. Trade liberalization is purported to make a country more vulnerable to external shocks and social welfare spending acts as a “risk-reducing” instrument to cushion the negative effects on national income. The social welfare “cushion” device can, for instance, take the form of social assistance funds to support the income of displaced workers who have run out of unemployment benefits. For this line of argument, see Dani Rodrik, “Why Do Open Economies Have Bigger Governments?” *The Journal of Political Economy*, 106 no. 5 (October, 1998); Peter Katzenstein, *Small States in World Market* (Ithaca, NY: Cornell University Press, 1985).

expansion. Governments' revenue-generating and operational management capacities expand which enable them to sufficiently meet the financial and organizational resources to run nation-wide social welfare programs.¹²⁵ Under this theoretical framework, countries follow a similar path of welfare expansion as "economic growth makes countries with contrasting cultural and political traditions more alike in their strategy for constructing the floor below which no one sinks."¹²⁶

Evidence of the relationship between economic development and social policy is mostly provided by large N studies. Based on a cross-sectional analysis of sixty-four countries, Wilensky (1975) finds that economic growth is the "root cause" of the state's greater role in providing social welfare.¹²⁷ Similarly, Barro (1991) and Cashin (1995) found a positive correlation between size of transfer and economic growth.¹²⁸

The economic development approach assumes that the state plays a passive role as social policies are "spontaneous" reactions to protect citizens from "the perils inherent in market economies."¹²⁹ The policymaking process is downplayed and the poor themselves play no active role in the decision-making process; hence, apolitical, impersonal economic forces are driving social policy developments. The historical trajectory of social policies is cumulative and additive according to advancements in

¹²⁵ Wilensky and Lebeaux (1958); Clark Kerr, et al., (1960).

¹²⁶ Wilensky (1975), p. 27. See also Ramesh Mishra, "Welfare and Industrial Man: A Study of Welfare in Western Industrial Societies in Relation to a Hypothesis of Convergence," *Sociological Review* 21 (1973), 553-554.

¹²⁷ Wilensky (1975), xiii.

¹²⁸ Robert J. Barro "A cross-country study of growth, saving, and government," in *National Saving and Performance*, edited by Douglas Bernheim and John B. Shoven (Chicago, IL: University of Chicago Press), pp. 271-301 and Paul Cashin, "Government Spending, Taxes, and Economic Growth," *Staff Papers*, IMF 42 no. 2 (June 1995): 237-69.

¹²⁹ Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston, MA: Beacon Press, 1944), 147.

economic development. *Thus, the economic development theory predicts cross-national convergence of social welfare programs across advanced economies.*

In *One World of Welfare*, Gregory Kasza applies convergence theory of the welfare state to Japan. Although Japan's social welfare system was influenced by country-specific factors such as the experience of mass war, Kasza contends that the country's introduction of social welfare programs was stimulated by the real or anticipated effects of economic development.¹³⁰ All industrialized countries follow a similar path of social welfare expansion and "Japan is no more unique than the other advanced welfare states but sits comfortably within the general parameters of the species."¹³¹

Tracing the origins of the Japanese public assistance system reveals both the explanatory strengths and limits of the economic development approach. As Gregory Kasza correctly points out, countries experiencing industrialization face similar social welfare concerns, which call for government intervention. Since the late nineteenth century, the demand to create a large-scale, nation-wide public assistance system emanated from concerns that rapid industrial advancements were creating new social problems. By the early 1930s, all advanced industrialized countries had established some form of national public assistance systems to address the needs of the poor, Japan included. Thus, the economic development approach partially explains why and when governments create public assistance systems.

Nonetheless, economic development theory has more difficulty explaining three crucial aspects of social policies. First, it cannot explain the variation in policy content,

¹³⁰ Gregory J. Kasza, *One World of Welfare: Japan in Comparative Perspective* (Ithaca: Cornell University Press, 2006), 172.

¹³¹ *Ibid.*, 140.

especially in the magnitude of poverty aid among advanced industrialized countries.¹³²

This chapter began by documenting cross-country variation in the scope and scale of public assistance, belying the convergence prediction of the logic of *One World of Welfare*. Second, economic development theory cannot account for the historical continuity of minimalism or the absence of significant expansion of poverty relief over time as Japan has gained greater capacity and resources. Japan's impressive economic growth did not nourish the public welfare system despite the growing demand to protect relatively poorer families who were left behind during the economic boom. This is true for both pre-war and post-war development of public assistance. Figure 1.4 shows that public assistance in the post-war era continued to decline during times of economic prosperity as well as instability. A mere one percent of the population received public assistance during the economic volatility of the 1970s and the 1980s when relative poverty rates were documented to be around 10%. In the pre-war era, as I discuss at greater length in chapter four, the country's industrial growth stuck poor relief in a retrenchment mode, not expansion. In short, Japan's poverty relief efforts have remained remarkably consistent at a low level despite growing capacity to deliver poverty relief and the rising demand to protect those who were adversely affected by the rapid economic development.

[figure 1.4]

Third, proponents of the economic development approach tend to lump all social-welfare-enhancing programs under the umbrella of "social welfare institutions" or

¹³² The lack of support for the proposition that countries spend similar levels on social welfare is also demonstrated in the work by Ramesh Mishra, "Welfare and Industrial Man: A Study of Welfare in Western Industrial Societies in Relation to a Hypothesis of Convergence," *Sociological Review*, 21 no. 4 (November, 1973) pp. 535-60.

“welfare states” and overlook the inter-program variations that lie beneath.¹³³ Government intervention for old-age care, for example, illustrates my point.¹³⁴ As John Campbell points out, the Diet has passed hundreds of special programs to assist the elderly since 1950 and the number of publicly subsidized and operated nursing homes (*rōjin hōmu*) continued to grow into the 1990s.¹³⁵ For the poor, only a few legislative measures, mostly to tighten spending, exist to this date. Convergence of social insurance policies (mainly healthcare and social security) may well be happening, but the crucial question--why some programs, such as public assistance for the poor, remain minimalist despite numerous historical opportunities for expansion—remains to be answered fully.¹³⁶ This suggests that policymakers are more actively involved in how resources are allocated to protect various segments of the population than the theory envisions.

In the case of the arrested development of public assistance system, we must identify, first and foremost, which actors have been blocking the expansion of poverty relief and why they have succeeded in doing so. Instead of discarding the economic modernization approach, however, pinpointing who exactly prevented the poor from receiving greater assistance would require a fresh look at how the process of industrialization interacts with political contestation.

¹³³ A point also raised by Paul Pierson in *Dismantling the Welfare State?* (New York, NY: Cambridge University Press, 1994).

¹³⁴ It is important to note here that although Gregory Kasza (2006: 140) demonstrates that Japan is comparatively situated “within the general parameters of the species,” his causal inferences are drawn from analyzing the historical development of major social insurance programs such as public pension and healthcare, not the development of the public assistance system for the poor, which is the principal subject of my study. Moreover, his work contains an important dimension of social policy and war, which remains underexplored in comparative social welfare research.

¹³⁵ John Creighton Campbell, *How Policies Change: The Japanese Government and the Aging Society* (Princeton, NJ: Princeton University Press, 1992).

¹³⁶ In critiquing the widely-used concept of “welfare regimes,” Kasza (2002) concludes that the “welfare state” is less internally coherent than the concept implies and suggests future studies to focus on comparison at the programmatic level. See Gregory J. Kasza, “The Illusion of Welfare ‘Regimes,’” *Journal of Social Policy* 31 no. 2 (2002).

The Pressure from Below: Civil Society and Redistribution

Do governments care about the poor only when they pose a threat to domestic order or when organized social groups rally around to fight poverty?

The civil society approach contends that the government's receptivity toward poverty relief is influenced by the intensity of the "voice" from the grassroots level. Unlike other theories of redistribution that we have discussed thus far, the civil society literature views the poor as a central figure in shaping redistributive policies. The poor's interest in greater redistribution is advanced in two ways. The poor can take matters into their own hands and directly plea for greater public relief. Alternatively, civic groups—such as private charity and non-profit organizations—act as a mediator, aggregating the preferences of the poor and advocating greater poverty relief.

In the literature that focuses on direct action taken by the poor, governments expand poverty relief to "buy off" the poor and discourage them from disturbing peace and stability. Hammond and Hammond (1911) show that historically, poverty issues gained political prominence when the incidence of social disturbances was rising.¹³⁷ The Enclosure and dawn of industrial revolution crippled the village poor and their suffering eventually led to riots and social disturbances that prodded the government to enact the Speenhamland Act (1795-1834) to pacify dissension.¹³⁸

In the case of the United States, Piven and Cloward (1971) contend that the history of welfare rolls is a dialectic between social unrest and government concession.¹³⁹ The creation and persistence of relief-giving is rooted in its function as a regulator of

¹³⁷ John Lawrence Hammond and Barbara Hammond, *The Village Labourer 1760-1832* (London: Longmans, Green, and Co., 1911), 122.

¹³⁸ *Ibid.*, 161.

¹³⁹ Frances Fox Piven and Richard A. Cloward, *Regulating the Poor: The Functions of Public Welfare* (New York, NY: Vintage Books, 1971).

poor workers who are disgruntled and dislocated by economic turmoil, such as massive unemployment during the Great Depression.¹⁴⁰ Relief programs are “initiated or expanded to absorb and control enough of the unemployed to restore order; then, as turbulence subsides, the relief system contracts, expelling those who are needed to populate the labor market.”¹⁴¹

More recently, the link between social unrest and redistribution has also been examined using quantitative methods. For example, Sala-i-Martin (1997) uses statistical techniques to explain the existence of public welfare programs and demonstrate that they are a “means to buy social peace” and “*bribe* poor people out of activities that are socially harmful, such as crimes, revolutions, riots, and other forms of social disruption.”¹⁴² Acemoglu and Robinson (2006) use formal methods to show that disgruntled citizens like the poor can strike, riot, and threaten stability and order, which force elites to make concessions as “these actions impose costs on the elite” and income redistribution is a more viable method to “buy off the citizens” than to repress or adopt democratic governance.”¹⁴³

Another strand of civil society literature focuses on how civic associations play a role in advancing the poor’s interests. Rooted in the philosophy of liberalism and pluralism (e.g., Robert Dahl), diverse social groups aggregate and advance the interests of

¹⁴⁰ This line of argument echoes structural Marxism’s belief that social welfare policies are intended to quench the thirst of revolutionary forces in order to legitimate and ensure the continuity of existing politico-economic order. The theory of revolt and redistribution certainly has a neo-Marxist flavor but its analytical emphasis differs in the treatment of the “poor” as an analytical unit. Marxism does not directly address and analyze the “poor” as an independent group from the working class because they are simply treated as the worst-off of the working class rather than a defined separate group.

¹⁴¹ Piven and Cloward (1971), 3.

¹⁴² Xavier Sala-i-Martin, “Transfers, Social Safety Nets, and Economic Growth,” Staff Papers-International Monetary Fund, 44 no. 1 (March 1997).

¹⁴³ Daron Acemoglu and James A. Robinson, *Economic Origins of Dictatorship and Democracy* (New York, NY: Cambridge University Press, 2006), xii-xiii.

individuals in an effort to shape public policy. Since the poor lack organizational capacity and financial resources, articulating their interests generally requires “patrons,” such as welfare advocacy groups that finance and promote social policy change.¹⁴⁴

In addition, civil society actors help increase the communication flow among citizens, provide public visibility to issues and make government officials accountable for caring for the needy. For instance, Skocpol (1992) argues that the federation of women’s local clubs and other activists joined forces to achieve social legislation that protected mothers and children in the United States.¹⁴⁵ In addition, Putnam (1993) focuses on how civic associations play a valuable role in increasing the accountability of public officials in providing various social services.¹⁴⁶ *Thus, the civil society approach hypothesizes that countries with weak civic activism have governments that are less responsive to the issue of poverty because demand for redistribution is unlikely to materialize.*

The majority of studies situate Japan as a “strong state,” where policies develop top-down.¹⁴⁷ Throughout Japanese history, state control, whether in the form of outright repression or excessive regulation, is thought to have stanching the growth of the country’s civil society. The “statist” view focuses on government intervention that curbs the independence and power of civil society actors. Recent research provides evidence of the weak state of civil society in Japan: the dearth of large, independent professional

¹⁴⁴ Jack L. Walker Jr., *Mobilizing Interest Groups in America: Patrons, Professions, and Social Movement* (Ann Arbor, MI: University of Michigan Press, 1991): 49-50.

¹⁴⁵ Skocpol (1992).

¹⁴⁶ Robert D. Putnam, *Making Democracy Work* (Princeton, NJ: Princeton University Press, 1993).

¹⁴⁷ See for example, Peter J. Katzenstein, *Between Power and Plenty: Foreign Economic Policies of Advanced Industrial States* (Madison, WI: University of Wisconsin Press, 1978); Chalmers Johnson, *MITI and the Japanese Miracle, 1925-1975* (Palo Alto, CA: Stanford University Press, 1982). The “top-down” view of public policymaking for unorganized, resource-challenged groups is also a common theme in the comparative literature. See for example, Jack L. Walker Jr., *Mobilizing Interest Groups in America: Patrons, Professions, and Social Movements* (Ann Arbor, MI: The University of Michigan Press, 1991), p. 49. In contrast, civic activism by well-organized groups (e.g., policies to protect mothers and children and social security) has been shown to have an impact on policy outcomes. See for example, Skocpol (1992) and Campbell (2005).

organizations and policy advocacy groups (Pekkanen, 2004); the strong presence of de facto state-run welfare organizations that promote bureaucratic interests (Estevez-Abe, 2008); the multitude of legal restrictions on forming non-profit organization prior to 1998 (Schwartz, 2008); and the “laggard development” of Japan’s international nongovernmental organizations (Reimann, 2006).¹⁴⁸ From this perspective, Japan’s lackluster effort to combat poverty stems from its anemic civil society.

While the Japanese government has controlled many aspects of civic activism in Japan, I argue that the top-down view of policymaking is not sufficient to explain minimalist poverty relief in Japan for several reasons. To begin with, contrary to the statist view, civil society in Japan is quite robust. In the context of Japan’s history of relief-giving, the poor have revolted in the past. In the pre-war era, the most notable instance was a series of rice riots (*kome ikki*) in 1918 when angry citizens violently protested in the streets throughout the country, demanding basic living conditions and secure food sources from the government.¹⁴⁹ Journalists, academics, and other social actors chronicled the ordeal of the poor and advocated greater poverty relief by the central government.¹⁵⁰ During the Great Depression, civic-minded citizens who were concerned about the well-being of the poor launched a national movement that pressured

¹⁴⁸ Robert Pekkanen, “After the Developmental State: Civil Society in Japan,” *Journal of East Asian Studies* 4 (2004). The works of Margarita Estevez-Abe “State-Society Partnerships in the Japanese Welfare State,” and Kim Reimann, “Building Global Civil Society from the Outside In? Japanese International Development NGOs, the State, and International Norms,” are from *The State of Civil Society in Japan*, edited by Frank J. Schwartz and Susan J. Pharr (New York, NY: Cambridge University Press, 2006); Frank Schwartz, “Civil Society in Japan Reconsidered,” *Japanese Journal of Political Science*, 3 no. 2 (2002).

¹⁴⁹ According to Takahashi (1997: 39), the nation-wide rice riots explicitly protested the government’s non-existent social welfare policies.

¹⁵⁰ See for example, the work of Yokoyama Gennosuke, *Nihon no Kasō Shakai* [The Japanese under class] (Tokyo: Iwanami Shoten, 1985).

the central government to take a more decisive, expansionary role in providing poor relief.¹⁵¹

In the post-war era, demonstrators marched over the ruling of the Asahi court case in the early 1960s, which challenged the government's scanty public assistance benefit rate as unconstitutional because it violated the constitutional guarantee of the "right to live" (*seizonken*) under Article 25. Discontented poor day laborers repeatedly engaged in social disturbances in the streets of Japan's most notorious slums (e.g., Tokyo's Sanya, Yokohama's Doyagai, and Osaka's Kamagasaki). More recently, a spike in poverty-related crimes has occurred, including the infamous killing spree by a poor man in Akihabara in 2008.¹⁵² The 2009 Hibiya Park anti-poverty new year's demonstrations is indicative of the liveliness of the voice from below. These observations are consistent with the findings from Muramatsu et al., (1986) and Garon (2006), who show that Japan's civil society is more active than the statistics portray.¹⁵³ More broadly, as Pharr (2006) notes, state-society relations is "hardly unidirectional, and it is sorely mistaken to claim state primacy."¹⁵⁴ States have resources and policy instruments at their disposal to "enable," "constraint" or even "sponsor" civic activism, but they can decide to forgo the

¹⁵¹ Taira (1967), 99.

¹⁵² The killing spree in Akihabara, Tokyo's vibrant electronic district in the summer of 2008, in which a poor, disgruntled assailant struck pedestrians with a truck and stabbed shoppers, killing 7 and injuring 10, comes immediately to mind. See June 8, 2008 "7 killed, 10 injured in Akihabara stabbing spree," Kyodo News.

¹⁵³ Muramatsu et al. (1986) discuss the lively growth of pluralism in the first two decades of the postwar period and Garon (2006) argues that civil society was very active and exerted social pressures throughout pre-war and post-war Japan. See Muramatsu Michio, Itō Mitsutoshi, and Tsujinaka Yutaka, *Sengo Nihon no Atsuryoku Dantai* [Pressure groups in postwar Japan] (Tokyo: Tōyō Keizai Shinpōsha, 1986); Sheldon Garon, "From Meiji to Heisei: The State and Civil Society in Japan," in *The State of Civil Society in Japan*, edited by Frank J. Schwartz and Susan J. Pharr (New York, NY: Cambridge University Press, 2006), p. 44. For more discussion on the "weak state" or analysis of Japanese pluralism, see *Political Dynamics in Contemporary Japan*, edited by Gary D. Allison and Yasunori Sone (Ithaca, NY: Cornell University Press, 1993).

¹⁵⁴ Susan Pharr, "Conclusion: Targeting by an Activist State: Japan as a Civil Society Model," in *The State of Civil Society in Japan*, edited by Frank J. Schwartz and Susan J. Pharr (New York, NY: Cambridge University Press, 2006), p. 323.

“activist” route and instead create a “permissive” environment in which civil society actors are given more autonomy and operational freedom.¹⁵⁵ In sum, civil society in Japan is not weak and that the state has historically afforded a sufficient level of autonomy for it to thrive.

Yet, the fact that Japan has robust civic activism highlights the limitations of the civil society claim even more: if civic activism is so strong, why has it had little impact in steering the course of redistribution away from the minimalist path? Is the pressure from below just noise that policymakers routinely ignore? What is counterintuitive about redistributive policymaking in Japan is that policymakers have listened and often agreed with civil society actors that the state should do more to help the poor. For example, when civil society groups demanded redistribution towards the poor during the Great Depression, government officials agreed that the minimalist poor relief system had to be revised; they acknowledged that families and civil society groups lacked the resources to substitute poverty relief, especially during a severe nation-wide economic downturn. The key contention among the elites, therefore, was not whether the poor should be helped but rather, *who was going to pay for it*.

In order to understand the logic of public expenditures and who precisely is refusing to pay for poverty relief in Japan, we must probe deeper into the politico-economic calculus of the decision-makers. Whether or not the poor are in the streets demanding assistance or are represented by interest groups promoting social welfare, the poor have in their possession one of democracy’s strongest weapon: votes. Why hasn’t ability to vote compelled Japanese politicians to attract poor voters by catering to their needs? Do their votes even matter? In order to understand how much the poor’s votes

¹⁵⁵ Pharr (2006): 323-324.

matter, we need to examine how the political process works and which political actors are relevant in deciding the fate of the poor.

Power Resources and Redistribution

Does the strength of the left determine redistributive outcomes?

Unlike the pluralist notion of policymaking, which emphasizes the diffuse power distribution among social groups, power resources theory (PRT) focuses on the concentration of power. According to PRT, the level of social welfare spending, including poverty relief, is a function of the strength of the working class movement and leftist parties. The emergence of generous social welfare programs is tied to labor's ability to tap into the "political resources" of leftist parties and mobilize their working class constituents to push for spending aimed at improving the distributional consequences of capitalism.¹⁵⁶

The thesis that a powerful "left" produces a strong "welfare state" has become a staple in analyzing a wide range of social policy outcomes.¹⁵⁷ Proponents of this view base their case on solid empirical evidence demonstrating that countries with strong leftist parties and organized unions are correlated with greater aggregate social welfare spending.¹⁵⁸ They note that historically countries with a vibrant labor movement adopted social welfare policies earlier and experienced a greater expansion over time.¹⁵⁹

¹⁵⁶ Walter Korpi, "Power Resources and Employer-Centered Approaches in Explanations of Welfare States and Varieties of Capitalism: Protagonists, Consenters, and Antagonists," *World Politics* 58 no.2 (January, 2006).

¹⁵⁷ Exemplified by the work of Walter Korpi, *The Democratic Class Struggle* (London: Routledge & Kegan Paul, 1983).

¹⁵⁸ See for example, Evelyn Huber and John D. Stephens, *Development and Crisis of the Welfare State: Parties and Policies in Global Markets* (Chicago, IL: University of Chicago Press, 2001); Duane Swank,

Under the PRT framework, the strength of labor is often measured by the extent of unionization and the scale of union formation (e.g., industry-wide associations).¹⁶⁰ Through large N studies and case studies of the historical development of large welfare states in Europe, studies have found that countries with strong leftist parties and centralized labor movement have generous social welfare programs across the policy spectrum; in contrast, countries with a weak tradition of leftist political and social movement take the minimalist approach to all aspects of social policymaking and mostly rely on means-tested programs.¹⁶¹ Workers (including the poor) are proponents of social welfare programs because they have fewer economic resources and less capacity to protect themselves from life-course risks and events.¹⁶² *The basic hypothesis of PRT is that countries with leftist political and social movements are positively correlated with generous social welfare spending (as in the Nordic countries) whereas those with a weak left are associated with lower social welfare spending (as in the United States and Canada).*

Global Capital, Political Institutions, and Policy Change in Developed Welfare States (New York, NY: Cambridge University Press, 2002); Alexander Hicks and Duane Swank, "Politics, Institutions, and Welfare Spending in Industrialized Democracies, 1960-1982," *American Political Science Review* 86 no. 3 (1992).

¹⁵⁹ Alexander Hicks, *Social Democracy and Welfare Capitalism: A Century of Income Security Politics* (Ithaca, NY: Cornell University Press, 1999). In contrast, Kasza (2006) questions this claim using the Japanese case.

¹⁶⁰ Walter Korpi, *The Working Class in Welfare Capitalism: Work, Unions, and Politics in Sweden* (London: Routledge and Kegan Paul, 1978), 318.

¹⁶¹ For a collection of essays on the power resource theory, see Julia S. O'Conner and Gregg M. Olsen, eds., *Power Resources Theory and the Welfare State: A Critical Approach* (Toronto: University of Toronto Press, 1998). See also John Stephens, *The Transition from Capitalism to Socialism* (Urbana: University of Illinois Press, 1979); Walter Korpi, "Power, Politics, and State Autonomy in the Development of Social Citizenship—Social Rights During Sickness in 18 OECD Countries Since 1930," *American Sociological Review*, 54 no. 3 (1989): 309-28; Alexander Hicks and Duane Swank, "Politics, Institutions, and Welfare Spending in Industrialized Democracies, 1960-82," *American Political Science Review* 86 no. 3 (1992); Evelyne Huber and John D. Stephens, *Development and Crisis of the Welfare State: Parties and Policies in Global Markets* (Chicago: University of Chicago Press, 2001); Bo Rothstein, "The Success of Swedish Labor Market Policy: The Organizational Connection to Politics," *European Journal of Political Research* 13 no. 3 (1985).

¹⁶² Korpi (2006).

Following the PRT logic, one would expect Japan to fall under the minimalist category (along with the United States) because of the historical weakness of the “left” in Japanese political and social movements. The nearly half-century long domination of the Liberal Democratic Party possibly has restrained social spending. The thesis that Japan’s lack of a centralized, strong labor movement has hurt chances of greater redistribution is compelling. Nevertheless, the Japanese case reveals facts that divert from the PRT’s main assumptions and predictions in four important ways. These limitations suggest there is alternative mechanism at work that involves the mobilization of labor but does not necessarily follow the causal paths outlined by PRT.

First, Japan’s position in the cross-national social welfare ranking under the PRT literature fails to take into consideration that it has a well-developed social insurance system. Hicks and Misra, (1993), for example, rank Japan at the bottom along with the United States in its “social welfare effort.”¹⁶³ Esping-Andersen (1990), however, insightfully notes that Japan exhibits the features of a “hybrid,” with characteristics of welfare institutions in both the United States and Europe, and is “an amalgam of the conservative ‘Bismarckian’ regime and the liberal residualism.”¹⁶⁴ He argues that Japan is neither a welfare-laggard nor a welfare-champion because it has a relatively comprehensive social insurance system (e.g., healthcare, social security, etc.) and yet does little for the poor since its cash transfer schemes are very limited.¹⁶⁵ Thus, PRT does not detect nor explain why Japan’s welfare state has developed quite unevenly.

¹⁶³ They measure social welfare effort using data on aggregate social welfare spending as a percentage of GDP. See Alexander Hicks and Joya Misra, “Political Resources and the Expansion of the Welfare Effort,” *American Journal of Sociology* 99 no. 3 (1993).

¹⁶⁴ Gøsta Esping-Andersen, “Hybrid or Unique?: the Japanese Welfare State Between Europe and America,” *Journal of European Social Policy* 7 no. 3 (1997): 184.

¹⁶⁵ He hesitates to provide a definitive statement on Japan’s status, citing that the country’s welfare state development is rather new compared to that of its European peers and is still evolving yet to be

Furthermore, PRT's "welfare state" predictions do not comport well with the comparative variation of poverty relief beyond Japan, which is a criticism also made by other scholars.¹⁶⁶ Countries commonly portrayed as "liberal" or "minimalist" welfare states, because they have significantly lower aggregate social welfare spending than more generous welfare states in Europe, greatly vary in their programmatic spending efforts on the poor. As table 1.10 shows, Australia, Ireland, and New Zealand rank near the bottom in total social welfare spending but they join the ranks of the more generous European welfare states in how much they redistribute to the poor.¹⁶⁷ [table 1.10] Moreover, the power resources theory's "strength" factor cannot explain intra-welfare state variation. In countries like Japan and the United States, social welfare programs developed unevenly; cash transfers for the poor, for instance, pale in comparison to expenditures on social insurance programs.¹⁶⁸ If "strength" were the only determinant of social policymaking, we should observe limited social welfare programs across the board since these two countries are categorized as having a comparatively weaker working-class tradition.

Second, the assumption that labor unions and the poor share similar interests in greater redistribution needs to be qualified. Japanese labor unions have historically shown little interest in expanding poverty relief, focusing instead on promoting "workers' issues": job security, increase in wages, improving working conditions, and employment

institutionalized. This rationale is unpersuasive since Japan's poverty relief system is as old as those in Europe and the United States, established decades prior to the Second World War. *Ibid.*, 187.

¹⁶⁶ See for example, Kahl (2010).

¹⁶⁷ Vice versa, there are some European welfare states such as Switzerland that redistributes very little to the poor despite high spending on social welfare.

¹⁶⁸ Paul Pierson emphasizes the importance of analyzing intra-welfare state variation because the "welfare state" includes a diverse set of disparate programs and usually has its own distinct public policymaking process. See Paul Pierson, *Dismantling the Welfare State: Reagan, Thatcher, and the Politics of Retrenchment* (New York, NY: Cambridge University Press, 1997), 5-6.

opportunities alike.¹⁶⁹ The poor have diverse backgrounds: some participate in the labor market but others do not as they may be sick, disabled, children or aged.¹⁷⁰ Why would organized labor unions marshal their resources to channel public funds to rescue the poor? Why would workers push for redistribution towards the poor if it is not limited to transfers from the rich, but also from the working class or even from low-wage workers?

Third, related to the previous point, it is misleading to simply assert that Japan's labor movement is weak. Historically, Japan's labor movement gained enormous strength at a time when its post-war public assistance was about to be established. The unionization rate peaked around 50% in the years following WWII, a figure that is comparable to the Nordic countries. Ikuo Kume's work on Japanese labor politics directly challenges the view that Japan's labor is weak. He finds a number of cases in the post-war era where organized labor successfully fought and achieved desirable policy outcomes to enhance employment protection and gain higher wages.¹⁷¹ It is puzzling from a solely working-class mobilization viewpoint why Japanese labor movements did not exert positive spillover effects on redistributive policies.

¹⁶⁹ While acknowledging that Japan's labor unions are highly decentralized, Ikuo Kume (1998) analyzes how it has remained a key player in national policymaking in the post-war era. If Japan's labor movement had its voice in the national policymaking arena, it is the more surprising from the PRT perspective why labor unions did not push for expansion in social welfare programs. Kume finds a number of cases in which labor unions succeeded in achieving policies that enhanced employment protection and concludes by illuminate his findings from a broader comparative perspective. See Ikuo Kume, *Disparaged Success: Labor Politics in Postwar Japan* (Ithaca, NY: Cornell University Press, 1998).

¹⁷⁰ Rueda (2005) and Saint-Paul (1998) show that workers are not necessarily in favor of social welfare programs, especially when they hold privileged positions in the labor market. The insider-outsider model contends that 'insiders,' those with secure, "highly-protected jobs," are likely to oppose redistribution for 'outsiders,' who are unemployed or working poor because it can translate into a higher tax burden for insiders. Japan's dualistic labor market structure does suggest a case of an insider-outsider tension, with core workers and employers (insiders) allied against redistribution to the poor (outsiders). See David Rueda, "Insider-Outsider Politics in Industrialized Democracies: The Challenge to Social Democratic Parties," *American Political Science Review* (vol. 99, no. 1 February 2005: pp. 61-74); Gilles Saint-Paul "A Framework for Analyzing the Political Support for Active Labor Market Policy," *Journal of Public Economics* 67 (February, 1998).

¹⁷¹ Kume (1998).

Fourth, critics argue that a party's preferences for redistribution are less predetermined but more open-ended and fluid.¹⁷² PRT's assumption that leftist parties fight poverty does not always hold and the right is not always against creating or expanding social programs.¹⁷³ Mutsuko (1997) observes that throughout Japanese history, labor-backed leftist parties were not necessarily proponents of redistribution, especially for the poor.¹⁷⁴ The creation of the post-war public assistance system occurred years prior to LDP's birth and coincided with a period in which leftist parties were at their strongest.¹⁷⁵ The PRT would predict that the U.S.-led occupation government's insistence to guarantee the income of all citizens in the aftermath of the war would be embraced by the newly-elected leftist parties. Instead, the left opposed the idea of universal, generous social welfare and made every attempt to keep poverty relief at the bare minimum and strictly based on means-testing.

Moreover, the PRT also has a hard time explaining the LDP's social welfare policy. In contrast to the assumption of the PRT that conservative parties oppose redistribution, the LDP was not "conservative" in the social policy arena and often promoted "big government." As a "catch-all party" (*hōkatsu seitō*), it expanded numerous social welfare programs (e.g., social security, healthcare, etc), pursued pro-

¹⁷² Beyond the realm of the politics of social welfare, a long line of scholarly research has questioned the validity of exogenous treatment of political actors' preferences. See for example, Andrew Moravcsik, "Taking Preferences Seriously: A Liberal Theory of International Politics," *International Organization* 51 no. 4 (Autumn 1997).

¹⁷³ Kasza (2006: 65-66) points out that "[t]he notion that only social democratic or Christian democratic governments vigorously promote public welfare has been disproven so many times that one more invalidation should not surprise" and that social welfare policies "can be good politics for any ruling party, whether conservative, liberal, Christian democratic, or social."

¹⁷⁴ Takahashi (1997), 81.

¹⁷⁵ The aftermath of the war brought two new changes favorable for the left to promote social welfare policies for the poor. First, for the first time in history, leftist parties were not just only in power, the conservatives (liberal party) were entirely purged by the occupation government. It had massive poverty, where a large population was experiencing economic hardship and even starvation (Milly, 1999: 15-16).

labor policies and intervened on behalf of small-and-medium sized enterprises.¹⁷⁶ Why have the LDP and opposition parties both vigorously supported social welfare programs for the elderly, the sick, and workers but have done little for the poor? The next literature I review answers this precise question from the perspective of the electoral rules of Japanese politics.

Electoral System and Redistribution

Are policymakers' incentives to aid the poor structured by electoral rules?

The poor in all advanced industrialized countries today have the right to vote and are legally entitled to relief. Although some democracies fully commit to alleviating poverty, others provide very low levels of assistance. Why don't the poor's votes translate more uniformly into an effective force for greater social protection? The answer, according to the structure-based theory of electoral rules, is that the poor's votes do not automatically translate into political voice because they are filtered through electoral institutions that enhance or diminish their effectiveness. The institutional terrain structures political actors' incentives and policy preferences and largely determines who gets what from government.

The literature on political institutions contends that electoral rules determine the significance of the poor's votes and the manner in which political actors attempt to secure their votes via redistribution. Poverty relief measures are not implemented on normative grounds or because of citizens' demand to cater to the needy. Rather, the literature on

¹⁷⁶ Gerald L. Curtis, *The Logic of Japanese Politics* (New York: Columbia University Press, 1999); T.J. Pempel, *Policy and Politics in Japan: Creative Conservatism* (Philadelphia, PA: Temple University Press, 1982).

electoral system and redistribution narrowly conceive of the poor as voters and political actors respond to their needs only on the basis of electoral incentives derived from political institutions.

Empirical testing of the impact of electoral rules on redistributive outcomes consistently demonstrates that countries that hold elections under proportional representation (PR) have higher levels of redistribution than those that use single-member district (SMD).¹⁷⁷ Despite being a serious contender in explaining the generosity of welfare spending, clarifying the causal mechanism that links electoral rules to redistribution has proven to be challenging. Thus far, a number of causal claims have been put forward. Persson and Tabellini (2000) apply a model of broad versus targeted redistribution and argue that the winner-take-all feature under majoritarian SMD compels parties to target policy benefits to districts that play a pivotal role in winning elections; in contrast, under PR, parties have the incentive to cater to a broad range of voters in each district and, hence, will push for more encompassing national-level policies.¹⁷⁸ Other scholars suggest that greater redistribution under PR may stem from higher voter turnout, including low-income voters, which presumably can shift median voter preferences

¹⁷⁷ The robustness of the relationship holds up using various measures of redistribution beyond aggregate social welfare spending (e.g., level of inequality before and after taxes and transfers). See for example, Alberto Alesina and Edward Glaeser, *Fighting Poverty in the U.S. and Europe: A World of Difference* (Oxford: Oxford University Press, 2004); Torben Iversen and David Soskice, "Electoral Institutions and the Politics of Coalitions: Why Some Democracies Redistribute More than Others," *American Political Science Review* 100 no. 2 (2006); Arend Lijphart, *Patterns of Democracy: Government Forms and Performance in Thirty-Six Countries* (New Haven, CT: Yale University Press, 1999); Markus Crepaz, "Inclusion versus Exclusion: Political Institutions and the Welfare State," *Comparative Politics* 31 (1998); Evelyn Huber, Charles Ragin, and John Stephens, "Social Democracy, Christian Democracy, Constitutional Structure and the Welfare State," *American Journal of Sociology* 99 no. 3 (1993); Torsten Persson and Guido Tabellini, *The Economic Effects of Constitutions* (Cambridge, MA: MIT Press, 2003).

¹⁷⁸ See discussion in chapter 8, Torsten Persson and Guido Tabellini, *Political Economics: Explaining Economic Policy* (Cambridge, MA: The MIT Press, 2000).

leftward.¹⁷⁹ Iversen and Soskice (2006) carve out a different causal path as they find that center-left governments are more common under PR whereas majoritarian systems are more likely to be dominated by center-right. They trace the partisanship bias to the “differences in coalitional dynamics associated with particular electoral systems.”¹⁸⁰ *Thus, the electoral system approach hypothesizes that countries with SMD are less likely to redistribute to the poor and those with PR are more likely to redistribute to the poor.*

While proponents have shown empirically that institutions matter—and along the way have identified various causal paths linking redistribution and electoral institutions—the issue of where they come from has remained relatively underexplored.¹⁸¹ The origins of electoral institutions, however, are central to the causal story: If a majoritarian system is associated with less redistribution and a greater chance of center-right governments, could it be that the system itself was chosen and maintained by conservative elites? Vice versa, did the left push for PR because it leads to a more favorable welfare spending pattern as well as greater leftist political representation in government? If the answers to these questions are “yes,” then the underlining causality is partisanship, not electoral systems--the latter is simply epiphenomenal. A major limitation of arguments based solely on electoral system is evident from this endogeneity problem. A structure-based model says little, if anything, about the role of agency in selecting and maintaining the “rules of the game” in the first place.

¹⁷⁹ For articles on the issue on higher turnout, see Robert Franchise, *Macroeconomic Policies of Developed Democracies* (New York, NY: Cambridge University Press, 2001).

¹⁸⁰ Iversen and Soskice (2006), p. 165.

¹⁸¹ For an overview of various causal mechanisms, see Jonathan A. Rodden, “Back to the Future: Endogenous Institutions and Comparative Politics,” in Mark Lichbach and Alan Zuckerman, eds., *Comparative Politics: Rationality, Culture, and Structure 2nd edition* (New York, NY: Cambridge University Press, 2008); Karen L. Jusko, “The Electoral Foundations of Poverty Relief in Contemporary Democratic Societies,” (Working Paper, 16 September 2009).

Several new studies on the origins of electoral institutions have begun to address these issues, but their findings are geographically limited (much of the literature focuses on electoral choices in Europe around the early twentieth century) and virtually none address the direct impact on poor relief.¹⁸² The absence of literature on the link between the origins of electoral institutions and poor relief is understandable in light of a major caveat: an argument based on the poor's political representation has difficulty explaining the rise and expansion of poor relief prior to the extension of suffrage to the poor. The English poor law dates back to the late sixteenth century but universal manhood suffrage did not occur until 1918; similarly, Japan enacted nation-wide poor relief in 1874 while the poor obtained votes only after 1945. If the poor in most countries were denied access to the policymaking process prior to the twentieth century, how can a variable based on the political representation of voters explain the historical trajectory of poor relief?

The chronology of events surrounding the adoption of proportional representation also poses a challenge to the electoral system thesis: the emergence of comprehensive

¹⁸² On the one hand are findings that suggest that the choice of electoral systems is driven by the political survival of the ruling parties in the face of the political ascendancy of the leftist parties. According to Rokkan, "[t]he rising working class wanted to gain access to the legislatures, and the most threatened of the old-established parties demanded PR to protect their position against the new waves of mobilized voters created by the universal suffrage" (Rokkan, 1970: 157). The key role that the ascendancy of leftist parties (and the threat of working class) plays in promoting PR is also found in the work of Alesina and Glaeser (2004). Boix (1999) theoretically fortifies the Rokkan hypothesis and formalizes the rational "defensive" move of ruling parties: if leftist parties are growing in strength and if ruling parties had their own challenges to keep a unified, coordinated right (due to splits in non-economic issues), ruling parties shifted from plurality/majority to PR to prevent an electoral shut-out by the left. The strategic calculation by ruling parties to maintain their political territory was institutionalized as the "electoral arena became stable and the party system froze along certain cleavages" and political actors "lost interest in modifying the electoral regime" (Boix, 1999: 609-610). Moving away from the Boix-Rokkan framework, Cusack et al. (2007) present an alternative explanation that highlights the role of political representation of economic interests in the choice of electoral systems. Inserting the "varieties of capitalism" grid in the selection process, they argue that electoral systems are "endogenous to the structure of economic interests." Stein Rokkan, *Citizens, Elections, Parties: Approaches to the Comparative Study of the Processes of Development* (New York, NY: McKay, 1970); Carles Boix, "Setting the Rules of the Game: The Choice of Electoral Systems in Advanced Democracies," *American Political Science Review* 93 (September, 1999). Thomas Cusack, Torben Iversen, and David Soskice, "Economic Interests and the Origins of Electoral Systems," *American Political Science Review* 101 no. 3 2007: 388.

and robust poor relief systems in Europe (the dependent variable) predates the adoption of proportional representation system that purportedly leads to higher social welfare spending (the independent variable). Most European countries that adopted proportional representation did so around 1917 to 1920, well after the expansion of modern poor relief system, which took place around late eighteenth to mid-nineteenth century.¹⁸³ For example, Denmark introduced proportional representation on 1918. Yet, its compulsory 1803 Danish Poor Law where local parishes were deemed responsible for the poor shifted to a more comprehensive and expansive program in 1849 when the Danish constitution stipulated that individuals are “entitled to receive aid from the state.”¹⁸⁴ This problematic timing issue suggests a case for fresh research on the link between electoral systems and redistributive policies.

Setting aside the issue of origins, the dichotomous treatment of electoral systems in large-N studies makes it difficult to gauge the effects of institutions on poverty policy outcomes since Japan’s old and new electoral institutions are both mixed systems.¹⁸⁵ Prior to the 1994 electoral reform, Japan had medium-sized multi-member districts with a single-non-transferable voting system (MMD/SNTV). This system was semi-proportional but the smaller district size meant it was clearly distinct from a conventional proportional representation system. After 1994, the electoral system became a mix of proportionality and plurality, in which 300 out of 480 Lower House Diet seats are chosen

¹⁸³ For a longer list on when countries adopted proportional representation, see Amel Ahmed, *Engineering Electoral Dominance: Democratization and Electoral System Choice in the Era of Industrialization* (New York, NY: Cambridge University Press, forthcoming).

¹⁸⁴ Sigrun Kahl, “Religious Doctrines and Poor Relief: A Different Causal Pathway,” in *Religion, Class Coalitions, and Welfare States*, edited by Kees van Kersbergen and Philip Manow (New York, NY: Cambridge University Press, 2009) 273.

¹⁸⁵ This point is also raised in the work of Margarita Estevez-Abe, *Welfare and Capitalism in Postwar Japan* (New York, Cambridge University Press, 2008).

by single-member district (SMD) plurality and 180 seats through proportional representation.

Departing from the PR versus SMD distinction, Margarita Estevez-Abe (2008) applies the institutional model to explain Japan's meager social welfare spending.¹⁸⁶ She argues that Japan's MMD/SNTV system gave policymakers greater incentive to target redistribution to their constituents by using functionally equivalent programs such as public works and agricultural subsidies in order to mobilize organized voters within the district.¹⁸⁷ Since it is difficult to use orthodox cash transfer-based social security programs to direct funds to specific geographic areas and occupations, policymakers favored functional equivalent programs over traditional, more universalistic social welfare programs.¹⁸⁸ Thus, a more universalistic cash benefits for the poor were less delivered since the LDP was not able to utilize them to "target" and win votes under the old electoral system.¹⁸⁹

Estevez-Abe (2008) offers valuable insights into post-war Japanese social policy development and her extensive empirical research alone is a major contribution to the field. As I have discussed previously, one of the striking features of the Japanese "welfare state" is its unevenness and her work addresses this issue by laying out a compelling argument about why Japanese policymakers have consistently chosen to use functional equivalent programs over more universalistic programs. Intuitively, it makes sense that the highly particularistic electoral rules of the MMD/SNTV would encourage

¹⁸⁶ Estevez-Abe (2008) 5-6.

¹⁸⁷ *Ibid.*, 30.

¹⁸⁸ *Ibid.*, 5.

¹⁸⁹ Although Estevez-Abe's arguments also include the strategic goals of the bureaucracy, since she claims that the LDP was the ultimate veto player, I focus my discussion here on her electoral institutional argument.

policymakers to target social policy spending. A long line of research, including the seminal work by Curtis (1971), has argued that MMD/SNTV compels politicians to extend pork to cultivate their personal political support base and that the system thrives on organized voters at the expense of unorganized voters.¹⁹⁰

Nevertheless, Estevez-Abe's structure-based model does not fully address several crucial facts about Japan's efforts to combat poverty. First, the link between district size and variation in policy instruments is weakened by the fact that when it comes to assistance for the poor—whether it is in the form of functional equivalent or traditional social welfare programs—Japan's efforts are limited in comparative terms. Estevez-Abe argues that the statutory minimum wage is a functionally equivalent income support in lieu of public assistance programs because it prevents “poverty among low-income workers.”¹⁹¹ International comparison, however, reveals that Japan's minimum wage is set significantly lower than that of other countries. As Table 1.11 indicates, countries such as France and Australia have minimum wages that are set twice as high as those found in Japan and the United States.¹⁹² Likewise, the after-tax value of hourly minimum

¹⁹⁰ The reasoning being that the MMD/SNTV system intensifies intra-party competition which places the burden of campaign financing cost on individual candidates rather than parties. In addition, the system compels candidates to target specific groups as candidates must secure a relatively small share of seats to win. See for example, Gerald L. Curtis, *Election Campaigning Japanese Style* (New York, NY: Columbia University Press, 1971); Jean-Marie Bouissou, “Organizing One's Support Base under the SNTV: The Case of the Japanese Kōenkai,” in *Elections in Japan, Korea, and Taiwan under the Single Non-Transferable Vote*, edited by Bernard Grofman et al. (Ann Arbor, MI: Michigan University Press, 2002).

¹⁹¹ Estevez-Abe (2008), 34-35.

¹⁹² Japan's gross statutory minimum wages in 2006 (per hour, in US dollars at 2006 market exchange rates and constant prices) were in the \$5 range along with the United States. Relative minimum wage levels—expressed as the gross earnings of full-time minimum wage workers as a share of gross average wages—range from as high as 52% in Ireland to a low of 28% in Japan. Countries that do not have minimum wage laws—such as Sweden, Denmark, and Germany, which have collective wage-bargaining systems—are omitted from the analysis below.

wages expressed in U.S. dollars at 2006 purchasing power parity show that the Japan ranks near the bottom in the \$4 dollar range along with the United States.¹⁹³

Similarly, other countries have used in-work tax credits as a functional equivalent program for poverty relief; it allows policymakers to target beneficiaries, both in terms of income group and occupational status.¹⁹⁴ As Table 1.12 indicates, more countries are joining the “make work pay” bandwagon, yet Japan remains one of the few advanced industrialized countries that do not provide in-work tax benefits. Japan’s minimalist approach in both functional equivalent and traditional social welfare programs suggests that politicians’ choices over policy instruments are less important than the issue of to *whom* to redistribute.

Finally, one of the limitations of Estevez-Abe’s work is that it does not address when, why, and who established the MMD/SNTV system. This issue warrants a careful examination given that political actors first introduced the MMD/SNTV system in 1925 and then reintroduced it in the post-war era. Inserting the role of agency in selecting and building a political structure is as important as analyzing the effects on redistribution; this underscores why it is difficult to explain redistributive policy outcomes from a purely structural point of view. My dissertation joins a new line of research that examines the

¹⁹³ The Japanese government revised the minimum wage law for the first time since the 1950s in 2007, but it did not establish a universal, national level minimum wage. And while the equalization of minimum wage law to public assistance benefit rate has been pushed further, since the level of public assistance payment has been decreasing in some localities, the minimum wage level has not risen substantially. Japan’s international position has deteriorated over the last year since the United States increased the federal minimum wage to \$7.25 per hour in 2009 while Japan’s minimum wage level has not experienced any notable changes.

¹⁹⁴ These tax credits generally require a certain numbers of hours per week of work in order to qualify for benefits.

link between the origins of electoral systems and redistribution and pays close attention to how the process of democratization created the various paths of redistribution.¹⁹⁵

Conclusion: A summary of the limits of existing theoretical lenses

This chapter began by empirically documenting Japan's minimalist public assistance system despite having poverty rates higher than other advanced industrialized countries. In order to understand Japan's minimalist poverty relief, I evaluated what existing theories of redistribution have to say about the Japan case and beyond. Holding up each theoretical proposition of social policy against the Japanese case revealed a number of blind spots, which it could not satisfactorily explain. Without discarding valuable insights from existing theoretical perspectives, below I summarize the causes of these blind spots and how I plan to address them.

Social division theory points out that racial division—or other salient cleavages among social groups—may explain why a rich country like the United States might restrict government transfers to the poor. Contrary to the prediction of social division theory, however, Japanese ethnic minorities have been given more, not less, government transfers to ameliorate their socio-economic status. The case of Japan suggests that the relationship between divided societies and redistribution is open-ended and that political actors have autonomy over formulating redistributive policies. My research on Japan serves as a first step towards understanding why the two countries—so different in so many ways—followed a similar path of constructing a threadbare safety net. A number of anti-redistribution conditions in Japan may have also contributed to the arrested development of poor relief in the United States: strong agrarian opposition towards

¹⁹⁵ See for example, Thomas R. Cusack et al., "Economic Interests and the Origins of Electoral Systems," *American Political Science Review* 101 no.3 (August 2007).

redistribution, the long history of the disenfranchisement of the poor, and the absence of a centralized labor movement and proportional representation system that purportedly facilitate redistribution. These similarities suggest that broader causal processes may be at work in explaining why these two countries nickel and dime the poor.

The historical continuity of Japan's minimalist poverty relief system makes culture-based arguments intuitively appealing but the arguments do not hold up empirically. The majority of Japanese poor work and do not conform to the "lazy" stereotype and yet they receive no aid from the government. For nearly a century, government officials have acknowledged that family resources fall short of addressing mass poverty. Nonetheless, the government has justified meager spending on the basis of retaining a family-centered welfare system. The culture approach's foggy causal mechanism further weakens its explanatory framework: If the family-welfare does not work to alleviate poverty why do politicians deliberately hold them up to justify lower spending? Is it for cultural or strategic reasons? In order to satisfactorily answer this question, we must examine the redistributive interests of politicians and how they use their power and resources shape beliefs about poverty. Put simply, this blind spot calls for a politics-centered approach of social policy.

The economic modernization approach contends that industrialization facilitates the development of the social welfare system; one crucial fact concerning Japan, however, directly challenges this assertion. Despite Japan's remarkable economic progress, the country's public assistance system has remained underfunded and exceptionally restrictive despite having a high incidence of poverty. This raises an important issue that the economic modernization approach has yet to address: what

factors are blocking redistribution towards the poor? Who are the proponents and opponents of poor relief? In order to better understand the conditions that have prevented the demands for social protection from materializing, we must focus on the relationship between the process of industrialization and political contestation.

The civil society approach reminds us that various non-state actors assist the poor and that their “voice” matters in providing policy-feedback on social welfare affairs. Indeed, Japan’s civic activism towards the poor has always been robust; it has just not been successful at steering redistribution away from its minimalist path. The Japanese case highlights that civic activism towards the poor has been seen more as “noise” rather than an effective “voice” in the parliament. State primacy in the development of poverty relief stands, which calls for a politics-centered model to better understand who gets what from government.

The power resources theory posits that a strong left produces generous redistributive policies. Yet, its ability to explain public assistance programs for the poor is limited. Japan’s organized labor and the main leftist parties have never fought vigorously to expand public assistance for the poor. This finding suggests that the problem lies in the theory’s faulty assumption that workers and the poor have the same redistributive policy preferences. If working class preferences toward redistribution are not fixed, then, where do its preferences come from?

Recent promising work on the link between working class mobilization and democratization hints at the possibility of the working class playing a decisive role in shaping the political institutional terrain.¹⁹⁶ Prior to mass democratization, organized

¹⁹⁶ John D. Stephens, “Chapter 2: Democratization and Social Policy Development in Advanced Capitalist Societies,” in *Democracy and Social Policy*, edited by Yusuf Bangurat (New York, NY: Palgrave

workers and the poor were disenfranchised and had congruent interests in improving their socio-economic conditions. Whether or not the poor benefited from political movements spearheaded by organized labor during the age of democratization is a crucial question, and the answer will take us closer to explaining the working class impact on redistribution toward the poor. Hence, in order to gain a better understanding of how and when the working class mobilization influences a country's safety net we need to (1) qualify the assumption that equates organized labor with a pro-redistribution stance; (2) identify the sources of working class preferences toward poor relief; (3) clarify the causal mechanism by which the labor movement influenced the poor's prospect of political representation in redistributive politics.

Finally, while electoral system approaches have shown empirically that institutions matter, the story of agency is conspicuously absent. Examining the historical evolution of electoral systems and the role agency plays in shaping institutional structure is critical in assessing how electoral system impacts redistributive outcome. In order to do so, the analysis of origins of electoral system must be embedded within the broader framework of democratization and be more analytically sensitive to how votes were distributed to various groups in society. This entails breaking down—empirically and analytically—the various stages of democratic transformation and tracing how actors design, create, change, reshape, and settle into the political structures that surround them.

Macmillan, 2007), 38; Torben Iversen and David Soskice, "Two Paths to Democracy," Harvard University Center for European Studies (2007).

Appendix Chapter One

Table 1.1 Number of deaths due to starvation

Year	Deaths due to starvation
2008	63
2007	44
2006	56
2005	77
2004	68
2003	93
2002	67
2001	63
2000	87
1999	85
1998	78
1997	70
1996	81
1995	58

Source: Ministry of Health, Labour, and Welfare, “Jinkō Dōtai Chōsa” [Population Vital Statistics Report] various years.

Figure 1.1 Historical data on suicide due to socio-economic difficulties

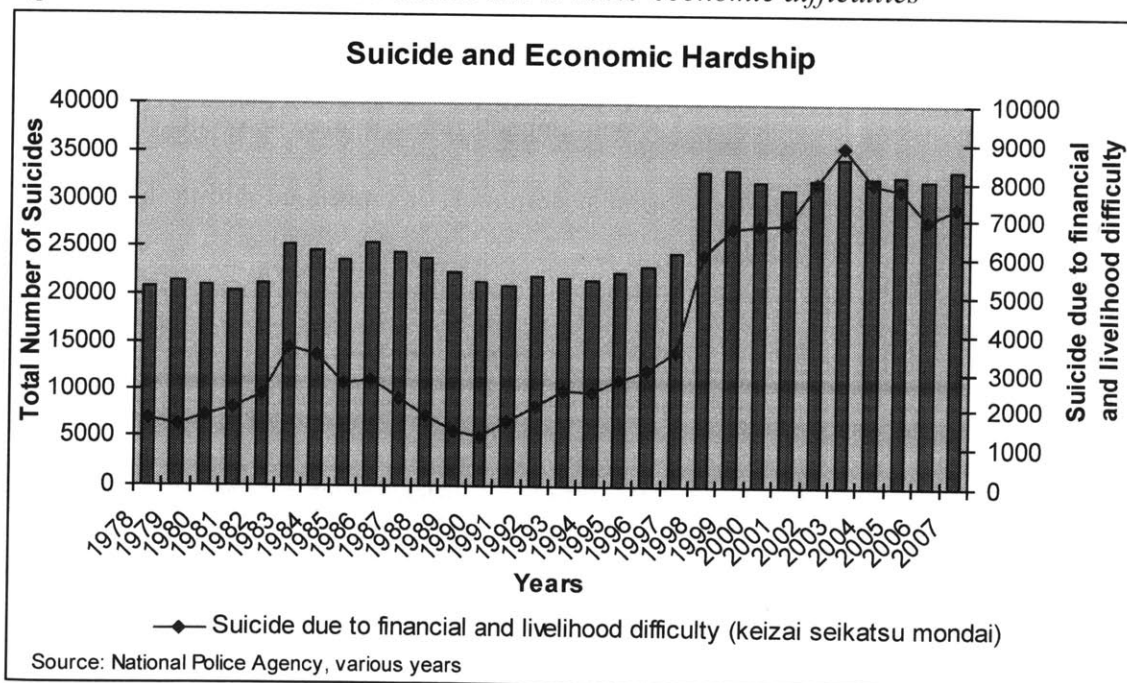


Table 1.2 Relative poverty rates after taxes and transfers

Country	Mid-1980s	Mid-1990s	Mid-2000s
1. Denmark	6	4.7	5.3
2. Sweden	3.3	3.7	5.3
3. Austria	6.1	7.4	6.6
4. Norway	6.4	7.1	6.8
5. France	8.3	7.5	7.1
6. Finland	5.1	4.9	7.3
7. Netherlands	--	6.3	7.7
8. United Kingdom	--	10.9	8.3
9. Switzerland	--	--	8.7
10. Belgium	14.6	10.8	8.8
11. New Zealand	6.2	8.4	10.8
12. Germany	6.3	8.5	11
13. Italy	10.3	14.2	11.4
14. Canada	10.7	9.5	12
15. Australia	--	11.4	12.4
16. Ireland	10.6	11	14.8
17. Japan	12	13.7	14.9
18. United States	17.9	16.7	17.1

Source: OECD.STAT, "Dataset: Income distribution and Poverty," 2009

Table 1.3 Relative poverty rates of workers, children, elderly, and lone-parents.¹⁹⁷

Country	Old-Age Poverty	Country	Lone-Parents Poverty
Netherlands	2	Denmark	6.8
New Zealand	4	Sweden	7.9
Sweden	6	Norway	13.3
Canada	7	Finland	13.7
Austria	8	Switzerland	18.5
Germany	8	France	19.3
France	9	Austria	21.2
Norway	9	United Kingdom	23.7
Denmark	10	Belgium	25.1
United Kingdom	10	Italy	25.6
Belgium	12	Australia	38.3
Italy	13	Netherlands	39.0
Finland	14	New Zealand	39.1
Switzerland	18	Germany	41.5
Japan	21	Canada	44.7
U.S.	24	Ireland	47.0
Ireland	25	United States	47.5
Australia	27	Japan	58.7

Country	Working Poverty	Country	Child Poverty
Norway	1.70	Denmark	2.4
Australia	3.08	Finland	3.4
Denmark	3.11	Sweden	3.6
United Kingdom	3.12	Norway	3.6
Finland	4.00	Belgium	6.7
Sweden	4.02	Switzerland	6.8
Switzerland	4.20	France	7.3
Belgium	4.27	Netherlands	9
Austria	4.33	Germany	10.9
France	4.78	Australia	11.6
Germany	4.89	Austria	13.3
Netherlands	5.87	Canada	13.6
Ireland	6.56	Japan	14.3
Italy	8.22	New Zealand	14.6
New Zealand	8.34	Ireland	15.7
Canada	9.14	Italy	15.7
Japan	10.87	United Kingdom	16.2
United States	12.34	United States	21.7

¹⁹⁷ Working poverty: The OECD defines in-work poverty rate as “a percentage of individuals living in households with disposable income below 50% of the median income, among all individuals living in a given type of household with a head of working-age and at least one worker.” Data from OECD Employment Outlook, “Chapter 3: Does work allow to escape poverty?” 2009. Note: Switzerland’s working poverty rate is from the Swiss Federal Statistical Office which defines the “working poor” as those who have jobs from ages 20 to 59 but earned income less than the country’s poverty line (set at 2,200 francs per month for 2005). Child poverty: UNICEF defines child poverty as a “percentage of children (0-17) living in homes with equivalent incomes below 50% of the national median.” Data from 2000 are from UNICEF (2007) “Child Poverty in Perspective: An Overview of Child Well-Being in Rich Countries” Innocenti Research Centre (Report Card 7) Florence, Italy: 2007. Old-age poverty: The OECD defines old-age poverty as a percentage of households with a head of retirement age (over 65) with income less than 50% of the national median. Data from mid-2005 from OECD, *Growing Unequal?* (2008). Lone-parents poverty: The OECD defines lone-parents poverty as the proportion of single-parent households with children who have less than 50% of the median income. Mid-2005 data from OECD (2008) <www.oecd.org/els/social/family/database>

Table 1.4 Measuring decrease in relative poverty rates due to taxes and transfers in mid-2000s

Country	[A] Pre-tax/benefit poverty rate	[B] Post-tax/benefit poverty rate	Difference between [A] and [B]
Belgium	32.7	8.8	23.9
France	30.7	7.1	23.6
Germany	33.6	11	22.6
Italy	33.8	11.4	22.4
Sweden	26.7	5.3	21.4
Denmark	23.6	5.3	18.3
United Kingdom	26.3	8.3	18
Norway	24	6.8	17.2
Netherlands	24.7	7.7	17
Austria	23.1	6.6	16.5
Australia	28.6	12.4	16.2
Ireland	30.9	14.8	16.1
New Zealand	26.6	10.8	15.8
Japan	26.9	14.9	12
Canada	23.1	12	11.1
Finland	17.6	7.3	10.3
Switzerland	18	8.7	9.3
United States	26.3	17.1	9.2

Source: OECD.STAT, "Dataset: Income distribution and Poverty," 2009

Table 1.5 Net public transfers to lowest income quintile

	A. gross public cash transfers to lowest quintile	B. direct taxes and social security from lowest quintile	C. Net transfers to lowest quintile (A-B)
Denmark	9.2	3.2	6.0
Australia	5.9	0.2	5.8
Belgium	7.3	1.5	5.8
Sweden	8.5	2.8	5.7
Ireland	5.4	0.2	5.3
Netherlands	5.4	0.8	4.5
Norway	6	1.5	4.5
Germany	4.9	0.7	4.2
Britain	4.6	0.4	4.1
France	5.3	1.5	3.9
New Zealand	4.4	0.5	3.9
Finland	4.7	1.2	3.5
Austria	5.1	1.8	3.3
Italy	3.7	0.6	3.1
Canada	3.5	0.6	2.9
Japan	3.1	1.2	2.0
United States	2.3	0.4	1.9
Switzerland	4.7	4.5	0.2

Source: OECD, *Growing Unequal? Income Distribution and Poverty in OECD Countries* (2008), p. 116.

Figure 1.2 Total expenditures of means-tested cash benefits as a % of GDP

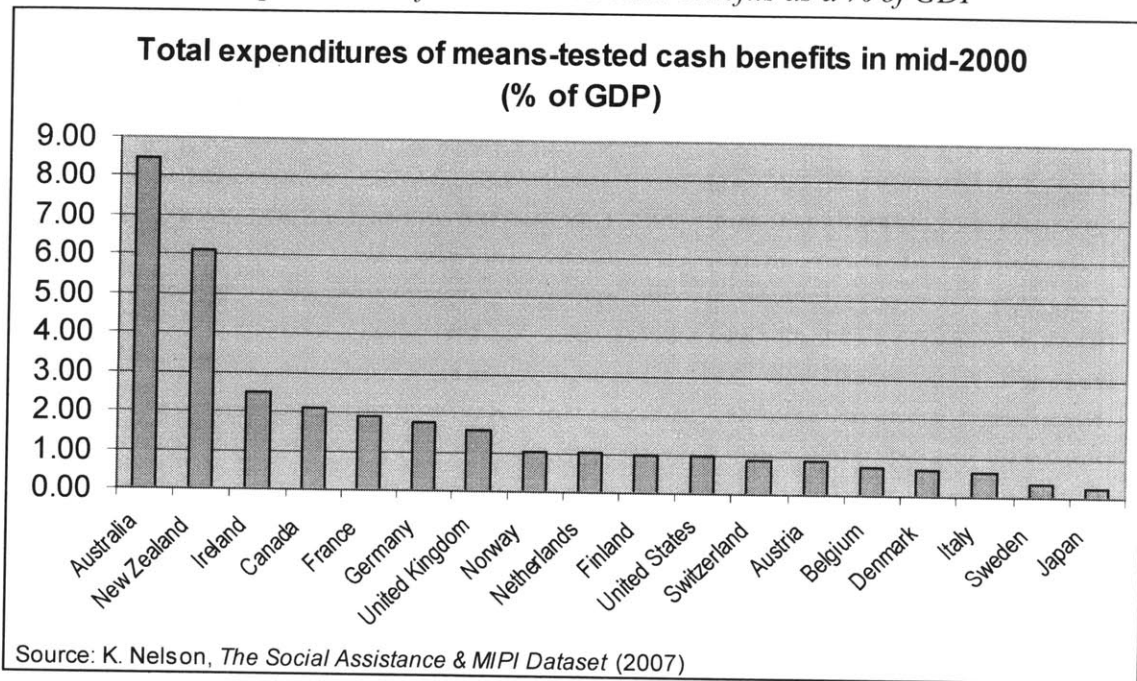


Table 1.6 The proportion of working-age population on welfare assistance

<i>Social Assistance & Lone Parents Benefit (1999)</i>	
New Zealand	4.4
Ireland	4.2
Australia	3.2
France	3.0
United Kingdom	2.8
Belgium	2.4
Germany	2.2
Canada	1.9
United States	1.7
Denmark	1.6
Netherlands	1.2
Sweden	1.1
Austria	0.8
Japan	0.3

Source: OECD, *Employment Outlook 2003: Towards More and Better Jobs* (2003), p. 225 (Missing data: Finland, Italy, Norway, Switzerland)

Table 1.7 Top Ten Public Assistance Caseload Rankings by Prefecture in 1965 and 2004

Ranking	1965	2004
1	Fukushima (81.5)	Osaka (39.2)
2	Kochi (72.9)	Hokkaido (36.2)
3	Nagasaki (55.6)	Kochi (35.1)
4	Kumamoto (51.1)	Aomori (31.2)
5	Kagoshima (47.7)	Fukuoka (30.6)
6	Aomori (47.7)	Kyoto (29.8)
7	Saga (43.6)	Okinawa (27.5)
8	Miyazaki (43.3)	Tokushima (26.6)
9	Tokushima (40.8)	Nagasaki (26.5)
10	Ehime (40.2)	Tokyo (24.2)

Table 1.8 Foreign nationals and the public assistance system

Year	% of total recipients	% of total foreign nationals
1955	7.1	21.4
1960	4.6	11.5
1965	3.3	7.8
1970	2.5	4.7
1975	2.3	4.1
1980	2.5	4.6
1985	2.7	4.6
1990	3.1	2.9
1995	3.2	2.1
2000	3.1	1.9
2005	3.2	2.3

Source: Seikatsu Hogo no Dōkō Henshū Inkaï (Public Assistance Trends Editorial Committee) 2008: pp. 64-65.

Table 1.9 Working poverty rates and the share of the working poor among the poor in mid-2000s

In-work poverty rates ⁽¹⁾		Share of the working poor among the poor ⁽²⁾	
1. Norway	1.70	1. Norway	23.01
2. Australia	3.08	2. Australia	25.38
3. Denmark	3.11	3. United Kingdom	33.01
4. United Kingdom	3.12	4. Germany	33.57
5. Finland	4.00	5. Belgium	42.80
6. Sweden	4.02	6. Ireland	44.12
7. Switzerland	4.20*	7. Finland	59.65
8. Belgium	4.27	8. Austria	61.26
9. Austria	4.33	9. France	62.55
10. France	4.78	10. Denmark	62.58
11. Germany	4.89	11. Netherlands	63.64
12. Netherlands	5.87	12. New Zealand	63.83
13. Ireland	6.56	13. Canada	67.49
14. Italy	8.22	14. Italy	68.09
15. New Zealand	8.34	15. United States	71.95
16. Canada	9.14	16. Sweden	72.85
17. Japan	10.87	17. Japan	82.75
18. United States	12.34		

Sources:

- (1) OECD Employment Outlook, 2009. *Switzerland's working poverty rate is from the Swiss Federal Statistical Office which defines the "working poor" as those who have jobs from ages 20 to 59 but earned income less than the country's poverty line (set at 2,200 francs per month for 2005).
- (2) OECD Employment Outlook, 2009. Note: missing data for Switzerland

Figure 1.4 Japan's Total Public Assistance Recipients as a Percentage of National Population

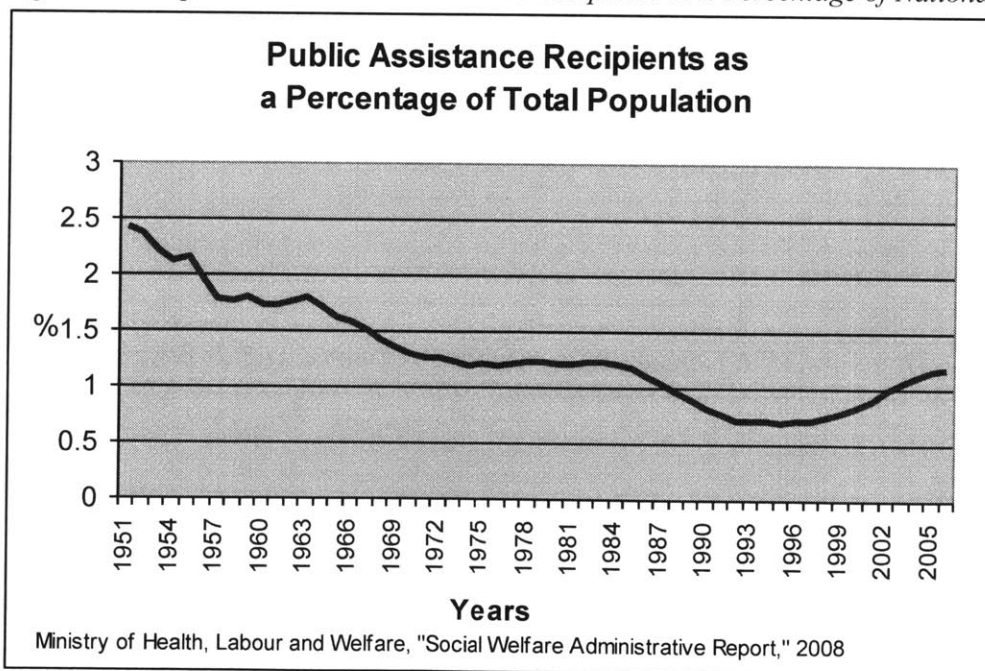


Table 1.10 Aggregate Social Welfare Spending versus Net Redistribution to the Poor (mid-2000)

Country	Aggregate Social Welfare Spending	Country	Net Redistributive transfers to lowest quintile
Sweden	29.4	Denmark	6.0
France	29.2	Australia	5.8
Austria	27.2	Belgium	5.8
Denmark	27.1	Sweden	5.7
Germany	26.7	Ireland	5.3
Belgium	26.4	Netherlands	4.5
Finland	26.1	Norway	4.5
Italy	25.0	Germany	4.2
Norway	21.6	Britain	4.1
Britain	21.3	New Zealand	3.9
Netherlands	20.9	France	3.9
Switzerland	20.3	Finland	3.5
Japan	18.6	Austria	3.3
New Zealand	18.5	Italy	3.1
Australia	17.1	Canada	2.9
Ireland	16.7	Japan	2.0
Canada	16.5	United States	1.9
United States	15.9	Switzerland	0.2

Source: The aggregate social welfare spending data are extracted from the OECD.Stat.2010 and data on net redistributive transfers are from OECD, *Growing Unequal? Income Distribution and Poverty in OECD Countries* (2008), p. 116.

Table 1.11. Gross, relative, and post-tax relative wages in 2006

Gross minimum wage		Relative Minimum-wage		Minimum wage after tax	
1. France	\$ 10.1	1. Ireland	52%	1. France	7.6
2. Britain	\$ 9.9	2. New Zealand	50%	2. Britain	7.6
3. Netherlands	\$ 9.9	3. Australia	47%	3. Australia	7.4
4. Ireland	\$ 9.5	4. France	47%	4. Ireland	7.3
5. Belgium	\$ 9.3	5. Netherlands	43%	5. Belgium	7.2
6. Australia	\$ 9.0	6. Belgium	40%	6. Netherlands	7.0
7. Canada	\$ 6.7	7. Canada	38%	7. New Zealand	5.6
8. New Zealand	\$ 6.5	8. Britain	35%	8. Canada	5.3
9. Japan	\$ 5.7	9. United States	33%	9. Japan	4.5
10. United States	\$ 5.1	10. Japan	28%	10. United States	4.4

*Relative minimum wage is the share of minimum wage of gross average wages.

Source: OECD, *Taxing Wages [Special Feature: The Tax Treatment of Minimum Wages 2005-2006]* (Paris: OECD Publishing, 2006).

Table 1.12. Targeted in-work tax benefits for the poor (various years)

<i>Countries</i>	<i>Program name</i>
Australia	Additional Family Payments
Canada	Working Income Tax Credit
Belgium	Low Wage Tax Credit (2002)
Finland	Earned income allowance
France	Prime Pour l'Emploi [Work Premium]
Ireland	Family Income Supplement
Netherlands	Employed Person's Tax Credit
New Zealand	Working Families Tax Credit
Sweden	Earned Income Tax Credit
United Kingdom	Working Tax Credit
United States	Earned Income Tax Credit

CHAPTER 2

A Conceptual Framework of How Safety Nets Evolve

When and how are safety nets created and maintained over time? This chapter presents a conceptual model that explains why countries vary in the extent to which they help the poor. The analysis proceeds in three steps. The first section provides the nuts and bolts of social protection and identifies the main types of safety nets. Then I discuss the challenges of the poor attaining social protection. The second section discusses conditions under which safety nets are more likely to emerge and endure. It identifies the key social actors, how their preferences towards redistribution are formed, and what institutional conditions enable or constrain them from exercising their political voice. The third section explores the major historical turning points in the evolution of poverty relief system (e.g., the transition from feudalism to modern nation-states, nondemocracies to democracies, and economic backwardness to a modern economy) and illustrates the divergent paths of redistribution in comparative terms. This analytical framework is used as a guide for the subsequent case of Japan.

I. The conceptual foundations of safety nets

Defining the safety net within a “welfare state”

In the course of our lifetime, we build many things—such as homes, careers, and networks—and though what each individual decides to build may vary, these assets provide us with a livelihood and comfort in this otherwise uncertain world. Needless to say, one could build a fortune and then lose it in the blink of an eye. The moment that derails one’s life is often unforeseeable: an onset of a sudden illness, a tragic accident, or a disappointing job loss. Moreover, life comes with an expiration date and as we get older the aging process impairs our mental and physical ability to make a living. Given these unforeseeable and uncontrollable events, how can we protect ourselves from the multiple risks to our livelihood?

One way to protect us from these life-course risks is for individuals to buy products such as life and health insurance offered in private markets.¹⁹⁸ While some individuals may choose to do so, there are a few major drawbacks to relying solely on the market for income protection. The main constraint is that low-income individuals, who are at a greater risk of income losses, probably cannot afford them. Market-supplied protection schemes are also limited in product availability. Since firms are driven to maximize profits, they are unlikely to provide certain products because they are not attractive business ventures.

Beyond markets, governments also offer a wide range of social welfare programs; collectively, they are commonly referred to as the “welfare state.” Figure 2.1 illustrates how social welfare programs act as income maintenance devices for varying life-course

¹⁹⁸ While individuals could also seek protection from families, neighbors, and even community organizations, I assume that these personal network resources are absent or have already depleted.

events and risks. For example, if a man loses his job, he can still maintain a certain level of income by receiving unemployment benefits. If an elderly school librarian loses her paycheck due to retirement, she can receive monthly social security payments to offset the income loss. Or, upon the birth of a child a family may qualify for an allowance to offset some of increased expenditures of adding a new member to the family. Some social protection schemes such as unemployment benefits and social security are based on an insurance principle where recipients must make prior contributions to the participating programs in order to receive benefits. In other words, they must pay a premium to insure themselves against loss of income. On the other hand, other programs, such as child allowance, are non-contributory.

At the base of the welfare state lies a “safety net” that acts as a last resort aid for individuals who have fallen into poverty. The safety net function is typically executed through a public assistance system and delivers cash and in-kind benefits to ensure citizens a minimum level of income. The recipients of public assistance may be individuals whose unemployment insurance benefits and own financial resources have run out. Elsewise they might be an elderly couple that never participated in the social security system and are living in deplorable conditions or a small shopkeeper who has declared bankruptcy and is homeless. In contrast to the social insurance programs, the “safety net” does not require past contributions.

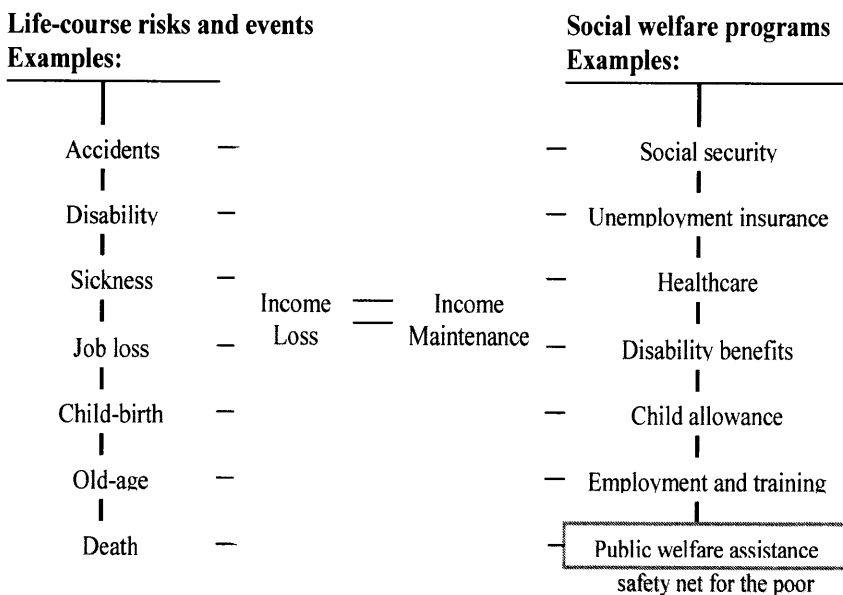
The recipients of public assistance programs must be “poverty-tested” and are required to undergo a series of income or resource-tests.¹⁹⁹ Eligibility rules ensure that the income-maintenance serves only those who have fallen below the poverty line.

¹⁹⁹ For an extended discussion on what it means to be “poverty-tested,” see Tony Eardley et al., “Social Assistance in OECD Countries” (Volume I: Synthesis Report), *Department of Social Security Research Report No. 46* (London: HMSO, 1996), 15-16.

Although the definition of poverty or what constitutes a “decent” standard of living varies across countries, it generally alludes to some form of material deprivation in basic necessities such as shelter, food, and clothing.²⁰⁰ Public assistance programs, therefore, play a vital role as a last resort *lifeline* for the indigent population.

Despite the vital functions performed by a public assistance system, a few affluent democracies, such as Japan, have chosen to limit spending and restrict access. Before we delve into a theoretical discussion on why countries vary on the extent of social protection for the poor, let us first categorize different types of safety nets.

Figure 2.1: The safety net within the “welfare state”



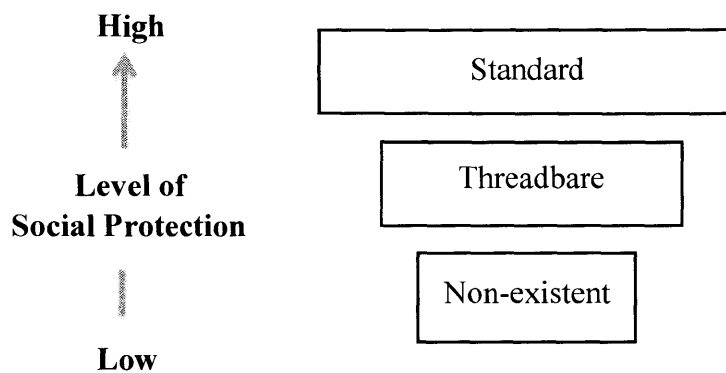
A safety net typology

Just like the diverse thread counts and patterns of woven fabrics, safety nets come in different strengths and shapes that political actors choose at some point in time. Figure

²⁰⁰ Prior to the 1945, most countries defined the poverty level on absolute terms (e.g., minimum caloric-intake required for the body to function), but after 1945, as countries became richer, the concept of relative poverty (e.g., half of the median income) became more prevalent.

2.2 presents the three basic types of a safety net: (1) non-existent (2) threadbare (3) standard. The three categories of safety nets differ in their basic structure, extent of coverage, objectives, and legal basis for welfare assistance.

Figure 2.2 Safety net types



A *non-existent* safety net is a national public assistance system that has limited functionality and barely operates as a social protection device. Access to relief is highly restricted, the duration of benefits is short, and assistance is meager. It is in a skeletal form and the government only provides relief with an understanding that it is discretionary and eschews any notion of obligation in caring for the poor. Keeping the scope and scale of relief to a bare minimum is meant to instill a sense of self-responsibility and individuals are compelled to utilize personal resources and their networks to remedy their state of distress. The state remains reluctant to aid the poor even when mutual aid has proven to be grossly inadequate to save the poor; this is meant to discourage citizens from forming an expectation that the government will intervene when poverty conditions worsen. This type of ultra restrictive national public assistance

system is destitution-blind and remains unresponsive to the growing demands for social protection. Japan's pre-war poor relief system, the so-called 1874 Relief Regulations and its successor, the 1929 Relief Protection Law, serves as an example.

A *threadbare* system, in contrast, grants the poor the right to relief and operates on a compulsory basis.²⁰¹ Since poor relief is an entitlement program and not an optional public service, it provides wider access points and greater benefits. The act of granting social rights to citizens, however, does not guarantee that a government will conscientiously commit to it. Under a threadbare safety net, a derelict government has a tendency to shirk its responsibility to protect citizens from falling into poverty; as a result, the poor's right to welfare only exists on paper and the system only offers limited entitlement. Due in part to negligence, the safety net is under-maintained, static, slow to respond to new socio-economic risks, and does not accommodate the growing need to prevent citizens from falling into poverty. The Japanese post-war public assistance system (the Livelihood Protection) is an example of a safety net based on limited entitlement.

A *standard* safety is likewise entitlement-based net but is robust, comprehensive, and durable; it provides the highest social protection against poverty. The system is accessible, its benefits are substantial, and it is well funded even during times of fiscal constraint. The national government confers the right to relief and diligently adheres to it. The safety net expands and adjusts to new socio-economic challenges and risks. Standard safety nets are found amongst affluent democracies in Europe (e.g., Sweden and Denmark) where the incidence of poverty is exceptionally low. Paradoxically, Japan,

²⁰¹ Generally, the constitution or public assistance law would contain a clause that guarantees a minimum income for all its citizens.

which have a greater demand for redistribution due to higher incidence of poverty, offer only limited entitlement and has a threadbare safety net. This dichotomy presents a “Robin Hood paradox”—countries with a greater demand for social protection supply less—and suggests that the varying strengths of safety nets are not simply a function of needs.²⁰² The next section examines the distinct challenges of building a standard safety net (hereafter, just “safety net”) and specifies the political and economic conditions under which it is more likely to emerge.

The challenges of building a safety net

The challenges of constructing a safety net are twofold. First, classic theories of public policymaking suggest that the poor will have difficulty prodding governments to care for their needs. According to Mancur Olson (1965), the poor are a large, heterogeneous group that lacks the financial and organizational resources needed to effectively articulate their collective interests. Consequently, they are “forgotten” in the public policymaking domain and suffer in “silence.”²⁰³ Verba and Schlozman (1995) similarly argue that the poor are constrained by not having enough resources (e.g., time, money, or skills) to participate effectively in political activities and therefore, they are typically underrepresented and flounder rather than excel in the pluralistic system of bargaining among groups.²⁰⁴

²⁰² Peter H. Lindert, *Growing Public: Social Spending and Economic Growth Since the Eighteenth Century, Volume I: The Story* (New York, NY: Cambridge University Press, 2004).

²⁰³ Mancur Olson, *The Logic of Collective Action* (Cambridge, MA: Harvard University Press, 1965), 165-167.

²⁰⁴ See chapters 10 and 11 in Sidney Verba, Kay Lehman Schlozman, Henry E. Brady, *Voice and Equality: Civic Voluntarism in American Politics* (Cambridge, MA: Harvard University Press, 1995).

Second, poverty left untreated can impose negative externalities on others by producing “a public bad,” such as the spread of disease, higher crime rates, and social uprisings that adversely affect everyone.²⁰⁵ The Aristotelian concern that “poverty is the parent of revolution and crime” also hints at the externality effect.²⁰⁶ Nonetheless, rational self-interested actors who are driven to maximize their benefits from the government and minimize their tax liabilities would oppose paying for poor relief because the direct benefits are low and unclear but the cost or the tax burden is certain.²⁰⁷

So how does a diffuse, politically disadvantaged group like the poor ever succeed in attaining sizable government transfers? If the poor everywhere share similar constraints in mounting collective action, why do some governments redistribute more to the poor than others? The next section addresses these questions.

II. Constructing the safety net

Who decides to aid the poor and why? When and how are safety nets created?

The combination of two factors—first, the poor’s politically and economically disadvantaged positions to effectively fight poverty on their own and second, the non-poor’s penchant to minimize tax liabilities—make the poor particularly vulnerable from being excluded from the redistributive policymaking process. Given these obstacles, the

²⁰⁵ As Hammond and Hammond (1911) noted, “despair might teach bad habits” to the poor and the “impoverished race might begin to look with ravenous eyes on the lot of those who lived on the spoils and sinecures of the State.” John Lawrence Hammond and Barbara Hammond, *The Village Labourer 1760-1832* (London: Longmans, Green, and Co., 1911), 122. On the literature that treats poverty as a “public bad” for producing negative externality, see Richard J. Zeckhauser, “Optimal Mechanisms for Income Transfer,” *American Economic Review* 61 (1971): 324-334; Waly Wane, “The Optimal Income Tax When Poverty Is a Public ‘Bad,’” *Journal of Public Economics* 82(2001): 271-299.

²⁰⁶ Aristotle, *Aristotle’s Politics: Translated by Benjamin Jowett* (Oxford: Clarendon Press, 1908), 70.

²⁰⁷ Anthony Downs, *An Economic Theory of Democracy* (New York: Harper and Row, 1957), 37.

poor must receive help from other powerful, organizationally capable groups that could exert influence on redistributive policies.

There are three potential groups that can aid the poor in receiving more transfers. First, organized labor can absorb the poor (defined here as unorganized working or non-working poor) into their movement and advocate encompassing interests and generous redistributive policies. Second, a wealthy patron, such as agrarian landlords and industrialists can lend a helping hand to the poor and assume the role as the financiers of a safety net. Third, non-elected public officials, such as bureaucrats, can tackle the issue of poverty and improve the poor's economic wellbeing by doing so. In essence, the poor's chances of obtaining government transfers improve if they can tag-a-long with a the working class movement (labor), find a financial patron (agrarian landlords or industrialists), and receive protection from the defenders of public interest (bureaucrats).

The prospective helpers must possess sufficient power and interest in order to play a decisive role in the redistributive policymaking process. Accordingly, two factors determine the course of redistribution: who has a say in the policymaking process and what factors shape their incentives to aid the poor.²⁰⁸ Addressing these issues would require us to set the political and economic context under which redistributive decisions are made. I content that the redistributive interests of the key social groups are largely shaped by the timing and nature of industrialization. While the effectiveness of electoral safeguards (e.g., constitutional provisions that limit the power of the elected assembly)

²⁰⁸ As Peter Lindert notes, in order to fully explain poverty relief outcomes, we must analyze "economic self-interest" of those who can aid the poor and whether they have enough political voice to advance their interests. Peter H. Lindert, "Poor Relief before the Welfare State: Britain versus the Continent, 1780-1880," *European Review of Economic History*: 2 (1998): 132.

and the carriers of democratization (the agents that successfully advance democratic reforms) determine who gets to have the final say in redistributive politics.

Thus, the varying patterns of the safety net that we observe today must be understood as products of divergent experiences in pursuing the paths of democracy and industrial capitalism. *When* and *how* a country pursued industrialization and democratization determines *who* gets what from government. As major social groups (e.g., agrarian landlords, industrialists, and working class) vie for greater economic gains and political representation they choose the pattern of the safety net that best suits their broader strategic political and economic interests.

The dominant interest groups that gain political representation (e.g., agrarian landholders, industrialists, and organized labor), I argue, formulate not just redistributive policies in the short-run but also the overarching electoral institutions that frame the context in which redistribution is contested over time. In the course of shaping and reshaping the electoral terrain, they determine whether to include or exclude the poor from the policymaking process itself. When key social groups have little incentive to help the poor, they are more likely to exclude them from the policymaking process. They do so by instituting stringent voting rules that continue disenfranchising the poor or by adopting an electoral system that mutes the poor's political voice even after they are granted suffrage. In other words, when major political groups oppose redistribution, they are more likely to create an exclusionary democracy that negates the "one person, one vote" principle in order to shut out the poor from the politics of public expenditures.

Consequently, cross-country variation in the level of poverty relief today is partly attributable to a particular institutional choice made during democratization, which in

turn is based on the very question of how much to give to the poor in the form of relief, votes, or voice. The political structure ultimately reflects the redistributive preferences of the holders of power and this ensures that the pattern of redistribution is locked in for the long haul.

III. Setting the historical stage

The analytical historical narrative of the divergent paths of redistribution

In this section, I provide a historical context to my model to illustrate when and how actors attempt to influence redistributive policies. I focus on three major transitions to analyze the probabilities of governments creating safety nets: (1) from feudalism to modern nation-states; (2) economic backwardness to economic modernization; (3) from nondemocracies to democracies. The analytical narrative shows the main historical turning points in the evolution of the safety net in comparative terms and how they are intimately tied to the advancement of democratic institutions and industrial capitalism.

Rather than capturing the process of democratization as a one-shot event, the analytical narrative is broken down into three phases of democratization, ranging from limited to universal suffrage, in order to better clarify the causal mechanism at work. This set up is justified on the grounds that empirically, most advanced industrialized countries today experienced a gradual transition towards democracy in the pre-1945 period.²⁰⁹

²⁰⁹ As Ziblatt (2006) points out, democratic systems were gradually introduced in Western nations and developed over time in the pre-1945 period; the same applies to the case of Japan where the Meiji oligarchs introduced democratic institutions in the late 1880s and suffrage expanded gradually from 1890 to 1925. He also contends that the gradual movement invited a wide range of elite manipulation: “In addition to

The broader theoretical points of this section are as follows. First, the shift from feudalism towards modern nation-states exacerbates poses a number of challenges for the poor to obtain social protection. Second, the transition towards democratic governance has an ambiguous effect on the probability of constructing a safety net. The outcome depends on a number of contextual variables, including the effectiveness of electoral safeguards and the type of economic strategy a country pursues. Let us now examine these points closely.

Transitioning from feudalism to a modern nation-state

Prior to the birth of nation-states, poor relief across countries converged around the practice of rulers engaging in *despotic redistribution* and employed poor relief as a means of extraction.²¹⁰ Economies were largely agrarian and labor mobility was restricted; this enabled each feudal lord to administer relief with the objective of maximizing his returns from poor laborers. In essence, rulers provided relief to the poor—whose labor represented an indispensable source of tax revenue—to increase productivity and discourage rebellion. *Despotic redistribution* is analogous to Mancur Olson’s analysis of the “stationary bandit leader,” who has an “encompassing interest” to

rules governing who could vote, elites could manipulate civil liberties, reduce the power of national parliaments, or assert the power of nonelected bodies, all with the aim of combining democratic reform with institutions or rules that mitigated some of the undesired consequences of reform.” His line of work departs from studies (e.g., Przeworski and Limongi, 1997) that treat democratization as a dichotomous outcome—successful versus failed transition to democracy—and pays greater attention on various stages of democratization. Daniel Ziblatt, “How Did Europe Democratize?” *World Politics*, 58 no. 2 (January 2006), 318.

²¹⁰ A number of economists conceptualize redistribution as an instrument of extraction. See Dan Usher and Merwan Engineer, “The Distribution of Income in a Despotic Society,” *Public Choice* 54 no. 3 (1987), 261-276; Herschel Grossman and Suk Jae Noh, “Proprietary Public Finance and Economic Welfare,” *Journal of Public Economics* 53 no. 1 (1994), 187-204. McGuire and Olson (1996) share the view that despotic rulers choose redistribution over repression to extract surplus (esp. tax revenue) from the poor. See Martin McGuire and Mancur Olson, “The Economics of Autocracy and Majority Rule: The Invisible Hand and the Use of Force,” *Journal of Economic Literature* 34 no. 1 (1996): 72-96.

provide public goods provision and security for subjects within *his* territory as they “are for him a source of tax payments.”²¹¹

Thus, feudal poor relief was administered exclusively on a territorial basis, funded privately by the rulers (or, in some cases, a particular group was forced to fund it by the rulers), and done so for private gains. Feudal lords monopolized the power to determine policies within their respective domains, including taxes, policing, and poor relief. Under feudalism, therefore, welfare protection was paternalistic and contractual because the poor belonged to the rulers. While assistance was meager, it was delivered frequently enough to ensure that the ruler’s assets in the form of human resources did not perish.

An extreme form of despotic redistribution was found in the American South where masters provided slaves with pseudo welfare benefits in order to keep them productive and repress their urge to rebel, which might disrupt production.²¹² Likewise, feudal lords in Japan engaged in despotic redistribution by providing quasi-social protection in cases of extreme poverty to ensure that the peasants, who shouldered most of the tax burden (paid in the form of rice), were neither “lively nor dead” (*ikasazu, korosazu*). In much of Europe, the feudal masters often collaborated with churches to use the poor to raise revenue. They possessed the authority to tax both the laboring poor and the rich and controlled their lives (e.g., where and how to live) in exchange for relief; membership in the church was more often than not involuntary. Most of the funds that churches collected from donors in the name of helping the needy were expended on the church’s operational and administrative functions. From a purely financial point of view,

²¹¹ Mancur Olson, *Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships* (New York, NY: Basic Books, 2000).

²¹² Robert William Fogel and Stanley L. Engerman, *Time on the Cross: The Economics of American Negro Slavery* (Boston: Little, Brown and Co., 1974).

the church's revenue collection activities suggest that it needed the "poor" and not the reverse.

The process of building a modern nation-state elevated the issue of poverty from a local issue to "a matter of national concern."²¹³ Dismantling the feudal system entailed a number of significant changes, such as land reform, local administrative changes, and centralization of poor relief activities. States consolidated previously fragmented relief activities and created a nation-wide public assistance system to oversee and coordinate relief efforts throughout the country. Authorities established rules of eligibility, benefit rates, and standardized application procedures to achieve administrative coherence. These rules and the organizational apparatus of a nation-wide poverty relief system were the basic materials needed to build a safety net.

Nonetheless, the new institutional framework of poor relief brought a new problem: *who* was going to pay for it and *how* much. Freed from the shackles of feudalism, the poor became mobile geographically and occupationally. The poor's increased labor mobility made the logic of despotic redistribution no longer viable. The transition from feudalism to a modern nation-state, therefore, transformed the provision of poor relief into a collective action problem. Under feudalism, the "public bad" of poverty was confined geographically to the territory belonging to each feudal lord; they paid for poor relief because they reaped private gains but they also contained the "public bad" by doing so. As the feudal curtain fell, modern societies were confronted by a major problem: *no one wanted to pay for it.*

²¹³ Gaston V. Rimlinger, *Welfare Policy and Industrialization in Europe, America, and Russia* (New York, NY: Wiley, 1971), 13.

Societies confronted the challenges of building safety nets under varying political and economic conditions. For many, the process of building a nation state accompanied huge changes--democratization and industrialization—and the prospects of constructing a safety net hinged on the interplay between the patterns of democratic reforms, on the one hand, and varying types of industrial development, on the other. The course of redistribution, therefore, was shaped by how institutions governing democracy and capitalism coevolved over time.

Early democratization and the prospects of building a safety net

Regardless of why some countries pursued a path of democracy—whether as a safety valve against rising social discontent or a voluntarily concession to strengthen their political base—they all experienced, at the very least, some changes in the balance of power among actors.²¹⁴ The process of democratization was inherently contentious for this precise reason. Extension of suffrage allowed new actors to gain political power while others faced the risk of losing their privileged positions. Democratization, no matter how limited, therefore, entailed some degree of heightened uncertainty and risk to the ruling elites. As Lord Derby puts it, granting access to the policymaking process to a wider populace was like taking a “leap in the dark.”²¹⁵

In order to minimize political uncertainty and maintain a firm grip over the policymaking process, ruling elites (e.g., oligarchs, hereditary aristocratic class, or

²¹⁴ As Rustow (1970: p. 345) points out, “democracy is a matter primarily of procedure rather than of substance” and “there may be many roads to democracy” that involve a wide variety of political groups and social classes as well as varying political and social issues, conflict, and resolutions. Dankwart A. Rustow, “Transitions to Democracy: Toward a Dynamic Model,” *Comparative Politics* 2 no. 3 (April 1970): 337-363.

²¹⁵ Lord Derby “saw the 1868 Reform Bill that he and Disraeli brought into being—a substantial extension of the franchise—as a ‘leap in the dark.’” Quoted in Blake (1966): p. 474.

monarchs) created institutional frameworks to govern interactions among agents.²¹⁶ Some of the institutional structures were *foundational*. That is, they were meant to be a permanent fixture of the democratic polity; these included major political organs such as the parliament and the cabinet. They also erected institutional *safeguards* against any unwanted actions by the newly elected representatives. For example, constitutional provisions that explicitly limited the power of the elected assembly or granted a higher authority (e.g., a King or Emperor) the right to dissolve the parliament served to prevent new political actors from dominating the policymaking arena. In addition, actors designed electoral rules (e.g., election laws and electoral system), which were a legal formula that determined who could participate in the political process. These electoral rules were like legal *scaffolds* that were designed to control democratic competition in the short-run but were implemented with an understanding that they could easily be removed or changed as new political dynamics and circumstances arose (e.g., an expansion of suffrage or change in the electoral system).

During this period, of the three principal aiders of the poor—organized labor, industrialists, agrarian landlords and bureaucrats—only the last two were applicable. At the nascent stage of democratization, most countries were largely agrarian-based and the process of industrial development was still at an embryonic stage. This meant that the byproducts of industrialization, such as the emergence of an organized labor movement or the industrialists as a political class, had yet to occur. In the early phase of democratization, suffrage was limited to the wealthy propertied class who typically

²¹⁶ Here, I focus on the “rules of the game” consisting of formal legal rules and not informal institutions such as social norms. For an extended discussion on how institutions govern individual actions, see Douglass North, *Institutions, Institutional Change and Economic Performance* (New York, NY: Cambridge University Press, 1990).

represented agrarian interests. The prospects of building a safety net, therefore, were contingent on the actions of the newly-elected agrarian class (financial patrons) and the non-elected bureaucrats (defenders of public interest).

Redistributive politics under a despotic ruler was straightforward. Power was monopolized – and so were the decision-making process and policy output. If a despot wanted to save the poor, he did. This also applied to an oligarchy if power was concentrated in the hands of a few (assuming that members of the oligarchy could collude). Democratic institutions, on the other hand, empowered the elected officials vis-à-vis non-elected officials (bureaucrats) and the parliament or other forms of representative body became the epicenter of formulating redistributive policies: any expansion in poor relief required the consent of the representatives of key economic interest groups.

However, given that traditional holders of power had the upper-hand in designing and implementing democratic institutions, their ability to impose their will depended on the undemocratic electoral *safeguards* put in place to curb the power of the newly elected representatives. Democratization in Europe “often entailed and—perhaps required—combining democratic reforms with microlevel formal and informal undemocratic elite safeguards,” such as undemocratic upper chambers and granting the monarch unilateral power to dissolve the parliament.²¹⁷ Likewise, the Japanese Meiji oligarchs instituted a number of safeguards when they introduced democratic institutions to impose their will on the elected assembly.

During early democratization, the prospects of creating a safety net were contingent on, one, whether agrarian elites had an interest in redistribution and, two,

²¹⁷ Daniel Ziblatt, “How Did Europe Democratize?” *World Politics* 58 no. 2 (January 2006): 313.

whether electoral safeguards allowed the non-elected officials (e.g., oligarchs and bureaucrats) to impose a safety net top-down. Countries such as Britain and Germany managed to build a safety net; Japan, on the other hand, failed to do so and established a ultra-minimalist relief arrangements that essentially served no one.

In the case of Japan, the Meiji oligarchs prided themselves as being defenders of the public interest as they commanded the bureaucracies and proposed an expansion of poor relief in the inaugural session of the Diet in 1890. Although the Meiji oligarchs instituted a number of electoral safeguards to mute the voice of the elected officials, they were ineffective because the oligarchs miscalculated how the representatives of agrarian elites would respond to the structural constraints they established; as it turned out, the newly-elected officials chose to oppose rather than cooperate with the oligarchy. In contrast, the effectiveness of undemocratic elite safeguards in Germany, which rendered its national parliament relatively powerless, help to explain why Bismarck was able to expand the scope of poor relief at the federal level in 1870.

While the Japanese rural agrarian elites vociferously opposed redistribution towards the poor, the English agrarian class supported the expansion of poor relief and acted as patrons for poor relief.²¹⁸ According to Lindert (1998) and Boyer (1990), they agreed to provide a safety net for the poor prior to the 1820s in order to retain farm labor and prevent the flight of agricultural workers to industrial centers such as London.²¹⁹ In contrast, the Japanese agrarian elites refused to aid the poor given an over supply of farm

²¹⁸ In the United States, the agrarian class especially in the South opposed redistribution on the grounds that they wanted to retain the slave economy and also wanted to discourage labor market mobility (i.e., if the poor are giving social protection by the state, poor agrarian farm laborers may take a risk and switch jobs).

²¹⁹ Peter H. Lindert, "Poor Relief before the Welfare State: Britain versus the Continent, 1780-1880," *European Review of Economic History* 2: 101-140; George R. Boyer, *An Economic History of the English Poor Law, 1750-1850* (New York, NY: Cambridge University Press, 1990).

laborers in rural areas. In addition, centralization and strengthening of the military substantially decreased the threat of expropriation by the poor. As a part of the state-building effort, the new Meiji government amalgamated previously fragmented military forces at the national level, enforced universal conscription, and used the newly established centralized tax system to finance upgrading of military technologies. The greater military capabilities rendered the application of poor relief as a palliative device obsolete.

Moreover, they feared that expanding poor relief would require a higher tax burden that would strain their finances. The Japanese agrarian class had an unwavering stance against tax increases because the Meiji leaders taxed the agrarian class heavily to generate revenue to finance the development of the modern industrial sector. While the threat of depopulation faced by European agrarian elites directly stemmed from the budding industrial development in urban centers, the same phenomenon—industrialization—created adverse conditions for redistribution in Japan. Thus, the likelihood of the poor receiving public assistance from the government was contingent not just on how democratic institutions were set up; the process of industrialization and the type of strategy government used to spur industrial growth mattered in shaping the incentive structure of the financial patrons.

Partial democratization in the age of industry

The earliest phase of democratization took place in a mostly agrarian-based society and voting rights were limited to the wealthy landlords in rural areas. The transition towards industrialized society, however, created a new class of business leaders in urban centers who were eager to participate in the political process in order to

articulate their concerns and demands in the national assembly. The political ascendancy of industrialists was swift and the conversion of economic power into political power occurred with relative ease. Utilizing their financial and organizational resources, they spearheaded a democratization movement and successfully gained voting rights for themselves. The industrialists in Japan, for example, managed to bring about partial democratization and form a political party in 1900, just a decade after the Diet opened.

The fact that countries industrialized at different points in time and that their industrial origins emanated from divergent sources, had a profound impact on the prospects of creating a safety net.²²⁰ Broadly speaking, one can identify two patterns of industrialization. On the one hand, early industrializers like Britain pursued a laissez-faire approach based on capital accumulation by private entrepreneurs.²²¹ On the other hand, late developers such as the East Asian countries, including Japan, relied heavily on state guidance and investment to propel industrial growth.

Certainly, latecomers are not destined to pursue a state-led developmental approach. Nonetheless, as Alexander Gerschenkron's seminal work noted, the more "backward" the economy, the more likely it would rely on state intervention because it lacked the technology, scientific knowhow, infrastructure, and other essential ingredients needed to develop competitive industries.²²² In order for late developers to "catch-up," the government strategically concentrated resources in key industries and provided

²²⁰ A good general reference that covers the industrial revolution is: Kenneth Pomeranz, *The Great Divergence: China, Europe, and the Making of the Modern World Economy* (Princeton, NJ: Princeton University Press, 2000). The other classical work written on this topic is Arnold Toynbee, *Lectures on the Industrial Revolution in England* (Dodo Press, 2009).

²²¹ Alexander Gerschenkron, *Economic Backwardness in Historical Perspective* (Cambridge, MA: Belknap Press of Harvard University, 1962).

²²² Alexander Gerschenkron, *Europe in the Russian Mirror: Four Lectures in Economic History* (London: Cambridge University Press, 1970).

technical and financial assistance to privileged firms until they became sufficiently competitive to succeed on their own.

The mobilization of state resources needed to spur industrial capitalism in late developers produced difficult conditions for safety nets to emerge. As previously discussed, early industrializers such as Britain experienced the threat of depopulation in rural areas as farm laborers began leaving their lands to join the budding industrial workforce in urban centers; this prompted the agrarian elites to supply poor relief. In the case of late industrializers, however, the state-led industrial development strategy pitted agrarian elites and industrialists against redistribution.

For latecomers like Japan, the development of the modern sector was financed by taxes imposed on the traditional sector. The Meiji government raised capital domestically through the land-tax and funneled it to develop competitive industries. The *funneling imperative* to spark industrial growth not only drained state resources for poor relief in the short run, it also made agrarian elites overly sensitive about taxes and predisposed them to oppose any increase in government expenditures, including expansion of poor relief, under the presumption that it would lead to tax hikes in the future. On the other hand, the newly enfranchised urban industrialists opposed redistribution since their primary goal was to stoke industrial growth by pressuring the state to build infrastructure and a skilled workforce; given this chief objective, the issue of financing a safety net fell on deaf ears.

In sum, for late-developers, the need to funnel state resources to stoke industrial growth prevented financial patrons from emerging. Late developers such as Japan were compelled to keep an ultra-minimalist relief arrangement while early developers

maintained previously established safety nets. For the poor in late developing countries, their only hope was to fight their own poverty, which meant participating in the democratic process by obtaining the right to vote.

The rise of a mass democracy

Prior to the arrival of mass democracy, property and income requirements for voting prevented the poor from participating in the political process. While agrarian elites and urban industrialists effectively mobilized and gained voting rights, the poor had little chance of attaining suffrage on their own because they lacked the basic organizational and financial resources necessary to mount a nation-wide movement. Nonetheless, attaining suffrage was the first step towards advancing their redistributive interests in the policymaking arena. Even if the poor had attained votes, their lack of unity and resources still would have put them in a disadvantageous position to *effectively* exercise their “voice.”

The poor’s only chance to obtain relief was to ally with organized labor but their joining forces was not a given. Organized workers expended resources primarily to provide benefits that were exclusively targeted at union members. The immediate concerns of the working class were to improve job security, increase wages, gain greater respect in the workplace, improve working conditions, and expand employment opportunities. Although they were not opposed to expanding poor relief, constructing a safety net was not a part of the working class agenda because their primary goals were to retain employment and attain higher wages.

The issue of democratization, however, was a whole different matter. The universal suffrage movement provided a unique historical opportunity in which the poor (unorganized working or non-working low income individuals) and organized workers could join forces and demand political rights.²²³ Given that organized workers could seriously disrupt the social and economic order, working class mobilization had the potential to become a powerful social force that could achieve democratization.²²⁴ The poor, on the other hand, could make up for its lack of resources by supplying “numbers” to the movement and add manpower and momentum to the democratization movement.

The likelihood of a labor-poor alliance during democratization depended once again on when and how a nation pursued industrial development. State-led late development hurt the poor’s prospects of allying with organized labor whereas early development with a laissez-faire approach enabled the poor to benefit from a social movement spearheaded by the working class. How a country industrialized mattered because it affected how workers were organized—along centralized or decentralized lines—and the varying tempo of industrialization defined the nature of working class actions, redistributive preferences, and the prospects of allying with other social groups including the poor.

Centralized labor union formation at the industry level, commonly observed in early developers such as in Britain and Sweden, enabled the poor to join and benefit from the democratization movement spearheaded by workers. The centralized structure

²²³ As Lipset notes, restricted voting rules based on property ownership “made it clear to workers that political power and economic privilege were closely related.” See Seymour Martin Lipset, “Radicalism or Reformism: The Sources of Working-Class Politics,” *The American Political Science Review* 77 no. 1 (March, 1983): 6.

²²⁴ John D. Stephens. “Chapter 2: Democratization and Social Policy Development in Advanced Capitalist Societies,” in *Democracy and Social Policy*, edited by Yusuf Bangurat (New York, NY: Palgrave Macmillan, 2007). Dietrich Rueschemeyer et al., *Capitalist Development and Democracy* (Chicago, IL: University of Chicago Press, 1992).

amalgamated workers from various backgrounds and this cross-class and cross-skill configuration permitted the inclusion of the poor into the working class movement. This broad-based working class mobilization was the key to achieving universal suffrage and establishing an encompassing “left” that advocated universalistic social welfare policies.²²⁵ Since early development was more conducive for the construction of a safety net in the early stages of democratization, for many European countries, the labor-poor alliance ensured that previously established safety nets would be well maintained.

In contrast, late industrial development created a number of hurdles for organized labor to form a centralized, broad-based working class organizational structure that could forge crosscutting ties and promote encompassing interests. Late development induced decentralization of the working class movement and hurt chances of poor forging an alliance with organized labor for the following reasons.

Massive importation of technology under the late development approach imposed large-scale, fast-paced economic transformation that hindered workers from controlling skill formation. In addition, the massive changes precluded workers from gradually fortifying pre-existing organizational platform around which they could centralize their activities. Comparing the evolution of labor unions in Japan and Britain, Ronald Dore contended that the former’s “catch-up” policy created problems for organized labor while giving employers the upper hand in monopolizing skill development:

Late developing Japan imported the latest nineteenth century and twentieth century techniques into a society where traditional artisan skills resembled those of sixteenth or seventeenth century Europe. Japan had to make a technological leap—whereas Britain made a shuffling technological advance. The smooth progression from the artisan skills of

²²⁵As Stephens (2007) notes, organized labor was the “primary force pressing democratization” in Europe but successful democratic reforms more often resulted from forging alliance with other social actors and classes. Stephens (2007), 38.

the next century is reflected in the continuity of apprenticeship systems and modes of skill certification throughout the transition from guilds to unions. New inventions came gradually and in penny packages; the workmen acquired the new skills they involved as a topping up of their existing skills, and passed them on to their successors. In Japan there was little such continuity. In the shipyards, the traditional-style caulkers could be upgraded to handle new imported techniques, but iron-using shipwrights had to be trained from scratch—and only the employer could do it.²²⁶

Moreover, trailing behind advanced countries gave government officials and employers in late developers more room to forestall the development of a centralized working class mobilization. For example, the Meiji government and employers had foreknowledge of how working class mobilization emerged in Western Europe; consequently, they used repression and adopted labor regulations that would suppress the growth of the working class movement at a relative young age.

Most importantly, however, the dualistic structure of state-led industrial capitalism made the strongest impact in shaping the contours of working class organization. The late-development “catch-up” policies created a number of giant corporations that would lead the nation’s industrial development. Mainly due to government assistance and collusive banking networks, these pace-setting firms had ample financial resources to provide corporate paternalistic programs and in-company training to instill corporate loyalty and incentivize workers to organize vertically at the firm or plant level and forgo horizontally-linked craft or industry unions. Their deep pockets also enabled major corporations to forge close ties with political parties and ensured that the government would help institutionalize vertically-structured labor-management relations.

²²⁶ Dore (1973), 412.

Given these incentives, the powerful unions that formed within the large leading firms strategically chose brotherhood in the factory over class solidarity; in addition, they set the trend for the working class movement as a whole by pressuring smaller unions to follow suit and accelerate the decentralization trend. Plant or firm based unions encouraged workers to focus on their narrow workplace issues at the expense of pursuing broad-based political and social welfare reforms. The compartmentalization of the working class limited the prospects of organized labor forging an alliance with other social groups such as the poor and created a political “left” that *exclusively* focused on the needs of organized labor. Moreover, the decentralized structure provided disincentive for organized workers to vigorously pursue universal suffrage. Given the weak working class pressure for democratization, this decreased the chances of the poor obtaining votes in late developers. Thus, not only did late development hamper the construction of safety nets in the early phases of democratization and industrialization, it imposed additional challenges in the age of mass democracy, leaving the most vulnerable segment of the population that require social protection the most excluded from the democratic process.

Locking in the pattern of redistribution over time

Whether the poor were included in or excluded from working class mobilization had a profound impact on the poor’s political representation in the future. As countries experienced democratic consolidation over time, the choice of electoral system became a crucial component of how democracy worked. Electoral system choices reflected the redistributive concerns of the main social groups. Countries that developed safety nets in the early rounds of democratization (most likely early developers) were more likely to

adopt an electoral system that accommodated the *encompassing* left (labor-poor alliance). While countries that failed to construct a safety net at every iteration of democratization (most likely, late developers) were more likely to adopt an electoral system that *shut out* the poor while accommodating the *narrow* left that catered only to the needs of organized labor.

The choice of electoral system, which was made simultaneously as elites extended suffrage to a wider electorate, was both a reflection and a source of reifying the existing societal cleavage. In countries like Japan, the schism between organized labor and the poor initially deepened because suffrage was extended to the former but not the latter. The cleavage was further accentuated by adoption of an electoral system that enhanced the political representation of organized economic interests (e.g., coordination of employers and employees at the firm level) at the expense of unorganized economic interests (e.g., working and non-working poor). This was reflected in the development of intra-welfare state inequality where social policies for workers robustly grew while programs for the poor remained an afterthought. Once MMD/SNTV was adopted, it contributed to further decentralization of organized labor by encouraging investments in firm-specific assets and the system enabled them to cultivate close ties to local representatives of the ruling party; this in turn entrenched support for the electoral system itself.

On the other hand, many Western European countries granted the poor the right to vote and instituted a proportional representation system that was reflective of the grand coalition of the left built around the mobilization of organized workers.²²⁷ It was also a

²²⁷ Markus M. L. Crepaz nicely summarizes Arend Lijphart's argument that proportional representation system encompasses broad-based interests because it is more likely to be led by coalition governments

system of political representation that would allow non-leftist parties to manage their overlapping interests in coordinating with organized labor.²²⁸ In contrast, in countries where the left was weak and had limited coordination between business and labor (e.g., United States, Britain), political actors saw no incentive to push for PR and maintained a majoritarian system to stave off the left.²²⁹ In these countries, since the early twentieth century, the poor were included in the development of the “welfare state,” one in which where social insurance systems and the safety net for the poor often grew in concert or were amalgamated. Thus, the choice of electoral system reinforced the two paths of redistribution well after the politics of suffrage was settled.

In summary, with the advent of mass democracy, the divergent approaches to poor relief crystallized based on whether the poor were able to join and benefit from working class mobilization. On the one hand, more centralized labor formation in Western European countries facilitated a larger social alliance demanding universal suffrage and this allowed the poor to gain votes and, later on, a stronger guarantee for their social rights. On the other hand, ruling elites had more latitude over designing and shaping the contours of “democracy” in countries with a weaker and decentralized working class mobilization, such as Japan. Workers were compartmentalized at the firm

while “majoritarian political systems, which are often quite narrow, exclusionary, and in most cases unrepresentative of a majority of the people, though they may carry legislative majorities.” Thus, proportional representation system is associated with greater social expenditures because its encompassing institutional structure make governments more accountable to public concerns while majoritarian systems tend to skew redistribution in favor of the ruling parties. See Markus M. L. Crepaz, “Inclusion versus Exclusion: Political Institutions and Welfare Expenditures,” *Comparative Politics* 31 no. 1 (October, 1998): 66.

²²⁸ The mutual interest of employers and workers in promoting social insurance and regulatory systems that would preserve “the investment in co-specific assets” dictated a particular choice of electoral system that would permit such cooperation to occur. Thus, both leftist and rightist parties had an incentive to adopt PR in proto-corporatist countries (e.g., Denmark, Sweden, and Germany) since it allowed coordinated economic interests to get transposed to the consensual policymaking process under PR. Thomas R. Cusack, Torben Iversen, and David Soskice, “Economic Interests and the Origins of Electoral Systems,” *American Political Science Review* 101 no. 3 (August 2007): 373-391.

²²⁹ Ibid.

and plant levels and, hence, there was less integration and interaction between units. In these circumstances, the poor were less likely to form an alliance with organized labor. In Japan, ruling elites accentuated this cleavage in two ways: (1) by granting organized workers suffrage but denying it to the poor and many unorganized workers; and (2) adopting a multi-member-district single-non-transferable-voting system that enhanced the political representation of organized economic interests at the expense of the unorganized (e.g., working and non-working poor). The unequal representation produced intra-welfare state inequality, where social policies for organized workers (e.g., social insurance programs) grew robustly while programs for the poor remained an afterthought.

Conclusion

This chapter presented an analytical framework that explained how safety nets evolved over time. First, it explained the basic functions and patterns of safety nets across countries. Second, I delineated the challenges of building a safety net. Third, I identified the key actors and conditions under which safety nets are created and maintained over time. The principal theoretical claim is that the construction of a safety net hinges on the interplay between the patterns of democratic reforms, on the one hand, and varying types of industrial development, on the other. I argued that the process of democratization determines who has a political voice while the incentives to aid the poor are structured by the tempo and nature of industrial development. In addition, I explained how the course of redistribution persists over time: those who have the power to shape redistributive policies also have the capacity to design and mold political institutions. Therefore, they largely decide whether the poor are included or excluded from

participating in the democratic process itself. When power holders are reluctant to aid the poor, they are more likely to create an exclusionary democracy that denies the poor the right to vote or, if they are granted suffrage, choose an electoral system that mutes their political voice. The fact that democratic institutions ultimately reflect the redistributive preferences of power holders ensures that the pattern of redistribution is locked in for the long haul. The analytical framework that I developed in this chapter would be used a guide for examining subsequent empirical cases.

Part II. The Politics of Exclusion

CHAPTER 3

A break with the past:

From feudal poor relief to a modern public assistance system

This chapter examines the transition from feudal poor relief to the modern national public assistance system, as embodied in the so-called 1874 Relief Regulations (*Jukkyū Kisoku*), and analyzes the factors that dramatically reduced the level of poor relief from feudal times. I compare the basic features of feudal poor relief with the 1874 nation-wide public assistance system in order to evaluate the differences between the two. This chapter also provides evidence that refutes the cultural argument, which emphasizes the continuity of Japan's minimalist poverty relief policy. The rise of the modern nation-state discontinued a fairly robust feudal poor relief practice, which points to an inaccuracy in the culture approach's portrayal of today's minimalist poor relief policy as an inheritance from the past.

This chapter begins by laying out the rationale for poor relief during feudalism, which I show operated on the logic of despotic redistribution, where quasi-safety net was provided for private gain; each feudal lord was responsible for the wellbeing of the poor who belonged to him and resided in his territories. Although feudal poor relief was by no

means generous, the agrarian-based economy prompted rulers to aid the poor for tilling their lands and generating valuable tax revenue. In times of destitution, often caused by bad harvests or natural disasters, feudal lords intervened to aid the needy in the hopes of lowering the incidence of rebellion and increasing agricultural productivity. Hence, relief-giving activities at the scale of an entire village were not uncommon.

As part of a grand mission to build a modern nation state, Meiji leaders demolished a host of feudal practices and institutions. Dismantling the feudal system entailed a number of significant changes, such as land reform, local administrative changes, and liberalization of the labor market. Freed from the shackles of feudalism, the poor became mobile geographically and occupationally. Increased labor mobility vitiated the logic of despotic redistribution since the poor did not belong to any one person or community. The need to socially protect citizens became visible as the wholesale changes, especially the opening of Japan's near-autarkic domestic market, entailed large-scale dislocation and transitional hardships for many ordinary Japanese.

The Meiji oligarchs established the Relief Regulations amidst great demand to socially protect citizens; nevertheless, they virtually served no one as the Meiji government reserved scarce government resources for the sole purpose of promoting national industrial development. Japan's aspirations were to become rich—as quickly as possible—but this was a daunting task given that it was a latecomer that needed to catch-up to the more advanced economies in the West with poor factor endowments: scarce land and capital but abundant in labor. The Meiji oligarchs made a crucial decision that changed the country's economic fate: it carved out a new path of industrial growth that defied comparative advantage and pursued a capital-intensive strategy that designated the

state as the key player to foster industrial growth. Although the new Meiji government created a centralized tax system to collect revenue efficiently, any funds amassed were used for the sole purpose of an exceedingly ambitious national industrial development plan.

In the process of jumpstarting Japan's industrial development, the Meiji government instituted the Relief Regulations that contained exceptionally restrictive eligibility rules. For the first time in history, individuals were subjected to a stringent application process in which they were thoroughly investigated before receiving assistance. The new eligibility rules were so strict that they basically barred most people from relief. I argue that the skeletal framework of the new public assistance system was in part due to the need to mobilize the country's scarce financial resources to promote industrial development; this *funneling imperative* left virtually nothing for the poor.

I. The prelude to the modern public assistance system

Despotic redistribution under feudalism

The Tokugawa feudal regime (1603-1868) was a "confederation" of feudal lords (*daimyō*) that was chiefly ruled by a commanding general (*shogun*) of the Tokugawa family.²³⁰ Though it was not a unified nation-state, the Tokugawa shogun directed a central government (*bakufu*) that supervised over 260 local domains (*han*) and exercised considerable authority over certain issues, such as military affairs, foreign relations, labor regulation, and religious policy. The daimyo retained their respective domain as a "fief

²³⁰ Peter Duus, *Feudalism in Japan, Third Edition* (New York, NY: McGraw-Hill, 1969), 80.

from the shogun” and were treated as “direct vassals of the shogun.”²³¹ The feudal lords were given autonomy to rule their estates in exchange for their allegiance to the shogun. Except for the territories that belonged directly to the Tokugawa shogunate (called *tenryō* or *bakuryō*), each lord enjoyed fiscal independence in collecting and spending tax revenues.²³²

Feudal lords obtained their power and wealth from their own administration’s fiscal revenue, which was primarily exacted from agricultural production (mostly rice). Peasants comprised over two-thirds of the population and shouldered most of the tax burden, being required to give half, if not more, of the annual crop yield to the feudal lords.²³³ Each feudal lord then paid “rice stipends” to “his own army of samurai retainers and foot-soldiers who lived in the fief’s fortified castle town.”²³⁴ Given the primacy of importance placed on revenue-extraction from peasants, the restless “spirit of the taxation system” was captured in a famous analogy that compared peasants to “rape-seeds”: “the more you squeeze them the more you get out of them.”²³⁵

Although authorities collected taxes even in times of poor harvest, they feared that extreme destitution among peasants would lead to the destruction of farming villages and gradually destabilize the regime’s fiscal base. Poor relief during feudal times was based on this fear that overt suppression and negligence of the poor’s welfare could either

²³¹ The daimyo were divided into three categories: *fudai* (“vassal”), *tozama* (“outside”), and *shimpan* (“related”) daimyo. The varying closeness and the level of “threat” that they posed to the shogun determined where they were located and how they were treated by the shogun. The least threatening and most loyal daimyo were called *fudai* and they occupied lands that were closest to the capital, Edo (today’s Tokyo). The *shimpan* daimyo were related to the shogun and enjoyed privileges whereas the least trustworthy daimyo called *tozama* were located at the outskirts of Japan (Duus, 1969: 80-81).

²³² The shogun-controlled territories covered nearly one quarter of Japan.

²³³ The rates under the tax system (*gokō gomin*) varied because in some localities peasants were forced to pay 60% or even 80% of their crops in taxes. Textile products were also levied.

²³⁴ A smaller portion of the tax revenue came from mines and local industries within a fief. Ronald P. Dore, *Land Reform in Japan* (New York, NY: Oxford University Press, 1966), 11.

²³⁵ Dore (1966), 12.

kill them, literally, or, they could turn sour and revolt. Thus, the feudal lords helped the destitute in times of desperation as they deemed fit. The shogunate also instructed local authorities to maintain relief funds and encouraged intervention by handing out rice, cash, and loans in impoverished areas.

Feudal relief-giving practices were not driven by benevolence per se but an economic rationale: to extract tax revenue from the poor. Rulers of the autocratic regime adopted a *despotic redistribution* policy in which relief giving was intended to quench the thirst for revolts and ensure that subjects were minimally able to generate agricultural or textile products used to pay taxes in kind.²³⁶ The despotic redistributive scheme was analogous to the pseudo-welfare benefits that plantation owners provided for their slaves in the American South. According to Fogel and Engerman (1974), the Southern slave masters provided food, shelter, and even healthcare to the slaves as a deterrent against uprisings and a booster of labor productivity.²³⁷

The regime imposed strict regulations on the geographic and occupational mobility of peasants and they were de facto enslaved and confined to their respective fiefs. A permit system obligated peasants to obtain a certificate to travel outside their hometown and instituted regulations that strictly prohibited them from changing occupation or even selling or mortgaging arable land.²³⁸ In this respect, the feudal lords treated them as agricultural slaves that needed to be controlled while remaining

²³⁶ Ogawa Masaaki, *Kenri to Shite no Shakai Hoshō* [Social security as rights] (Tokyo: Keisō Shobō, 1969), 6.

²³⁷ Their work suggests that the low incidence of rebellion by Southern slaves challenges the common perception that they were poorly fed and over-exploited by slave masters; see Robert William Fogel and Stanley L. Engerman, *Time on the Cross: The Economics of American Negro Slavery* (Boston: Little, Brown and Co., 1974).

²³⁸ George Sansom, *A History of Japan 1615-1867* (Stanford, CA: Stanford University Press, 1963), 105.

productive. The quasi-social protection provided in cases of extreme poverty ensured that the peasants were “not allowed to die, nor yet to live” (*ikasazu, korosazu*).²³⁹

In the capital, Edo, the concentration of poor was an ominous threat to the Tokugawa regime. The shogunate routinely provided direct assistance in the form of rice (or lowered price of rice), cash, or employment placement to prevent poverty-inspired riots in the central command center of the regime. In other major cities, such as Osaka and Kyoto, poorhouses and workhouses provided relief to the homeless and able-bodied poor. Authorities frequently stipulated, however, that upon receiving aid recipients had to return to their home villages (*hitogaeshi*) to diffuse the concentration of poor and for peasants to be reintegrated into their native land as taxpayers.²⁴⁰

Aside from relief activities undertaken by the feudal lords, every community had a mutual assistance network that aimed to improve the welfare of its members. The heavy tax burden on farmers under the Tokugawa reign encouraged peasants to evade taxes or leave farmland. In order to curtail defection by farmers, the regime created neighborhood associations (*rimpo dantai*) called *goningumi*, comprised of groups of five households collectively responsible for taxes, providing an incentive for each household to monitor the others. By default, groups were also responsible for caring for each other's welfare in times of destitution.²⁴¹ In addition, family members were obligated to pool their resources to combat poverty. If a close or distant family member fell into poverty, other members had the duty to help.

²³⁹ Dore (1966), 12.

²⁴⁰ Inaba Mitsuhiro, *Kyūmin Kyūjo Seido no Kenkyū* [Research on poor relief] (Tokyo: Keiō Tsūshin, 1992), 110.

²⁴¹ *Ibid.*, 104.

Nonetheless, mutual aid and family resources fell short of ameliorating mass poverty. Occasionally, persistent drought, natural disasters such as massive flooding, and chronic poor harvests pushed an entire village to the brink of starvation. Only feudal lords had the capacity and resources to intervene on such a massive scale. In such cases, rulers provided relief to the whole village or even an entire region.²⁴²

The practice of mass relief giving ended as the feudal curtain fell. The rise of the modern nation state coincided with the dismantling of the Tokugawa's signature system of taxation, domains, mobility restrictions, and the despotic redistribution scheme. In the name of centralization, local officials lost discretionary power in aiding the poor. New nation-wide poor relief rules were created. They forced applicants to present their case individually and pass a series of stringent eligibility tests in order to receive assistance.²⁴³ The individual-based application process meant that the new poor relief system abolished mass relief in times of famine, floods, earthquakes, typhoons, droughts, or any other of the unexpected systemic events that were common under the feudal regime. This more restrictive relief arrangement in the post-feudal world merits further discussion since it became a permanent feature of redistributive policy in Japan.

II. The beginnings of Japan's modern poor relief

Transitioning from feudalism

In the 1850s, Western powers forced Japan to end its isolationist foreign and commercial policies and triggered an intricate domestic political struggle that eventually

²⁴² Elise K. Tipton, "Defining the Poor in Early Twentieth-Century Japan," *Japan Forum* 20 no. 3 (2008): 365.

²⁴³ While feudal authorities conducted informal background checks on individuals who sought to find refuge in poorhouses, they did not submit them to standardized and extensive eligibility tests.

led to the collapse of the Tokugawa regime.²⁴⁴ The new Meiji government wasted no time in dismantling the remnants of feudalism and instituting wide-ranging systemic changes aimed at transforming the country into a modern nation-state. In the years immediately following the Meiji Restoration (1868), it swiftly introduced, among other things, a new system of mass education, capital markets, marine transportation, railways, a standardized language, postal service, and military conscription.

These wholesale changes in the name of modernization were not without costs. For many ordinary Japanese, the experience entailed transitional hardships. The opening of Japan's near-autarkic domestic market to foreign trade hurt hitherto protected domestic industries.²⁴⁵ In particular, the handicraft industries on which peasants relied struggled as cheap foreign manufactured goods poured in.²⁴⁶ Opportunities for arbitrage also created monetary instability. At times the exchange rate for silver to gold was "as low as 6 to 1 in Japan in contrast to the 15 to 1 ratio" in other countries; since trade treaties allowed the exportation of specie, "traders dumped silver in Japan and exported gold, producing wild fluctuation in prices and serious economic dislocations."²⁴⁷

In addition, urban poverty became visible as workers, freed from the strict restrictions on labor mobility in effect during the Tokugawa era, flocked to cities in search of a new life. Many found themselves in precarious conditions, facing unemployment, homelessness, and hunger as the new city dwellers increasingly joined

²⁴⁴ Ono Masao, *Bakuhan Kenryoku Kaitai Katei no Kenkyū* [Research on the process of dismantling the feudal political power] (Tokyo: Kura Shobō, 1993).

²⁴⁵ *Ibid.*, 33-36, 98-106.

²⁴⁶ Dean W. Kinzley, "Japan's Discovery of Poverty: Changing Views on Poverty and Social Welfare in the Nineteenth Century," *Journal of Asian History* 22 no. 1 (1988): 12.

²⁴⁷ John K. Fairbank, Edwin O. Reischauer, and Albert M. Craig, *East Asia: The Modern Transformation* (Boston, MA: Houghton Mifflin Co., 1965), 210.

the ranks of the urban poor.²⁴⁸ Moving away from their rural hometowns they often lost the support of families and local communities, networks valuable to survival in hard times. With no one to turn to for assistance, desperate citizens became increasingly restless in urban centers.

During the Tokugawa era, feudal lords in their respective provincial domains took care of poor relief under the domain system (*han*) but it was abolished and then replaced by a new system organized by prefectures in 1871. The newly established prefectural officials were at loss on how to deal with the increase in the destitute and sought guidance from the central government. This prompted the Meiji government to consolidate and standardize the previously fragmented relief arrangements into a centrally controlled relief system, known as the Relief Regulations (*Jukkyū Kisoku*), in 1874.²⁴⁹ The Relief Regulations continued to serve as Japan's principal poor relief legislation for a little over half of a century until the Relief and Protection Law (*Kyūgohō*) superseded them in 1929.

The creation of the 1874 Relief Regulations

The Relief Regulations established nation-wide administrative guidelines on relief and the newly created Home Ministry—the preeminent bureaucracy in pre-war Japan—provided localities with details on eligibility and benefit rules.²⁵⁰ The law prioritized mutual aid (*jinmin sōgo no jyōgi*), obliging citizens to offer direct help for the needy

²⁴⁸ Shibuya Tetsu, *Teishotokusha e no Shien to Seikatsu Hogo Seido* [Low-income aid and the livelihood protection system] (Gifu: Mirai Co., 2009), 207.

²⁴⁹ Also translated as “Relief Order of 1874” or the “1874 Relief Measure of the Deprived.” *Kōseishō Gojū Nenshi Henshū Iinkai, Kōseishō Gojūnenshi* [A fifty-year annal of the Ministry of Welfare] (Tokyo: Zaidan Hōjin Kōsei Mondai Kenkyūkai, 1988), 67.

²⁵⁰ The Home Ministry (*Naimushō*) was perhaps one of the most influential bureaucracies to manage various affairs of the Empire of Japan from 1873-1947.

among their family members or neighbors. Individuals were held responsible for their own poverty, and the Relief Regulations stipulated that personal resources and networks had to be exhausted before individuals could seek government assistance. Poor relief, therefore, was limited to single adults and orphans who literally had no one to look after them (*mukoku no kyūmin*). The status of ‘single’ with no family had to be proven through family registration records before applying for assistance.²⁵¹ Individuals who had no one to look after them *only* qualified for benefits if they were elderly (over seventy) and sick or senile, children under the age of thirteen, severely impaired and unable to work, or facing extreme poverty. The minimum age requirement of over seventy reflected how restrictive the new rules were since the average life expectancy at the time was around thirty-eight.

The law stipulated applicants must face extreme poverty (*gokuhin*) entailing severe deprivation of basic human needs, such as shelter and food, in order to receive assistance. The Relief Regulations supplied cash assistance, which was calculated to be the amount needed to purchase a specified quantity of rice at the local market rate. Local governments distributed this assistance with a fifty-day limit on the duration of the benefit.²⁵² Unlike England’s New Poor Law of 1834, which offered indoor relief at poor- and workhouses, the Relief Regulations provided only outdoor relief to non-vagrants who had a verifiable family registry (*koseki*) that demonstrated permanent residence in the local community in which the aid was being granted. The government chose outdoor

²⁵¹ Exceptions to this rule were granted only to those who had family members but they were impoverished and too old (above the age of seventy) or too young (children under the age of fifteen) to aid the applicant.

²⁵² The Home Ministry directly handled cases that involved more than fifty days of assistance.

over indoor relief to avoid incurring the additional administrative cost involved in maintaining facilities.²⁵³

Under the “watchful eyes” of the Home Ministry, the Relief Regulations acted as a “linchpin in a dual policy aimed at centrally managing the provision of relief and minimizing its costs.”²⁵⁴ Although they granted discretionary authority to local governments for relief lasting fewer than fifty days, the Home Ministry requested an amendment, a “clause on application investigation” (*kyūmin jukkyū shinsei chōsa kajō*), that ordered local officers to scrutinize all applications closely.²⁵⁵ Applicants were not only required to undergo a thorough examination to prove their eligibility, but also faced local officials who “devoted considerable efforts to locating relatives who could maintain the applicant and save the state some money.”²⁵⁶ As Garon (1997: p. 35) notes, “[i]n several instances, officials compelled an elderly applicant to adopt an unrelated adult as a son, persuading the younger man to assume responsibility for supporting his new parent.”

As welfare rolls increased, the Home Ministry instructed localities to police individual applications further in order to keep public assistance expenditures low—an order that local officials heeded assiduously.²⁵⁷ Table 1 demonstrates that despite a

²⁵³ In this respect, the settlement-requirement was more akin to poor relief arrangements in continental Europe. Tada Hidenori, “Kyūhin Seido no Hensen,” [The transformation of poor relief system] in *Nihon Shakai Hoshō no Rekishi* [The history of Japanese social security], edited by Yokoyama Kazuhiko and Tada Hidenori (Tokyo: Gakubunsha, 1991), 23.

²⁵⁴ Sheldon Garon, *Molding Japanese Minds: The State in Everyday Life* (Princeton, NJ: Princeton University Press, 1997), p. 35.

²⁵⁵ The amendment was made in 1875 and put the central government solely in charge of administrative and financial aspects of Relief Regulations, though it devolved a portion of financial burden to local governments over the course of years. The “clause on application investigation” was also intended to eliminate variation in the level of beneficiaries across localities.

²⁵⁶ Garon (1997: 35)

²⁵⁷ An example of the Home Ministry’s instruction on tightening eligibility tests can be seen in the “Jukkyū Kisoku no Kokoroe Dai Hachijō Ikka Sūnin Kyūjō no Koto” [Understanding of the multi-member family aid under article 8 of the Relief Regulation] in the March 12th 1886 *Kanpō* [official daily newsletter] no. 805. Cited in Yoshida Kyūichi, “Meiji Ishin ni Okeru Hinkon no Henshitsu,” [The change in the quality of

steady increase in relief recipients, from 2,521 in 1876 to 14,245 in 1889, public assistance reached only a miniscule subset of the population of 35 million.²⁵⁸

[table 1]

A closer examination of the Relief Regulations reveals both elements of continuity and change from the relief system of the feudal Tokugawa era. The Relief Regulation preserved the practice of mutual aid for the poor, which prioritized the mobilization of personal and community resources and reserved state intervention as a last resort.²⁵⁹ Nonetheless, the new Meiji relief arrangement diverged from feudal practices in important ways, thus defying the view that it was simply a policy inherited from the past. Consolidation of the various relief programs “administered by the shogunate, domains, and big cities” led in practice to “enormous reductions in local relief programs that had previously assisted whole families, the able-bodied, and other categories not covered by the Relief Regulations.”²⁶⁰ Unlike feudal authorities, who had distributed poor relief in times of destitution caused by natural disasters and epidemics, the Relief Regulations entirely omitted reference to this problem and denied assistance to calamity-stricken, able-bodied poor. Furthermore, the Meiji government largely stripped localities of the autonomy to engage the poor as they deemed fit. The significant drop in the level of relief from feudal times reflected a profound change in the country’s approach towards poverty.

poverty during the Meiji Restoration] in *Nihon no Kyūhin Seido* [the Japanese poor relief system], Nihon Shakai Gigyō Daigaku Kyūhin Seido Kenkyū Kai (ed.), (Tokyo: Imura Juji, 1976), 87.

²⁵⁸ Recipients as a percentage of total population are reported in Inaba (1992), 167.

²⁵⁹ Inaba Mitsuhiro, *Kyūmin Kyūjo Seido no Kenkyū* [Research on poor relief] (Tokyo: Keiō Tsūshin, 1992), 104.

²⁶⁰ For a continued discussion of the curtailment of poor relief at the local level from the early 1870s on, see Garon (1997), 35.

New freedom, guns and liberalism

A number of factors led to the termination of the despotic redistribution scheme. First, the extractive rationale that guided poor relief was no longer relevant after the Meiji government confiscated the territories of the feudal lords and stripped their exclusive privilege to levy taxes.²⁶¹ Second, the geographically targeted redistribution arrangement ceased to be applicable when the new government lifted all the stringent occupational and geographic mobility restrictions. Liberalization of the labor market and “freedom to own and alienate land” emancipated the peasants from feudal ties but they also lost the social protection that came with the bond. This trade off—the loss of welfare security for the sake of gaining freedom—resembles the case of American slavery in which slaves in the South received pseudo-welfare benefits while the freed slaves in the North did not.²⁶²

Third, the use of poor relief as a palliative device against uprisings became obsolete as the Meiji government amassed military capability and authority in a remarkably short period. New centralized tax system and universal conscription allowed the regime to build “a veritable brick wall of military strength” against agitators.²⁶³ Yamagata Aritomo, a Meiji oligarch known as the “father of militarism,” studied and observed Western military technology and institutions first-hand in the late 1860s. He helped establish the Imperial Japanese Army in 1871 and instituted universal conscription based on the Prussian model in 1873, thereby creating an effective organizational means

²⁶¹ Although the feudal lords gained some concessions—such as governorships, tax revenue allowances, and new titles under the *kazoku* peerage system—their autonomy and power to extract and keep tax revenues were substantially curbed.

²⁶² Fogel and Engerman (1974).

²⁶³ Roger W. Bowen, *Rebellion and Democracy in Meiji Japan* (Berkeley, CA: University of California Press, 1980), 92.

of controlling the whole nation.²⁶⁴ In addition, the government acquired leftover rifles from the American Civil War (1861-1865), imported additional arms from British gun manufacturers, and began producing its own artillery in 1880.²⁶⁵ According to Bowen (1980), 674 social disturbances of various types, including rice riots stemming from poor harvests, took place in the first decade of Meiji, a level that he notes is much higher than that of virtually any decade under the Tokugawa rule.²⁶⁶ With both manpower and upgraded armaments, the Meiji government swiftly squashed any uprisings and “rendered rebellion well-nigh impossible.”²⁶⁷ Hence, relief giving was no longer necessary as the new administration preferred repression rather than redistribution to address dissension.

Fourth, the prominence of laissez-faire ideology in nineteenth century Europe acted as a tailwind for a minimalist poor relief policy. Classical economists such as David Ricardo and Thomas Malthus opposed extensive relief under the Old Poor Law on the basis that it interfered with economic activities and provided a disincentive to work and save. Along with other liberal thinkers of the time, they were credited with having given intellectual support to the tightening of poor relief in the nineteenth century. The realization that advanced industrialized nations like England were treating the poor harshly—for example, by imposing the “less eligibility”²⁶⁸ condition and “workhouse tests”²⁶⁹ that placed recipients in deplorable conditions in order to deter them from claiming relief—offered solace to Japanese authorities, who too believed in restricting

²⁶⁴ The Japanese Navy was modeled on the British system. The French helped Yamagata build the army, but after the Germans soundly defeated the French in the Franco-Prussian War (1870-1871), the Meiji leaders began emulating the Prussian army.

²⁶⁵ Byron Farwell, *The Encyclopedia of Nineteenth-Century Land Warfare: An Illustrated World View* (New York, NY: W.W. Norton & Company Inc., 2001), 437.

²⁶⁶ Bowen (1980), 90-91.

²⁶⁷ *Ibid.*, 92.

²⁶⁸ The principle of “less eligibility” was based on the idea that the poor on relief must experience worse conditions than did the poorest workers who were not receiving aid.

²⁶⁹ The “workhouse test” was a requirement that applicants work at workhouses in exchange for relief.

access to poor relief.²⁷⁰ Hence, overseas trends reconfirmed that the minimalist Meiji position was in line with the general trends of the time.

The aforementioned points contributed to the termination of despotic redistribution but they were not the decisive factor in the creation of an ultra-minimalist Relief Regulations. Although liberalization of the labor market attenuated the rationale to provide paternalistic relief, it also increased the demand for social protection as many peasants flocked into cities and faced a precarious, uncertain future. As previously discussed, the new migration brought new social problems and this is what prompted government officials to set up the Relief Regulations in the first place. It certainly does not explain why the new system was designed to serve virtually no one.

Although the popularity of self-help ideology abroad may have inspired Japanese officials to limit public assistance, the level of relief during the first half of the Meiji era was so low that even nineteenth-century English efforts to curtail the flow of relief appeared generous in comparison. Relief recipients constituted well above 2% of the English population as compared to only 0.02% of the Japanese.²⁷¹ The extent to which the Japanese government restricted poor relief merits further investigation.

Finally, if in fact superior repressive tools enabled the government to quiet agitators by force rather than through redistribution, the issue of how the state treated the non-agitating poor remains an open-ended question. Many poor, due to old age, sickness, disability, or simply being too young, were incapable of revolting in the first place. As I explain in the next section, the Meiji leaders' decision to deprive funding for a program

²⁷⁰ Kōseishō Gojū Nenshi Henshū Iinkai, *Kōseishō Gojūnenishi* [A fifty-year annals of the Ministry of Welfare] (Tokyo: Zaisan Hōjin Kōsei Mondai Kenkyūkai, 1988), 242.

²⁷¹ Ikeda Yoshimasa and Ikemoto Miwako, *Nihon Fukushishi Kōgi* [A lecture on Japanese welfare history] (Osaka: Takasuga Shuppan, 2002), 81.

that helps these individuals had little to do with its military capability and more to do with financial capacity. Ironically, it was the new leadership's desire to make Japan richer that prevented the poor from receiving aid.

III. The hidden cost of building a rich nation

The funneling imperative to jump-start industrial development

Since the Relief Regulations were never publicly debated, the main architect behind them remains a bit of a mystery. The dominant oligarch of the time, Ōkubo Toshimichi, most likely assumed that role.²⁷² The period between 1873 and his assassination in 1878 is also known as the “Ōkubo dictatorship” and coincided with the designing and implementation of the Relief Regulations.²⁷³ These were under the jurisdiction of the Home Ministry, which Ōkubo helped launch in 1873 to oversee public health, public works, local government, and policing in addition to poor relief.²⁷⁴ Ōkubo himself served as the first “Lord” or Minister of the Home Ministry and instructed that the parameters of assistance under the Relief Regulations needed to be exceptionally restrictive, with meager benefits in order to deter welfare-dependency.²⁷⁵

Ōkubo's rationale for ultra-restrictive poor relief stemmed directly from his ambitious goal to transform Japan into a “rich nation and strong army” (*fukoku kyōhei*); a

²⁷² As I discuss in the next section, after his death his protégés, Itō Hirobumi and Yamagata Aritomo, carried out his legacy of building a strong, industrialized state.

²⁷³ Richard J. Samuels, *Machiavelli's Children: Leaders and Their Legacies in Italy and Japan* (Ithaca, NY: Cornell University Press, 2003), 79.

²⁷⁴ The Relief Regulations were established on December 8th 1874, a period when Ōkubo Toshimichi was the Home Minister. Ōkubo was the inaugural minister of the Home Ministry in November 1873 and he led the ministry until February 1874. Then, Kido Takayoshi briefly took over for two months, from February to April, and Ōkubo became the Home Minister again from late April until August. Ito Hirobumi took over from August to November and Ōkubo once again headed the Home Ministry from late November 1874 until 1878 when he was assassinated.

²⁷⁵ Zenkoku Shakai Fukushi Kyōgikai Kyūjūnen Tsūshi Hensan Inkai (ed.), *Jizen kara Fukushi e* [From Philanthropy to Welfare] (Tokyo: Zenkoku Shakai Fukushi Kyōgikai, 2003), 5.

slogan first promoted by him and later embraced by his successors. Of the two goals, he placed primacy on building Japan's economic power because a strong army would inevitably require greater government spending, whether for weapons acquisition or feeding soldiers. The young Meiji government's determination to achieve gigantic economic progress within a short timeframe compelled state leaders to concentrate and funnel the state's scarce financial and organization resources toward national industrial development. As I explain shortly, the ability of the government to spend was quite fixed, meaning that bigger expenditures in one area necessarily meant reductions in the others, because the Meiji government had serious limits on how much it could borrow. In essence, the *funneling imperative* to meet the initial start-up costs of industrial development trimmed the Relief Regulations down to the bone. This was also a period when restoration leaders chose not to invade Korea or engage in any major foreign conflict that might have diverted valuable state resources.²⁷⁶

Making Japan richer was a daunting task. In the early years of Meiji, as Sally Ann Hastings points out, the government was primarily concerned with the issue of "Japan as a poor nation" rather than "the poor individuals within Japan."²⁷⁷ Late-developing Japan was eager to "catch-up" but its factor endowments limited its options. Its land area, slightly smaller than California, was ninety percent uninhabitable, mostly due to its mountainous terrain. Japan's capital market was underdeveloped and dismantling the feudal regime strained the government budget into near bankruptcy. As Ronald Dore succinctly put it, the young Meiji government "badly needed money":

²⁷⁶ Also, state leaders needed to ensure that there were enough military resources to combat domestic insurgencies. The Taiwan Expedition of 1874 was an exception. The Meiji government sent soldiers to attack the Paiwan aborigines responsible for killing 54 Ryūkyūan sailors in 1871.

²⁷⁷ Sally Ann Hastings, *Neighborhood and Nation in Tokyo, 1905-1937* (Pittsburgh, PA, University of Pittsburgh Press, 1995), 19.

It had to provide compensation for the privileged class of the old regime—the commutation of feudal stipends into money salaries and eventually into government bonds, and the redemption of the paper currencies and other forms of debt accumulated by the old fiefs. The salaries of its new officials and the expense of creating military forces required to suppress local rebellions and ensure that Japan did not fall a prey to colonial Powers were additional heavy claims on its resources.²⁷⁸

The only resource that it had in abundance was labor, around thirty-three million workers in 1870, but this would only be to its advantage if the government chose a labor-intensive economic development strategy. Defying its factor endowments and comparative advantage, the Ōkubo-led Meiji administration chose a capital-intensive strategy.²⁷⁹

Ōkubo and Okuma Shigenobu, the then Minister of Finance, rejected the laissez-faire British free trade model on the grounds that it was unfit for late-developing Japan.²⁸⁰ Instead, they selected a state-led mercantilist approach that utilized strategically placed protectionist policies to nurture infant industries (*shokusan kōgyō*) and achieve import substitution.²⁸¹ As Alexander Gerschenkron's influential work on late-development would later point out, economically “backward” societies face enormous challenges to build competitive industries.²⁸² To name a few, “late-developers” lack expertise, technology, machineries, infrastructure, scientific knowledge, and managerial knowhow

²⁷⁸ Ronald P. Dore, *Land Reform in Japan* (New York, NY: Oxford University Press, 1966), 15.

²⁷⁹ Rodrik (2001) notes Japan's exceptional path of industrial growth in the late nineteenth century. See Dani Rodrik, *The Globalization Paradox: Democracy and the Future of World Economy* (New York, NY: W.W. Norton & Company, 2011), 142-143.

²⁸⁰ As Samuels (2003: 72-73) points out, these two men made critical choices regarding the path of economic development despite the fact that domestic and international conditions were not necessarily conducive for it: “Their early choice for economic intervention and technonationalism was made *despite* an international trade regime and a still uncertain national consolidation that appeared to make free trade and openness the more compelling option...the Japanese economy was short on capital and long on labor...the Japanese elected to pursue capital-intensive economic growth without inviting foreign investment.”

²⁸¹ Asada Takee and Wakabayashi Yukio, *Nihon kindai keiei no yoake: Shokusan kōgyō seisakuka no shōgyō to keiei* [The dawn of modern Japanese economy: the commerce and management of industrial development policy] (Tokyo: Hakuto Shobou, 1993).

²⁸² Alexander Gerschenkron, *Economic Backwardness in Historical Perspective* (Cambridge, MA: Belknap Press of Harvard University, 1962).

essential for industrial development. Because the private sector is unable to mobilize sufficient resources and concentrate them in key sectors, a heavy dose of state guidance is required. The difficulty for Japan and other late industrializers is that Japan was woefully short of capital.

The Meiji government insisted on raising capital domestically in order to finance industrial development. The Meiji leaders avoided relying on foreign direct investment or loans from foreign banks because, as Bismarck counseled the oligarchs during their sojourn to Europe, “industrial autonomy” was necessary to secure economic prosperity and state sovereignty in the long run.²⁸³ At the same time, unequal treaties with the West prevented Japan from raising revenue through import duties, the most important source of revenue for most states in this epoch. Determined to aid the growth of Japanese industry financially and technically, Ōkubo and his associates set their eyes on the agrarian class, just like in feudal times. Only they wanted to extract resources from it more effectively through the newly-created centralized tax system. They instituted a massive land reform, adopted a new private property law, and secured a steady source of government revenue by imposing a land-tax of three percent.

With a fresh source of domestic capital, the Meiji government helped spur industrial development in four important ways. First, the Home Ministry’s Industrial Promotion Bureau was responsible for formulating and implementing industrial policy and it executed various forms of import substitution programs to nurture infant industries.²⁸⁴ For example, it protected cotton and silk industries from international competition by restricting the flow of imports through non-tariff barriers and it aided

²⁸³ Samuels (2003), 82.

²⁸⁴ For an in-depth account of Japan’s national industrial development, see chapter three of Samuels (2003).

them in the export of goods. The state also assisted in the borrowing of foreign technology and acquisition of machinery by providing loans on favorable terms. They also provided subsidies to help firms develop expertise, train engineers, and build a skilled workforce.²⁸⁵ Second, the Meiji government enabled leading business leaders such as Iwasaki Yatarō of Mitsubishi to expand the scope and scale of business activities by offering them lucrative opportunities for “favored acquisitions.” Once the state-run coalmines, shipyards, and other factories were set up, the government sold them at a discounted price to the soon-to-be zaibatsu leaders.²⁸⁶

Third, the Meiji government heavily invested in key industries such as steel and iron to offset the high entry costs of firms in these sectors; these strategic industries would later create forward linkages to other sectors such as construction and shipbuilding.²⁸⁷ Producing basic materials at home had the added benefit of avoiding a balance-of-payments deficit.²⁸⁸ Fourth, the Meiji leaders built vital infrastructure, such as roads, telecommunications, postal services, and public utilities (e.g., electricity) to help lower transaction costs and facilitate the flow of goods, services, and information.

This is how Japan built “a rich nation”: state-guided modernization that was paid for largely by the traditional sector. Its funneling imperative made Japan richer but virtually absorbed all the funds that might have been available for redistribution. In essence, what the Ōkubo-led government did was to create an artificial oasis in the

²⁸⁵ Sydney Crawcour, “Chapter 8: Industrialization and Technological Change, 1885-1920,” in *The Cambridge History of Japan: The Twentieth Century Volume 6*, edited by John Whitney (New York, NY: Cambridge University Press, 1988), 402-403.

²⁸⁶ As Samuels (2003: 85) notes, the costs of running the state-run enterprises were draining state finances and the oligarchs needed to unload them as quickly as possible to improve the cash flow.

²⁸⁷ The effectiveness of these policies are definitely not without controversy. A number of economists such as Paul Krugman are skeptical of the value of import substitution policies and other state-led initiatives for industrial development.

²⁸⁸ The government targeted these industries not just for economic reasons but also to promote national defense because it would mean less reliance of resources to build arms. Crawcour (1988): 429-430.

middle of the desert so that newly created industries could be protected and nourished. At the same time, the need to sustain such a resource-guzzling project left the poor and the Relief Regulations malnourished and neglected.

Not only did late-development strategy's *funneling imperative* divert funds away from poor relief, it also created a new villain in the story of fighting poverty in the decades to come: the agrarian landlords. The late-development strategy imposed a heavy tax burden on the agrarian landlords and their dissatisfaction would eventually coalesce into a democratization movement to ultimately democratize fiscal policy. Ironically, as Japan became richer and stronger, Ōkubo's successors would attempt to revise the ultra-minimalist 1874 Relief Regulations so that the state could show more largesse to the poor. They failed to steer the course of redistribution away from the minimalist path because early democratization in Japan enfranchised the agrarian landed elites and gave them a say in redistributive politics. Overwhelmed by the tax-burden to finance industrialization, the agrarian landlords aggressively opposed any expansion of poor relief on the grounds that doing so would impose an additional tax burden. Thus, late-development strategy not only compelled the government to abolish robust feudal poor relief practices and establish a new, virtually non-existent poor relief arrangement, but it also created a new social class that would oppose redistribution in the decades to come.

Conclusion

This chapter examined the transition from feudal poor relief practices to the creation of the country's first national public assistance system and explained how the country's late-development industrialization strategy contributed to the dramatic reduction in poor relief from feudal times. Japan's aspirations were to become richer—as

quickly as possible—and that required funneling scarce government resources to foster industrialization. In order to move Japan from rags to riches, Meiji leaders withheld funds for poor relief and instituted a new ultra-restrictive national public assistance system that served virtually no one.

As the country successfully landed on the track of industrialization, however, Meiji leaders questioned the validity of the extremely minimalist Relief Regulations. They eventually prepared a proposal to expand the nation's poor relief system and submitted it during the inaugural session of the Diet. The newly enfranchised agrarian landlords, however, blocked the initiative on the grounds that greater expenditures for the poor would increase their tax burden. They argued their burden was already at an exorbitant level as the agrarian class was being forced to fund the country's nascent industrial development via the land-tax. Thus, the initial funneling imperative absorbed funds that might have been used for the poor, but the system was never replenished because of the strong agrarian opposition. The next chapter explores this topic.

Appendix Chapter 3

Table 3.1 Public Assistance under the Relief Regulations (1876-1889)

Year	Total Recipients	Total Expenditure (yen)
1876	2,521	13,426
1877	1,187	11,249
1878	6,097	6,194
1879	4,941	37,178
1880	4,758	43,336
1881	6,981	53,189
1882	6,047	50,501
1883	6,402	43,926
1884	6,913	34,526
1885	11,174	54,937
1886	14,659	67,884
1887	15,204	68,650
1888	14,721	62,411
1889	14,240	71,833

Source: *Nihon no Kyūhin Seido* (1976: 87).

CHAPTER 4

Confronting Democracy and Poverty:

The Rise of Agrarian Elites and the Fall of Meiji Oligarchs

This chapter analyzes how the overlap of two processes—early democratization and late-development industrial growth—gave rise to a new political class comprised of agrarian landlords that blocked the oligarchs’ proposal to expand poor relief in the latter part of Meiji period. It examines why the agrarian elites sought political representation, how they succeeded in obtaining voting rights, and why they were able to use their votes effectively to advance their redistributive interests in 1890. I show that the newly found voice of the agrarian class was amplified in the Diet because the Meiji oligarchs made an error in engineering the country’s democratic institutions. The oligarchs initiated democratization but they simultaneously instituted a number of electoral safeguards to curb the power of elected assembly in the Diet. The ineffectiveness of these safeguards gave rise to agrarian-dominated party politics and the subsequent erosion of the oligarchs’ hegemony prevented them from pursuing “catch-up” in the realm of poor relief.

Comparatively speaking, analyzing Japan’s failure to build a safety net at the nascent stage of democratization suggests two sources of divergence in the level of poor

relief. First, the existence of patrons that are willing to bear the full cost of providing relief varied across countries. The agrarian elites in England, for example, had a greater incentive to provide a safety net because they were eager to retain farm laborers in rural areas amidst concern of depopulation. Japanese agrarian elites, on the other hand, had virtually no incentive to do so given that labor was abundant and its central preoccupation of reducing the land-tax predisposed them to oppose spending for the poor. Second, the different patterns of democratization and the varying effectiveness of exclusionary safeguards may have given rise to different patterns of poor relief. The “voice” of agrarian landed elites in Japan that opposed redistribution was amplified because the oligarchs made a strategic error in granting the legislature veto power over budgetary matters and taxation. Although the oligarchs instituted several safeguards to hedge against the risk of an unruly Diet, newly-elected officials chose to oppose rather than cooperate with the oligarchy; thereby dashing the oligarchs’ expectations of how elected representatives would respond to structural constraints. The relative success of electoral safeguards in late-developing Germany may explain why Bismarck was able to construct a nation-wide safety net while the Meiji oligarchs, who ironically revered Bismarck, failed to do so.

Theoretically, this chapter calls into question the validity of the argument that democracy is good for the poor. The Japan case shows that the oligarchs’ choice to pursue the path of democracy stifled redistribution; in fact, if they had chosen a more undemocratic route, the chances of the poor attaining much-needed relief would have been greater.

I. The new villain of poor relief

Fighting poverty round one

As a part of nation-building process, the young Meiji government terminated feudal poor relief practices and established the country's first nation-wide public assistance system (the Relief Regulations) in 1874. As discussed in the previous chapter, the Relief Regulations was ultra-minimalist and its skeletal framework reflected the government's principal mission to channel scarce government resources to spur industrial growth. Nonetheless, the 1874 Relief Regulations was so inadequate that the oligarchs questioned the merits of staying on course with the minimalist policy direction. The senior oligarch, Yamagata Aritomo, was especially keen on revising the Relief Regulations to care for the hitherto neglected indigent population. Yamagata and several senior bureaucrats, along with reform-minded politicians, objected that the minimalist approach to poor relief was inappropriate for a country that was eagerly embarking on a mission to catch up with the West.²⁸⁹

Calls to revise the Relief Regulations on the grounds that the program had failed to stop the rising number of poor materialized just in time for the inaugural session of the Imperial Diet in 1890.²⁹⁰ The first Diet featured a battle over poor relief, with the ruling Meiji oligarchs (non-elected officials), on one side, and the agrarian elites (elected officials), on the other. At this point in time, Japan was entering a new chapter in the “praxis of politics” with a new constitution, the first nationwide election, and the

²⁸⁹ Ogawa Masaaki, *Kenri to Shite no Shakai Hoshō* [Social security as rights] (Tokyo: Keisō Shobō, 1969), 99.

²⁹⁰ The Imperial Diet was established in 1889 when Japan adopted the Meiji Constitution and replaced the former name, “Imperial Assembly” (*teikoku gikai*).

introduction of party politics in the newly created Diet.²⁹¹ Change was occurring everywhere and a new and improved poor relief system seemed achievable.

Nonetheless, the combination of early democratization and late-development industrial capitalism created a new political class of rural agrarian elites that staunchly opposed redistribution to the poor. Representatives of the rural propertied class vehemently opposed expanding poor relief on the grounds that it would swell welfare rolls, strain public finances, and eventually lead to higher taxes on their constituents. The Meiji oligarchs imposed exorbitantly high land taxes on the agrarian class so that they could raise revenue to pursue capital-intensive, state-guided national industrial development.²⁹² Dissatisfied with the prevailing taxation without representation, the agrarian elites organized, mobilized their resources, and called for an expansion of suffrage to democratize the regime's fiscal policy.

An intra-oligarchic conflict created a window of opportunity to adopt democratic institutions and enabled the agrarian landlords to achieve voting rights.²⁹³ The ruling oligarchs made a crucial decision to democratize in the 1880s in response to a deepening schism between minority and majority factions within the oligarchy. The minority faction advocated democratization and the majority went along in the hope of keeping the oligarchy intact and preserving its political power. Nevertheless, they moved forward

²⁹¹ Carol Gluck, *Japan's Modern Myths: Ideology in the Late Meiji Period* (Princeton, NJ: Princeton University Press, 1985), 49.

²⁹² As Richard J. Smethurst (1986) notes, the young Meiji government was initially swamped with all the bills the regime had to pay: "the capitalizing of factories, the importation of technology, the payment of stipends and bond interest to ex-samurai, the modernizing of the military, the suppression of rebellion, and the creation of schools." Desperate, the oligarchs proceeded to raise revenue domestically through imposing a direct land tax on the agrarian class, which accounted for nearly three-fourths of government revenue from 1878-1882. Richard J. Smethurst, *Agricultural Development and Tenancy Disputes in Japan, 1870-1940* (Princeton, NJ: Princeton University Press, 1986), 48-49.

²⁹³ See George Akita, *Foundations of Constitutional Government in Modern Japan 1868-1900* (Cambridge, MA: Harvard University Press, 1967); Mark J. Ramseyer and Frances M. Rosenbluth, *The Politics of Oligarchy: Institutional Choice in Imperial Japan* (New York, NY: Cambridge University Press, 1995).

cautiously. The oligarchs prided themselves as being the defenders of the public interest and feared that democratic institutions and processes were vulnerable to capture by private interests. Consequently, they carefully engineered the political system—from local governments to national electoral rules—prior to the opening of the Diet in order to curb the power of the elected representatives. Yet they failed to dominate the policymaking process and watched bitterly as the agrarian elites managed to penetrate the heart of national policymaking arena. The oligarchs' worst fears came to life in the inaugural session of the Diet. The newly enfranchised agrarian landed elites promoted their parochial interest at the expense of the welfare of the masses by viciously attacking the oligarch-sponsored poor relief bill. Let us examine the processes and outcomes more closely.

II. Creating the path of democracy

A prelude to the democratic age

The Meiji era (1868-1912) was chiefly ruled by a small group of statesmen commonly called the “Meiji oligarchs” (*Meiji katō*) in English, though the Japanese refer to them as “domain cliques” (*hanbatsu*) because they were generally ex-samurai warriors from powerful feudal domains.²⁹⁴ They came into power largely by virtue of their role in overthrowing the Tokugawa shogunate and aiding the restoration of a centralized monarchy under Emperor Meiji in 1868. From the onset of oligarchic rule, one of the most salient political issues involved introducing a representative form of government.

²⁹⁴ The main feudal domains from which the oligarchs originated were Satsuma (present day Kagoshima prefecture), Chōshū (Yamaguchi prefecture), Tosa (Kōchi prefecture), and Hizen (Saga prefecture). They worked in concert with the imperial court nobles to overthrow the Tokugawa regime.

Although the concept of democracy was unfamiliarly “Western” to the Japanese, the Meiji oligarchs were more accepting of than terrified by the thought of marching down the path of democracy one day. They were aware that early democratization in Western nations involved implementing a number of undemocratic rules that limited political representation (e.g., restrictive voting rules, non-elected parliamentary chamber) and safeguards to ensure a more gradual transition and controlled institutional change.

Authors from diverse disciplines agree that democratic reform in Japan was driven primarily by the ruling elites who, for the most part, did not respond defensively to societal pressure. Mason and Caiger (2003), for example, demonstrate that the Meiji leaders had announced that they would introduce a representative national assembly before social pressure on the issue materialized.²⁹⁵ Similarly, Fairbank et al. (1965) contend that the ruling elites were attracted to democracy for a variety of reasons:

Demands for the sharing of political power, though a major historical source of democracy in the West, did not force democratic institutions on a reluctant government in Meiji Japan.... Rather, democratic institutions were introduced chiefly because many government leaders felt that Japan had something to gain from them. They were influenced by prevalent Western beliefs in the triumph of democracy as part of the inevitable course of progress. They saw the specter of the French Revolution as the fate of any too-autocratic regime. They also noted that strong and advanced countries like Great Britain, France, and the United States based their national strength on democracy, while democratic ideas had some currency in all of the more modernized nations....The introduction of the democratic institutions, they also felt, would help with the esteem of the West and bring nearer the day of Japan’s acceptance as an equal.²⁹⁶

Based on cartel theory, Ramseyer and Rosenbluth (1995) claim that the oligarchs “voluntarily agreed to share power with an elected assembly” in order to sustain their

²⁹⁵ On this point, see R.H.P. Mason and J.G. Caiger, *A History of Japan, Revised Edition* (Tokyo: Tuttle Publishing, 2003), 284-287.

²⁹⁶ John K. Fairbank, Edwin O. Reischauer, and Albert M. Craig, *East Asia: The Modern Transformation* (Boston, MA: Houghton Mifflin Co., 1965), 279-280.

collusive arrangement and preserve their political survival.²⁹⁷ They likewise contend that the representative legislature was a byproduct of the jostling of power amongst the oligarchs and not a straightforward reaction to popular demand.²⁹⁸ Junji Banno notes that intra-oligarchic conflict along feudal lines created pressure for democratization from “above” and “below;” members of the dominant Chōshū clique advocated representative governance within the regime while the minority Tosa leaders opted to push for democratization by cultivating grassroots pressure.²⁹⁹

Nevertheless, the top-down process of democratization in Japan by no means implied that social movement was absent or played no role. Active at the peak of the so-called Movement for Freedom and Popular Rights (*Jiyū Minken Undō*, hereafter, Popular Rights Movement) that pressed for representative governance, was a set of diverse actors from different income and occupational groups as well as a handful of self-ostracized oligarchs. The story of social pressure calling for early democratization merits a detour as this pressure elevated the prominence of a new political class, the rural agrarian elite, which prevented the expansion of poor relief during the latter part of the Meiji period.

Calls for election and the rise of landed elites

The chief contestations over democratization rarely dealt with the question as to whether Japan should democratize or not, rather, they centered mostly on the issues of timing and the content of reform: when should Japan initiate the process of democratization? How much power should the ruling elites share with the elected

²⁹⁷ Mark J. Ramseyer and Frances M. Rosenbluth, *The Politics of Oligarchy: Institutional Choice in Imperial Japan* (New York, NY: Cambridge University Press, 1995), 28.

²⁹⁸ Ibid.

²⁹⁹ Junji Banno (translated by Andrew Fraser), *Democracy in Pre-War Japan: Concepts of Government, 1871-1937: Collected Essays* (New York, NY: Routledge, 2001), 8.

representatives, and to whom should the votes shall be extended? What could Japan learn from the West, and how could it borrow from its ideas, institutions, and technologies when designing the new political structure?

In search of answers, government officials learned English, toured Europe and the United States, and hired foreign administrative experts and scholars who specialized in political and legal studies.³⁰⁰ In the years immediately following the Meiji restoration, senior oligarchs such as Ōkubo Toshimichi and Kido Takayoshi flirted with the idea of adopting an English-style parliamentary system, which they perceived as capable of producing the political stability and strength that were vital for accumulating wealth and power.³⁰¹ Transition to a parliamentary system appeared imminent in 1875 with the issue of the Imperial Rescript to establish a constitutional form of government and after the oligarchs agreed to move forward with the plan at the Osaka Conference earlier that year.³⁰²

Nonetheless, the impetus behind political reform encountered a glitch in the late 1870s when Ōkubo was assassinated and Kido died of an illness. In addition, one of the oligarchs, Saigō Takamori (dubbed the “last samurai”), mounted the 1877 Satsuma Rebellion in southern Japan.³⁰³ This event marked the climax of ex-samurai revolts

³⁰⁰ The 1871 Iwakura Mission is one of the best-known diplomatic missions and gave restoration leaders, such as Okubo, Kido, and Itō, first-hand experience of Europe and America. Colegrove (1937: 1031) notes that during this tour, they “found that parliamentary institutions were as characteristic of modern civilization as were the telegraph, the railway, the factory, anesthetics in surgery, or the capitalist system itself.” Kenneth Colegrove, “The Japanese Constitution,” *The American Political Science Review*, vol. 31, no. 6 (December, 1937), 1027-1049.

³⁰¹ Kido Takayoshi is also called Kido Kōin.

³⁰² It also established the Genrōin (Chamber of Elders), a quasi-legislative senatorial body assigned to draft a constitution in 1876 and a council of prefectural governors. In 1880, Itō Hirobumi and Iwakura Tomomi rejected the draft constitution of the Genrōin as being “too liberal” in its resemblance to the English-style system. See Colegrove (1937), 1035-1039.

³⁰³ Saigō’s defection from the oligarchy stemmed largely from the “Debate to conquer Korea” (Seikanron). He urged the Meiji government to invade Korea in retaliation for the country’s refusal to forge diplomatic ties with Japan and recognize the Meiji Emperor as the head of state. He also viewed attacking Korea as a

against the oligarchs' restructuring policies and the central government's ever-vigilant eyes were fixated on the issue. The samurai class, which had once occupied the upper echelon of feudal Japanese society, had its class privileges stripped by the Meiji government, which gradually abolished its stipends, dismantled its feudal armies, and in 1876 extended the exclusive rights of its members to bear arms to all men.³⁰⁴ In order to aid in the transition, the central government established a rehabilitation program for samurai (*shizoku jusan*), which provided them with public employment training and placement services, loans for new business opportunities, and allowances to resettle on new land.³⁰⁵ These appeasement initiatives, however, fell short in pacifying dissent.

Whereas Saigō chose to express his political opposition through violence, other minority oligarchs such as Itagaki Taisuke and Gotō Shōjirō from the Tosa domain chose to voice their political opposition to the mainstream oligarchs in power by calling for early democratization, which later developed into the Popular Rights Movement.³⁰⁶ In anticipation of the country's first parliament, members of the democratic movement created political parties, such as the Public Party of Patriots (*Aikoku Kōtō*).³⁰⁷ A number of samurai ventured into journalism and contributed to the Popular Rights Movement by

task for unemployed samurai. The Okubo-led government, however, chose not to invade Korea as it believed that Japan was not ready to expend valuable resources on such a campaign while being in the midst of industrial transformation.

³⁰⁴ As a compromise, the government instituted a new social class system that allowed the samurai to attain a rank of *shizoku*, which differentiated them from commoners (*heimin*). The former feudal lords were incorporated as nobles of the new aristocratic peerage system.

³⁰⁵ For an extended discussion on the government's rationale behind samurai rehabilitation and the state of samurai poverty and unemployment, see Harry D. Harootunian, "The Economic Rehabilitation of the Samurai in the Early Meiji Period," *The Journal of Asian Studies*, vol. 19 no. 4 (August, 1960): 433-444.

³⁰⁶ As Harootunian (1960) notes, the samurai opposition may have been crushed militarily but it was transformed into an "enduring form" as the Popular Rights Movement.

³⁰⁷ The party was dissolved in fear of government retaliation as one of its founders, Etō Shimpei, led an uprising against the Meiji government in the 1874 Saga Rebellion and was later executed for his role in the uprising. In 1890, Itagaki revived the Aikoku Kōtō and merged it into Jiyūtō (Liberal Party), which he established in 1881.

disseminating information and building the country's mass media outlets.³⁰⁸ Prominent intellectuals, such as Fukuzawa Yukichi, later joined the movement calling for popular elections.³⁰⁹

As the Popular Rights Movement expanded to the national level, it incorporated the peasants' mounting frenzy over the new land tax system. In the early 1870s, Meiji leaders were scrambling to find new sources of revenue because government expenditures were projected to soar as the cost of suppressing domestic insurgencies, the demand for public works spurring industrialization, and the budget for militarization increased. Although many countries in this era relied on tariffs to raise revenue, foreign treaties prevented Japanese leaders from using this tactic. Rather than search for revenue sources abroad (e.g., by borrowing money from foreign banks), Meiji leaders decided to build a modern centralized fiscal system and thus proceeded to overhaul the land tax system (*chiso kaisei*).³¹⁰ In 1874, they introduced a new land tax that required landowners to pay an annual tax of 3% of the land value in cash without any exemptions for crop failures.³¹¹ The disproportionate share of the tax burden placed on peasant landholders was evident: the land tax "paid for most of Japan's early modernization, and

³⁰⁸ Nakae Chōmin and Ueki Emori (both from the Tosa domain) supported the Popular Rights Movement through journalism. Nakae popularized the French philosopher Jean-Jacques Rousseau's egalitarian doctrine and helped create the Oriental Free Press (*Tōyō Jiyū Shimbun*) in 1881. Ueki wrote a number of important pieces on the constitution and civic disobedience.

³⁰⁹ The leading intellectual of the period, Fukuzawa Yukichi, wore many hats. He was the best-selling author of several books (e.g., *Kokkairon* [Discourse on the national assembly]), established a major newspaper, the Jiji Press, and the founded Keio University.

³¹⁰ In order to reform the land tax system, the government lifted feudal restrictions on the sale of private land in 1872 and conducted a nation-wide property value assessment; Rekishigaku Kenkyūkai, *Kōza Nihonshi 5* [Seminar on Japanese history vol. 5] (Tokyo: Tokyo University Press, 1970), 187.

³¹¹ The annual tax rate was set at 4 percent of the agricultural land assessment: one percent for local and three percent for national taxes. See Smethurst (1986), 49.

was the largest single source of revenue until the turn of the century,” accounting for roughly 78% of general revenue from 1868-1881 and 50% in 1890.³¹²

Outraged by the high land tax, peasants, especially wealthier ones, voiced their discontent to local officials and fought back by refusing to comply with the tax system.³¹³ They eventually defended their non-compliance by invoking the popular rights rhetoric that they had the right to refuse unjust policies.³¹⁴ Hoping to gain leverage, they solicited help from Itagaki and other leaders of the democratic movement in order to lower taxes—a move that united the ex-samurai with agrarian landed elites.³¹⁵

Trailing behind, poor peasants also joined the Popular Rights Movement in the early 1880s. Due to the fiscal austerity program initiated by the Finance Minister Matsukata Masayoshi in order to curb rampant inflation in 1881, the price of agricultural products plummeted, pushing small landholders toward financial distress. Kinzley (1988) summarizes the poor’s political mobilization precipitated by the “Matsukata deflation”:

Motivated in some cases by desperate poverty and by a growing consciousness of their “rights,” peasants also organized poor people’s political parties (hinmintō, konmintō) and debtor’s parties (shakkintō) in the early 1880’s. In Fukushima, Nara, Nagasaki, Yamanashi and other prefectures peasants launched vigorous movements to bring about an equalization of wealth.³¹⁶

A series of poor peasant uprisings gained increasing visibility from 1882 to 1886—including the 1884 Chichibu incident, in which heavily indebted poor peasants attacked

³¹² Mason and Caiger (2003), 277.

³¹³ Stephen Vlastos, “Chapter 6: Opposition Movements in Early Meiji, 1868-1885,” in *The Cambridge History of Japan: Volume 5 The Nineteenth Century* (New York, NY: Cambridge University Press, 1989): 374-376.

³¹⁴ *Ibid.*, 377.

³¹⁵ *Ibid.*

³¹⁶ Dean W. Kinzley, “Japan’s Discovery of Poverty: Changing Views on Poverty and Social Welfare in the Nineteenth Century,” *Journal of Asian History*, 22 no. 1 (1988): 10.

banks and municipal buildings—but they were all suppressed by the military and local police forces.

The growing political activism among poor peasants focused on the issue of lowering taxes and debt moratoriums; it had virtually nothing to say about expanding public assistance under the Relief Regulations.³¹⁷ Reports of poor peasants committing suicide and facing near starvation were rampant, but they primarily blamed the enormous tax burden, not meager poor relief, for these problems. In many cases, the tax burden was “35 percent of the crop, and rents paid to landowners usually took another 50 percent.”³¹⁸ Poor peasants, therefore, sought political representation to equalize wealth, not through more redistribution, but through lessening their tax burden.

In the grand scheme of things, the poor peasants joining the Popular Rights Movement made little impact since its leaders were primarily concerned with the political representation of the upper class and remained bound to wealthy, not poor, peasants.³¹⁹ Alas, leaders of the democratization movement needed money to finance their activities and the wealthy peasants eagerly assumed the role. Hence, the marriage between the ex-samurai-led Popular Rights Movement and the rural agrarian elites was one of convenience. The ex-samurai supplied the leadership and organizational skills that they had acquired during feudalism; the wealthy landed peasants acted as financial patrons for the Popular Rights Movement and funded efforts to increase visibility, disseminate information, and help organize at the national level. Together, they managed to reduce

³¹⁷ Ibid., 16.

³¹⁸ Harold R. Kerbo and John A. McKinstry, *Who Rules Japan? The Inner Circles of Economic and Political Power* (Westport, CT: Praeger, 1995), 13.

³¹⁹ Matsuo (1989) demonstrates that most of the proposals for democratization put forward by civil society actors from the late 1870s to early 1880s included an income requirement that excluded the poor from the vote. See Matsuo Takayoshi, *Futsū Senkyo Seido Seiritsushi no Kenkyū* [Analyzing the history of establishing the general election system] (Tokyo: Iwanami Shoten, 1989), 4-7.

the land-tax by a half-a-percentage point to 2.5% in 1877 and to grant calamity-stricken farmers more time and potential deductions in their payments.

Nonetheless, once the agrarian elites were granted suffrage in 1890, the union began to crumble. The national electoral rules at the time over-represented the interests of the agrarian elites, and their dominant political position left little room for accommodating the *ex-warrior* class. What led to the ascendancy of the landed elites on the national political stage in the face of politics dominated by the oligarchs? Answering this question satisfactorily requires a deeper examination of the origins of the country's democratic institutions and the voices of opposition against poor relief that they amplified.

Setting the stage for early democratization

Against the backdrop of the growing democratic movement, an intra-oligarchic conflict that had been brewing since the early 1870s compelled the oligarchs to resolve the issue of the timing of democratization in 1881.³²⁰ Since the late 1860s, the oligarchy had exhibited signs of schism along feudal lines.³²¹ Members from the feudal domains of Satsuma and Chōshū dominated the oligarchy, and the minority members not affiliated with the two domains criticized the Meiji government as a “Sat-chō clique” or a “Sat-chō oligarchy.”³²² In the late 1870s, a senior oligarch from Hizen domain, Ōkuma Shigenobu, became the “central figure in Japanese politics” and proceeded to “crush the

³²⁰ For an extended discussion of the complex and often competitive relationships among the oligarchs, see Chapter 2 of Ramseyer and Rosenbluth (1995).

³²¹ The internal rift among the oligarchs contributed to the early defection of some of the non-Satchō oligarchs, such as Itagaki Taisuke who spearheaded the Popular Rights Movement. The agreement to draft a constitution at the 1875 Osaka Conference was also intended to appease non-Sat-Chō oligarchs such as Itagaki who withdrew from the regime.

³²² Fairbank, Reischauer, and Craig (1965), 288.

backbone” of Sat-chō rule by gradually replacing the Sat-chō officials in the government with members of his own faction.”³²³

Although Councillor Ōkuma increasingly clashed with the other oligarchs-- especially in opposing the sale of government properties in Hokkaido to Sat-chō businessmen--it was his proposal to speed up democratization that ruffled feathers within the oligarchy.³²⁴ In 1881, in response to a survey sent out by the Emperor on the issue of political reform, he proposed that Japan should hold a national election the following year and share decision-making authority with elected political parties within the next two years.³²⁵ Most government officials at the time still favored the gradualist, cautious approach to democratization and were appalled by what they thought was a reckless move by Ōkuma.³²⁶

The “political crisis” that Ōkuma precipitated forced him to resign, but he took with him Inukai Tsuyoshi and nearly a dozen other political allies to join Itagaki’s Popular Rights Movement.³²⁷ The oligarchs who were ostracized from the Meiji regime used the Popular Rights Movement as a platform to attack the government, which posed serious concern for the ruling oligarchs as it prolonged and exacerbated infighting.³²⁸ Seeing the deepening schism over the timing of democratization within the oligarchy, Itō

³²³ Kaju Nakamura, *Prince Ito: The Man and Statesman* (New York, NY: Anraku Publishing Co., 1910), 37.

³²⁴ Ōkuma also held the minority view that Japan should emulate the English political system.

³²⁵ Takii Kazuhiro, *Itō Hirobumi* (Tokyo: Chūō Kōron Shinsha, 2010), 87.

³²⁶ For an extended discussion on the crisis of 1881, see chapter 3 in George Akita, *Foundations of Constitutional Government in Modern Japan 1868-1900* (Cambridge, MA: Harvard University Press, 1967).

³²⁷ Nakamura Kikuo, *Itō Hirobumi* [Ito Hirobumi] (Tokyo: Jiji Tsūshinsha, 1958), 82.

³²⁸ As Ramseyer and Rosenbluth (1995) point out, the Popular Rights Movement served as an escape route for the ostracized oligarchs who wished to avoid punishment for defecting.

and other oligarchs agreed that the issue needed to be addressed head on.³²⁹ In the fall of 1881, the Meiji Emperor issued an imperial edict that the government must draft and implement the constitution by 1890. It assigned Itō as the project manager for this task, paving the way for the construction of a new political structure.³³⁰

The main architects behind the construction of the new political structure were two heavyweight oligarchs: Itō Hirobumi and Yamagata Aritomo.³³¹ Itō was in charge of shaping national institutions: the constitution, the executive branch, bureaucracy, and national electoral rules. Yamagata, on the other hand, took the lead in building the lower levels of political structure: local governments, policing, and regulations to contain grassroots political activism. Both men were driven by the need to maintain a firm grip on the political process and its outcomes while sharing power with an elected assembly.

As detailed in the next section, the structural impediments that the duo-led oligarchy erected to curb the power of the elected representatives were wide-ranging: sovereignty had to rest in the hands of the Emperor, not the Imperial Diet; cabinet members were not to be chosen by or made to serve the Diet; the Privy Council was to serve as a guardian of the “rules of the game” (e.g., the constitution and electoral rules); the House of Peers was to act as a bulwark against the House of Representatives; the bureaucracy was to be autonomous and non-partisan; the military was to be independent of civilian control; and the franchise was to represent solely of the upper class. In addition, the oligarchs upgraded the legal and organizational instruments of repression,

³²⁹ The rivalry between Ōkuma and the younger but formidable Itō also contributed to the departure of Ōkuma from the government. See Watanabe Eizaburō, *Itō Hirobumi: Meiji Kanryō no Shōzō* [Itō Hirobumi: A portrait of a Meiji official] (Tokyo: Chikuma Shobō, 1966), 98-99.

³³⁰ Itō was chosen because he proactively arranged the official announcement that promised a constitution and an elected assembly.

³³¹ Both men were from the dominant Chōshū domain.

subordinated local government to the national government, impaired the embryonic political parties prior to the national election, and filled key government posts with oligarchic supporters for the inaugural session of the Imperial Diet.

Under the circumstances, the oligarchs appeared to be sure winners over elected representatives in formulating public policy, whether on economic, military, or social welfare issues. Nevertheless, despite their painstaking efforts to design a political structure to mute the voice of the popularly elected representatives, their plan backfired. As we will now examine, the oligarchs made a number of tactical errors in shaping political institutions that ended up eroding their political hegemony as well as costing them their battle against poverty.

III. The oligarchs' political engineering

Preparatory measures and the installation of the structural beams

In order to learn how ruling elites abroad had coped with the challenges of early democratization, Itō Hirobumi and his colleagues left for Europe in March of 1882, while Yamagata stayed behind and managed governmental affairs. Attracted to the strong state apparatus of the imperialist Austro-Germano-Prussian model, the Japanese delegation stayed mostly in Berlin and Vienna, where they were tutored by two German politico-legal experts, jurist Rudolf von Gneist and Professor Lorenz von Stein of the University of Vienna.³³² Conversations with Bismarck and other government officials and especially the teachings of Stein strengthened Ito's conviction that it was best to frame

³³² Gneist's protégé, Albert Mosse, translated and explained the Prussian constitution to the Japanese delegation.

politics top-down.³³³ The Germans provided the theoretical justification of and practical knowledge on how to maximize the power of the ruling elites and minimize pressure from below.³³⁴ In particular, they warned the Japanese not to give the elected assembly a final say over government spending and claimed that doing so would lead to a budgetary impasse. This turned out to be a particular piece of advice that the oligarchs would eventually regret not heeding.³³⁵

Upon returning to Japan in August 1883, Itō began making preparations for drafting the constitution and opening the Diet. To begin with, the Peerage Act (*kazoku*) was enacted in July 1884 to prepare for the establishment of the House of Peers. It reclassified the aristocratic class according to five ranks of nobility—prince, marquis, count, viscount, and baron—and expanded its members twofold by appointing 505 new peers.³³⁶ Although the classification was based on the largely hereditary German and British peerage system, the Japanese liberally awarded titles to non-hereditary individuals who had made outstanding contributions to the nation.³³⁷ A number of oligarchs, including Itō and Yamagata—both originally from the lower class—helped themselves to the title of count in order to gain access to the House of Peers.³³⁸ This was a savvy move considering that Itō, for example, would later serve as the first president of the House of

³³³ For more details on Itō's reactions to what he learned in Germany, see Watanabe (1966), 109-116.

³³⁴ Their suggestions on how to curb the power of political parties included the creation of the House of Peers as a bulwark against elected representatives and the formation of a cabinet in which members were appointed rather than chosen by elected officials. Sakamoto Kazuto, "Itō Hirobumi to Yamagata Aritomo," [Itō Hirobumi and Yamagata Aritomo] in Itō Takashi (ed.) *Yamagata Aritomo to Kindai Nippon* [Yamagata Aritomo and modern Japan] (Tokyo: Yoshikawa Kōbunkan, 2008), 132.

³³⁵ *Ibid.*

³³⁶ Ramseyer and Rosenbluth (1995), 32.

³³⁷ Harold R. Kerbo and John A. McKinstry, *Who Rules Japan? The Inner Circles of Economic and Political Power* (Westport, CT: Praeger, 1995), 47.

³³⁸ The oligarchs also used the peerage system to appease and co-opt opposition leaders, such as Itagaki Taisuke, by offering them the title of count.

Peers.³³⁹ More significantly, the ruling political class's move to restructure social class in order to strengthen its power base was a clever tactic with long-run implications. After the Meiji period, capitalists, most notably members of the financial conglomerates known as the *zaibatsu*, were plugged into the peerage system so that they could directly voice their economic interests in redistributive policies through the House of Peers.

In December 1885, the oligarchs established a western-style cabinet system as the central decision-making body, superseding the Grand Council of State System (*Dajōkan*), which had been in operation as the executive organ since the Restoration. Itō assumed the role as the first Prime Minister of the cabinet to push through additional reforms.³⁴⁰ He proceeded to transform the bureaucracy in order to boost its immunity from party politics. At the top level, the Emperor was to appoint the ministers of bureaucratic agencies (implicitly, with oligarchic input), and the soon-to-be created Imperial Diet was to have no authority over the appointment of officials or operation of the bureaucracy. At the administrative level, Itō saw the need to produce meritocratic bureaucrats with non-partisan identities. To do so, he established the Imperial University (*Teikoku Daigaku*) in 1886 as a training ground for government officials in order to hone their expertise and introduced a German-style civil service examination system in 1887 to strengthen meritocracy. With minor exceptions, bureaucrats were proponents of expansionary poor relief throughout the pre-war period.³⁴¹

³³⁹ Not surprisingly, the majority of new peers (52 out of 100 members) were from the Sat-Chō clique. See Uchida Kenzō, Kinbara Samon, and Furuya Tetsuo, *Nihon Gikai Shi Roku (1)* [The history of parliamentary government in Japan (volume 1)] (Tokyo: Daiichi Hōki Shuppan, 1990), 30.

³⁴⁰ Most of the members of the new cabinet were former *Dajōkan* officials.

³⁴¹ One of the exceptions is ideologue Inoue Tomoichi, who advocated an ultra-minimalist approach to poverty through scholarship and his tenure at the Home Ministry in the latter part of Meiji period.

Itō completed his draft of the constitution on April 27, 1888 with the help of a small group of legal experts that included Inoue Kowashi as well as the German foreign advisors, Hermann Roesler and Albert Mosse (Gneist's leading pupil).³⁴² On April 30, immediately after Ito's submission of the drafted constitution to the Emperor, the oligarchs established the Privy Council (*Sūmitsu-in*).³⁴³ The Privy Council functioned as the Emperor's highest advisory body, with the task of reviewing and approving the drafted constitution and the laws associated with it. To ensure that the final products were to his liking, Itō left his post as Prime Minister to take on the role as first president of the Privy Council and appointed his supporters as secretaries.³⁴⁴ In the future, any motion to change the constitution, revise a law, or sign a treaty was to require screening by the council.³⁴⁵ Samuels (2005: p. 57) sums up Itō's strategic decision to create the Privy Council as well as its historical significance:

He made sure that none of its deliberations, and none of the "advice" it proffered to the emperor, would be made public. He kept the Privy Council outside the formal structure of government. It was to become a "watchdog" (*bannin*) to protect oligarchic power from popular encroachment, and de facto the most powerful organ of the Japanese state until the end of the Pacific War.

The fact that the Privy Council functioned as a supra-cabinet assembly (*saikō kaigi*) generated criticism from the public, which contended that the council was simply "another cabinet created on top of the existing cabinet."³⁴⁶

³⁴² Itō Miyoji and Kaneko Kentarō also participated in the drafting of the constitution. Albert Mosse was in Japan from 1886 to 1890. Hermann Roesler worked for the Japanese government from 1884 until the late 1880s. Roesler was a professor of economics and law at the University of Rostock from the early 1860s to the late 1870s. See Johannes Siemes, *Hermann Roesler and the Making of the Meiji State* (Rutland, VT: Charles E. Tuttle Co., 1968).

³⁴³ The Privy Council was also heavily represented by officials from Sat-Chō clique.

³⁴⁴ Nakamura (1958), 90.

³⁴⁵ See Article 56 of the Meiji Constitution on the official role of the Privy Council.

³⁴⁶ Watanabe (1966), 136.

As Itō was taking measures to mute the voice of elected assembly, Yamagata secured his own castle—the military—by establishing armed forces independent of politics. Based on the Prussian general staff system (*Generalstab*), Yamagata established the Imperial Japanese Army General Staff Office (*sanbō honbu*) under the directorship of the Emperor in 1878 and became the first commander in chief.³⁴⁷ This arrangement was further institutionalized by the 1889 Meiji Constitution, which made the military independent from civilian control. According to Article 11, the military was to be the personal “claws and fangs” (*sōga*) of the Emperor, not of the cabinet, Prime Minister, or any other.³⁴⁸

In addition, military schools and training facilities were to produce non-partisan military officials and soldiers, and police were to be banned from engaging in any political activities.³⁴⁹ Placing the military altogether out of the reach of party politics and public opinion had far-reaching consequences. Long after oligarchic rule ended, it facilitated the death of democracy, converted the nation’s many poor into soldiers, and eventually led the entire nation down a path of destruction.

With the help of Albert Mosse, Yamagata shaped the electoral terrain of local governments—which were already under the supervision of the Home Ministry—before the constitution was implemented in order to reassert national control over local rule.³⁵⁰

³⁴⁷ He was “one of only four ‘direct advisors’ to the emperor and the only one who, with the emperor’s ‘permission,’ could give orders to the armed forces;” Richard J. Samuels, *Machiavelli’s Children: Leaders and Their Legacies in Italy and Japan* (Ithaca, NY: Cornell University Press, 2003), p. 59.

³⁴⁸ Fujimura Michio, *Yamagata Aritomo* [Yamagata Aritomo] (Tokyo: Yoshikawa Kōbunkan, 1961), 104-105.

³⁴⁹ For more details on Yamagata’s efforts to disassociate the military from politics, see Samuels (2003), 59.

³⁵⁰ Albert Mosse gained the title of “father of the local government system” after he helped draft the local government law based on the Prussian model. Mosse and Yamagata agreed that the local government system must be created before the promulgation of the constitution. This partly explains why the constitution says virtually nothing about local government. For more details on Mosse’s work for the

The Meiji government established elective prefectural assemblies in 1878 and restricted voting eligibility to the very wealthy (most likely members of the propertied class) who had paid five yen or more in taxes. The assembly was limited to discussing taxes and budgetary issues, and the power structure of local governments became “hierarchical and authoritarian” as the Home Ministry appointed prefectural governors and these in turn appointed mayors.³⁵¹ The prefectural governors had the power to “initiate all legislation, to veto the assembly’s decisions, and to dissolve it.” A similar system was set up for local town and villages.³⁵²

Yamagata explained that the restrictions on who could participate in local politics were designed to produce powerful local leaders with economic prestige and erudition who could “clear away” any subversive activities at the local level. Such experienced local leaders were likely one day to become national representatives and to contribute to building the nation’s wealth and “eternally secur[e] the empire’s peace and order.”³⁵³ Indeed, as Yamagata hoped, the system did produce strong local leaders, many of whom moved from the local to the national political stage. Contrary to his expectation, however, the new representatives remained agents of “local” interests and showed little enthusiasm for achieving the national goals of *fukoku kyōhei* (“enriching the country, strengthening the army”) or addressing nation-wide poverty.

Japanese government, see Roger F. Hackett, *Yamagata Aritomo in the Rise of Modern Japan, 1838-1922* (Cambridge, MA: Harvard University Press, 1971), 108-110.

³⁵¹ The city’s elected assembly provided a list of candidates for the mayor’s position, which the prefectural governor appointed. All appointments required the emperor’s official nomination (Fairbank, Reischauer, and Craig (1965), p. 295. For more information on the election rules for towns, villages, and cities, see Itō (2009), 228-229; Kurt Steiner, *Local Government in Japan* (Palo Alto, CA: Stanford University Press, 1965): 43-44.

³⁵² The 1888 Municipal Code and the Town and Village Code instituted a Prussian-style class voting system (*tokkyū senkyō*) in which eligibility for voting was determined by how much tax was paid. Those eligible could also run for office, but the income class they fell into played a decisive role in winning. Fairbank, Reischauer, and Craig (1965), 283.

³⁵³ Itō (2009), 229-230.

Tightening the valve of societal pressure

Perceiving that structural impediments alone were insufficient to secure the oligarchs' political dominance, Yamagata extended the heavy hand of central government down to the level of local villages in order to contain popular pressure in two notable ways. First, he upgraded the tools of repression. The Popular Rights Movement expanded its scope of activities in anticipation of the opening of the Diet by establishing political parties, holding political meetings, and demonstrating against the government's stance, especially in the areas of foreign policy and taxation. In 1880, Yamagata responded by passing regulations that restricted public meetings (*shūkai jōrei*), heightened censorship of printed materials, and clamped down on public speaking.³⁵⁴ While at the helm of the Home Ministry from 1883 to the late 1880s, Yamagata took a major step toward restructuring the police system to monitor grassroots activities.³⁵⁵ He hired German police instructors and established police training facilities throughout the country to improve the quality of officers. In addition, he developed a centrally managed but locally entrenched police network that would effectively monitor and systematically regulate political groups and activities throughout the entire archipelago.³⁵⁶ For example, the police conducted one of the first censuses of the poor in Japan in order to monitor their activities. Furthermore, Yamagata pushed through a number of regulations on the preservation of public order and security—including the 1887 Peace Preservation Law

³⁵⁴ For example, he prohibited prefectural assemblymen from communicating and meeting, and thus prevented local governments from uniting in opposition against the central government.

³⁵⁵ Samuels (2005: 52-53) summarizes the power of the police in regulating political activities: "All associations were required to submit membership lists and charters for official review. Permits had to be obtained before all public meetings, and uniformed police were empowered to monitor meetings and intervene if, in their judgment, the discussion became seditious."

³⁵⁶ Fujimura (1961), 114-115.

(*hoan jōrei*)-- thereby strengthening the institutionalization of state violence against civic political participation.³⁵⁷ Like a lingering shadow, the “peace preservation” laws were revamped each time the country approached mass suffrage, minting repression as the flip side of the coin of democratization.

Second, as Yamagata applied external pressure to contain popular uprisings, he also attempted to destroy nascent popular parties from the inside by pitting party members against each another. In 1882, Yamagata organized a European tour for Itagaki Taisuke and Gotō Shōjirō, who were then leaders of the Liberal Party (*Jiyūtō*).³⁵⁸ Yamagata misled them into believing that the government paid for the trip when in reality the funds came from the Mitsui zaibatsu. Poorer members of the democratic movement interpreted this as their leaders being bought off by the government and the rich. This caused an internal rift that led to an exodus of supporters. In addition, Yamagata publicly announced that Ōkuma Shigenobu’s Constitutional Reform Party (*Rikken Kaishintō*) was linked to the Mitsubishi zaibatsu. This led the two main parties to bicker, each side accusing the other of corruption. The conflict between the two major parties prevented them from unifying at a critical stage in the country’s political development. The oligarchy managed to dissolve the Popular Rights Movement by 1884, creating conditions favorable for introducing the Meiji constitution.³⁵⁹

The Meiji constitution and electoral rules

³⁵⁷ For more details on the peace preservation law, see Itō Yukio, *Yamagata Aritomo: Guchoku na Kenryokusha no Shōgai* [Yamagata Aritomo: The lifetime of a simple and honest ruler] (Tokyo: Bunshun Shinsho, 2009), 224-225.

³⁵⁸ Fujimura (1961), 112-113.

³⁵⁹ Andrew Gordon, *Labor and Imperial Democracy in Prewar Japan* (Berkeley, CA: University of California Press, 1992), 13.

The Meiji constitution was promulgated on February 11th 1889 (and implemented in 1890), and formally established the Imperial Diet (*teikoku gikai*), a bicameral legislature consisting of the House of Peers (*kizoku-in*) and House of Representatives (*shūgi-in*). The constitution clearly restricted the power of the parliament. Sovereignty now rested exclusively with the emperor (Article 4), and the Diet had “no share in the sovereign power” but was limited to “deliberat[ing] upon laws, but none [sic] to determin[ing] them.”³⁶⁰ The emperor appointed the cabinet members—comprised of the prime minister as well as ministers of bureaucracies—who served him and not the parliament.³⁶¹ The Imperial Diet was to be in session for only three months out of the year (Article 42), “leaving most of the real governance of the country to the national bureaucracy and to the less representative cabinet.”³⁶²

The accompanying election laws limited parliamentary representation to the upper class as was the practice in the early democracies of Western Europe and the United States. According to the 1889 General Election Law, only one percent of the population (453,000) was eligible to vote. Franchise was restricted to males over 25 years of age, who annually paid over 15 yen in national land taxes (in the case of income tax, for three years) and who had to pass a litany of other tests (e.g., a residency requirement, and inspections of criminal records, religious and military affiliations, and mental

³⁶⁰ Hirobumi Ito, *Commentaries on the Constitution of the Empire of Japan*, 3rd edition (translated by Miyoji Ito), (Tokyo: Chū-ō Daigaku, 1931), 62. However, the constitution contains clauses that contradict Ito’s assertions: Article 5 states that the emperor’s power must be exercised with the “consent of the Imperial Diet” and Article 37 says that all laws require “the consent of the Imperial Diet.” Itō Hirobumi followed up by commenting on the relationship between the Diet and emperor as follows: “The Emperor will cause the Cabinet to make drafts of laws, or the Diet may initiate projects of laws; and after the concurrence of both Houses of the Diet had been obtained thereto, the Emperor will give them His sanction, and then such drafts or projects shall become law.” Itō (1931), 9.

³⁶¹ As Samuels (2003: 55) notes, “Itō was determined to make the emperor even stronger than his German advisors proposed—and went beyond historical precedent to endow the emperor with formal authority. Social harmony could be preserved if Itō and his colleagues could control imperial prerogative.”

³⁶² T.J. Pempel, “Political Parties and Representation: The Case of Japan,” *PS: Political Science and Politics*, vol. 25, no. 1 (March, 1992): 13.

apptitude).³⁶³ Needless to say, voting rules favored the rural propertied class. Most taxes were land-based, and the relatively shorter period of the land-tax payment required for voting—one year, as opposed to three consecutive years for income tax—stacked the deck in favor of the rural propertied class.³⁶⁴ On the flip side, as Suehiro (2009) notes, the high tax premium on voting rights was designed to exclude the well-educated but property-less ex-samurai in urban centers who formed the nucleus of the democratic movement.³⁶⁵ The one-year voter registration and residency requirement also discriminated against mobile urban dwellers.³⁶⁶ In any case, apart from urban centers like Tokyo, Osaka and Kyoto, the country was still primarily rural and agrarian.

The choice of electoral system was not of critical importance to the oligarchs since the restrictive voting eligibility rules virtually limited the pool of voters to the rural propertied class.³⁶⁷ The government adopted a small constituency of 300 seats: the Lower House was comprised of 214 single-member and 43 two-member districts.³⁶⁸ The district magnitude amounted to roughly 120,000 people per seat. In allocating seats, the oligarchs chose a total population figure rather than the number of eligible voters because

³⁶³ Eligibility rules for candidates were similar to those of voters except that the minimum age was set higher, at 30. More details on the eligibility rules are outlined in the “qualifications of electors” in the 1889 Law of Election of the Members of the House of Representatives.

³⁶⁴ Soma Masao, *Nihon Senkyo Seidoshi* [The history of Japanese electoral system] (Fukuoka: Kyushu Daigaku Shuppankai, 1986), 18-19.

³⁶⁵ Suetake Yoshiya, “Senkyoku Seido to Kitai Sareta Daigishi Zō: Senzenki Nihon no Ba-ai” [The constituency system and the expected image of the representative in Japan before World War II], *Senkyo Kenkyū* (Japanese Journal of Electoral Studies) vol. 25, no. 2 (2009): 57

³⁶⁶ Eligible voters only amounted to 0.37% of Tokyo residents as opposed to 2.32% in the more rural Shiga prefecture. Matsuo Takayoshi, *Futsū Senkyo Seido Seiritsushi no Kenkyū* [Analyzing the history of establishing the general election system] (Tokyo: Iwanami Shoten, 1989), 10.

³⁶⁷ Gneist and Mosse both advised the Japanese to adopt an indirect election system (*kansetsu senkyo sei*) in which voters are ranked (*nitōkyū/nikaikyū*). On this point, see Matsuo (1989), 4-7. Hermann Roesler, on the other hand, advocated direct election through universal suffrage (with the exception of the poor on public or private relief). See Siemes, (1968), 32.

³⁶⁸ In addition, according to article 40 of the Election Law, a French-style “*scrutin de liste*” method was employed for districts with two seats (*ninin renki sei/kanzen renki sei*). Article 38 stipulated non-secret voting: voters were required to sign their names, indicate residence, and stamp their seals on the ballot.

they believed that those elected should represent the entire population and not simply voters within their districts (“*hiroku kokumin wo daihyō suru kara*”).³⁶⁹ The scarcity of public documentation on the issue suggests that the oligarchs reached a decision on the electoral system without the diligence with which they had consistently handled other issues; it also helps explain why the oligarchs overhauled the electoral system merely a decade later.³⁷⁰

In contrast to the popularly elected House of Representatives, membership in the House of Peers was largely hereditary and by appointment. Peers were drawn from among the imperial family, princes, and marquises while counts, viscounts, and barons were selected by peer-voting. The highest taxpayers from each prefecture and metropolitan areas were also given seats upon receiving nomination from the emperor.³⁷¹ According to Itō, the House of Peers functioned “to restrain the undue influence of political parties” and defend the status quo; this was ensured by Article 37 which stipulated that all laws must pass both Houses.³⁷²

Although the oligarchs limited the power and representation of the Diet, they made an exception for matters related to government spending and revenue. The constitution required the consent of the Imperial Diet on bills covering expenditures (Article 64) and taxation (Article 62). In addition, the House of Representatives had priority over deliberating budget-related bills (Article 65). Itō argued that requiring the approval of the Diet on budgetary matters was essentially a consolation prize that

³⁶⁹ Soma (1986), 18. In addition, Itō noted that members of the Parliament in Europe were ignorant of their “proper duties” as representatives since they often “were devoted to the interests of particular districts, and neglected their public duty of taking a general view of the interests of the country” (Itō, 1931: 67-68).

³⁷⁰ Soma (1986), 41.

³⁷¹ The fifteen highest taxpayers in each prefecture elected one representative for the House of Peers. For more details, see Imperial Ordinance concerning the House of Peers (Articles 1-7).

³⁷² Itō (1931), 66.

demonstrated no real power since he did not regard “budget” as “law” but an administrative matter secondary to a “law.”³⁷³ Itō, however, was mindful of the fact that the government, “like an individual” was “liable to be prodigal and extravagant” and he therefore envisioned a functional purpose for having the Diet oversee the budget.³⁷⁴

Just as their colleagues back in Germany had advised the Japanese delegation in the early 1880s, so too Mosse and Roesler, who were hired by the Meiji government to draft the constitution, counseled the Japanese not to give the representative assembly a final say over government spending and financing.³⁷⁵ Subjecting government spending to the Diet’s approval, they claimed, was potentially fatal to the government’s future plans. Roesler recommended that the Japanese insert a clause limiting the power of the Diet and “establish an undisputable legal base” upon which the government could resolve a budgetary impasse.³⁷⁶ His advice was based on the difficulties that Bismarck had faced in pursuing his “blood and iron” policy in the 1860s.³⁷⁷ The Landtag had refused to approve Bismarck’s proposal to increase military spending, but he had prevailed by obtaining approval from King Wilhelm I and had thus unilaterally implemented the budget without the legislature’s consent in the following four years.³⁷⁸

³⁷³ Itō (1931: 121-122) explains: “There is one thing that demands explanation in this place, and that is the fact that in most countries a Budget is regarded as a law. A Budget is simply a sort of gauge to be observed by the administrative officials for a current year. Thus a Budget requires that consent of the Diet on account of its special character and is not properly speaking a law. Therefore law has precedence over a Budget, which has no power to change a law.”

³⁷⁴ Ito (1931), 123.

³⁷⁵ For details on the debate between the German advisors and the oligarchs (especially Viscount Inoue Kowashi who was in charge of drafting this section of the constitution), see Sasaki Takashi, *Hanbatsu Seifu to Rikken Seiji* [Domain cliques and constitutional government] (Tokyo: Yoshikawa Kōbunkan, 1992), 31-47.

³⁷⁶ Siemes (1968), 34-35.

³⁷⁷ Itō (1931: 136-137) commented: “In a certain country, might was once allowed to decide in such cases, and the Government carried out its financial measures at its pleasure, in spite of the sentiments of the legislative assembly (as was the case in Prussia from 1862 to 1866). Such a practice, however, is anomalous and is not proper from a constitutional point of view.”

³⁷⁸ Uchida et al. (1990), 78-79.

The oligarchs heeded the advice but they were over confident that their concessions to the representative assembly on this matter would not pose any serious threat as long as they included several safeguards. First, if the Diet failed to pass the budget, the previous year's budget was to be adopted (Article 71).³⁷⁹ They applied the same rule to taxes: the previous year's rate was to apply in case the tax bill was not enacted (Article 63).³⁸⁰ Second, the Diet had to approve the government spending necessary to implement a law and could not reduce or reject legally-fixed expenditures without the government's consent (Article 67). Prior to the promulgation of the constitution, the oligarchs had passed a number of bills, including several regarding military expenditure and taxation, so the constitution already guaranteed a sizable government purse that was acceptable to the oligarchs. Third, Article 70 created another loophole. It allowed the cabinet to "take all necessary financial measures" to maintain public safety by issuing an Imperial Ordinance when the Diet was not in session. Finally, as a last resort measure, the Emperor could unilaterally prorogue or dissolve the parliament (Article 7) if the oligarchs faced an unruly Diet. This was a blunt instrument that provided strong incentive for elected officials in the House of Representatives to be in sync with the oligarchs since dissolution entailed a huge financial penalty: it would force them to go through another round of campaign financing in order to get re-elected while the House of Peers would be prorogued (Article 44).

³⁷⁹ Itō believed that failing to pass a budget could potentially paralyze the "machinery of administration," which he demonstrates by citing the example of the United States in 1877, when Congress failed to pass a budget for the army and consequentially failed to pay soldiers for months; Ito (1931), pp. 136-137.

³⁸⁰ The oligarchs passed a number of bills, including one on taxes, prior to the opening of the Diet in order to guarantee that their preferred tax policy was in effect before the newly-elected representatives had entered politics.

Little did the oligarchs know at the time that the Germans' forewarnings would prove correct and that they would be frustrated by the legislatures' uncooperative stance on various government bills, including the one to expand poor relief. The fact that the new political agents were unfazed by the threat of dissolution and, later on, by the actual rounds of dissolution, took the oligarchs by surprise. They had clearly miscalculated how the new political agents would react to the structural constraints facing them.³⁸¹

This story of how the newly elected individuals unexpectedly acquired control over the policymaking process despite all the structural impediments created by the oligarchs is even more remarkable, given that the oligarchs had absolute control over the selection of agency. In order to silence the elected assembly, the oligarchs filled key government positions in the inaugural session of the Diet with their closest allies, protégés, and even members from the non-Sat-Chō clique so as to mend the intra-oligarchy division.³⁸² Yamagata and Itō both took top positions, as Prime Minister and President of the House of Peers, respectively. This is all the more astonishing given that the oligarchs coached government officials on how to handle elected officials before the Diet session began. When the new constitution came to life, one of the oligarchs, Kuroda Kiyotaka—with Itō and Yamagata's blessing—established the official policy toward party politics. Guided by the “principle of transcendental body” (*chōzen shugi*), government officials were to be detached from party politics and rule from above with a “nonparty mind.”³⁸³ The oligarchs' explicit instruction on how to handle the new

³⁸¹ The complex and often open-ended relationship between agency and structure is discussed in the work of Samuels (2003).

³⁸² A few of the non-Sat-Chō members were: Ōki Takatō (president of the privy council), Yoshikawa Kensei (Minister of Education), and Mutsu Munemitsu (Minister of Agriculture and Commerce).

³⁸³ Robert A. Scalapino, *Democracy and the Party Movement in Prewar Japan: The Failure of the First Attempt* (Berkeley, CA: University of California Press, 1953), 153.

popularly-elected parties recapitulated their efforts to create a “sham assembly.”³⁸⁴ Soon afterwards, the oligarchs were to learn that not only had the elected assembly stood on its own feet and formed a formidable opposition against the government, but they too, would need to descend from the pedestal to play in the game of party politics.³⁸⁵

The oligarch’s thorough transformation of the country’s political institutions deeply affected the course of redistribution in Japan. Some of their choices affected poor relief for years to come. For instance, designating the Diet as the locus of redistributive policymaking prevented the non-elected oligarchs from unilaterally constructing a safety net for the poor. Others had a more immediate, direct impact. As we shall examine in the next section, the inaugural session of the Diet featured an oligarchy-sponsored poor relief bill that would have moved the country closer to providing a safety net for the poor. Nonetheless, the newly-elected representatives of the landed agrarian elites staunchly opposed government efforts to increase redistribution to the poor.

IV. The new balance of power

Catching up in the realm of poverty relief

As the oligarchs diligently constructed a new political order in the 1880s, the day-to-day lives of ordinary citizens came under duress. A government-sponsored survey taken in 1883 indicated that nearly fifty-seven percent of the population was classified as belonging to the poor stratum of the society (*katō kyūmin sō*).³⁸⁶ Poverty-born riots

³⁸⁴ Fujimura (1961: p. 103) notes that Yamagata strove to create a “sham assembly” (*misekake no gikai*).

³⁸⁵ As a matter of fact, a few oligarchs such as Inoue Kaoru anticipated that structural impediments alone would not be sufficient to allow oligarchs to dominate the policymaking process, and worked on organizing and supporting political parties backstage. See Junji Banno, *The Establishment of the Japanese Constitutional System* (translated by J.A.A. Stockwin) (New York, NY: Routledge, 1992): 9-11.

³⁸⁶ Yoshida (1976): 7-8.

(*hinmin bōdō*) and crimes were becoming increasingly prevalent across the country as social turmoil accompanied rapid industrialization.³⁸⁷ Various newspaper organizations (e.g., *Chōya Shimbun* and *Jiji Shimpō*) published series of articles documenting the rise of urban slums (*hinmin kutsu*).³⁸⁸ One editor wrote: as “the rich become richer and the poor poorer there is a widening gulf between social groups, a condition that will ultimately lead to the creation of socialist and nihilist political parties.”³⁸⁹ Beset by a bad harvest, high taxes, and the “Matsukata deflation” of the early 1880s, rural areas also experienced a rise in poverty. Reacting to poor farmers’ plight, politically active journalists such as Ueki Emori and Nakae Chōmin claimed that individuals were not at fault for their poverty.³⁹⁰ Despite the prevalence of poverty and an increase in related problems, the Relief Regulations provided assistance to only 10,000 people (out of a total national population of 35 million).

The senior oligarch, Yamagata, was also increasingly wary of the situation. The “policing network” that he created in the mid-1880s was put to use when the Tokyo Metropolitan Police Department conducted the “Survey of the Poor in Tokyo” (*Tokyōfuka Kyūmin Chōsa*) in 1890. The police's involvement implied that the survey was a form of surveillance to maintain social order and was conducted for security rather than welfare reasons.³⁹¹ The fact that Yamagata felt the heightened threat of poverty stemmed partly from his second visit to Europe from December 1888 to October 1889, when he witnessed the wrath of disgruntled citizens first hand. In France, he observed

³⁸⁷ For example, see *Tokyo Akebono Shimbun* (May 13, 1880). Inaba (1992), 166.

³⁸⁸ For example, *Chōya Shimbun* ran articles on “The Truth of Tokyo’s Poor” (*Tōkyōfu ka hinmin no shinkyō*) from March 24, 1886. See Ikeda and Ikemoto (2002), 70-71.

³⁸⁹ Kinzley (1988), 12.

³⁹⁰ *Ibid.* Kinzley notes that in 1884, Fukuzawa Yukichi lamented that for the most part, “wealth breeds wealth and poverty brings about further impoverishment.”

³⁹¹ Ikeda and Ikemoto (2002), 71.

and learned from an anti-governmental populist bread riot and a coup threat.³⁹² In Berlin, his much-anticipated meeting with Gneist was eclipsed by the growth of socialism and the spread of labor unrest throughout the country. The image of Europe from his sojourn twenty years previously was that of strength and stability; this time around, however, he witnessed uncertainty and vulnerability.³⁹³

As the constitution was being drafted in 1887, Hermann Roesler suggested the use of social policy to mitigate the negative consequences of class conflict exacerbated by industrialization.³⁹⁴ He pointed out the “most urgent task of the state [was] to maintain impartially the welfare of the whole and a harmonious social balance by means of social legislation and an active administrative policy that works for the physical and spiritual welfare of the lower classes.”³⁹⁵ Yamagata concurred with Roesler’s view that deteriorating social conditions, if left untreated, could divide the country. He believed that unlike many Western nations that suffered from divisive social cleavages along the lines of religion, race, or class, Japan was blessed with “social unity.” Accordingly, he valued Japan’s social harmony as a resource that the country could tap to build a strong state.

The country was making enormous progress in the catch-up game and the funneling imperative that gave birth to an ultra restrictive 1874 Relief Regulations became less salient by 1890 as the oligarchs had already built the foundation for the country’s industrial development. Yamagata perceived that it was time to loosen the

³⁹² “Bread Riots in France,” *Poverty Bay Herald*, Vol. XVI, Issue 5361, 11 January 1889, 4.

³⁹³ Given Yamagata’s history of infatuation with the ironclad German Empire, the turn of events in Europe was an eye-opener as the suppressive laws against socialism did not prevent them; Fujimura (1961), 123-124.

³⁹⁴ Siemes (1968), 37-38.

³⁹⁵ Lorenz von Stein, from whose work Yamagata drew inspiration, was likewise an advocate of strategic social policy. Kenneth B. Pyle, “Advantages of Fellowship: German Economics and Japanese Bureaucrats, 1890-1925,” *Journal of Japanese Studies*, 1 no. 1 (Autumn, 1974): 138.

restrictions on public assistance. The oligarchs were also eager to present a new Japan—no longer isolated, backwards, and reticent—that was ready to debut in the precarious world of international politics and foreign affairs. People were the key building block for a strong imperial democracy.³⁹⁶ A poor, unhealthy, and unhappy populace was incapable of producing strong, loyal soldiers and dedicated workers who would be willing to sacrifice their lives for the nation. The realization amongst the oligarchs that that the “poor problem” could hinder the emergence of a strong state gave them an additional incentive to address the issue of poverty in the inaugural session of the Imperial Diet.

The 1890 Poor Aid Bill

On December 6th 1890, the Yamagata cabinet presented the Poor Aid Bill³⁹⁷ (*Kyūmin kyūjo hōan*) to the first session of the Imperial Diet. Yamagata indicated that he was afraid that the 1874 Relief Regulations were insufficient and too restrictive to meet the reality of growing poverty, and thus signaled to the legislature that this was a “very important” (*kinyō*) matter.³⁹⁸ The 1890 bill, drafted by the Home Ministry, proposed to expand the scope of assistance significantly. In addition to food, assistance was to be provided for shelter, clothing, medical care, funeral expenses, and employment training for poor children. In contrast to the 1874 Relief Regulations, aid was now to be extended to the starving, able-bodied poor who were victims of calamities that prevented them

³⁹⁶ As Gneist lecture to Itō Hirobumi emphasized, building a strong state required a strong relationship between the leaders and their subjects. “Providing assistance to the poor” would create an “outward appearance” of the state protecting its citizens and was complementary to building a strong imperial democracy because that requires shoring up support from the populace. Ogawa Masaaki, *Kenri to Shite no Shakai Hoshō* [Social security as rights] (Tokyo: Keisō Shobō, 1969), 99.

³⁹⁷ Also translated as the “Destitute Persons’ Relief Law.”

³⁹⁸ Ogawa (1969), 25.

from providing for themselves.³⁹⁹ The 1890 Poor Aid bill was a follow-up to the 1888 City, Town, and Village System reform. The proposed bill was based on a Prussian local government-led poor relief system (*Gesetz über die Verpflichtung zur Armenpflege* 1842, later revised in 1870 to *Gesetz über den Unterstützungswohnsitz*), which placed most administrative and financial responsibility on localities.⁴⁰⁰

Yamagata's associate, Shirane Senichi, was the vice minister of the Home Ministry in charge of explaining the details of the bill to the Imperial Diet.⁴⁰¹ Speeches made by Shirane and his colleagues emphasized the "assumption that the time had come for thoroughgoing state and municipal intervention, either because the problem of pauperism had grown too big to be left to private individuals or else because the achievements of a previous age in this respect were no longer acceptable."⁴⁰² In addition, Shirane pointed out that revision was necessary to close the wide disparity in the level of assistance across localities. In 1881, for example, Okayama prefecture had 705 recipients as opposed to only two in the Miyagi prefecture.⁴⁰³ The new bill mandated an expansion of poor relief across localities in a more uniform and standard way.

Only a handful of elected representatives supported the Poor Aid bill, among them Dr. Suzuki Manjirō and Imai Isoichirō from the Liberal Party. They reasoned that providing relief to the poor would benefit industrial production and the prevention of

³⁹⁹ Under the bill, able-bodied poor had to work, and once they were engaged in gainful employment, were required to pay back to the best of their abilities the amount of assistance they had received.

⁴⁰⁰ The 1874 Relief Regulations was financed by the central government while the 1890 Poor Aid Bill proposed to shift most of the financial responsibility to localities. In exchange, local governments were allowed to collect funds raised for private charities and apply them to municipal relief programs, and the national government would provide subsidies to each locality at a level that was equivalent to the expenditure given under the Relief Regulation; Inaba (1992), 179.

⁴⁰¹ The Home Minister was Saigō Tsugumichi.

⁴⁰² R.H.P. Mason, "The Debate on Poor Relief in the First Meiji Diet," *The Journal of the Oriental Society of Australia*, 3 no. 1 (January 1965): 10.

⁴⁰³ Ogawa (1969), 18.

diseases and crimes.⁴⁰⁴ Suzuki argued that many people were unjustifiably dying of starvation and that the government did not belong simply to a few powerful, rich men, but also to the poor.⁴⁰⁵

The main critiques of the bill centered on two issues: (1) financing and taxation and (2) local autonomy. Opponents of the Poor Aid bill feared that giving an inch to the poor would allow them to take a mile: poor relief expansion would imply that the government was responsible for the wellbeing of the poor and thus foster a sense of entitlement to those receiving relief and encourage the indolent poor to demand more relief. This would place financial strain on municipalities and eventually on taxpayers.⁴⁰⁶ Opponents also viewed the Poor Aid bill as yet another “policy of interference and legal dictation from the centre.”⁴⁰⁷ While both sides agreed that the 1874 Relief Regulations were insufficient to address poverty, the opposition triumphed by rejecting the second reading of the bill before it was put up for a roll call.

The Japanese experience in comparative perspective

The sound defeat of the 1890 Poor Aid bill demonstrated that the oligarchs were far from being in control of the policymaking process despite their efforts to set the rules of the game to their advantage. The causes of the defeat of the Poor Aid bill merit a closer review: who were the relevant political actors and what were their strategic interests in poor relief? How much leverage did they have in pursuing these interests?

⁴⁰⁴ Yoshida (1976), 99.

⁴⁰⁵ Nonetheless, advocates insisted that the revision would entail expanded relief activities solely on the basis of the state’s moral obligation rather than its legal duty. They argued that monitoring and screening recipients would signal that the poor were not entitled to relief and would thus manage to keep relief expenses under control; Elise K. Tipton, “Defining the Poor in Early Twentieth-Century Japan,” *Japan Forum*, 20 no.3 (2008), 365.

⁴⁰⁶ Ikeda and Ikemoto (2002), 100.

⁴⁰⁷ Ogawa (1969), 14-15.

What does Japan's failure to expand poor relief tell us about the successful cases in Europe?

The Yamagata cabinet was primarily interested in expanding poor relief to contain the negative externality of poverty such as social unrests and incidence of violence. Its strongholds were the cabinet, Privy Council, bureaucracy, and the House of Peers, each of which had veto power over legislation passed by the House of Representatives. None of these institutions, however, possessed any real power to make the House of Representatives say "yes."

The oligarchs faced a hostile House of Representatives for the inaugural session. The defunct Popular Rights Movement was revived just in time to take majority seats in the Diet. Together, the Liberal Party and Progressive Party obtained a total of 171 out of 300 seats.⁴⁰⁸ While some Liberal Party members like Dr. Suzuki Manjirō and Amaharu Bumpei were in favor of the Poor Aid bill, most opposed it. Some of the pro-government Taisei-kai members likewise opposed the bill. There was therefore no clear-cut partisan line that divided supporters from opponents. What united the opposition was its constituents' common interest in retrenching the size of government and loosening national control over local governance.

In accordance with the oligarchs' design, electoral rules overrepresented rural agrarian elites and the prior development of local assemblies helped local politicians migrate to the national stage. An average of 54% of elected representatives "were classified as having agricultural occupations" as opposed to 14% with a business and

⁴⁰⁸ Banno (1992), 204. Another source classifies as follows: Liberal Party (131), Progressive Party (43), Taiseikai (85), and Independents (41). Sasaki (1992), 31-47.

commercial background.⁴⁰⁹ Out of 300 members, 270 represented rural constituencies and the majority were prominent local figures (*chihō meibōka*) with first-hand experience in local politics; around 160 had previously held positions in prefectural assemblies.⁴¹⁰ The Poor Aid bill essentially dictated that localities were responsible for aiding the poor. Passing the financial burden to localities enraged rural agrarian elites already burdened by high taxes imposed by the oligarchs to siphon off funds in order to spur industrialization in urban centers and develop a strong army.

The representatives of the rural propertied class became “determined to do all in [their] power to reduce taxation” and, therefore, were inclined to oppose any “increases in administrative costs, no matter whether these would be met out of national or local taxes, no matter how worthwhile the general objective, and no matter how marginal the total amount of money involved.”⁴¹¹ Furthermore, as Mason (1965) points out, elected officials placed a higher premium on local politics than on national welfare concerns:

Members were sensitive to anything likely to curtail the authority or add to the obligations of the rural municipalities not only because of their own provincial backgrounds and election pledges, but also because most of them possessed first-hand experience of the problems and responsibilities connected with local government.... It is only to be expected, therefore, that they and their compeers in the gentry class, whose votes had sustained them in the successive stages of their public careers, would have felt a measure of personal commitment to the general idea of at least preserving intact the rather limited freedom of action allowed to municipalities by the Town and Village Code of 1888.⁴¹²

⁴⁰⁹ Bradley M. Richardson and Scott C. Flanagan, *Politics in Japan* (Boston, MA: Little, Brown and Co., 1984), 20-21.

⁴¹⁰ Mason (1965: 20-21) adds: “Many of these had sat in town or village assemblies before making the prefectural grade. Other members had held the post of headman of a town or village. Some had achieved preferment of three kinds, so to speak; that is, they had belonged to a town or village assembly, they had been elected to prefectural assembly, and they had done duty as a local headman.”

⁴¹¹ Mason (1965), 16.

⁴¹² Mason (1965), 20-21.

Beyond the general interest in reducing government spending and its control over local governance, the agrarian class saw no selective incentive in providing relief to the poor at the national level. The contrast with England, where the landed aristocracy, which enjoyed parliamentary dominance, favored a robust localized poor relief, is marked. Lindert (1998) and Boyer (1990) point out that the expansion of poor relief prior to the 1820s was politically supported and financially sponsored by the landlords who tried to use it to retain farm labor in their respective localities; it was a means of preventing the depopulation of rural areas in the face of growing industrial centers such as London that were draining agricultural workers.⁴¹³ Thus, two factors—local-based relief arrangement and the existence of selective benefits--most likely allowed English agrarian elites to cooperate and maintain a robust poor relief.

The Japanese, on the other hand, faced an abundance of labor and actively attempted to send poor farmers abroad. Mountainous terrain rendered 90% of Japan's land area uninhabitable. The steady growth in population (34.8 million in 1872, 37.3 million in 1882, 40.5 million by 1892) and rising poverty amid the constant shortage of land made emigration attractive. Beginning in the mid-1880s, the Japanese government began authorizing outbound migrations of poor farm laborers to various locations: first Hawaii, then California, Peru, Brazil, and other parts of South America and, finally, decades later, the Japanese colonies of Taiwan and Korea. The number was initially only several hundred, but grew to several thousand by the early twentieth century.

Furthermore, judging from the outcome, the “safeguards” that the oligarchs implemented to coax the elected assembly to cooperate rather than oppose the

⁴¹³ Peter H. Lindert, “Poor Relief before the Welfare State: Britain versus the Continent, 1780-1880,” *European Review of Economic History*, 2 no. 2 (1998): 101-140; George R. Boyer, *An Economic History of the English Poor Law, 1750-1850* (New York, NY: Cambridge University Press, 1990).

government clearly did not work. The oligarchs' chief trump card, the threat of dissolving the Diet, "turned out to be almost valueless."⁴¹⁴ The oligarchs did dissolve the Diet five times in its first decade alone, but with few political consequences. Moreover, the provision that the previous year's budget could be used in case the Diet did not approve the budget was meaningless because the oligarchs were typically seeking to expand government spending, not maintaining it at its current level.

The effectiveness of these "safeguards" in shaping redistributive outcomes is typically overlooked in comparative studies. Nevertheless, this issue may offer an important clue as to why the late-developing Germany managed to steer redistribution towards an expansionary path while the Meiji oligarchs failed to do so. Ziblatt (2006) highlights the importance of electoral safeguards in studying the pattern of democratization:

Democratization in Europe, like elsewhere, did not simply represent the wholesale replacement of one regime for another but often entailed and—perhaps required—combining democratic reforms with microlevel formal and informal *undemocratic* elite safeguards, including undemocratic upper chambers, gerrymandered electoral districts, clientelism, and corrupt voting registration rules. As in contemporary cases of regime change, such safeguards had unintended and contradictory consequences.⁴¹⁵

The findings from this chapter suggest that the effectiveness of "undemocratic elite safeguards" in Germany, which made its national parliament relatively "powerless," help explain why Bismarck was able to expand poor relief at the national level while the Meiji oligarchs failed to do so.⁴¹⁶

The fact that the Diet won the battle over poor relief was not the only disappointment for the oligarchs. Throughout the 1890s, the representatives were to

⁴¹⁴ Fairbank, Reischauer, and Craig (1965), 299.

⁴¹⁵ Daniel Ziblatt, "How Did Europe Democratize?" *World Politics* 58 no. 2 (January 2006), 313.

⁴¹⁶ *Ibid.*, 312.

frustrate the oligarchs on other issues, such as military expenditures, industrial policy, and even salaries for public officials. Nevertheless, the oligarchs were not ready to give up without a fight. They went on the offensive against the Diet by pursuing another round of electoral reform a decade later. The proponents of poor relief did not rest their case either. The oligarchs, Home Ministry bureaucrats, and even some reform-minded politicians continued pushing for poor relief. The following chapter explores round two of the oligarchs' battle against party politics. It demonstrates that restructuring political institutions to accommodate urban industrialists' interests in the Diet ended up pushing poor relief down a retrenchment path. Indeed, the industrialist opposition was so strong that it ultimately almost wiped out the Relief Regulations itself.

Conclusion

This chapter examined how early democratization merged with the formation of late-development industrial capitalism to give rise to a new political class of agrarian landed elites that successfully opposed redistribution towards the poor. The Meiji government raised capital domestically through the land-tax and funneled it to develop competitive industries; the agrarian elites, dissatisfied with the existing taxation without representation, marshaled their resources to pressure the oligarchs to democratize fiscal policy. An internal schism within the oligarchy and the pressure from the agrarian landlords paved the path of democratization.

As the Meiji oligarchs built the foundations of Japanese democracy and the national industry, they began to question the validity of the minimalist approach to poverty. Consequently, the oligarchs introduced a bill in the inaugural session of the Diet

that would have significantly expanded the level of relief. For the Meiji oligarchs, the task of laying the foundation to build a safety net for the poor seemed straightforward and attainable. The oligarchs prided themselves as being the defenders of the public interest and feared that democratic institutions and processes were vulnerable to capture by private interests. They carefully engineered the political system—from local governments to national electoral rules—prior to the opening of the Diet in order to curb the power of the elected representatives and maintain a firm grip over the decision-making process.

Despite all their efforts to define the rules of the game to their advantage, however, the Meiji oligarchs failed to check the power of agrarian elites. The funneling imperative to spark industrial growth compelled agrarian elites to oppose any increase in government expenditures, including expansion of poor relief, under the presumption that it would lead to higher taxes in the future. The new constitution left the allocation of power over public finances ambiguous, as neither the elected assembly nor the cabinet possessed sufficient power to wrestle the other into total submission. In order to stack the deck in their favor, however, the oligarchs instituted a number of safeguards to dominate the decision-making process, but these were of little or no value when party politics went live.

Since the opening of the Diet, the bureaucrats (and the oligarchs that commanded the bureaucracy) advocated creating a safety net, but they failed to implement one because the Meiji oligarchs *mistakenly* made democracy work: the Diet became the epicenter of formulating redistributive policies and any expansion in poor relief required the consent of the representatives of key economic interest groups. In the end, the

oligarchs not only lost the battle to expand poor relief, they sowed the seeds of their own destruction as party politics took root and obliterated their monopolistic control over Japan's political system.

CHAPTER 5

Partial Democratization for the Age of Industry:

The Rise of the Industrialists and the Path of Retrenchment

“If God asked in which country one wanted to be born,
only a few would answer Japan.”

- The chief of the Social Bureau, Tago Ichimin.⁴¹⁷

This chapter analyzes how the political ascendancy of the urban industrialists shaped redistributive policies and covers the events of three decades, from 1890 to the late 1910s. The findings from this chapter confirm the limits of the economic modernization approach, which contends that the demand and supply for public assistance increase as countries become more industrialized. I show that the central issue concerning redistribution is not whether a country is industrializing, but rather, how they pursue industrialization. The Japan case shows that the nature of industrialization matters in the development of social welfare policy; for latecomers, the need to stoke industrial growth pitted the industrialists against redistribution.

⁴¹⁷ Tago lamented that Japan neglected its numerous poor in the early part of twentieth century. Tago Ichimin, *Tago Ichimin* (Tokyo: Tago Ichimin Hensankai, 1970), 152.

This chapter begins by analyzing how the inaugural session of the Imperial Diet marked the beginning of the parliamentary battle over the size of the government. The oligarchs pressed for higher expenditures and taxes to fund national industrial development and military expansion while the elected representatives of mostly agrarian landholders resisted. The agrarian elites, united against the high land tax, and the budding urban industrialists, fixated on channeling government funds to increase economic yield, both opposed diverting scarce government funds to help the destitute. Thus, early rounds of democratization in Japan, which coincided with rapid, state-led industrial economic development, created a political environment that was hostile to poor relief.

Throughout the 1890s bureaucrats and a handful of politicians urged the national government to create a comprehensive public assistance system that would protect citizens from the new risks that rapid industrialization posed. In addition, they contended that overhauling the prevailing ultra-minimalist 1874 Relief Regulations would be the first step towards catching up to the West in the realm of public assistance and, at one point, even proposed establishing a new poor relief tax.

From 1890 to the early 1900s, four proposals for expanding poor relief surfaced, but the hostile political environment in the House of Representatives induced multiple miscarriages of expansionary bills. The proposed expansions were defeated without any deliberation as the agrarian-dominated Diet continued to turn a deaf ear to the matter because they already felt unfairly burdened by financing Japan's modernization through the high land tax. Indeed, agrarian elites were facing an imminent threat of increased taxation as the Diet debated how to raise funds for the government's swelling

expenditures. The minority industrialists, desiring more government funds to stimulate industrial growth, supported a land-tax hike; the agrarian landholders, shouldering the bulk of the tax-burden, held back.

This conflict of interest between the two groups created a schism within the oligarchy as well as the main political parties, a rift that eventually led to change the electoral institutional environment. On the one hand, the pro-industrialist camp pressed to dramatically increase suffrage and redistrict to favor urban areas. On the other, rural-based agrarian groups resisted drastic institutional change in order to preserve their dominant position. In the end, the two camps compromised on a middle ground, but the voice of the industrialists was unmistakably augmented in the Diet.

The reconfiguration of political institutions in 1900 facilitated greater government spending to fuel industrial growth. Augmenting the political representation of the urban industrialists, however, was lethal to the growth of social assistance for the poor. As a country pursuing a classic “late developer” economic growth strategy, funding from the state was indispensable for the nurturing of Japan’s industrial capitalism. The industrialists aggressively sought to stoke of industrial growth and successfully lobbied the Meiji oligarchs to channel funds to build key industries, infrastructure, and a skilled workforce. Diverting resources to aid the poor, whether they were sick, elderly, children, or working, generated marginal economic gains and, therefore, was a policy industrialists would not consider.

In sum, the battle over taxes, especially to finance economic modernization, largely set the parameters for redistributive policies during the first two decades of Japan’s newly established parliament. The national goal of accelerating industrial

capitalism defined the debate over fiscal policy and left little room for caring the needy. In fact, the agrarian-industrialist dominated Diet would not only refuse to pay for the ultra minimalist Relief Regulations itself, it would attempt to abolish the program itself by refusing to fork over funds and through mobilizing civil society actors.

I. Tumultuous politics, churning economy

The parliamentary battles

In the first decade after the creation of the Diet, the leaders of the House of Representative refused to take orders from the oligarchy-led cabinet and steadfastly opposed its repeated requests to expand the budget and raise taxes. Throughout the 1890s, the elected assembly that the oligarchs had created would time and again cast a vote of non-confidence for what it perceived as a lack of cabinet leadership and sound judgment in domestic and foreign affairs.

From a structural point of view, the battle between the popularly-elected parties and oligarchs was not entirely predictable. The new constitution left the allocation of power over public expenditures and finance ambiguous, as neither the elected assembly nor the cabinet possessed sufficient power to wrestle the other into total submission. In order to stack the deck in their favor, however, the oligarchs instituted a number of safeguards to dominate the decision-making process, but these were of little or no value when party politics went live. In particular, the constitution allowed the previous year's budget to be applied in case of a parliamentary impasse. This wild card turned out to be worthless since the oligarchs were perpetually seeking to inflate the budget in order to finance the country's military and economic expansion. Moreover, the weapon of last

resort, the power to dissolve the assembly, not only proved ineffective in coaxing opponents, it was also disruptive. In the 1890s alone, Japan experienced a total of five dissolutions coupled with several resignation-induced reorganizations of the cabinet. When invoked frequently, it raised questions over the legitimacy and efficacy of the political system itself.

The oligarchs chose not to suspend representative governance entirely because they had a vested interest in maintaining the political structures that they had created. In particular, Itō Hirobumi, the heavyweight oligarch and the main author behind the Japanese imperial democracy, was “eager to demonstrate, both to his countrymen and to Westerners, that his constitution was wise and this first experiment in parliamentary institutions a success.”⁴¹⁸ Western nations’ dominance in world politics was felt strongly at home. Alas, Japan was still bound by unequal treaties imposed by Western powers in the 1850s, which restricted the government from exercising its sovereign authority over a number of issues, especially with respect to trade and immigration policies.⁴¹⁹ It was imperative for Japanese leaders to showcase that the country was more than capable of pursuing difficult domestic political reforms and sticking to them.⁴²⁰ Equally important was the way in which leaders understood the historical significance of the matter. They were mindful that Japan was the first non-white, non-Christian country to adopt a western form of representative government; quitting on this grand project was a sign of weakness

⁴¹⁸ John K. Fairbank, Edwin O. Reischauer, and Albert M. Craig, *East Asia: The Modern Transformation* (Boston, MA: Houghton Mifflin Co., 1965), 300.

⁴¹⁹ The unequal treaties were gradually lifted mostly after Japan’s victory in the Sino-Japanese War (1894-1895), which helped increase Japan’s reputation in the international community.

⁴²⁰ Itō Yukio, *Yamagata Aritomo: Guchoku na Kenryokusha no Shōgai* [Yamagata Aritomo: The lifetime of a simple and honest ruler] (Tokyo: Bunshun Shinsho, 2009), 255-256.

and certainly not an option for a country eager to become equal partners with the democracies of the West.⁴²¹

Nonetheless, the oligarchs did not idly watch the young tree of party politics grow. At the outset, they prepared a deadly concoction of repressive measures to achieve electoral dominance against the newly elected officials. The 1892-second general election, for example, was the bloodiest one in Japanese history.⁴²² The Home Minister, Shinagawa Yajirō, orchestrated vicious attacks against populist parties, deploying police to arrest candidates and voters who were deemed anti-governmental (mostly supporters of the Liberal Party). Thugs were hired to intimidate voters at the polls and disrupt candidates' campaign activities and, in Kochi prefecture, the ballot box was blatantly stolen.⁴²³ In this instance, casualties included twenty-five dead and nearly four hundred wounded but the "naked use of government's coercive powers" did not produce desired results for the perpetrators.⁴²⁴

Interfering in the election backfired and the parties in favor of the oligarchs failed to gain majority seats and faced bellicose anti-governmental representatives.⁴²⁵ The populist parties condemned the government's excessive use of force and refused to pass

⁴²¹ Bribing elected officials was another tactic that the oligarchs pursued.

⁴²² Facing difficulty in taming the members of the House of Representatives, Prime Minister Yamagata Aritomo resigned and handed over the leadership to the veteran Finance Minister, Matsukata Masayoshi, who then took office on 6 May 1891. When the House of Representatives defiantly cut the budget, Prime Minister Matsukata dissolved the Diet for the first time since the introduction of the new constitution. The use of force to achieve desired election results was Yamagata's decision and not Itō's. Itō Yukio (2009), 260-264.

⁴²³ On the second general election, see Sasaki Takashi, *Hanbatsu Seifu to Rikken Seiji* [Domain cliques and constitutional government] (Tokyo: Yoshikawa Kōbunkan, 1992), pp. 200-235. See also Siniawer's work on the general topic of democracy and violence. Eiko Maruko Siniawer, *Ruffians, Yakuza, Nationalists: The Violent Politics of Modern Japan, 1860-1960* (Ithaca: Cornell University Press, 2008).

⁴²⁴ Roger F. Hackett, *Yamagata Aritomo in the Rise of Modern Japan, 1838-1922* (Cambridge, MA: Harvard University Press, 1971), 151-152.

⁴²⁵ The Liberal Party and the Rikken Kaishintō and their affiliates, maintained their majority in the House of Representatives, winning 132 seats as opposed to 124 for pro-government candidates (81 seats for Chūō Club, 31 seats for Dokuritsu Club, 12 seats for Kinki Club), and 44 independents.

the government's supplementary budget, instead cutting it by a third.⁴²⁶ In response, the House of Peers attempted to reinstate the original budget, prompting the Privy Council to issue an imperial edict that granted the "House of Peers the right to reinsert items of the government budget stricken by the Lower House" in June 1892.⁴²⁷

In the end, the repercussions of the egregious election interference proved fatal to Matsukata's tenure and he was forced to resign on 8 August 1892. Matsukata's resignation was particularly noteworthy because, under the constitution, the Diet had no power to appoint or change the Prime Minister or any cabinet post; in theory, this insured the "unequal relationship" between the non-elected oligarchs and elected members.⁴²⁸ Subsequently, an informal "customary practice" developed in which the "loss of Diet confidence [in the cabinet]" either induced dissolution of the Diet or the resignation of the Prime Minister.⁴²⁹ Thus, the voice of the elected officials was enhanced by the acquisition of the informal power to approve or disapprove executive leadership posts, which were held by the non-elected oligarchs.⁴³⁰

In the wake of Matsukata's exit, Itō Hirobumi, the most powerful oligarch at the time, took the helm of the government. Itō inherited a difficult political situation where pro-government parties that supported him did not have enough seats to achieve a

⁴²⁶ The Home Minister, Shinagawa, was forced to resign. Members of the House of Peers and oligarchs such as Mutsu Munemitsu, and Gotō Shōjirō condemned the government's excessive use of force during the second general election. The fact that some of the oligarchs disapproved the egregious election interference weakened support for the Matsukata administration. See Nakamura Kikuo, *Itō Hirobumi* [Itō Hirobumi] (Tokyo: Jiji Tsūshinsha, 1958), 112-113.

⁴²⁷ Mark J. Ramseyer and Frances M. Rosenbluth, *The Politics of Oligarchy: Institutional Choice in Imperial Japan* (New York, NY: Cambridge University Press, 1995), 35.

⁴²⁸ Hackett (1971), 149.

⁴²⁹ Taichirō Mitani, "Chapter 2: The Establishment of Party Cabinets, 1898-1932" (translated by Peter Duus), in *The Cambridge History of Japan: The Twentieth Century (volume 6)*, edited by John Whitney Hall (New York, NY: Cambridge University Press, 1988), 56.

⁴³⁰ As I explain in a later section, around 1892, the oligarchs (*hanbatsu*) were referred to as the "elderly statesmen" (*genrō*). To maintain consistency, I will continue to use the term "oligarchs" to describe non-elected leaders such as Itō and Yamagata.

majority in the Lower House. The politically savvy Itō used his close relationship with the Emperor to entice elected officials to cooperate with his administration.⁴³¹ He scored some points with the Diet members for successfully negotiating the revision of the unequal treaty with Britain in July 1894. The following month, Japan declared war against China, which served as a windfall for Itō since Diet members, united in the name of victory, passed military-related expenditures.⁴³² When the war ended, so did the temporary truce but the parliament remained imbued with tension especially over fiscal policy.

While Japan's new political scene remained testy, its nascent industrial capitalism was causing problems of its own. It was during these early but tumultuous years of representative government when reports of social distress prominently surfaced. The takeoff of industrial capitalism in the 1890s left many workers stranded in poverty with little prospect of escaping it. Similar to the experiences of economic modernization in Europe and United States, Japanese society was "discovering poverty" amidst economic progress at the turn of the nineteenth century.⁴³³ Politicians in Japan, however, did everything but confront the issue.

⁴³¹ For example, Itō "had the emperor admonish the disputants to compose their differences and undermined opposition to the budget by having the emperor surrender some of his own income and order his civil and military officials to follow suit. This invoking of the imperial name and the voluntary reduction of a part of the budget in this dramatic way won enough votes to carry the rest of the budget" (Fairbank et al., pp. 301-302).

⁴³² Kaju Nakamura, *Prince Itō: The Man and Statesman* (New York, NY: Anraku Publishing Co., 1910), 48-49.

⁴³³ Dean W. Kinzley, "Japan's Discovery of Poverty: Changing Views on Poverty and Social Welfare in the Nineteenth Century," *Journal of Asian History*, 22 no. 1 (1988); Ikeda Yoshimasa and Ikemoto Miwako, *Nihon Fukushishi Kōgi* [A lecture on Japanese welfare history] (Osaka: Takasuga Shuppan, 2002), 70-72.

Poverty amidst economic progress

The country's economic transformation experienced a hiccup as the first modern recession hit Japan in 1890. A world wide economic slowdown and poor harvest the previous year led to an economic contraction in which company earnings fell and the price of goods fluctuated dramatically. In the countryside, the high land tax imposed on the peasantry since the mid-1870s was widening the gap between the haves and the have-nots. Small farmers struggling to make ends meet were forced to default on their mortgage payments and their foreclosed lands were increasingly absorbed by "parasitic landlords" (*kisei jinushi*) who neither cultivated nor resided on their own land.⁴³⁴ Those who exited farming communities and migrated to urban centers encountered equally harsh living conditions.

The deteriorating social conditions of urban centers in the 1890s were captured in writing. In particular, two journalists, Matsubara Iwagorō and Yokoyama Gennosuke, transformed the day-to-day toil of the urban poor into a "social problem" (*shakai mondai*). In 1893, Matsubara published *Extreme Darkness of Tokyo (Sai Ankoku no Tōkyō)* based on his hands-on experience of living in the slums of Tokyo, which was compiled from his articles published by Kokumin Shimbun the previous year.⁴³⁵ In a similar fashion, Yokoyama, a reporter for the Mainichi Shimbun, began documenting urban poverty in 1894. Inspired by the British pioneer of poverty research, Charles Booth, his work surveyed urban labor conditions and highlighted the strong presence of

⁴³⁴ Dimitri Vanoverbeke, *Community and State in the Japanese Farm Village* (Leuven: Leuven University Press, 2004), 38.

⁴³⁵ Matsubara Iwagorō, *Sai Ankoku no Tōkyō* [The extreme darkness of Tokyo] (Tokyo: Iwanami Shoten, 1988).

working poverty in major cities such as Tokyo and Osaka.⁴³⁶ Yokoyama suggested that the new urban working poverty was a byproduct of Meiji industrialization and urbanization and his work was later assembled in the 1899 bestselling book, the *Japanese Underclass Society (Nihon no Kasō Shakai)*.⁴³⁷ Similar to the effect that Booth's work had on enhancing social awareness of poverty at the turn of the 19th century in England, Yokoyama's work is credited as a pioneer in surveying social conditions.⁴³⁸

Even as the journalists put the spotlight on the issue, the poor themselves remained voiceless in their own fight against poverty. Ordinary citizens at the time felt “remote” from the new Meiji constitution and were largely disconnected from politics altogether.⁴³⁹ Newspaper readership was limited to the better-off and the ruling oligarchs purposely dissociated the political realm from the day-to-day lives of ordinary citizens. A few months prior to the opening of the Imperial Diet, the Meiji Emperor signed the 1890 Imperial Rescript on Education (*kyōiku ni kansuru chokugo*), which defined the rules and objectives of education in the country.⁴⁴⁰ Although compulsory elementary education taught basic skills such as literacy and competency in mathematics, the bulk of

⁴³⁶ A team of researchers, headed by Charles Booth, surveyed the state of poverty in London and found that many were living in abject poverty. The survey results, compiled in the volumes of the *Life and Labour of the People in London*, are widely accredited as the one of the most influential work in the field of social policy. See Charles Booth (assisted by Jesse Argyle et al.), *Life and Labour of the People in London* (New York: Macmillan and co., 1902). General William Booth, the founder of the Salvation Army, is also credited to have increased awareness of poverty in Britain in the late 19th century. His book, *In Darkest England and the Way Out*, published in 1890 contended that the awfully harsh life of the “darkest Africa” also existed in the “darkest England,” where economic modernization has not eradicated destitution and the misery of the poor. See William Booth, *In Darkest England and the Way Out* (Boston, MA: IndyPublish.com, 2011), 6.

⁴³⁷ Yokoyama Gennosuke, *Nihon no Kasō Shakai* [The Japanese under class] (Tokyo: Iwanami Shoten, 1985).

⁴³⁸ “Shakai fukushi no senkaku” (a pioneer in social welfare) is inscribed in Yokoyama's tomb.

⁴³⁹ Gluck (1985), 48.

⁴⁴⁰ For an extended discussion on the history of education policy in Japan, see Herbert Passin, *Society and Education in Japan* (New York, NY: Teachers College, Columbia University, 1965).

the curriculum, was designed to teach the virtues of loyalty, discipline, and harmony.⁴⁴¹

The nationwide education policy explicitly prohibited the teaching of democratic ideals at schools—for example, no texts on elections or civic participation in political life—and morally instructed citizens to become adherents of the constitution.⁴⁴² This was consistent with the German practice of “thought guidance” which used educational institutions as a means of socializing and inculcating values that legitimized the existing political and social order.

Despite the poor’s detachment from the political process, calls for the government to take action against poverty sprang from the inner-circles of political power.

Throughout the 1890s bureaucrats were the primary force behind expanding poor relief and sought support among elected officials. The next section discusses a series of abortive attempts to expand poor relief. The fact that these efforts were put to rest even before any meaningful legislative debate took place strongly testified to the dominance of agrarian interests in opposing redistribution. Yet, dismissing the outcome as simply a *déjà vu* moment conceals vital information about the new political developments that were unfolding. The newly established democratic institutions were functioning so well that the oligarchy was crumbling and elected officials more vigorously pursued pork barrel policies to secure electoral support from their constituents. These new developments that emanated from early democratization proved difficult for the bureaucrats to influence redistributive policies. While the bureaucrats presented several

⁴⁴¹ Sydney Crawcour, “Chapter 8: Industrialization and Technological Change, 1885-1920,” in *The Cambridge History of Japan: The Twentieth Century Volume 6*, edited by John Whitney (New York, NY: Cambridge University Press, 1988), 402.

⁴⁴² Inada Masatsugu, *Kyōiku Chokugo Seiritsu Katei no Kenkyū* [Research on the process of establishing the imperial rescript on education] (Tokyo: Kōdansha, 1971).

proposals to expand poor relief, they failed to gain support from elected assemblymen; one was left to expire and others perished before reaching the Diet floor.

II. The intransigent Diet

The failed attempts

In 1895, one of the most venerable statesmen in pre-war Japan, Gotō Shinpei, revealed his grandiose plan to create a comprehensive poor relief system. As the chief of the Home Ministry's Public Health Bureau, Gotō advocated a German-style social insurance system with a heavy layer of public assistance programs for the poor. While he was a medical student in Germany (1890-1892), he learned of Bismarck's innovative use of social policies to build a strong and unified empire that concomitantly functioned to diffuse the rising threat of socialism. Eager to import German social policy to Japan, Gotō proposed the establishment of various social welfare initiatives aimed at protecting diverse segments of the population. He contended that Japan's economic transformation was no different from what many of the European countries had already undergone. Learning how Western nations coped with the pernicious effects of industrialization was critical for the country's future progress.⁴⁴³

The proposed plan emulated the 1871 British Local Government Board in which a centralized system oversaw a wide range of social services. In order to secure funding for his ambitious plan, he proposed to funnel ten percent of the reparations (around 30 million yen) from the Sino-Japanese war (1894-1895) to the imperial household account; this fund would be used to establish a Meiji Relief Endowment (*Meiji Jukkyū Kikin*). The

⁴⁴³ Yoshida Kyūichi, "Meiji Ishin ni Okeru Hinkon no Henshitsu," [The change in the quality of poverty during the Meiji Restoration] in *Nihon no Kyūhin Seido* [the Japanese poor relief system], Nihon Shakai Gigyō Daigaku Kyūhin Seido Kenkyū Kai (ed.), (Tokyo: Imura Juji, 1976), 97.

funds from the endowment would be earmarked to establish a variety of social programs and facilities: hospitals, sickness and health insurance for workers, regional poor relief operation, schools for poor children, and aid for military personnel's families.⁴⁴⁴ Gotō pitched the financial arrangement to Prime Minister Itō Hirobumi and explained that it was meant to showcase the benevolence of the imperial throne to the needy and strengthen the populace's devotion toward the Emperor.⁴⁴⁵

Gotō believed the proposed social welfare system was a win-win venture. It was a policy that complemented the oligarchs' overarching goal of "enriching the country, strengthening the military," since the programs would protect citizens, especially workers and soldiers, who play vital roles in making Japan richer and stronger. The proposed system was also believed to be politically viable because it would be financed primarily from the purse of the Imperial Household instead by imposing a poor relief tax on localities. Although the issue of how much the central government would annually subsidize the programs was unclear, the funding scheme was designed in part to diffuse the anti-redistribution sentiment among the agrarian elites. Gotō's proposal, however, failed to be endorsed by the cabinet.

Although Japan's victory over China called for a celebration, Prime Minister Itō was under fire in the Diet for caving into the pressure from the Triple Alliance (e.g., Germany Russia, and France) to rescind the acquisition of the Liaodong Peninsula from China.⁴⁴⁶ House of Representatives officials were about to submit a vote of no

⁴⁴⁴ Tsurumi Yūsuke, *Gotō Shinpei Dai Ikkan* [Goto Shimpei volume one] (Tokyo: Keisō Shobō, 1965), 757.

⁴⁴⁵ Tsurumi Yūsuke, *Seiden Gotō Shinpei Dai Ni* [An authentic biography of Goto Shimpei 2] (Tokyo: Fujiwara Shoten, 2004), 419-420.

⁴⁴⁶ Under the Treaty of Shimonoseki, the Japanese government acquired the Liaodong Peninsula, Taiwan, and the Penghu islands, access to four ports, and reparations worth 200,000,000 Kuping taels. However, the Triple Alliance intervened and pressured Japan to retrocede the Liaodong Peninsula. The conflict over

confidence and Itō himself was on the verge of resigning or dissolving the Diet.⁴⁴⁷ The cabinet's uncertain political future, coupled with the need to prepare for the next war—most likely with Russia—ended Gotō's run. The reparations from China were to be re-invested to build up its military and economic capacities in order to pursue its ambitions overseas; diverting funds to create a new welfare system was simply not a part of the plan.

Unable to grab a portion of the reparations, Gotō turned his attention to the Diet. He marketed his plan to elected officials hoping to secure funding via the legislature.⁴⁴⁸ At the time, the post-war economic slowdown coupled with a poor harvest in 1896 led to a spike in the price of rice, providing an incentive to formulate programs that would socially protect citizens from income shortfalls. Despite the fact that the Meiji government sent directives in January 1897 to partially ease the restrictions on the Relief Regulations, the system remained largely inaccessible, as only 16,000 or about 0.04% of the population received aid that year.⁴⁴⁹

In February of 1897, Ōtake Kan'ichi and Suzuki Shigetoo of the Progressive Party (Shimpotō), Motoda Hajime of Citizens Club (*Kokumin Kyōkai*), and Ebara Soroku of the Liberal Party (Jiyutō) submitted the Relief Protection bill (*Jukkyū Hōan*) and the Poor Relief Tax bill (*Kyūhin Zei Hō*) to the national assembly. Determining the rationale for expanding poor relief is difficult since proponents came from markedly different backgrounds across party lines. Ōtake Kan-ichi was a former prefectural assemblyman

the Liaodong played key role triggering the Russo-Japanese War (1904-1905) as the Russian government leased the area from the Qing Dynasty after Japan agreed not to acquire the territory. Nakamura (1910), 49.

⁴⁴⁷ Tsurumi (2004), 425.

⁴⁴⁸ Ibid.

⁴⁴⁹ Ogawa Masaaki, "Sangyō Shihon Kakuritsu Ki no Kyūhin Taisei," [The poor relief system of the period of building industry] in *Nihon no Kyūhin Seido* [the Japanese poor relief system], Nihon Shakai Gigyō Daigaku Kyūhin Seido Kenkyū Kai (ed.), (Tokyo: Imura Juji, 1976), 102.

who dedicated his political career promoting public works to improve waterways. Ebara Soroku, on the other hand, was an educator and a devout Christian. Motoda Hajime was closely associated with the parties that supported the oligarchs. Suzuki Shigetoo was a right-leaning politician and member of the foreign policy group that promoted Japan's military ambitions abroad. In addition, it remains unknown if they had any personal connections or professional dealings with Gotō Shimpei himself and how effective he was as a social policy entrepreneur.⁴⁵⁰

The proposed bill eased eligibility restrictions on the age limit (by reducing the age eligibility from seventy to sixty) and permitted the poor who were injured or sick to be eligible for assistance despite the existence of family members.⁴⁵¹ Under this Relief Regulations, the annual expenditures amounted only to around 100,000 yen; the proposed plan would have increased the level to around 3 million yen.⁴⁵² The advocates argued that the bills were motivated by the expansion of urban slums alongside industrialization, growing perception of inequality, and acknowledgement of clear limitations of the existing Relief Regulations.⁴⁵³

The accompanying Poor Relief Tax bill specified a variety of sources for funding: the nobility would be taxed equivalent to the amount they owe for their income tax, ordinary tax payers would be levied half of their income tax amount, and a portion of the

⁴⁵⁰ Opposition parties (4 members from Jiyūtō and 23 from Shimpotō) and pro-government parties (4 members from Kokumin kyōkai and 2 Mushozoku).

⁴⁵¹ Unlike the 1890 proposal, however, the 1897 bill did not extend aid to the able-bodied poor, which was more in line with the Relief Regulations.

⁴⁵² This was also a significant increase from the 1890 Poor Aid bill (600,000 yen). Ikemoto Miwako, "Waga Kuni ni Okeru Kōkyō Kyūsai to wa Nanika," [What public relief means for our country] *Nihon Fukushi Daigaku Shakai Fukushi Ronshū* no. 103 (August 2008), 110.

⁴⁵³ Ogawa Masaaki, *Kenri to Shite no Shakai Hoshō* [Social security as rights] (Tokyo: Keisō Shobō, 1969), 29-30.

profits from the Bank of Japan transactions would be taxed.⁴⁵⁴ The crucial point here is that the poor relief tax was not pegged to the land tax, which comprised around 40% of the general tax revenue, but to ordinary income taxes, which accounted for only 2% of government revenue.⁴⁵⁵

These bills were never thoroughly deliberated in the Diet so we will never know why they lacked political support. Although the new poor relief bill was designed to dampen agrarian opposition to redistribution, it would have likely failed to gain support for the following reasons. First, by mid-1890s the economic activities of the agrarian elites were diversifying. Absentee landlords had increased in numbers and many were pursuing commercial interests in urban areas. This meant that some agrarian elites would face higher income taxes and, therefore, would raise objections to expanding poor relief. In addition, as the tempo of industrialization accelerated, the voice of the urban industrialists on redistributive issues (though still overshadowed by the agrarian elites) was becoming louder. They were equally sensitive to the tax issue since holding the rate of the land tax constant meant that firms might face a higher tax burden. The urban industrialists were also primarily motivated to lobby for continued public investment in Japan's industrial development. Dedicating government funds to rescue those who were peripheral to industrial production—such as the sick and the elderly—was far from the investment in human capital that industrialists desired, especially when the poor relief tax was structured to come directly from their own pocket.

What is certain is that the two bills were endorsed by merely one-tenth of the Diet members, thirty-three to be exact. At the time, the other ninety percent of the political

⁴⁵⁴ In addition, funds raised from private charity would be funneled to pay for the relief expense.

⁴⁵⁵ Ogawa (1976), 107.

class were engrossed in pork barrel politics. As Tsurumi notes, the majority of the Diet members were intensely engaged in the practice of passing a bunch of “souvenir bills” (*omiyage an*) that benefited their core electoral constituents back home.⁴⁵⁶ Bills that yielded little economic benefits to hometown supporters were deliberately postponed and not listed on the agenda until the very last day of the session so that they could be hastily discarded as the legislative session conveniently ran out of time.⁴⁵⁷ In the same fashion, the 1897 poor relief bills were submitted to the Diet on February 24th but only appeared on the agenda on March 23rd, a day before the last day of the session; they expired without deliberation as the assembly closed.⁴⁵⁸

A decade prior, the German advisor who helped the oligarchs design Japan’s electoral institutions, Herman Roessler, warned the oligarchs that single-member district system had a propensity to elevate parochial local politics onto the national stage and could potentially turn the Imperial Diet into an assortment of “local egos.”⁴⁵⁹ Roessler’s intuition could not have been more right. The fate of the poor relief bills captured a crucial dimension in the changing nature of politics at the time. In the first few years of the Diet, elected members defensively guarded both the expenditure and revenue side of the government purse, striving to retrench both taxes and spending. As years went by and they gained political experience, they acquired an endless appetite for “pork” to be distributed to their constituents back home; the construction of roads, bridges and other public goods and services were sought after in the hope of securing local support for re-

⁴⁵⁶ Tsurumi (2004), 431-432.

⁴⁵⁷ *Ibid.*

⁴⁵⁸ Ogawa (1976), 107.

⁴⁵⁹ Suetake Yoshiya, “Senkyoku Seido to Kitai Sareta Daigishi Zō: Senzenki Nihon no Ba-ai” [The constituency system and the expected image of the representative in Japan before World War II], *Senkyo Kenkyū* (Japanese Journal of Electoral Studies) vol. 25, no. 2 (2009), 58.

election.⁴⁶⁰ The development of party politics meant cultivation of well-organized electoral base (*jiban*).

The widespread rent-seeking by elected officials, however, faced a major obstacle: everyone wanted something from the government but no one wanted to pay for it. With growing military and administrative costs, government expenditures tripled, from 66 million yen in 1890 to 183 million in 1900.⁴⁶¹ Yet, the agrarian-dominated legislature steadfastly opposed any increase in the land-tax despite splurging on the expenditure side, offering no compromised remedies for the swollen national debt. The daunting task of balancing the budget fell heavy on the hands of the oligarchs. In the spring of 1898, Itō and Yamagata mustered their political resources to advance a bill that would raise the land tax. Despite their joint effort, they fell short of securing a majority in the Lower House and failed to pass the bill. Facing intransigent parties opposing tax hikes Itō felt compelled to dissolve the Diet in June.⁴⁶²

Beginning with the inaugural session of the Diet, the politics of public expenditure and taxation had consumed every ounce of the oligarchs' energy. This time around they reached the conclusion that something had to change. Their next move was to exit and allow the opposition parties to assume executive leadership. The decision was ingenious: stick opposition party leaders with the backbreaking task of overseeing the government's purse.

Another missed opportunity in the context of political change

⁴⁶⁰ Pork-barrel politics intensified especially after the Sino-Japanese War.

⁴⁶¹ The expenditure swelled to 338 million by 1910. Figures from Gluck (1985), 30.

⁴⁶² In 1897, Itō's predecessor, Prime Minister Matsukata, also failed to increase the land-tax by 60% (from 2.5% to 4%).

As the oligarchs vacated from the executive posts, they scrambled to regroup and re-strategize their next move. One of the proposals was to create a new pro-government party that Itō could lead, which he had been eager to do since the early 1890s.⁴⁶³ This option had the least support among the oligarchs who still clung to the hope that they could contain party politics from the sidelines. One of the oligarchs, Inoue Kaoru, contended that creating a political party could be a losing proposition as opposition parties already held majority seats in the Diet.⁴⁶⁴ Moreover, allowing opposition party leaders to form a cabinet was of little cost to the oligarchs as they had “no base of power outside the Diet” and had “limited ability to centralize control over the government.”⁴⁶⁵ The oligarchs controlled vital political organs, such as the House of Peers and the supra-cabinet Privy Council, which restricted the authority of the House of Representatives. Under these circumstances, Inoue predicted that the party cabinet “would soon disintegrate” and dig its own grave by addressing fiscal policy.⁴⁶⁶ Thus, the oligarchs decided to relinquish executive leadership to the main party leaders, Itagaki Taisuke and Ōkuma Shigenobu.

The oligarchs’ decision to step down voluntarily was historically significant because it established the first party cabinet. This event, however, did not signal a regime

⁴⁶³ The fact that popular parties were amalgamating to enhance their position vis-à-vis the oligarchs also compelled Itō to create his own party in the Diet that he could lead.

⁴⁶⁴ Prior to the opening of the Diet, Inoue Kaoru and Mutsu Munemitsu questioned if the transcendental approach was the best strategy to control the political process. Inoue argued that “in the field of practical politics, ultimately governed by power relationships, there was a limit to how far the Constitution and the law, however strictly administered, could control any situation” (Banno, 1992: 14). Although Inoue proceeded to organize a party called the Jichitō (Self-Government Party) that would be comprised of the landed elites and provincial officials in the 1880s, its lack of endorsement by the other oligarchs proved fatal. In the late 1890s, however, Inoue voiced his reservation against Itō’s plan to establish his own party because he believed that it would be difficult for him to gain support from elected officials when the main popular parties enjoyed comfortable majority in the Diet. Junji Banno, *The Establishment of the Japanese Constitutional System* (translated by J.A.A. Stockwin) (New York, NY: Routledge, 1992), 14.

⁴⁶⁵ Mitani, 68

⁴⁶⁶ Ibid.

change. The relationship between the oligarchs and Ōkuma-Itagaki duo was complicated. The oligarchs had known Itagaki and Ōkuma for nearly three decades, initially as their colleagues and later as opponents as they exited the clique to promote the democratic movement from below. Since then, the oligarchs had enticed them by giving key cabinet posts: Ōkuma was appointed as the Foreign Minister in 1888 and 1897 whereas Itagaki served as the Home Minister in 1896. The backgrounds of these two were not entirely reflective of the typical agrarian-based representatives: Itagaki, for example, was from the samurai class. Two months prior to the sixth general election, the two leaders united their political parties—the Liberal Party, led by Itagaki, and Ōkuma’s Progressive Party—to create the Constitutional Party (Kenseitō). Although parties that supported the Ōkuma-Itagaki cabinet won 244 seats out of 300, they were never able to capitalize on their victory in the Diet. Neither was it able to submit a poor relief bill that would have laid the foundation for the country’s safety net.

Another economic slump in the 1890s and poor harvest prompted the Home Minister Itagaki Taisuke to revive Yamagata’s 1890 Poor Aid bill.⁴⁶⁷ Rebranded as the 1898 Poor Relief bill (*Kyūmin Hōan*), it promised to establish indoor relief facilities in local areas that would provide a variety of services for the poor, including employment placement, medical care, and child care.⁴⁶⁸ Similar to the 1890 bill, it extended relief to

⁴⁶⁷ During this period, the government passed a series of narrowly targeted programs that may have played a minor, indirect role in alleviating poverty. These targeted relief legislations include the 1897 Law of Prevention of Contagious Disease (*Densenbyō Yobōhō*), 1899 Treatment of Sick or Dead Travelers (*Kōryo Byōnin Oyobi Kōryo Shibōnin Toriatsukai Hō*), and the 1899 Disaster Relief Fund (*Risai Kyūjo Kikin Hō*). In addition, the Act for the Protection of Former Natives in Hokkaido (*Hokkaido kyūdojin hogohō*) was enacted in 1899.

⁴⁶⁸ As poverty was becoming more prevalent among the working class, Gotō Shimpei ratcheted up pressure to pass social programs that would protect workers. He believed that social insurance programs were important to protect workers who were capable of disrupting the social order and economic production. Thus, the mandatory social insurance scheme (*kyōsei hoken*) and other new services under the 1898 bill also originated from Gotō’s proposals.

the calamity-stricken, abled-bodied poor who were temporarily unable to provide for themselves. During the late 1890s, the Home Ministry had a number of officials who promoted expansionary poor relief, including Kanai Noboru, who, like Gotō, insisted that Japan needed to catch up with the West in the realm of social policy. Though the Home Ministry completed drafting the 1898 Poor Relief bill, it never surfaced on the national assembly floor.

Undeniably, the strong agrarian opposition to redistribution in the Diet would have been fatal to the 1898 Poor Relief bill, but its premature death was facilitated by the collapse of the first partisan cabinet even before the Diet session began. Notwithstanding its historic significance, the Ōkuma-Itagaki administration was in complete disarray from the start and lasted only four months (June 30 – November 8, 1898). As Inoue Kaoru had predicted, key units of the government, especially the bureaucracy and the military, were wary of the party cabinet members and gave them the cold shoulder.

In addition to the hostile political environment, internal fragmentation plagued the party cabinet from the time of its inception. Ironically, while the tax issue initially brought party leaders together to contest the oligarchic cabinet, it turned into a divisive subject that prevented the parties from truly uniting. Itagaki and Ōkuma's efforts to merge their parties into the Constitutional Government Party failed within two months. Internal fighting over the issues of the land tax and appointment of cabinet posts beset the party and, just days prior to the sixth general election, it splintered along the old party lines. The old Liberal Party members retained the name Constitutional Government Party whereas the old Progressive Party members differentiated themselves by calling themselves the Real Constitutional Government Party (*Kenseihontō*).

The collapse of the party cabinet reflected the changing dynamics within popular parties. The rise of the pro-industrialist bloc was one such change. For instance, within the old Liberal Party, a well-known advocate of urban interests, Hoshi Tōru, asserted the dominance of “railroad politics” over “land-tax politics.”⁴⁶⁹ Hoshi was an affiliate of the Tokyo municipal assembly and Tokyo Municipal Council and believed that the party should make greater efforts to solicit the support of urban industrialists.⁴⁷⁰ Business leaders across the country were also beginning to rally around an increase in the land tax in order to prevent a scenario in which corporate taxes would be raised as an alternative way to raise revenue.⁴⁷¹ Prominent entrepreneur, Shibusawa Eiichi, established the Board of Alliance for Increase in Land-Tax (*Chiso Zōchō Kisei Dōmeikai*) and held a meeting at the Tokyo Imperial Hotel in early December with top businessmen from all the four major cities in Japan.⁴⁷²

Catering to the enthusiasm of the urban industrialists, Hoshi and other Diet members expressed support for a land-tax hike in exchange for greater representation of party members in the cabinet, further extension of suffrage, restructuring local governments, revision of the land-valuation system, and continued support for industrialization-related public expenditures.⁴⁷³ A heavyweight oligarch, Yamagata (again taking the Prime Minister post in November), saw a window of opportunity in the growing schism within the popular parties over the land-tax issue. Yamagata’s primary motivation for raising the land-tax was to generate revenue to fund growing military

⁴⁶⁹ Since the mid-1890s, the Liberal Party had demonstrated its willingness to accommodate government investment in railways, ship-building, and other projects that would benefit national industrial development.

⁴⁷⁰ Hoshi was the ambassador to the United States in 1896 where he learned about the importance of party platforms and public works projects. See Arizumi Sadao, *Hoshi Tōru* (Tokyo: Asahi Shimbunsha, 1983); Mitani (1988), 69.

⁴⁷¹ Banno (1992), 92.

⁴⁷² Tsuchiya Takao, *Shibusawa Eiichi Den* [The life of Shibusawa Eiichi] (Tokyo: Kaizōsha, 1931).

⁴⁷³ There were also other requests, such as a raise in the salary of Lower House members.

expenditures but he also recognized that industrial development was imperative if Japan were to pursue its foreign ambition abroad.⁴⁷⁴ With the support of pro-industrialist Kenseitō members and by bribing officials, Yamagata finally succeeded in raising the land tax from 2.5% to 3.3%, albeit with a five-year expiration date.⁴⁷⁵ In return for the passage of the land-tax, he rewarded proponents (and compensated the opponents) by increasing their salaries from eight hundred to two thousand yen.⁴⁷⁶

Just as popular parties were internally divided along a politico-geographic fault line—rural-based agrarian landholders, on the one hand, and the urban-based industrialists on the other—a similar internal cleavage had begun to form within the oligarchy.⁴⁷⁷ Although disagreements among the oligarchs were more common than not, the growing schism between Itō and Yamagata in the late 1890s was a different matter. Itō, without the consent of other oligarchs, unilaterally chose to be a major advocate for augmenting urban industrial interests in the Diet. He not only fought to expand the franchise and reconfigure electoral rules to favor urban districts, he would later establish a political party that catered to urban business leaders. Itō's breakaway move would further advance democratization. This was the direction of institutional change that the oligarchs had united to block just a decade ago.

Furthermore, the rift was forming while the oligarchy was graying. By the late 1890s, most of the oligarchs were in their late forties at a time when the national average

⁴⁷⁴ Fujimura Michio, *Yamagata Aritomo* [Yamagata Aritomo] (Tokyo: Yoshikawa Kōbunkan, 1961), 194, 198.

⁴⁷⁵ Fujimura (1961), 195. The tax-rate for urban areas increased to five percent. Yamagata's initial bill proposed to raise the land-tax to four percent but he later compromised by agreeing to 3.3%.

⁴⁷⁶ Quoting a passage from the diary of Hara Kei, Fujimura (1961: 195-196) notes that Yamagata withdrew the bulk of the funds to bribe officials from the financial account of the Ministry of Imperial Household.

⁴⁷⁷ Itō Takashi (ed) points out an additional reason behind the Itō-Yamagata split in the 1890s, which he attributes to a shift in the balance of power within the feudal clique (i.e., decline of Satsuma), which caused an internal power struggle among the Chōshū clan. See Itō Takashi (ed.) *Yamagata Aritomo to Kindai Nippon* [Yamagata Aritomo and modern Japan] (Tokyo: Yoshikawa Kōbunkan, 2008), 130-131.

life expectancy of men was around thirty-eight. In addition, Inoue Kowashi, Itō's close ally who assisted him in drafting the constitution, succumbed to tuberculosis in 1895. Foreseeing retirement in the not so distant future, the oligarchs preemptively arranged an informal extra-legal advisory council called the Genrō (elder statesmen) in 1892. This new arrangement would enable them to serve as close advisors to the Emperor on important political decisions such as the selection of the Prime Minister. But rather than accept emeritus positions and wield political influence from behind the scenes, both Yamagata and Itō chose to hold key government posts. Consequently, the divergent views of Itō and Yamagata on what Japanese politics ought to be—for the former, the strengthening of party politics and advancing democratic reforms to substantially expand the suffrage, for the latter, the restraining of party politics and extension of franchise—collided in the Diet.⁴⁷⁸

Just as in the 1880s, intra-oligarchy conflict served as the strongest impetus behind the advancement of democratic reforms in the late 1890s. The second wave of democratization in 1900 ushered in greater representation of the urban industrialists, serving as a significant step forward for the development of industrial capitalism but not of a safety net. The next section analyzes how the rise of the “political merchants” was lethal to the poor.⁴⁷⁹ Not only did they join the agrarian elites in opposing redistribution, they would eventually block the inclusion of the poor into the Japanese democracy in the 1920s.

⁴⁷⁸ Itō (2009).

⁴⁷⁹ The financial conglomerates, the zaibatsu, were referred to as the “political merchants” by Hidemasa, Morikawa, *Zaibatsu: The Rise and Fall of Family Enterprise Groups in Japan* (Tokyo: Tokyo University Press, 1992).

III. Redefining the rules of politics for the age of industry

The rise of the political merchants

Compared to many Western European countries, where the democratic transition phase was often gradual and stretched over a long time horizon, democratization in Japan occurred at a much faster pace. Japan experienced a second wave of democratization within a decade since the founding of the Diet. In the electoral reform of 1900, voting rules were relaxed and the prevailing electoral system, which over-represented the agrarian landed elites, was revised. The reconfiguration of the political structure was designed to invite more new players, particularly, the urban industrialists, to the game of politics. The pathways of democratization and industrialization converged in part due to the political entrepreneurship of financial industrial conglomerates, entities which blurred the boundaries of the state and market.

The strong presence of large, family-controlled wealthy financial cliques called the zaibatsu had been one of the hallmarks of the Japanese economy. A few powerful business groups were created during the Tokugawa era but the majority of them were established after feudalism with substantial support from the Meiji oligarchs in the late 1800s. The Japanese feudal four-tier social class system placed the merchant class at the lowest level of the hierarchy and subjected them to strict restrictions, especially with respect to foreign trade and commerce.⁴⁸⁰ Although the centralized feudal system imposed draconian social control over the entire archipelago, commerce in domestic

⁴⁸⁰ The Japanese feudal social pyramid consisted of four classes (in order of importance): the samurai (warrior), peasants, artisans, and the merchant class.

markets flourished in the late Tokugawa period.⁴⁸¹ Several family-owned financial enterprises, especially in large cities such as Osaka and Tokyo, managed to accumulate wealth and power by acting as a lender to feudal authorities. Though social mobility was strictly prohibited, prominent financiers strategically arranged marriages of their offspring with higher-ranking officials to improve their social status.

Only a handful of proto-zaibatsu enterprises survived the collapse of feudalism, notably, the Sumitomo and Mitsui conglomerates. Nevertheless, the earlier practice of merchants forming political ties to further their economic interests endured. The Meiji oligarchs, such as Ōkubo Toshimichi, and, later, Ōkuma Shigenobu, took the initiative and “nurtured private capitalists, such as Shibusawa Eiichi and Iwasaki Yatarō, who would use the relationship to create some of the world’s greatest corporate empires.”⁴⁸² Shibusawa, dubbed “the father of Japanese capitalism,” wore many hats, but some of his notable contributions included building hundreds of joint stock corporations as well as the country’s modern banking system.⁴⁸³ Another distinguished pioneer in Japanese industrial development, Iwasaki, built the Mitsubishi conglomerate by diversifying its core shipping business to coal-mining, banking, insurance, paper, and aircraft.

Men like Iwasaki and Shibusawa were successful on their own but they also profited tremendously from their close relationship with government officials.⁴⁸⁴ As discussed in chapter three, in order to lay the foundation for Japan’s modern industrial

⁴⁸¹ For an extended discussion on the debate surrounding the state of Japanese economic development prior to the Meiji restoration, see chapter two of David Flath, *The Japanese Economy* (New York, NY: Oxford University Press, 2000).

⁴⁸² Richard J. Samuels, *Machiavelli’s Children: Leaders and Their Legacies in Italy and Japan* (Ithaca, NY: Cornell University Press, 2003), 80.

⁴⁸³ Ōtani Makoto, *Fukushi ni Ikiru (11): Shibusawa Eiichi* [Living for welfare: Shibusawa Eiichi] (Tokyo: Ōzorasha, 1998), 9.

⁴⁸⁴ In addition, a few like Shibusawa were former bureaucrats so they were in advantageous positions to build their political ties.

development, the oligarchs provided guidance and much-needed capital and concentrated it in the hands of the politically-privileged merchants (*seishō*) like Iwasaki and Shibusawa.

As discussed in the previous chapter, the state's helping-hand for national industrial development, however, came with a hefty price. In addition to the funds earmarked for public works projects, the government provided nearly forty percent of all the capital investment in Japan prior to World War I and the funds were largely raised domestically.⁴⁸⁵ The peasantry shouldered the bulk of the tax burden while corporations paid only a fraction of the sum. In the 1880s, nearly seventy percent of all government revenue (both national and local) came from rural agrarian households though this share decreased steadily to around thirty percent by the 1920s.⁴⁸⁶ The traditional sector, therefore, made an enormous financial contribution to the development of the modern sector in pre-war Japan. Understandably, the agrarian class had extreme aversion towards the proposal to raise the land tax.⁴⁸⁷

Although the agrarian elites' anti-land-tax crusade was initially a success, its mission came to a sudden halt in late 1898 when the budding pro-industrialists in the Diet, who wanted to expand public spending to accelerate industrialization, allied with the oligarchs to raise the land tax. When the land-tax battle was over, the industrialists' next mission was to gain greater political representation in the Diet. The following year, Shibusawa organized and acted as the president of the League to Revise the House of Representatives Election Law to promote further extension of suffrage for industrialists

⁴⁸⁵ World War One ignited a capital investment boom, decreasing the share of public investment. See Crawcour (1988), 429-430.

⁴⁸⁶ *Ibid.*, 413.

⁴⁸⁷ As noted in chapter three, the agrarian class fought for suffrage to decrease the tax burden.

and redraw the electoral districts to favor urban areas.⁴⁸⁸ Business leaders across major cities rallied around the cause and approached the senior oligarch, Itō Hirobumi, who had been fighting to extend suffrage to the urban industrialists before they were even organized.⁴⁸⁹ As in the first wave of democratization in the late 1880s, therefore, societal actors joined the movement *after* one of the holders of political power had decided to extend suffrage. Nevertheless, as the pressure to advance democratization emanated from multiple sources—the business leaders, oligarchy, and parties—and converged in the late 1890s, the time to reform the political structure came sooner rather than later.⁴⁹⁰

The causes and consequences of partial democratization in 1900 merit further analysis because restructuring political institutions to augment the representation of zaibatsu-led capitalist class had redistributive consequences. In the short run, it led to a cutback in welfare benefits in the early 1900s despite the fact that the prevailing public assistance system was already operating within a residual framework. Furthermore, since the political environment in the Diet became so hostile to the idea of channeling government funds to the poor, proponents of poor relief, like bureaucrats in the mid-1890s, began to scout for alternatives to alleviate poverty. In the long run, a Diet composed largely of agrarian and industrial interests would eventually restructure

⁴⁸⁸ Shibusawa was also active in charitable contributions, a topic, which will be discussed in chapter six.

⁴⁸⁹ Itō Yukio, *Itō Hirobumi: Kindai Nihon wo Tsukutta Otoko* [Itō Hirobumi: The man who made modern Japan] (Tokyo: Kōdansha, 2010), p. 399.

⁴⁹⁰ The main parties—the Liberal Party and Progressive Party--had placed electoral reform on the backburner because the agrarian landed elites were ambivalent about changing the composition of the Diet. For them, democratization was a double-edged sword. Further extension of suffrage would likely strengthen the powerbase of the elected officials vis-à-vis non-elected members (i.e., the oligarchs and the members of the House of Peers) but it could shift the axis of power away from the agrarian elites. They preferred to extend suffrage but only under the condition that the electoral system itself would remain advantageous for rural districts. Nevertheless, by late 1898, the pro-industrialist camp led by Hoshi had increased in strength and created a viable faction within the leading party and generated pressure for democratic reforms inside the party.

political institutions to entirely shut out the poor from the public policymaking process during the critical moment of democratic consolidation in the 1920s.

Re-engineering of the electoral terrain and the growth of party politics

Within a decade of the inception of a new parliamentary system, Itō Hirobumi, the main author behind the constitution and once a preacher of the anti-party transcendental governance, had a change of heart. Itō aggressively pursued democratic reforms in the late 1890s for several reasons. First, he believed that permitting more voters from urban areas would help break the land-tax deadlock, which he perceived as stifling Japan's modernization by blocking the transfer of funds from traditional to modern sectors. In his eyes, partial democratization was necessary to make further advancements in national industrial development: more industrialists in the Diet meant more capital to build the country's wealth.⁴⁹¹ Second, he perceived that accommodating the economic interests of the urban industrialists in the Diet would further facilitate the growth of industrial capitalism and improve long-run political stability.⁴⁹² Third, years of dealing with the unruly Diet convinced him that the oligarchs had to establish their own party to engage rather than alienate elected officials. His vision was to create and lead a new party that would accommodate the interests of the urban industrialists.

During his third tenure as a Prime Minister (May 1898), Itō submitted a bill that would revise the election law of the House of Representatives. Existing voting eligibility rules stipulated that one must annually pay at least fifteen yen in land tax or income tax

⁴⁹¹ Itō Yukio, *Itō Hirobumi: Kindai Nihon wo Tsukutta Otoko* [Itō Hirobumi: The man who made modern Japan] (Tokyo: Kōdansha, 2010), 399.

⁴⁹² Uchida Kenzō, Kinbara Samon, Furuya Tetsuo, *Nihon Gikai Shi Roku (1)* [The history of parliamentary government in Japan (volume 1)] (Tokyo: Daiichi Hōki Shuppan, 1990), 226.

(in the case of the latter, consecutively for three years) to be eligible for voting. The proposed bill would cut the required land tax down to five yen or, for those paying corporate or individual income taxes, to three yen (with a two-year instead of three-year requirement). Itō also proposed to alter the electoral system itself, from a mostly single-member district to multi-member large district system with a modification that would favor urban districts. Under his plan, a rural district would receive one seat per 100,000 people whereas urban districts would get one seat per 50,000 people; at least one seat would be given to cities with a population of less than 50,000. The proposed change would increase the total Lower House members from 300 to 472; 113 seats would represent urban districts, which meant that representatives from urban areas would increase from 5.7% to 24% of total Diet members.⁴⁹³ Moreover, in order to weaken paternalistic voting style in rural areas, the new law would abolish non-secret voting under Article 38 and implement an anonymous single-entry ballot system.⁴⁹⁴

Itō's bold move to initiate a major political reform met resistance upfront. The agrarian-dominated House of Representatives established a special committee to study the revision of the election law. It inserted clauses that would favor rural districts and, under their amended proposal, only 39 seats out of 440 members would be from urban districts.⁴⁹⁵ While the committee's amendments were approved in the House of Representatives on June 1898, the deliberation in the House of Peers was cut short because the Diet rejected Itō's proposal to raise the land-tax and he retaliated by proroguing and then dissolving the Diet.

⁴⁹³ Itō (2009), 310.

⁴⁹⁴ Uchida et al., (1990): 225-226.

⁴⁹⁵ Ibid., 227.

In February 1899, Yamagata submitted an electoral reform bill that was similar to Itō's. Though Yamagata briefly allied with the pro-industrialist faction in the Diet to raise the land-tax, he remained unenthusiastic about giving the industrialists a larger political role. His ambivalence towards extension of suffrage stemmed from his fear that it would increase the power of political parties vis-à-vis the non-elected oligarchs and aristocrats in the House of Peers. Nonetheless, Yamagata submitted a pro-urban industrialist electoral reform bill based on three strategic objectives. Firstly, he recognized that the existing landholding-biased electoral system gave too much voice to the agrarian elites and this interfered with his goal of expanding government spending to support military expansion. Secondly, according to Uchida et al. (1990: 242), Yamagata incorporated Itō's vision of political reform to mend their increasingly fragile relationship and as a gesture that the rivalry between the two was still amicable. Thirdly, Yamagata was certain that the agrarian-dominated House of Peers would modify the content of the bill to guarantee an incremental, rather than drastic, institutional change.⁴⁹⁶

Yamagata's prediction was right on the mark. The House of Peers made significant modifications to the bill that the House of Representatives had already passed.⁴⁹⁷ The special committee set up in the House of Peers revised the original bill by raising the eligibility requirements for the land-tax from five to ten yen, income tax from three to seven yen, and allocating only 60 seats out of the total of 419 to urban districts, in effect, slashing the ratio of urban districts from 22% under Yamagata's bill to 14%.⁴⁹⁸ Despite pressure from Itō and the pro-industrialist members of the Kenseitō such as

⁴⁹⁶ Itō (2009), 310-311.

⁴⁹⁷ The House of Representatives only made minor changes to the original bill.

⁴⁹⁸ Uchida et al. (1990), 244-245.

Itagaki and Hoshi, the Diet session ended before the two Houses could reach a sensible agreement.

Though the pro-industrialist forces were unable to change the national-level electoral rules, they succeeded at the local level. Since the opening of the Diet, popular parties had been interested in restructuring local governments but the opportunity presented itself only in 1898 when Yamagata, keen on building a land-tax-hike coalition, agreed to push through local government reform.⁴⁹⁹ After successfully raising the land-tax, Yamagata followed up on his side of the bargain with the Kenseitō and submitted a bill that would dilute the representation of wealthy farmers in local politics. The 1899 law abolished an indirect voting system (*fukusensei*) in which the county and prefectural assembly members were elected from the members of the city, town, and village councils.⁵⁰⁰ The city, town, and village councils were dominated by large landholders since members were elected on the basis of a Prussian-style three-class voting system that heavily weighted the votes of the highest tax payers.⁵⁰¹ The new law enabled direct voting by ordinary citizens who met the eligibility requirements. One such requirement was a payment of more than three yen in annual national taxes.⁵⁰² In addition, the provision that allocated one-third of the county assembly seats to the wealthiest landowners who voted within their own ranks was also discontinued. The concessions made to the pro-industrialist Kenseitō were consistent with Yamagata's objective to make

⁴⁹⁹ Itō (2009), 309.

⁵⁰⁰ Kurt Steiner, *Local Government in Japan* (Palo Alto, CA: Stanford University Press, 1965), 47-48.

⁵⁰¹ However, the Kenseitō did not succeed in abolishing the three-class voting system because the House of Peers outright rejected it. The system would last until the early 1920s.

⁵⁰² Descriptions of the 1899 Regulations Governing the Organization of Prefectures and Rural Districts are in chapter two ("Public Law") of Wilhelm Röhl, ed., *History of Law in Japan since 1868* (Netherlands: Brill Academic Publishing, 2005), 118-119.

the Diet more conducive to expanding the military budget for the impending war against Russia.⁵⁰³

Later that year, Yamagata once again attempted to re-engineer the national electoral terrain by submitting an electoral reform bill that was mostly identical to the one in the spring. This time around, the Lower House members agreed to compromise by lowering the ratio of urban districts. Their proposal reduced it from 21.4% (under Yamagata's second proposal) to 16.1% in hopes of making the bill more palatable to the members of the Upper House.⁵⁰⁴ The two leading parties, however, inserted a modification that would retain the single-member electoral system for districts in the countryside.⁵⁰⁵

As in the previous round of negotiations, the House of Peers argued for a more restrictive franchise requirement and insisted on the large multi-member districts in the original proposal. Upon a joint meeting between the two Houses in late February 1900, the following new electoral rules were agreed upon. The Election Law of 1900 doubled eligible voters from one percent to 2.2% of the population (450,852 to 982,868). Under the new law, voters had to be male, twenty-five years or above, who had fulfilled the one-year residency requirement and annually paid ten yen in national taxes (land or income tax, and, for the latter, paid consecutively for two years).⁵⁰⁶ The pro-Yamagata groups in the House of Peers clearly won on the issue of suffrage.

⁵⁰³ Itō (2009), 309.

⁵⁰⁴ For an extended discussion on the content of the revision, see Uchida et al. (1990), 258-260.

⁵⁰⁵ Kenseitō, Kenseihontō, and Teikokutō were deeply divided over the choice of electoral system. No consensus was reached among the parties since Kenseitō members were split between large (with multiple-entry ballot system) and small district size, whereas Teikokutō pressed for a medium-sized district and, Kenseihontō was in favor of a small district. Uchida et al., (1990), 258-260.

⁵⁰⁶ The previous requirement of family register (*honseki*) was eliminated.

On the final choice of electoral system, however, the House of Peers agreed to the industrialists' demand of designating separate urban-electoral districts for cities with more than a population of 30,000 people and would receive at least one seat. The rest of the rural countryside was to be arranged as prefecture-sized large, multi-member districts. One seat would be allocated per 130,000 people. Out of a total of 369 Diet seats, 61 (16.5%) were to be chosen from urban districts. In addition, a new secret ballot system, consisting of a single non-transferable voting was instituted.⁵⁰⁷

Yamagata insisted on the large, multi-member district because he detected half-a-century before Maurice Duverger that single-member districts seemed more advantageous for large parties and would likely result in a two party system by eliminating smaller parties.⁵⁰⁸ Yamagata hoped to create a “triangular party system” comprised of the two existing main parties (e.g., Kenseitō and Kenseihontō) and a new pro-oligarchic party that would hold the decisive vote between the two; he believed that the large, multi-member district system would help achieve this result.⁵⁰⁹ He would find out years later, however, that the new configuration of the electoral system had little effect on the party system, as two large parties would eventually dominate the political scenery.

⁵⁰⁷ Accordingly, a total of 97 districts emerged: 46 single member district, 3 two-member district, 2 three-member district, 5 four-member district, 12 five-member district, 10 six-member district, 5 seven-member district, 3 eight-member district, 4 nine-member district, 3 ten-member district, 3 eleven-member district, and 1 thirteen-member district. Soma Masao, *Nihon Senkyo Seidoshi* [The history of Japanese electoral system] (Fukuoka: Kyūshū Daigaku Shuppankai, 1986), 20.

⁵⁰⁸ Ramseyer and Rosenbluth (1995: 45). Maurice Duverger, a French jurist and sociologist, discovered a link between electoral system and party system (often referred to as the Duverger's law or principle). He contended that a plurality system tends to eliminate smaller parties and results in the emergence of a two-party system while a proportional representation system tends foster the growth of political parties and eventually leads to the development of a multi-party system.

⁵⁰⁹ Yamagata designated the Teikokutō (the Imperial Party) as the rising third party. Itō who had been interested in creating his own party, may have had a similar rationale for choosing the large, multi-member district system over the single-member district (Fujimura, 1961: 198-199). See also Peter Duus, *Party Rivalry and Political Change in Taishō Japan* (Cambridge, MA: Harvard University Press, 1968), 150.

Reminiscent of the first round of democratic reforms in the late 1880s, the extension of franchise in 1900 was accompanied by installation of safeguards against the penetration of elected officials into other organs of the government.⁵¹⁰ Firstly, in anticipation of the electoral reform, Yamagata issued the 1899 Civil Service Appointment Ordinance (*bunkan ninyōrei*) to block leading parties from introducing patronage politics into the bureaucracy.⁵¹¹ The revised law stipulated that vice ministers and secretary generals (*chokuninkan*) had to be selected among career bureaucrats, such as the sectional chiefs (*sōninkan*), who had passed the civil service exam.⁵¹² Secondly, Yamagata promulgated the Public Order Police Law (*Chian keisatsu hō*) on 10 March 1900 to suppress any social movements that might challenge the prevailing political order. The law was particularly intended to cripple the organized labor movement before it was able to threaten the state and banned strikes and activities deemed disruptive by the police.⁵¹³ Thirdly, on 19 May 1900, Yamagata restructured the Ministries of Army and Navy to further isolate the military from the Diet. Foreseeing the strengthening of political parties in the future, Yamagata created a new rule stipulating that the Ministers and Vice Ministers must be chosen from a pool of active-duty, high-ranking officers.⁵¹⁴ Each of the measures that Yamagata used—against the bureaucracy, military, and the organized

⁵¹⁰ Beyond these measures, Yamagata also augmented the power of the Privy Council in 1900 as an additional safeguard against Diet control.

⁵¹¹ Yamagata proceeded with the 1899 civil service reform without discussing the matters with Kenseitō. Chapter six of this dissertation contains an in-depth examination of the civil service reforms and their impacts on social policy outcomes.

⁵¹² Ramseyer and Rosenbluth (1995), 183.

⁵¹³ According to Mitani (1988: 72) the “Yamagata government is said to have modeled its draft on a bill that failed in the German Reichstag in May 1899 owing to the opposition of the German Social Democratic Party.” He adds that there was no debate on the bill whatsoever in the Diet and in 1901, “the Japanese Social Democratic Party was organized on the model of the German party, but the government immediately prohibited it.”

⁵¹⁴ A civilian appointment for high-ranking military positions had never been made prior to the enactment of the new policy. Itō Yukio (2009), 321.

labor movement--are analyzed at greater length in chapters four through six, which also evaluates what, if any, were the redistributive consequences.

While Yamagata was building barriers against the growth of party politics, Itō chose to do the opposite.⁵¹⁵ On September 1900, Itō founded the Friends of Constitutional Government Association (Rikken Seiyūkai).⁵¹⁶ In order to attract members from the urban commercial and industrial class, Itō purposely used a more inviting and approachable word, *kai* (association), instead of the conventional word for a party, *tō*.⁵¹⁷ Despite Itō's extensive efforts to recruit urban businessmen to his party, many, including Iwasaki Yanosuke of Mitsubishi zaibatsu (brother of Yatarō), chose not to join. Iwasaki did not join the Seiyūkai because of his preexisting relationship with Ōkuma Shigenobu.⁵¹⁸ The reluctance of others stemmed from a fear of economic repercussions; a number of bankers (including the Sumitomo and Mitsui zaibatsu) politely declined Itō's invitation citing that their business interests (e.g., having clients from another party) prevented them from choosing sides. Thus, facing difficulty recruiting the urban mercantile class, the Seiyūkai was comprised mostly of members from the old Hoshi-led Kenseitō (old Liberal Party), which dissolved to merge with the Seiyūkai.

Ironically, Itō, who played the decisive role in advancing suffrage for the commercial and industrial class, was unable to truly form an alliance with men whose

⁵¹⁵ Itō has decided to form a party as early as 1891 and divulged his intention to Yamagata, which further fragmented the oligarchy. George Akita, *Foundations of Constitutional Government in Modern Japan 1868-1900* (Cambridge, MA: Harvard University Press, 1967), 96.

⁵¹⁶ As Uchida et al. (1990: 279-280) and Itō Yukio (2009: 441-442) note, the bulk of the funding to start-up the Seiyūkai came from the Ministry of Imperial Household and Itō Hirobumi proudly (and openly) shared with his colleagues that the Meiji Emperor supported his party.

⁵¹⁷ In addition, he eliminated the word "party" in order to differentiate itself from the long-established parties. Takii Kazuhiro, *Itō Hirobumi* [Itō Hirobumi] (Tokyo: Chūō Kōrōn Shinsha, 2010), 176-178, 186-187.

⁵¹⁸ Takii (2010), 170-174.

status he had helped to enhance. Years after Itō's assassination in 1909, the members of the zaibatsu would excel at wielding influence over the policymaking process by diversifying their source of power.⁵¹⁹ The two leading parties would each be backed by a zaibatsu and the members of the conglomerates would possess a large number of seats in the House of Peers. In pursuit of higher revenue, these men made Japan richer, but the cost of affluence was born by those who were left behind.

Although the land-tax comprised nearly three-quarters of government revenue in the early years of Meiji, the proportion gradually decreased over time, to around 20% in 1902 and by 1940, it was around 3 percent.⁵²⁰ The tax issue became less contentious and salient over time because they shifted the burden towards the lower and middle income.

As Gluck (1985, 31) notes,

[l]ocal taxes also increased twelvefold between 1890 and 1912, with the household tax (*kosūwari*) at the lead. As a result, the combined national and local tax burden of each taxpaying household more than tripled between 1897 and 1912 alone. Inflationary price rises further worsened the situation. Lower-income strata, whether worker or tenant, were particularly hard hit. Despite controversy among economists over whether or not real earnings rose in Meiji Japan, contemporary sources make it clear that a fair number of Japanese *felt* that they were worse off in 1911 than they had been earlier. Too pressed to afford the luxury of the longer view, they felt that “the world belongs to the producers (*seisansha*).” For despite the growing excess of production, laborers were out of work, “and even in the good years people starved,” which was like suffering from lack of water in the middle of Lake Biwa.”

While the ruling elites settled the tax issue by shifting the tax burden down the income ladder, they also began assaulting the Relief Regulations itself. The next section explains

⁵¹⁹ A Korean nationalist, An Jung-geun, who opposed the annexation of Korea, assassinated Itō while visiting Manchuria.

⁵²⁰ Ronald P. Dore, *Land Reform in Japan* (New York, NY: Oxford University Press, 1966), 15.

how the agrarian-industrialist dominated Diet denied funds from the ultra minimalist Relief Regulations and attempted to abolish it.

IV. Denying the claim to relief

The game of avoidance

In the early 1900s, party politics became “accepted as an inevitable part of the political process” and a premium was placed on “the careful cultivation of strategic political connections and the building of strong electoral base (*jiban*).”⁵²¹ Redistributive politics entered a new phase in which the newly-enfranchised urban industrialists joined the anti-redistribution force with the agrarian elites; these two were fatal and they dug their heels in saying no to redistribution towards the poor. On the other hand, the ruling elites also attempted to mobilize civil society groups to rescue the growing number of poor. Yet, just a decade later, government officials would come to terms that civil society groups were not equipped to handle the massive dislocation that markets inflicted in the age of industry.

Sparing nothing: the new politics of retrenchment

The first general election after the electoral reform of 1900 took place in the summer of 1902. A few months prior to the election, a couple of politicians made last-minute effort to revive the 1890’s poor relief bill. This would be the last attempt to expand general poor relief in the Diet until the arrival of the Great Depression.⁵²² The economic downturn that began in 1900 depressed wages and increased unemployment.

⁵²¹ Duus (1968), 8.

⁵²² In 1912, Rikken Kokumintō’s Fukumoto Makoto submitted the Aid for the Elderly (*Yōrō Hōan*). It proposed to provide government aid for low-income elderly above seventy years of age who did not possess any assets. This bill was also dismissed without any meaningful deliberation in the Diet.

Though the economic slump itself did not hit the nation hard, it was becoming more evident to public officials that the 1874 Relief Regulations was simply too restrictive. Alas, the 1874 Relief Regulations was created by the oligarchs during the transition from feudalism and was never intended to be a permanent fixture of Japanese society. Around 1902, 150,000-160,000 poor orphans who had no one to turn to (*mukoku no kyūmin*) were eligible for assistance under the Relief Regulations but were not receiving aid.⁵²³ Similarly, a 1902 survey in Miyagi prefecture showed that less than thirty out of 8,000 poor households were receiving public assistance.⁵²⁴

Three members of the Diet, including Andō Kametarō of the Rikken Seiyūkai, submitted a resolution urging the government to deliver relief to those in need.⁵²⁵ The majority of Diet members agreed that the existing Relief Regulations was inadequate and passed a proposition on February 25 calling for the problem to be addressed. On March 5th, Andō and his colleagues followed up by submitting the 1902 Poor Relief bill (*kyūhin hōan*), which extended coverage to the new class of working poor in factories and tenant farming. While the 1902 bill had a slightly altered name from the 1898 Poor Relief bill (*kyūhin instead of kyūmin*), its content was largely the same.⁵²⁶ Aside from improving the take-up rate, they explained that the expansion of poor relief was necessary to address

⁵²³ Ikeda and Ikemoto (2002), 98.

⁵²⁴ Inoue Tomoichi, *Kyūsai Seido Yōgi* [Outline of relief giving system] (Tokyo: Nihon Tosho Sentaa, 1995), pp. 193-194.

⁵²⁵ The proposition was called “Rescuing Poor Workers and Tenant Farmers” (*Hinmin Kyūjo Rōdōsha Oyobi Shakuchinin Hogo ni Kansuru Kengian*). See Kōseishō Gojū Nenshi Henshū Inkaï, *Kōseishō Gojūnenishi* [Annals of fifty years of the Ministry of the Welfare] (Tokyo: Zaisan Hōjin Kōsei Mondai Kenkyūkai, 1988), 78.

⁵²⁶ One of the few differences between the two bills is that the 1902 version deleted the clause that stipulated recipients to return the benefits they received once they were off welfare. Ando never explained the origins of the bill but Ogawa (1976) speculates that the bill was essentially a near copy (with minor revisions) of the Okuma-Itagaki 1898 Kyūhin Hōan that was originally drafted by the Home Ministry.

the rising incidence of vagrancy and crimes committed by the impoverished.⁵²⁷ They also pointed out that relying on civil society groups to fight poverty was unsuitable because it could proliferate the indolent population (*damin*).

Though Andō was a member of the Rikken Seiyūkai, the rest of its members certainly did not share his enthusiasm for the poor relief bill. The social reform-minded Andō was an outcast who submitted a number of politically unviable bills in the early 1900s, including one to repeal the death penalty. Remarkably, the majority of Diet members agreed that Japan's public assistance was too meager; this is the reason why they recommended action on the issue. As before, the central issue was not about the merits or demerits of poor relief per se, but *who* was going to pay for it.⁵²⁸ When the proposal to expand public expenditures to aid the poor surfaced, none of the political groups stepped forward to pick up the tab.

The agrarian-industrialist dominated Diet refused to fork over funds for the poor and allowed a vociferous opponent of poor relief named Inoue Tomoichi, a senior bureaucrat from the Home Ministry, to shred the 1902 Poor Relief bill into pieces. Inoue scorned at the bill on the grounds that it was based on a fundamentally flawed premise that the government should be responsible for helping the destitute.⁵²⁹ Unlike the earlier bureaucrats, like Gotō Shimpei (who was at this time in charge of civil affairs at the

⁵²⁷ Ogawa (1976), 117.

⁵²⁸ At a broader level, Sheldon Garon elegantly recapitulates how redistributive policy was framed by the ruling political elites in pre-war Japan: "The chief areas of contention rarely revolved around whether the authorities should or should not be responsible for social welfare. As in the early modern era, most Japanese officials believed that the central state (as successor to the shogun and daimyo) bore responsibility for mobilizing the resources of the nation, at all levels, to assist the destitute. The questions that most divided officials and politicians before 1945, however, were to what extent the state should impose central control over the provision of relief, and how the financial burden would be allocated among the state, local governments, communities, and families." Sheldon Garon, *Molding Japanese Minds: The State in Everyday Life* (Princeton, NJ: Princeton University Press, 1997), 32-33.

⁵²⁹ Inoue was the head of the Home Ministry's Prefectural Section or the Bureau of Local Affairs.

Taiwan Governor's Office), who advocated government intervention during the 1890s, Inoue believed that poor relief should be undertaken mostly by families and private charities, not the government. Knowledgeable of social welfare developments abroad, Inoue warned that expanding relief would multiply the indolent poor and drain state finances.⁵³⁰ If there was one lesson Inoue wanted others to learn about the European experience, it was to never make public relief an "obligation" of the national or local governments or grant the poor the "right to relief."⁵³¹ Pointing to the occasional donation made by the imperial household as an appropriate method of demonstrating state generosity, he adamantly opposed overhauling the existing ultra-minimalist poor relief system. Given its feeble political support base, Inoue's strong anti-redistribution stance single-handedly put the 1902 poor relief bill to rest.

Throughout the 1890s, the Home Ministry was home to the proponents, not opponents, of government aid to the needy, prompting one to ask: what led to this change? Democratic reforms in the late 1880s and 1900 were accompanied by civil service reforms intended to insulate the bureaucracy from the expanding influence of political parties. Nonetheless, in reality, political parties managed to inject patronage politics into the bureaucracy and exerted influence in the promotion of officials. Inoue already had strong ties with the urban industrialists and he would later pursue *amakudari* (descent from heaven) where civil servants migrate to other high-profile government posts or private sector positions. He would help build alternative modes of poor relief in the next decade that centered on the largess of business leaders such as Shibusawa and

⁵³⁰ Garon (1997), 40.

⁵³¹ For Inoue's discussion on how the Japanese poor relief system diverged from the western relief systems, see Inoue (1995: 185-186).

the imperial family; he would later use the close relationship that he built during those years to become the governor of Tokyo in 1915.⁵³²

Attempts to mobilize civil society

The minimalist approach held a hegemonic position in the political debates, hence, the state redirected its attention to play a greater role as an arranger, nurturer, and ultimately manager of privately-run relief activities organized mostly around civil society actors. The specific instruments the state chose to nurture private relief activities took various forms. First, government officials provided a more permissive environment for religious groups to aid the needy, including the poor, directly.⁵³³ The three main religions during Meiji Japan—Confucianism, Buddhism, and Christianity—all promoted beliefs conducive to philanthropic work: the Confucian value of compassion (*jikei*), Buddhist emphasis on mercy (*jihī*), and the Christian focus on charity (*jizen*).⁵³⁴ Christians and Buddhists in particular excelled in providing a variety of social services such as orphanages, shelters, and almshouses that also benefited the poor. In the case of Christianity, being freed from the oppressive Tokugawa regime meant that they could start off afresh and re-establish themselves; charity work was an excellent venue to establish their roots in Japanese society. Buddhists also gravitated towards social work to repair their tarnished image, one of corruption and scandals that were widespread in the feudal past. By providing a variety of social services, followers could demonstrate the virtues and good deeds of Buddhist practices and help others in need along the way.

⁵³² He was also in charge of running the Meiji Jingu Shrine (a Shinto shrine dedicated to the Emperor Meiji) in 1915.

⁵³³ Article 34 of the Civil Code of 1896 allowed the establishment of religious, charity, and other groups that served the greater public good (*kōeki*).

⁵³⁴ Ikeda and Ikemoto (2002), 72.

When the Christian-affiliated Salvation Army was established in 1895, authorities were initially wary, as it was perceived as being a socialist organization.⁵³⁵ However, by 1900, they were embracing the crews' efforts; the Salvation Army's charity pot, women's rescue centers, shelters for workers, and other services that they provided were all welcomed. In fact, when General William Booth, the founder of Salvation Army, visited Japan in 1907, he was greeted by prominent industrialists, Kiyoura Keigo and Shibusawa Eiichi, and was even granted an audience with the Emperor.⁵³⁶

For the state, nurturing the civic activism of religious groups in caring for the poor was like killing two birds with one stone. From one perspective, private charity and other social services supplied by religious groups substituted for public relief. In many cases, they collected funds from members and communities to provide basic services such as food, shelter, and medical care for those in need. Even if the state partially subsidized their efforts, the hard work of religious groups meant less work for the government. Home Ministry official, Shiba Junrokurō, channeled Karl Marx's famous dictum that religion served to opiate the suffering of the masses and commented on the unique role of religion in pacifying dissension and calming the minds of the disgruntled: "We do not know when a miner who has been working his whole life with much hope will explode from despair and desperation. It is imperative that such a man obtain spiritual solace, which only religion can provide."⁵³⁷ The state recognized religion's complementary role and granted independence to religious groups such as Tenrikyō,

⁵³⁵ Zenkoku Shakai Fukushi Kyōgikai Kyūjūnen Tsūshi Hensan Inkaie (ed.), *Jizen kara Fukushi e* [From Philanthropy to Welfare], (Tokyo: Zenkoku Shakai Fukushi Kyōgikai, 2003), 14.

⁵³⁶ *Ibid.*, 14-15.

⁵³⁷ Karl Marx famously commented that religion is the "opium of the people" as it creates illusion and gives solace to their existing misery. Karl Marx and Fredrick Engels, *Collected Works* (New York, NY: International Publishers, 1976), 175. Rekishigaku Kenkyūkai, *Kōza Nihonshi 5* [Seminar on Japanese history vol. 5], (Tokyo: Tokyo University Press, 1970), 157-158.

which promoted “Joyous Life” in 1908. Moreover, in an effort to coordinate with religious groups, state officials also organized meetings with representatives of religious groups (e.g., *Sankyō Kaidō*, a meeting of Shinto, Buddhist, and Christians).⁵³⁸

Second, the government gradually took over privately run reformatory centers in 1900s. In the early decades of Meiji, philanthropists across the country established reformatory, youth custody centers (*kankain*) to educate and guide delinquents. Ministers and monks also initiated a number of them. The state saw potential in this line of privately-run reformatory work and began encroaching into their activities. Reforming the troubled minds of the next generation of young Japanese—loners from eight to sixteen years of age—in the hopes of steering them away from begging, crimes, and even radicalism appealed to political leaders. Thus, in 1900, the Japanese government enacted the Reformatory Law (*kankahō*), which urged local governments to establish, run, and fund reformatory centers. The law’s recommendation was unheeded, subsequently, the revision of the Reformatory Law in 1908 required each locality to establish these facilities but stipulated that the central government would subsidize the management cost.⁵³⁹ In the same year, the government organized a national seminar on reformatory work (*kanka kyūsai gigyō kōshūkai*). At the seminar, one official praised the work of civil society actors in providing social services and revealed that the state would

⁵³⁸ The Home Ministry official who initiated this was Tokonami Takejirō. He was a career Home Ministry bureaucrat but joined the Seiyūkai in 1913. Garon (1987: 5) notes that “Tokonami vigorously supported the formation of cooperatives among farmers during the Local Improvement Movement (1906-12). As vice minister in 1912, he similarly sponsored the ‘Assembly of the Three Religions’ (*Sankyō Kaidō*), an attempt to mobilize Buddhist, Shinto, and Christian clergy behind social-work projects and a national campaign against political radicalism.”

⁵³⁹ Zenkoku Shakai Fukushi Kyōgikai Kyūjūnen Tsūshi Hensan Iinkai (2003), 10.

“cultivate champions” among voluntary social reformist groups; religious charity groups were also a part of this grand state strategy to manage civic activities.⁵⁴⁰

Third, the state provided funds for private charity activities to flourish. Only twenty established charity organizations (*jizen jigyō shisetsu*) existed prior 1877 but there were 251 and 547 by 1902 and 1911, respectively.⁵⁴¹ Starting from around 1900, the government actively began encouraging the nascent civic activism by subsidizing private charity works.⁵⁴² Most of the time, subsidies came in the form of an “imperial gift” from the Emperor to emphasize his “benevolence,” “foster popular loyalty to the state,” and “discourage the Japanese people from developing a consciousness of the ‘right’ to receive relief.”⁵⁴³ Gotō Shimpei, who failed to push for greater poor relief in the 1890s, finally realized one of his goals when he returned to the Home Ministry in 1910 and established the Royal Gift to Save People’s Lives Foundation (*Onshi Zaidan Saisei Kai*), the equivalent of the Meiji Relief Fund that he proposed in the 1890s.⁵⁴⁴ Furthermore, to supplement imperial donation, the government poured efforts to compel wealthy individuals to donate to private charity groups as well as establish their own.⁵⁴⁵

The combination of mobilizing civil society groups and strong agrarian-industrialist opposition to poor relief in the Diet paved the path of retrenchment in the early twentieth century. As table one demonstrates (appendix p. 43), only 15,211 people

⁵⁴⁰ Rekishigaku Kenkyūkai (1970), 157.

⁵⁴¹ Ikeda and Ikemoto (2002), 112.

⁵⁴² Moreover, the government created a new organization and venue called the zenkoku jizen jigyō dōmei taikai to strengthen charity networks.

⁵⁴³ Garon (1997), 49.

⁵⁴⁴ This changes name in 1952 to *Shakai Fukushi Hōjin*.

⁵⁴⁵ The government also permitted philanthropists to take active stance on caring for the poor. Coinciding with the “discovery” of poverty in urban areas, in 1891, Alice Pettee Adams established the Okayama Hakuai Kai, the first settlement house in Japan, and in 1897, Katayama Sen established the Kingusurei Kaikan. See Kōseishō Gojū Nenshi Henshū linkai (1988), 266.

were receiving aid under the Relief Regulation in 1900 (out of a population of nearly forty five million), and this figure steadily declined to a mere 2,402 in 1912.

V. The limits of civil society and the demands for state intervention

Mounting discontent

The Diet's decision to severely restrict poor relief and rely on non-governmental organizations and resources to combat poverty since the 1890s faced scrutiny in the wake of the rice riots of 1918. Public discontent erupted in a dramatic fashion over a nationwide shortage of rice during the summer, which triggered an avalanche of unrests as wage-strikes in coalmines and small tenancy disputes arose in chorus. The explosive and mass-scale protest against depravity of basic food source was a turning point as it thrust the issue of poverty relief back on the political agenda. Moreover, the rice riots added momentum to the democratization movement, which opened the possibility for the poor to gain the right to vote and secure their social rights through the ballot box. This is a path of change, however, that does not come into fruition.

The rice riots and the welfare-deficit

The 1918 rice riots originated from a peaceful protest over scarcity of rice in a fishing village in Toyama prefecture, but it quickly spread to other areas and escalated to violence.⁵⁴⁶ The economic boom during World War One was accompanied by a population growth, which led to higher demand for rice especially in large cities. Unable

⁵⁴⁶ The 1918 rice riots originally began on July 22nd in the fishing town of Toyama prefecture when a group of housewives protested against rice merchants over their decisions to transfer stock of rice to other domestic markets at a time when the local communities were suffering from severe shortage of rice. Disputes over rice in other localities spread like a wildfire, in part due to an extensive media coverage on the issue. Although the government imposed rules banning merchants from hoarding their stock of rice and allowing trading companies such as Mitsui Bussan to import foreign rice, the measures were futile at keeping prices under control. For an in-depth discussion on how the rice riots spread throughout Japan, see Inoue Kiyoshi and Watanabe Tōru (eds.), *Kome Sōdō no Kenkyū* (Tokyo: Yūhikaku, 1961).

to keep up with the growing demand, the price of rice began to soar, which coincided with lingering inflation from the wartime economic boom.⁵⁴⁷ Real wages steadily fell from the mid-1910s, making it more difficult for ordinary citizens to buy consumer goods and pay rents.⁵⁴⁸ Working poverty had been a prominent feature of wage-laborers in major cities since the late 1890s and spike in food prices in 1918 added more hurdles to their plight. Although the census of the poor conducted by the police were unscientific and therefore, statistically unreliable, it reported that incidence of abject poverty nearly doubled from 1917 to 1918 in urban centers and a similar upward trend was observed in rural areas.⁵⁴⁹ As desperate citizens demanded rice in the streets, they also railed at government officials for exclusively protecting and promoting the interests of the privileged few.

The scope and scale of rice riots were unprecedented in modern Japanese history and the ruling elites were in “profound shock” over the anti-status-quo energy released from the explosive and contagious protests.⁵⁵⁰ The riots lasted for roughly two months, a period in which more than six hundred incidents were recorded across thirty-seven prefectures, all of the three urban centers (Tokyo, Osaka, Kyoto), and hundreds of towns

⁵⁴⁷ R.H.P. Mason and J.G. Caiger, *A History of Japan: Revised Edition* (Boston, MA: Tuttle Publishing, 1997), 325.

⁵⁴⁸ Hoarding by rice merchants and the military marshaling food supply for the Siberian expedition exacerbated the situation. Japan was preparing to intervene on the Soviet revolution and was planning to send troops to Siberia in order to expand its sphere of influence in the northern part of Manchuria. On this point, see Arai Shinichi and Harada Katsumasa, “Rekishī Kyōiku no Mondai ten (12),” [Issues in history education, no. 12] *Rekishī Hyōron* no. 104 (April, 1959): 72.

⁵⁴⁹ Prior to 1945, data on poverty collected by the Home Ministry are not reliable as censuses were undertaken with limited knowledge of statistical applications (e.g., sampling, measurements), and therefore, the estimates considerably vary. For example, figures from the national government suggest that there were roughly 500,000 (1% of the population) who were in dire poverty around 1918. While another census suggested that 80-90% of the population were unable to pay the national income tax and deemed poor. See Ikeda and Ikemoto (2002), 152. The census of the poor (*saimin chōsa*) undertaken by the police was intended keep a check on the poor with the aim of preventing poverty-born riots and crimes. Thus, the pre-1945 poverty data lack accuracy since the main objective was for surveillance purpose and not for any meaningful study or research on the poor.

⁵⁵⁰ Ogawa (1976), 176.

and villages.⁵⁵¹ In areas where violent protests, vandalizing, and looting occurred, the military was deployed to restore peace and order. Nearly one million participated in the riots and nearly 25,000 were arrested.

The mass protest was a wake-up call for state leaders who had been monopolizing the formulation and execution of public policy since the inception of the Diet in 1890. The riots, though triggered by the disequilibrium of supply and demand for rice, reflected a broader issue of the country lacking a “safety net” for the general population in times of distress. As Takahashi (1997: 39) notes, in the post-riot phase, government leaders came to recognize the “imbalance” between the country’s extraordinary advances in economic development and its arrested development in the realm of social welfare.⁵⁵² In particular, local and national officials acknowledged that the prevailing ultra-minimalist 1874 Relief Regulations and its substitutive non-governmental relief arrangements (e.g., families, communities, and private charity) were inadequate at meeting the social needs of the time.⁵⁵³

Ruling elites were aware that poverty and hunger could foster dangerous and divisive class-consciousness among poor commoners. This aspect was more alarming given that upsurge in organized labor disputes that began during World War One.⁵⁵⁴ The growth of slums and widespread working poverty in cities, and the day-to-day struggles

⁵⁵¹ It also triggered riots in the Japanese colony of Korea.

⁵⁵² Takahashi (1997), 39.

⁵⁵³ Arizuka Masakatsu, “Shakai Jigyō no Seiritsu to Kyūgōhō no Seitei,” [Establishing social work and the enactment of the Relief Aid Law], *Gekkan Fukushi* 92, no. 10 (September, 2009): 43.

⁵⁵⁴ Even prior to the rice riots, the government was concerned about the rising labor unrests, spread of socialism, and the intensifying pressure for democratization. In 25 June 1918, the government established the Relief Work Research Division (*Kyūsai Jigyō Chōsakai*) within the Home Ministry (*chokurei*, no, 623). The committee agreed to study an assortment of issues, ranging from child protection services to labor policy. This research division transformed into the *Shakai Gigyō Chōsakai* in 1921 and eventually amalgamated into the social division of the Imperial Economic Council (*taikoku keizai kaigi*). After 1926, the division was once again transferred back to the Home Ministry. See Ikeda and Ikemoto (2002), 153-154.

of small tenant farmers were all pointing to the difficulties ordinary citizens faced in securing one's livelihood (*seikatsu mondai*). Workers objected over the deteriorating social conditions and heightened economic insecurity and their demands extended beyond improving wages and working conditions at job sites and included their rights to "live" (*seizon-ken* or *seikatsu-ken*) and vote.⁵⁵⁵ Implicit in the working class pressure for democratization was that existing political inequality must be amended first in order to ameliorate the socio-economic inequality.

Political leaders were mindful that repressive measures were short-term solution to quell dissension and the broader "social problems" (*shakai mondai*) required a long-term remedy. In the wake of the riots, they swiftly respond first and foremost by overhauling the executive leadership. Given the flared temper over the government's retort to the uprisings, the Prime Minister Terauchi Masatake was compelled to resign and the Elder Statesmen nominated to replace him with Hara Takashi, the leader of the majority party, the Seiyūkai.⁵⁵⁶ The decision was historically unprecedented since no popularly elected politician, let alone the president of the major party, had ever been appointed as a prime minister. Hara was chosen in part because he had a "commoner" image that was more palatable to the anti-aristocratic public. His past experiences in the

⁵⁵⁵ Ogawa (1976), 176. During this period, academics and journalists also joined the bandwagon calling for universal political and social rights. For an extended discussion on their roles, see Ikeda and Ikemoto (2002), 147.

⁵⁵⁶ The Terauchi government was roundly criticized for its lackluster effort to ameliorate the situation and public pressure calling for his resignation intensified. Although the government announced that it would intervene by orchestrating a massive rice-selloff at a below-market price, it quickly rescinded the scale of the operation. In addition, the Terauchi government, though acknowledging the urgency, only allocated 35,000 yen for the government subsidies for relief activities (*kyūsai jigyo shōrei kin*). Terauchi resigned in the fall of 1918 when the memories of the rice riots were still fresh. His resignation was symbolic in the sense that the executive leadership had always been an appointee rather than an elected member of the House of Representatives. The elder statesman, Yamagata Aritomo, recognizing the growing public discontent recommended the appointment of Prince Saionji Kimmochi. Saionji believed that Hara would be a better fit to lead the nation in times of popular discontent. The selection of Hara is also noteworthy on the grounds that he was a party-centered politician who advocated the dismantling of the clique-based politics.

bureaucracy and journalism, and his key role in the development of the Seiyūkai, made his repertoire stand out; it was the more impressive given that he refused the coveted aristocratic titles to maintain his popular party-centered identity.

Nonetheless, Hara's political position did not fundamentally deviate from his predecessor's. Those who took part in his appointment, such as the Elder Statesman (and the former oligarch) Yamagata Aritomo, sought after his leadership skills primarily to quell public dissension and maintain the status-quo.⁵⁵⁷ Hara was a crusader of bourgeois democracy, devoted to promoting the interests of his constituency, the wealthy landlords and industrialists. His staunch opposition to universal suffrage was a key asset for the aristocratic class at a time when the threat of a full-blown class conflict at home was accentuated by an international trend towards democratic consolidation, either by revolutionary forces or elite concession. In the aftermath of World War I, a number of Western European countries including Britain and Weimer Germany granted universal suffrage. In addition, the dramatic collapse of the Tsarist regime in the 1917 Bolshevik Revolution and its ensuing democratic consolidation alerted the Japanese authority that a lack of bread and unwavering aristocratic rule could strengthen subversive forces. The marriage of poverty and labor movement was a dangerous union since destitution made left-wing revolutionary ideas appealing and organized labor had the means to halt the production system and destabilize the entire politico-economic order.⁵⁵⁸

Faced with mounting discontent, Hara, being the quintessential anti-redistribution leaders that he had been, refused to consider a social-welfare solution to the “social

⁵⁵⁷ R.H.P. Mason and J.G. Caiger, *A History of Japan: Revised Edition* (Boston, MA: Tuttle Publishing, 1997), 328.

⁵⁵⁸ Tipton (2008), 367.

problem” and denied “the poor to a stable livelihood.”⁵⁵⁹ He would steadfastly maintain his anti-redistribution stance until his untimely death in the fall of 1921.⁵⁶⁰ Since joining the Seiyūkai in 1900, he opposed expansion of poor relief along with his fellow representatives of the agrarian and industrialist interests in the Diet. Like his peers, Hara believed that the real menace behind the domestic crisis of 1918 was organized labor, not poverty. The rest of the rioters, the disgruntled housewives and those who were on the brink of starvation, were weak and perceived as nuisance that could be hastily dismissed or repressed. Resolving the “social problem,” therefore, entailed taming the strongest among the social groups.

In confronting the labor problem, Hara believed that a heavy dose of repression, which his predecessors chose, could intensify labor conflict and increase pressure for democratization. His method to contain the working class mobilization, instead, was “candy and whip” (*ame to muchī*), the Japanese version of the “carrot and stick” approach. While radical groups continued to be a target of repression, a more permissive environment was provided for cooperative workers and a quasi-governmental organization, the Harmonization Society (*Kyōchōkai*) was created literally to “harmonize” labor-management relations. At the same time, he preemptively initiated partial democratization in 1919 to dampen pressure for democratization. He granted suffrage to the petite bourgeoisie, comprised of small shop owners and well-paid professionals, in order to prevent them from forging an alliance with the laboring class; voting rights were also extended to the smaller landholders to further strengthen the

⁵⁵⁹ Sheldon Garon, *The State and Labor in Modern Japan* (Berkeley, CA; University of California Press, 1987), 65.

⁵⁶⁰ Oka (1986), 118.

Seiyūkai's rural stronghold. On the topic of democratization, this was how far Hara was willing to go.

Not all government officials agreed with Hara's position, however. Seiyūka's rivals, the minority conservative parties, the Kenseikai and Kokumintō, were in favor of more "carrots" and less "sticks." They promoted labor union law and various social welfare legislations such as unemployment relief and sickness insurance on the basis that "society as a whole is obligated to help those living in poverty."⁵⁶¹ More so than ever, the opposition parties pushed to expand suffrage. The issue of democratization had been a divisive issue among the elites since representative form of government was first introduced to the country in the late nineteenth century. Pressure to advance democratic reforms generally came from minority political groups, who were more willing to take the risk and expand franchise in the hopes to change the balance of power in the Diet. The Seiyūkai's rivals had been championing universal manhood suffrage for years and did not see organized labor as an eminent political threat; their main foes were the Hara-led Seiyūkai and the aristocratic members of the House of Peers. The working class signified a potential bloc of voters in urban areas that the minority parties could tap into to counter the rural-based Seiyūkai.

The intra-elite conflict created a "pro-democratization" force; this was a necessary but not sufficient condition. As the previous rounds of partial democratization had shown, the other key condition for suffrage expansion was societal pressure from one of the main social groups, such as the agrarian landholders (1890) or the urban industrialists (1900). The prospects for universal suffrage in the aftermath of rice riots appeared

⁵⁶¹ Garon (1987), 56.

promising as organized labor was gaining in strength and they formed the pressure for democratization from below.

Nevertheless, despite the fertile grounds for suffrage expansion, just a few years after the rice riots, organized labor took a nose-dive-turn and entirely withdrew its support for democratization. Comparatively speaking, the Japanese organized workers' withdrawal from the democratization movement is an oddity. In much of the Western world, the working class pressure for democratization played a crucial role in democratic consolidation. In order to better understand how working class mobilization impacted redistributive policy outcome in Japan, the next chapter presents a brief overview of its origins and subsequent transformation, and analyzes the causes and consequences of the failed alliance between organized labor and the unorganized unemployed and working poor.

Conclusion

At the turn of the twentieth century, the representatives of agrarian landholders and industrialists deflected every attempt to expand poor relief. The national goal of making Japan richer and stronger, and the key was to do it as fast as possible, prioritized government funds for industrial development and military expansion. As the previous chapter has shown, the central issue in pursuing such an ambitious, late-development strategy—and the most contentious one that deeply divided the elites--was about which group would bear its cost. Diet members clashed over how to raise and spend revenue in pursuit of maximizing their constituents' economic gains while minimizing their tax liabilities in order to win re-election. On the revenue end, the agrarian elites, resenting having to shoulder the bulk of financing the development of modern sectors opposed

raising the land tax, which the pro-industrialist camp in the Diet aggressively pursued. On the expenditure side, both groups had voracious appetite for a variety of patronage projects, such as construction of roads, bridges, schools, and subsidies for businesses; however, neither of them demonstrated any willingness to pay for it.

The embroiling tax impasse and pork barrel politics set the context under which redistributive policy was made. Bureaucrats and a few politicians proposed expanding poor relief, but they failed to even make a case for it in the Diet. Most of the elected members agreed that the 1874 Relief Regulations was too restrictive and minimalist to accommodate the growing need to aid the destitute. Yet, when presented with an opportunity to make concrete decisions over how to finance a new poor relief system, the majority of elected officials, refused to divert modicum of state resources to aid the poor on the premise that it would drive up government expenses that their constituents would end up having to foot the bill. Accordingly, despite the growing demand to protect citizens who were aversely affected or, were left behind from industrial takeoff, the majority of the Diet members who were driven to secure re-election chose not to catch-up to its Western peers in the realm of social welfare.

Intra-elite conflict over fiscal policy led to partial democratization in 1900, which further augmented the representation of urban industrialists and fortified the stronghold against redistribution towards the poor. As Diet members turned away from helping the destitute and paved the way for a welfare retrenchment in the age of industry. Senior bureaucrats who opposed expansionary poor relief were promoted to prominent positions and were encouraged to construct alternatives to public relief. They created a new poor

relief arrangement that was funded mostly by private charity and the imperial household and organized civil society groups as the first line of defense against poverty.

Nevertheless, relying on non-governmental actors and resources would prove inadequate at protecting citizens over the long haul as they barely covered the needs of those living in abject poverty. Paradoxically, the issue of saving the poor fell by the wayside in the Diet when the country was becoming richer, stronger, and more democratic. In other words, Japan made enormous progress in catching-up with its Western peers in political, economic, and military terms except in the realm of social policy.

Appendix Chapter 5

Table 5.1 Public Assistance under the Relief Regulations (1890-1917)

Year	Total Recipients	Total Expenditure (yen)
1890	17,487	128,872
1891	18,291	116,188
1892	18,545	127,504
1893	18,146	121,427
1894	18,089	146,950
1895	16,715	141,450
1896	15,826	144,780
1897	16,040	173,273
1898	18,415	239,506
1899	16,103	159,985
1900	15,211	183,006
1901	14,575	179,353
1902	14,096	177,444
1903	15,097	212,597
1904	15,285	201,398
1905	14,183	192,840
1906	13,885	208,936
1907	13,106	216,907
1908	9,335	193,863
1909	3,753	62,979
1910	2,877	37,864
1911	2,718	41,511
1912	2,402	49,565
1913	7,629	135,093
1914	7,982	147,008
1915	7,247	134,583
1916	7,229	135,891
1917	7,355	163,520

Source: Kōseishō, *Kōseishō Gojūnenshi Shiryōhen* (May 1988).

CHAPTER 6

Building an exclusionary democracy and a welfare state without a safety net:

The failed alliance between labor and poor

This chapter is divided into two parts. The first part traces the evolution of working class movement from its inception in the late nineteenth century to the subsequent maturation in the 1920s and explains how late industrial development prevented the poor from joining or benefiting from social movement spearheaded by organized labor. The second part analyzes the consequences of the failed alliance between labor and poor on the development of political and social welfare institutions.

The chapter begins by testing the validity of the power resources theory's main claims that organized labor advocates democratization and greater redistribution and that a strong left is critical for the advancement of democratic and social welfare reforms. An in-depth examination of the origins of Japanese labor unions reveals that the relationship between the ascendancy of organized labor, on the one hand, and democratization and greater redistribution, on the other, is tenuous. Industrial workers—who were mostly poor at the nascent stage—did not pressure the government to expand poor relief. In fact, while the Diet refused to consider revising the ultra-restrictive 1874 Relief Regulations at

the turn of the century, labor organizers were exclusively focusing on gaining higher wages and better treatment in the workplace.

Moreover, I show that as organized workers gained strength and became more assertive, they withdrew from the quest to achieve universal suffrage in order to focus on improving their employment conditions and wages at the level of the individual factory or firm. The dualistic structure of late industrial capitalism induced decentralization of the working class movement to the plant level and encouraged workers to focus on their narrow workplace issues at the expense of pursuing broad-based political and social welfare reforms.

As I explain below, Japan's late-development "catch-up" policies conferred certain advantages to a handful of Tokyo-based capital-intensive firms to mount an aggressive campaign to mold the working class movement at a relatively nascent stage. They had ample financial and organizational resources to institute corporate paternalistic programs and provide in-company training to entice workers. Honing corporate loyalty and establishing a firm-based skill formation incentivized workers to organize vertically at the firm or plant level and forgo horizontally-linked craft or industry unions. Their deep pockets also enabled major corporations to forge close ties with political parties and ensured that the government would help institutionalize a vertically-structured labor-management relations. The powerful unions that formed within the gigantic corporations not only chose brotherhood in the factory over class solidarity, they also set the pace for the working class movement as a whole and were responsible for pressuring other unions to leave the democratization movement.

More broadly, the findings from this chapter show that how a country builds its wealth matters in redistributive outcome because it structures how workers are organized, which in turn defines the parameters of their actions, demands, and the beneficiaries of the working class mobilization. The largely unorganized employed, unemployed, and non-employable (i.e., too sick, old, or young to participate in the labor market) poor were excluded from the movement spearheaded by organized labor and, as a result, they remained vulnerable to political and social exclusion in the years to come.

In the latter part of the chapter, I analyze the consequences of the failed alliance between labor and poor on the content of social welfare and democratic reforms. Weak working class pressure for democratization and redistribution enabled the ruling elites, comprised largely of agrarian landlords and industrialists, to exclude the poor from the democratic process and social welfare advancement. They constructed an Asian version of the Bismarckian social insurance system in order to coopt the emerging labor aristocracy while they staunchly refused to construct a safety net for the unorganized working and non-working poor. In building democracy, they extended voting rights to the working class but inserted latent voting rules that prevented the poor from voting. Thus, the failed alliance between labor and the poor hurt the prospects of the latter gaining political and social rights.

I. Working class pressure for political and social change

The evolution of labor movement: A snapshot

One of the prevailing theories in the social welfare literature, the power resources theory (PRT), contends that working class mobilization plays a central role in the

development of democracy and the welfare state.⁵⁶² The PRT attributes the positive correlation between democratic consolidation and generous redistributive policies in European countries such as Sweden and Norway to the strength of organized labor in pushing for political and social change. The underlying premise is that organized workers (i.e., labor unions) and the poor (i.e., unorganized employed, unemployed, or non-unemployable individuals with low income) share a pro-redistribution stance because they do not have ample financial resources to protect themselves privately from income losses due to economic shocks, illness, accidents, and other forms of adverse events.⁵⁶³ In order to effectively prod governments to increase social welfare protection, however, the political representation of working class was critical; it first and foremost required expansion of franchise to the masses. Strong working class pressure for democratization, therefore, increased the prospects of building democracy and a welfare state. Examining the transformation of Japanese organized labor casts doubt on the validity of PRT's core arguments because organized workers never advocated expansion of poor relief and their drive for democratization diminished over time.

The evolution of the Japanese labor movement prior to 1945 can be broadly categorized into three stages. In the nascent stage (1880-1911) industrial workers engaged in unorganized disputes and struggled to mount collective action. Japan's virtually non-existent guild and craft tradition and late-development position enabled the government to adopt various anticipatory containment measures that prevented workers

⁵⁶² On the working class role in democratization see Dietrich Rueschemeyer, Evelyn Huber, and John D. Stephens, *Capitalist Development and Democracy* (Chicago, IL: University of Chicago Press, 1992). For the link between working class mobilization, social policy development and democratization, see John D. Stephens, "Democratization and Social Policy Development in Japan," in *Democracy and Social Policy*, edited by Yusuf Bangura (New York, NY: Palgrave Macmillan, 2007).

⁵⁶³ Walter Korpi, "Power Resources and Employer-Centered Approaches in Explanations of Welfare States and Varieties of Capitalism: Protagonists, Consenters, and Antagonists," *World Politics*, 58 no. 2 (January, 2006): 167-206.

from organizing. The new class of industrial workers experienced destitution and deplorable employment and living conditions but they exhibited no interest in pressuring the government to revise the ultra-minimalist 1874 public assistance system. Workers, however, advocated expansion of suffrage to the poor on the basis that the existing economic inequality could not be ameliorated if political representation remained limited and unequal. Government officials muted the workers' demands for political representation by sheer force.

Despite the enormous constraints on workers to organize and articulate their collective interests, they managed to form the country's first national labor federation, the Yūaikai (Friendly Society) in 1912, marking the next stage of the working class movement. In the second stage (1912-1910), organized labor enjoyed unprecedented growth and transformation. Nearly two hundred labor unions were created throughout the country and the national labor federation orchestrated a social movement calling for broad, sweeping changes, including democratization and legal and social protection for workers (but not poor relief). Energized by the nation-wide rice riots of 1918, the working class pressure for democratization peaked and so did labor militancy.

The robust growth of working class movement, however, took a sharp turn away from the democratization movement in the early 1920s. The drastic course correction signaled the third and final stage of working class transformation as its organizational structure crystallized. The workers of powerful corporations in Tokyo withdrew from the democratization movement and encouraged others to leave the political space in order to focus on their respective workplace issues. The dualistic industrial structure of late-development capitalism gave employers enormous resources to entice workers to

organize at the plant or firm level and sever horizontal linkages at the industry level. The enticements included paternalistic programs as well as in-firm training; in the face of such attractive offers, workers made a strategic decision to forge ties with management, embrace corporate loyalty, and abandon class solidarity. Other smaller unions followed suit and accelerated the proliferation of plant- or firm-based unions and decentralized the labor movement completely. Let us now turn to the details of the causes and consequences of the working class decentralization on democratization and redistributive outcomes.

Stage I. The nascent labor movement: The “voice” of the underclass (1880-1911)

The takeoff of industrial capitalism at the turn of the century gave birth to a new class of industrial workers in urban centers. In the 1890s, the number of factory workers was estimated to be around 400,000 and it more than doubled to 950,000 by 1914.⁵⁶⁴ Workers at the time were largely unorganized and many faced difficulty in adjusting to a new industrial environment.⁵⁶⁵ The plight of a typical factory worker was no different from those living in abject poverty. The average wages of factory workers were low, around twenty yen per month, “which was officially defined as the poverty level in Tokyo in 1911.”⁵⁶⁶ The growing presence of working poor in major cities prompted journalists such as Matsubara Iwagorō and Yokoyama Gennosuke to document the ordeal of the “underclass society” (*kasō shakai*) that was forming amidst economic progress.⁵⁶⁷

⁵⁶⁴ The number of privately owned factory workers increased to 1,612,000 by 1919. Sheldon Garon, *The State and Labor in Modern Japan* (Berkeley, CA; University of California Press, 1987), 40.

⁵⁶⁵ The liberal labor market milieu was largely in part to the dismantling of feudal economy and strict occupational and mobility restrictions.

⁵⁶⁶ Carol Gluck, *Japan's Modern Myths: Ideology in the Late Meiji Period* (Princeton, NJ: Princeton University Press, 1985), 175.

⁵⁶⁷ As previously discussed in chapter four, Matsubara Iwagoro and Yokoyama Gennosuke were the two most prominent journalists that increased visibility of urban poverty at the turn of the century.

Workers were “practicing new and little known skills in places full of dirt, crowded together in slums (called ‘caves’ and ‘islands’) with scavengers, pickpockets, street entertainers, rickshaw men, carters, ditch cleaners, navies, and the traditional outcast group, the *eta*.”⁵⁶⁸ They were treated as “near outcasts” in their communities with little prospect of escaping their misery.⁵⁶⁹

Workers’ welfare, however, was not solely dependent on their employment. Government policies, specifically, social welfare and tax policies, had direct and indirect impacts on the well-being of the less privileged. For example, social welfare programs could supplement the wages of the working poor through cash transfers or in-kind benefits. Yet, as explained in the previous chapter, the representatives of the industrialists and agrarian landlords in the newly-established Diet steadfastly refused to divert funds to create a comprehensive social assistance system. Instead, the ruling elites, keen on providing the ever-increasing expenditures needed for militarization and national industrial development, proceeded to extract revenue from lower income groups. They imposed taxes on consumer goods (e.g., salt, sugar, oil, textile and soy sauce) and transportation (e.g., streetcar fares) that further strained the day-to-day lives of ordinary workers and their families.⁵⁷⁰

According to Albert O. Hirschman, individual or group responses to deteriorating conditions or dissatisfactory outcomes can be categorized into two types.⁵⁷¹ In dealing with their employers, for example, workers could either *exit* from the firm and seek

⁵⁶⁸ Thomas C. Smith, “The Right to Benevolence: Dignity and Japanese Workers, 1890-1920,” *Comparative Studies in Society and History*, 26 no. 4 (October 1984): 591.

⁵⁶⁹ *Ibid.*, 589.

⁵⁷⁰ Itō Yukio, *Taishō Demokurashii: Minshū no Tōjō* [Taisho democracy: the emergence of popular mass] (Tokyo: Iwanami Shoten, 1992), 9-10.

⁵⁷¹ Albert O. Hirschman, *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States* (Cambridge, MA: Harvard University Press, 1970).

another job or *voice* their grievances directly to their employers in the hope of improving their working conditions. A similar classification of reactions applies to government policies. Workers could immigrate to another country (*exit*) or articulate their interests through formal or informal means (i.e., ballot box, public protests, lobbying) to provide feedback (*voice*).⁵⁷²

Up until the first two decades of the twentieth century, workers responded to their dissatisfaction at the workplace largely through the “exit” option. At the time, employee loyalty was weak, resulting in a high labor turnover. The average duration of employment was less than two years and the majority of them were day laborers.⁵⁷³ The “exit” trend among workers and the underlying liberal labor market condition was a complete break from the feudal past. Under the Tokugawa regime, a set of regulations and a caste system restricted the occupational and geographic mobility of the populace.⁵⁷⁴ When the feudal system was disbanded in the 1860s, the Meiji oligarchs deregulated the labor market and encouraged individuals, especially the former samurai, to find a new home and career.

What is striking about the Meiji era labor market flexibility is that it bore no resemblance to post-1945 industrial relations, which are commonly described as the lifetime employment model. Numerous scholars have attributed Japanese firms’

⁵⁷² Although Hirschman introduces a third concept called “loyalty,” like Brian Barry (1974) and Leonard Schoppa (2006), I subsume that “loyalty” is a feature—rather than an alternative response—that increases the probability of voice over exit *ceteris paribus*. Leonard J. Schoppa, *Race for the Exits: The Unraveling of Japan’s System of Social Protection* (Ithaca, NY: Cornell University Press, 2006); Brian Barry, “Review: Exit, Voice, and Loyalty: Responses to Decline in Firms, Organization, and States by Albert O. Hirschman,” *British Journal of Political Science*, 4, no. 1 (January 1974): 79-107.

⁵⁷³ Workers’ average length of employment increased to twenty-two months by 1914 (Gluck: 1985: 175).

⁵⁷⁴ The feudal four-tiered class system grouped individuals with similar occupations and economic status and restricted inter-class mobility. The groups were hierarchically structured, in the order of importance, they were: the samurai, farmers, artisans, and merchants. The feudal lords and imperial family were positioned above class system and the outcasts (*burakumin*) were occupied the very bottom.

competitive strength to their exceptionally devoted workers who endure long hours and are often committed for life.⁵⁷⁵ The general lack of loyalty among workers to their employers during the Meiji period occurred in part because the practice of corporate paternalism—employers offering a variety of welfare services and benefits such as healthcare and funeral allowances to their employees to entice them to stay--had not taken hold. Though paternalistic, family-style employment relations were not uncommon in smaller workshops, they were virtually non-existent in the large, modern factories where employers and employees hardly knew each other.⁵⁷⁶ Among large companies, corporate paternalism was first adopted by the Kanegafuchi Spinning Company in 1896; others gradually followed suit (e.g., National Railways in 1906, and Oji Paper Company in 1910).⁵⁷⁷ The widespread application of paternalistic programs took place only after 1920.

⁵⁷⁵ For an extended analysis of this point, see Masahiko Aoki and Ronald Dore (eds.), *The Japanese Firm: Sources of Competitive Strength* (Oxford: Clarendon Press, 1994); Peter A. Hall and David Soskice (eds.), *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (New York, NY: Oxford University Press, 2003).

⁵⁷⁶ Ronald Dore makes reference to Kaneko Kentarō's observation that the paternalism was "by no means natural of Japan but *also* something which Japan had to learn from the West." Kaneko suggested that the paternalistic practice also prevailed in some part of Europe, and cited an example of a "one-factory town not far from Manchester" where workers were mostly "third-generation employees" that enjoyed a very strong relationship with owners. Ronald P. Dore, "The Modernizer as a Special Case: Japanese Factory Legislation, 1882-1911," *Comparative Studies in Society and History* 11 no. 4 (October, 1969): 442. This observation calls into question the famed anthropologist Nakane Chie's argument that contemporary Japanese corporate practices resulted from a historically-rooted social structure that "vertically" framed the relations between employers and employees. See Chie Nakane, *Japanese Society* (Berkeley, CA: University of California Press, 1970).

⁵⁷⁷ According to Samuels (2003: 127), the President of the Kanegafuchi Spinning Company, Mutō Sanji, is credit to have introduced and propagated corporate paternalism in Japan. Samuels concurs with Dore's observation that corporate paternalism was not entirely made in Japan. He notes that "Mutō picked up elements of 'familism' and warm-heartedness from studying the practices of Krupp in Germany and NCR in the United States, but he insisted that he was infusing them with traditional Japanese values." Mutō believed that the corporate paternalism "could be used to combat both unionization and state intervention." For an extended discussion on the origins of corporate paternalism, see Richard J. Samuels, *Machiavelli's Children: Leaders and Their Legacies in Italy and Japan* (Ithaca, NY: Cornell University Press, 2003), 126-129.

Though rare, some workers pursued “voice” to generate change from within the organization. In 1987, thirty-two disputes were recorded and they mostly concerned better pay, status and working hours. The “dispute tradition” grew out of workers’ actions in the modern sector such as printing, railways, arsenal, and shipbuilding; they arose independently from the actions of traditional artisans and resembled peasant protests of the earlier generations.⁵⁷⁸ According to Gordon (1991), these disputes were confined to “work group and workplace, rarely involving all the workers at an enterprise, and almost never led by unions.”⁵⁷⁹ Meiji socialist leaders such as Kōtoku Shūsui and Katayama Sen helped establish a few unions, such as the Association for the Foundation of a Labour Union (*Rodō Kumiai Kiseikai*), amongst ironworkers in the late 1890s, but they were all short-lived in the face of hostile employers and state repression.⁵⁸⁰

From the start workers faced enormous challenges in creating a formal, organizational apparatus that could unite workers of diverse backgrounds. A weak craft tradition prevented workers from controlling the supply of skill and hurt their prospects for collective bargaining. As Sheldon Garon notes, the feudal era “guild system had virtually collapsed by 1800 as rural craftsmen, who were not covered by guild regulations, decimated the wage rates of urban artisans.”⁵⁸¹ Furthermore, in the 1870s, the Meiji leaders strictly prohibited the formation of guilds.

⁵⁷⁸ Andrew Gordon, *Labor and Imperial Democracy in Prewar Japan* (Berkeley, CA: University of California Press, 1991), 67-68, 78.

⁵⁷⁹ Gordon (1991: 68) adds: “In railroads, heavy industry, and printing, a few key worksites or companies were home to several disputes each, and these places served as centers where workers built a dispute tradition.”

⁵⁸⁰ Some of the earliest labor unions formed among iron and railway workers. Kōtoku Shūsui was a journalist, socialist, and anarchist, who co-founded the *Heimin Shimbun* (Common People’s Newspaper) and helped translate and introduce *The Communist Manifesto* to Japan. Katayama Sen co-founded the Japan Communist Party in 1922 and was an influential player in building Japanese socialist movement.

⁵⁸¹ Garon (1987), 17-18.

Compounding the problem, the Meiji oligarchs' late-development industrialization policy brought fast-paced, massive changes that impeded the formation of a robust labor movement. In contrast to the strong craft tradition found in Western Europe, the Japanese laboring class did not inherit an organizational platform that workers could use to push their demands onto the negotiating table. In order to “catch-up” to the West, the Meiji oligarchs initiated a large-scale transplantation of new technologies and machines from the West, which “created entirely new trades” and hindered organized labor’s efforts “to impose traditional group control over the footloose first generation of skilled workers.”⁵⁸² On a similar note, Ronald Dore recapitulates how the country’s Meiji “catch-up” policy posed a major setback for organized labor by giving employers the upper hand:

Late developing Japan imported the latest nineteenth century and twentieth century techniques into a society where traditional artisan skills resembled those of sixteenth or seventeenth century Europe. Japan had to make a technological leap—whereas Britain made a shuffling technological advance. The smooth progression from the artisan skills of the next century is reflected in the continuity of apprenticeship systems and modes of skill certification throughout the transition from guilds to unions. New inventions came gradually and in penny packages; the workmen acquired the new skills they involved as a topping up of their existing skills, and passed them on to their successors. In Japan there was little such continuity. In the shipyards, the traditional-style caulkers could be upgraded to handle new imported techniques, but iron-using shipwrights had to be trained from scratch—and only the employer could do it.⁵⁸³

Andrew Gordon makes the slightly different point that a unified working class movement was difficult to achieve during its infancy stage because the skilled masters (*oyakata*) “were pushed by changing technology and management strategies to secure their own positions at the expense of building a movement” and this predicament “led them to side

⁵⁸² Ibid., 18.

⁵⁸³ Dore (1973), 412.

with employers in some cases and to seek independent status as small factory owners in others.”⁵⁸⁴

Japan’s late-industrializer status posed an additional hurdle for working class mobilization because it enabled government authorities to *learn* from early industrializers in the West that labor unrest generally increased as industrialization deepened. This foreknowledge empowered Japanese government officials to pursue an *anticipatory containment* of the left. The Meiji leaders learned through their frequent diplomatic missions abroad and ongoing research surveys of the trends in Europe and the United States that class conflict would intensify if left unchecked. The fear among the elites, abroad or at home, was that the “voice” of workers contained a threat of disorder, chaos, expropriation and, worst, revolution. Japan’s status as a “follower” (*kōshinkoku*), trailing behind the advanced countries (*seishinkoku*), gave Japanese officials “the chance to forestall” the problems and challenges that industrialization created and they were determined to “avoid their mistakes.”⁵⁸⁵

In anticipation of the birth of the working class, Japanese authorities primarily took two measures to prevent collective action among workers: repression and regulation. In the late nineteenth century, Yamagata, the heavyweight oligarch, saw firsthand during his sojourn in Europe how labor unrest could spread like wildfire and destabilize the political order. He utilized the police system that he created to monitor workers’ organizational activities. He also enacted the Public Order Police Law (*Chian keisatsu hō*) in 1900 to demolish the nascent working class movement. Article 17 of the law prohibited strikes and organized meetings that were deemed to be a threat to public

⁵⁸⁴ Gordon (1991), 81.

⁵⁸⁵ See Dore (1969), 439.

order.⁵⁸⁶ Armed with Article 17, Yamagata defiantly warned Katayama Sen, the socialist leader, that “the labor movement was just sentenced to death.”⁵⁸⁷ The chilling warning by the oligarch was not an empty threat. In the aftermath of the Public Order Police Law—aptly referred to then as “the labor union death sentence law” (*rōdō kumiai shikei hō*)—the resulting paralysis of the working class movement resulted in a handful of labor disputes, averaging only around ten per year.⁵⁸⁸

In addition to repression, officials attempted to silence the “voice” of workers by eliminating the source of dissatisfaction itself. One such example was the 1911 Factory Law, the country’s first national labor protection law. At the turn of the century, urban poverty was increasingly “understood in relation to the poor working condition of factory workers” and officials attempted to regulate the working environment before class struggle escalated.⁵⁸⁹ The bill itself was originally drafted by the Industrial Bureau of the Ministry of Agriculture and Commerce, which had been researching overseas factory laws since the 1880s. What the bureaucrats learned from Western countries was that they

⁵⁸⁶ According to Mitani (1988: 72) the “Yamagata government is said to have modeled its draft on a bill that failed in the German Reichstag in May 1899 owing to the opposition of the German Social Democratic Party.” He adds that there was no debate on the bill whatsoever in the Diet and in 1901, “the Japanese Social Democratic Party was organized on the model of the German party, but the government immediately prohibited it.” Taichirō Mitani, “Chapter 2: The Establishment of Party Cabinets, 1898-1932” (translated by Peter Duus), in *The Cambridge History of Japan: The Twentieth Century (volume 6)*, edited by John Whitney Hall (New York, NY: Cambridge University Press, 1988), 72.

⁵⁸⁷ Fujimura Michio, Yamagata Aritomo [Yamagata Aritomo] (Tokyo: Yoshikawa Kōbunkan, 1961), 199.

⁵⁸⁸ Kobayashi Tango points out that the application of repressive measures during the nascent stage of working class mobilization was certainly not unique to Japan. European governments also attempted to discourage workers from forming unions by legislating anti-unions laws a century prior. England, for example, banned labor unions at the turn of nineteenth century. The difference, however, was that repressive measures in Japan largely muted the “voice” of workers whereas in Europe, the “voice” intensified and workers were able to force governments to eventually repeal the anti-union laws. Repressive measures had more debilitating effects in Japan because, as previously discussed, Japanese workers did not inherit a strong organizational apparatus from feudal guilds or craft associations. Citing Kobayashi Tango, *Nihon Rōdō Kumiai Undōshi* (Tokyo: Aoki Shoten, 1986) in Rekishi Kyōkasho Kyōzai Kenkyūkai (ed.), *Dai Kyūkan: Taishō Demokurashii to Shakai Undō no Gekika* [Taisho democracy and strengthening social movement, volume 9] (Tokyo: Gakkō Toshō Shuppan, 2001), 135.

⁵⁸⁹ The Ministry of Agriculture and Commerce conducted a survey of factory working conditions (*shokkō jijō*) in 1903. See Mutsuko Takahashi, *The Emergence of Welfare Society in Japan* (Vermont, Avebury: 1997), 36.

had not proactively regulated the deteriorating factory environment in the early phases of industrialization, which inadvertently drove workers to organize in order to improve their working conditions.⁵⁹⁰ According to Gregory Kasza, the precautionous Japanese officials adopted the Factory Law “at a relatively early stage of economic development” as its GDP per capita was only half of the level when countries such as Britain, Netherlands, and Denmark instituted their employer responsibility for industrial accidents.⁵⁹¹ The 1911 Factory Law had weak enforcement capacity and was limited in its scope as most of the rules concerned the employment conditions of women and children and applied only to firms with more than fifteen workers.⁵⁹² Nevertheless, the scope of its application expanded overtime, further attesting to the government’s continued insistence on *preventing* the “voice” of workers from materializing in the first place.

The government and employers also established mutual aid societies that were intended to protect workers from injuries, illness, and disabilities and ultimately assuage labor-management conflict.⁵⁹³ Nearly two dozen mutual aid societies were created between 1890 to 1904 in the private sector and they were commonly funded jointly by employer subsidies and employee contributions.⁵⁹⁴ At the initial stage of industrialization, paternalism had yet to be institutionalized in the mainstream corporate culture, but these initiatives hinted at employers’ strategic interests in offering services

⁵⁹⁰ Health concern was also one of rationales behind the Factory Law. The officials wanted to assure that workers’ (especially women and children) were not in a deplorable condition where they could contract and spread diseases. See Dore (1969), 438-439.

⁵⁹¹ Gregory J. Kasza, *One World of Welfare: Japan in Comparative Perspective* (Ithaca, NY: Cornell University Press, 2006), 15-16.

⁵⁹² The 1911 Factory Law was enforced in 1916.

⁵⁹³ Toshimitsu Shinkawa, “Democratization and Social Policy Development in Japan,” in *Democracy and Social Policy*, edited by Yusuf Bangura (New York, NY: Palgrave Macmillan, 2008), 63.

⁵⁹⁴ *Ibid.*

(in this case, a form of social insurance) to nurture workers' loyalty and assuage labor-management conflict.

Muffling the “voice” of workers against employers was one matter. Suppressing political dissent, however, was another. The authorities paid special heed to the workers' use of “voice” against government policy. In contrast to the dominance of the “exit” strategy in the labor-management relationship, workers' response towards government policies took a different form. According to Hirschman (1970: 61), Japan's geographic isolation made it a “no-exit polity,” since for most Japanese, “only one place has ever been home.” In contrast, an Argentinean “could slip across the river to Montevideo and still find himself a home.”⁵⁹⁵ Likewise, the “voice” option to improve government policies through the formal political process was not available because the laboring class lacked the right to vote. Around 1900, just a little above two percent of the population was eligible to vote, a group comprised mostly of large landholders and wealthy urban industrialists.

Since the laboring class was unable to exercise “voice” within the political system, they instead applied external pressure to mend policies in three notable ways. Firstly, they formed the “crowd,” commonly at Hibiya Park located in the heart of Tokyo, demonstrating against government policies, especially on matters of taxation (e.g., transportation or consumer goods), which directly hurt the livelihoods of workers.⁵⁹⁶ Secondly, they expressed their dissatisfaction in writing. Prominent socialists such as Kōtoku Shusui and Sakai Toshihiko founded the socialist newspaper, *Heimin Shimbun*

⁵⁹⁵ Hirschman quotes Dore on this point. See Ronald P. Dore, “Latin America and Japan Compared,” in *Continuity and Change in Latin America*, edited by John J. Johnson (Palo Alto, CA: Stanford University Press, 1964: 238);

⁵⁹⁶ Gordon (1991), 51.

(The Commoner's Newspaper), in 1903 and served as editors.⁵⁹⁷ It offered a critical assessment of a wide range of government policies. For example, the newspaper criticized the government's continued refusal to expand general poor relief in the midst of growing military expenditures.⁵⁹⁸

Thirdly, Sakai and others established the Social Democratic Party (Shakai Minshutō) in 1901. The party manifesto demanded the elimination of the gap between the rich and poor through equitable and just redistribution of wealth, but it spared the details on how to achieve these objectives. Action speaks louder than words and, as discussed in the previous chapter, while the Home Ministry bureaucrats were fighting to expand poor relief in the late 1890s, organized labor leaders remained silent on the issue of revising the ultra-minimalist 1874 Relief Regulations. The general lack of interest in poor relief was not solely based on the fact that the public assistance system did not provide benefits to the working poor. As discussed in chapter five, a couple of the poor relief bills that the bureaucrats drafted proposed compulsory workers' insurance programs. According to Ogawa Masaaki, most socialist leaders focused on improving workers' benefits and remained apathetic towards expanding poor relief.⁵⁹⁹ In addition, industrial workers sought to augment their political "voice" by associating themselves with the middle class, not with individuals who were weak and powerless at the lower

⁵⁹⁷ A few years prior, Katayama Sen served as the editor of the first labor publication, a bimonthly magazine called the Labor World (*Rōdō Sekai*).

⁵⁹⁸ For example, see 21 February 1904 Heimin Shimbun article that criticizes the government for de facto conditioning poor relief to contribution in military services. Article quoted in Yoshida Kyūichi, "Meiji Ishin ni Okeru Hinkon no Henshitsu," [The change in the quality of poverty during the Meiji Restoration] in *Nihon no Kyūhin Seido* [the Japanese Poor Relief System], edited by *Nihon Shakai Gigyō Daigaku Kyūhin Seido Kenkyū Kai* (Tokyo: Imura Juji, 1976), 137.

⁵⁹⁹ The only exception was Abe Isoo who introduced the British poor relief system through his publications, (Shakai Mondai Kaishaku Hō [Analyzing social issues], and advocated that the government should be responsible for poor relief and that the poor are entitled to relief. Ogawa Masaaki, *Kenri to Shite no Shakai Hoshō* [Social security as rights] (Tokyo: Keisō Shobō, 1969), 106.

stratum of society. Building a political party and shoring up electoral support required significant organizational and financial resources and perhaps the new working class, who was aspiring to ally with the professionals and the better off, saw little value in aiding the poor. From the collective action perspective, the general lack of interest in changing the country's ultra-minimalist public assistance system was understandable given that labor leaders' activities during the nascent stage centered on workplace disputes and precluded the national-level collective action needed to effect national policy change.

Although the organizers of the Social Democratic Party demonstrated no interest in poor relief, they insisted on equal access to political power and that voting rights be universal and extended to the lowest stratum of society.⁶⁰⁰ The socialist leaders acknowledged early on that democratization would not be a straightforward transition. The poor who would be given votes were more likely to lack knowledge and information and thus be vulnerable to bribery and coercive persuasion.⁶⁰¹ Nonetheless, they viewed these problems as neither insurmountable nor a good justification to continue denying the poor the right to vote. One of their proposed solutions was for the government to provide greater access to free public education and training in order to help build responsible, informed, and conscientious voters.⁶⁰²

⁶⁰⁰ The Socialist Democratic Party grew out of the Society for the Study of Socialism (*Shakai Shugi Kenkyukai*) that formed in 1896 by leftist leaders such as Kōtoku, Katayama and Abe. The party served as a first step towards participating in the parliamentary system, just like they had learned that German Social Democratic Party had done decades ago in representing working class interests in the Diet. Mitani Taichirō, "Taishō Shakai Shugisha no 'Seiji' Kan" [Attitudes of Taisho era socialists towards politics] in *Nenpō Seiji Gaku: Nihon no Shakai Shugi* [The annals of the Japanese Political Science Association: Socialism in Japan], edited by The Japanese Political Science Association (Tokyo: Iwanami Shoten, 1968).

⁶⁰¹ Even from the early years, the socialists were envisioning the working class movement not as a poor people's movement but one that would be led by the middle class (*chūkyū shakai*). Mitani (1968), 72.

⁶⁰² Matsuzawa Hiroaki, "Meiji Shakai Shugi no Shisō," [Socialism in Japan: Meiji socialist thought," in *Nenpō Seiji Gaku: Nihon no Shakai Shugi* [The annals of the Japanese Political Science Association:

Officials proceeded to swiftly mute these three types of external “voices” as part of their *anticipatory response* to workers’ discontent. The police broke up the Hibiya Park protestors, especially when they turned violent. Authorities shut down the socialist newspaper, *Heimin Shimbun*, in 1905 and confiscated *The Communist Manifesto*.⁶⁰³ The Social Democratic Party (*Shakai Minshutō*) was ordered to dissolve within two days of its formation.⁶⁰⁴ The hallmark event that reflected government’s zero tolerance policy for the political mobilization of the left was the High Treason Incident (*Taigyaku Jiken*). During this incident, which lasted from 1910 to 1911, more than 1,000 individuals were arrested and prominent socialists such as Kōtoku were executed for allegedly plotting to assassinate the Emperor.⁶⁰⁵ The consistent and systematic suppression of the “voice” of workers with sheer force exposed the paradox of voting and violence.⁶⁰⁶ Every step taken towards democratization was accompanied by more repressive measures to control the new political undercurrent and deter new groups from gaining representation. In preparation for partial democratization in 1890 and 1900, the Meiji leaders refined their tools of repression and enacted “public order” laws that limited the range of civic protest.

Socialism in Japan], edited by The Japanese Political Science Association (Tokyo: Iwanami Shoten, 1968), 31.

⁶⁰³ Kōtoku, hoping to spread Marxism and bring the change that it desires, also undertook the translation and publication of *The Communist Manifesto*.

⁶⁰⁴ Likewise, Japan Socialist Party formed by the founders of the Social Democratic Party in 1906 but collapsed in 1908 amidst myriads of restrictions on their activities that the 1900 Public Order Police Law imposed and due to internal ramblings between the moderates and radicals in deciding the future direction of the party.

⁶⁰⁵ Twenty-six were prosecuted and a dozen, including Kōtoku was executed for cultivating socialism. Although some of the defendants like Kōtoku had no connection to the plot to assassinate the emperor, he was deemed as a threat to the state for believing and preaching subversive ideologies.

⁶⁰⁶ This point resonates with the work of Jack L. Snyder, which shows that transition towards democratization does not guarantee peace or stability. Through a series of historical cases, Snyder shows that under certain conditions, introduction of free elections can result in intense conflict and war. The implication of “voting to violence” for Japan slightly differs from Snyder’s point in the sense that gradual transition towards democratization accompanied strengthening of institutions that sanction/permit violence against the populace. The common observation here is that in any country, whether they are prone to ethnic conflicts or not, the ruling elites would place primacy on self-preservation of their political authority, which could result in more violence and less peace. See Jack L. Snyder, *From Voting to Violence: Democratization and Nationalist Conflict* (New York: Norton, 2000).

For the Japanese labor movement, which was very much in its infancy stage, the heavy dose of suppression was near fatal.

Although the leftist movement was forced to lay dormant after the High Treason Incident, a few of the leaders continued searching for a more durable and effective way to “voice” their demands. Enduring multiple constraints and suppression, workers eventually managed to form hundreds of unions and organize thousands of strikes, albeit at a price. The dualistic structure of late-industrial capitalism incentivized workers to pursue a more powerful “voice” in the workplace by choosing corporate loyalty over class solidarity. Subsequently, they focused narrowly on workplace issues and abandoned building a mass democratization movement to improve the lives of the working class as a whole. This course correction dashed the hopes of the unorganized working or non-working poor from gaining political representation and social protection through a social movement spearheaded by organized labor.

Stage II. In pursuit of building a “social” movement (1912-1920)

The working class movement had a weak “voice” during the infancy stage and its interests were narrowly conceived and articulated largely within the confines of a particular workplace. A few years after the 1910 High Treason Incident, the “voice” strengthened and projected a more encompassing tone. The switch that sparked the change was the development of the country’s first national labor federation. In 1912, Suzuki Bunji, a devout Christian and social reformer, founded the Yūaikai (Friendly Society). Modeled after the British Friendly Society, the creation of the Yūaikai marked a new chapter in the development of organized labor as the leaders fought to break free from the unorganized dispute tradition that limited workers’ activities to the workplace.

Knowledgeable about the development of labor organization in the United States and Europe, Suzuki believed that horizontal linkages among workers of different backgrounds were paramount to building a strong labor movement. He defined “unions as associations of workers united by their industry” and organized local chapters along industry lines to reflect the organization’s emphasis on horizontal ties among workers.⁶⁰⁷ The organizers also assisted in the formation of industrial unions (*sangyō kumiai*) to discourage workers from forging vertical ties through company or enterprise unions.

The organization’s overarching goal was to build a mass movement with the working class at the nucleus, attracting a broad range of civil society actors who shared a similar interest in transforming Japanese society. Suzuki envisioned himself as a church leader who bridged workers from different sectors and regions, and provided them with a forum where they could engage in a dialogue.⁶⁰⁸ The organization’s meetings were aimed to better inform and educate workers by inviting lecturers on a wide-range of issues, including the topic of foreign labor trends and expansion of suffrage. By striving to create horizontal linkages among workers, the Yūaikai framed the “labor issue” (*rōdō mondai*) within a broader societal context. In essence, it sought to transform the “labor movement” (*rōdō undō*) into a “social movement” (*shakai undō*).⁶⁰⁹

As the name suggests, the Yūaikai maintained a “friendly” posture towards authorities and avoided the topic of “class conflict.” Prominent industrialist, Shibusawa Eiichi, served in the advisory board and its organizational transparency and apparently benign position convinced wary officials that it was not propagating radical socialism,

⁶⁰⁷ Sally A. Hasting, *Neighborhood and Nation in Tokyo, 1905-1937* (Pittsburgh, PA, University of Pittsburgh Press, 1995), 135.

⁶⁰⁸ Mitani (1968), 66.

⁶⁰⁹ Suzuki Bunji, *Rōdō Undō Nijūnen* [Twenty years of labor movement] (Tokyo: Sōdōmei Gojūnenshi Kankō Inkaï, 1966).

communism, anarchism, or any other subversive ideologies.⁶¹⁰ Its diplomatic, cooperative stance (*kyōchō shugi*) enabled it to increase its membership and many workers saw the organization as an asset that could leverage their bargaining position vis-à-vis management.⁶¹¹ By 1918, the Yūaikai had amassed nearly 20,000 members. Its growing presence also encouraged labor unions to form. The number of unions jumped from just five in 1912 to around two hundred in 1919.

Several domestic and international events stimulated Japanese working class action. The economic boom during World War I led to the expansion of heavy industries, which in turn caused a shortage of skills and gave industrial workers greater leverage to demand higher wages and shorter hours. Furthermore, the Japanese learned through the Russian Revolution of 1917 and the German Revolution of 1918 that the working class could play a prominent role in regime change. The nation-wide rice riots of 1918 bolstered workers' confidence as the "voice" of the masses turned into a deafening roar that authorities had to address.⁶¹² The establishment of the International Labour Organization under the 1919 Treaty of Versailles gave the Japanese labor movement a hitherto missing international legitimacy. Inspired and energized by these events, the number of disputes skyrocketed, from an average of fifty annually prior to 1916 to over four hundred in 1918.⁶¹³

⁶¹⁰ Eventually, the Yūaikai opened its doors to socialist leaders but they continued maintaining an arms-length relationship.

⁶¹¹ Gordon (1991: p. 89) notes that thousands of regular workers supported the Yūaikai because they "felt themselves to be wage earners in the direct employ of large companies, rather than apprentices or journeymen serving oyakata masters" and they increasingly resented management for their inferior treatment and pay.

⁶¹² Some of the members of the Yūaikai participated in rice riots but the organization itself did not officially support the popular unrest fearing retribution by the state. Amaike Seiji, *Yūaikai, Sōdōmei Undōshi: Genryū wo Tazunete* [The history of the Friendly Society and General Labor Federation: Revisiting the origins] (Tokyo: Minshatō Kyōsen Kyoku, 1990), 72.

⁶¹³ Rekishi Kyōkasho Kyōzai Kenkyūkai (2001), 146.

Although the Yūaikai was increasingly acting as a premier national labor federation and actively mediated disputes, it remained committed to promoting the interests of non-members as well. Its stance of promoting encompassing interests was best exemplified by its ever-increasing calls for social and employment protections as well as democratization. It declared the “Four Rights of Workers”—the right to live, the right to organize, the right to strike, and the right to vote—and urged the Diet to secure these rights.⁶¹⁴ At its annual meeting in August, the Yūaikai elaborated on these rights and announced its twenty principal demands (figure 5.1) of the government. The demands covered a wide range of issues, anti-unemployment measures, a minimum wage system, and equal pay among the sexes, which all testified to the organization’s continued efforts to enhance the welfare of the laboring population as a whole, regardless of occupation, skill-level, income status, or gender. Nonetheless, it is worth noting that the Yūaikai’s demands did not include expansion of the public assistance system, which is consistent with the premise that organized labor was not an avid proponent of poor relief.

Figure 5.1 The twenty principal demands of the Yūaikai⁶¹⁵

1. The principle that “labor is not a commodity”
2. Freedom for labor unions
3. Abolish child labor for those under fourteen years of age
4. Establish a minimum wage system
5. Equal pay among sexes
6. A weekly day off (Sunday)
7. Eight-hour working day or 48 hours per week
8. Prohibit night shifts
9. Set up a supervisory post for female workers

⁶¹⁴ The Yūaikai’s assertion of workers’ “rights” was inspired by the discussion of legal protection for workers during the 1919 Paris Peace Conference, which Suzuki himself attended. Umeda Kinji, “Rōshi Kyōchōka, Kaikyū Tōsōka,” [Union-management cooperation or, class struggle], *Ekonomisuto* vol. 46 no. 13 (2 April 1968): 138-139.

⁶¹⁵ Translated from Amaike (1990): 78-79.

10. Enact a labor insurance law
11. Promulgate a labor dispute arbitration law
12. Prevent unemployment
13. Equal pay for equal work
14. Reform public housing projects for workers
15. Establish a workers' compensation system
16. Improve conditions of sideline work
17. Abolish contract work
18. Universal suffrage
19. Revise the Public Order Police Law
20. Imperial democratization (*minponka*) of public education

The most important demand of workers was universal suffrage, as “labor’s needs would be unheeded unless the ‘awakened masses’ found a political mechanism for making their wants known.”⁶¹⁶ Suzuki noted that democratization was not an academic but practical issue that “must be carried out as speedily as possible.”⁶¹⁷ Previously, the issue of taxation without representation had prompted the agrarian landlords and urban industrialists to fight for their votes. The initial impetus behind working class calls for democratization shared a similar rationale. The introduction of new taxes to finance the war with Russia in 1905, the 1906 hike in streetcar fares, another tax hike in 1908, and the volatile fluctuation of the price of rice adversely affected the working population as a whole and motivated popular calls to democratize fiscal policy.⁶¹⁸

In 1919, the Yūaikai energetically organized conferences, meetings, and demonstrations on the issue of suffrage across the country.⁶¹⁹ As the organization fought

⁶¹⁶ Peter Duus, *Party Rivalry and Political Change in Taishō Japan* (Cambridge, MA: Harvard University Press, 1968), 127.

⁶¹⁷ *Ibid.*

⁶¹⁸ Gordon (1991: 51) contends that “the anti-tax movement, focusing mainly on the business tax and various retail sales taxes had greatest relevance for businessmen and merchants, who stood to lose most if taxes discouraged sales, but these sales taxes, as well as the unpopular travel tax, an imposition of one sen per ride on all streetcar, ferry, and trail travel, directly affected the populace as a whole. Prices, on the other hand, were primarily the concern of the poor and working-class population.”

⁶¹⁹ See for example, the “Conference on Establishing Universal Suffrage” (*Futsū Senkyo Kisei Taikai*) in Tokyo on February 9th 1919 and a similar gathering held in the Kansai region (*Futsū Senkyo Kisei Kansai Rōdō Renmei*) in December 1919.

for democratization, it shed its signature “cooperative” stance (*kyōchō shugi*) for a new “combative” posture (*tōsō shugi*). In line with its more assertive posture, it changed its name to the Labor Federation of the Great Empire of Japan Yūaikai (Dai Nippon Rōdō Sōdōmei Yūaikai, hereafter, Sōdōmei).⁶²⁰ The organization more aggressively used their newsletters and publication materials to apprise readers of their positions on various issues.⁶²¹ More than ever, it enthusiastically supported universal suffrage demonstrations that were organized by students, lawyers, and journalists.⁶²² Just as the leaders of the Yūaikai had envisioned years prior, the working class “voice” was becoming louder yet still in consonance with the pro-democratic tune of the popular mass movement (*taishū undō*).

The upsurge in labor unrests and calls for universal suffrage compelled the government and employers to reformulate their strategies. In the aftermath of the rice riots, the Hara cabinet chose the carrot-and-stick approach to ameliorate workers’ dissatisfaction towards employers instead of primarily using repressive measures as his predecessors had done. On the one hand, the Home Minister Tokonami Takejirō established a right-wing political organization called the Dai Nippon Kokusui-kai (National Essence Society) in 1919 to act as “an auxiliary body” to the police force used in suppressing socialism and independent unions.⁶²³ On the other hand, government

⁶²⁰ The following year on 1920, they dropped the “Dai” (Great Empire) for its imperialist connotation and the “Yūaikai” at the end of the title and reestablished itself as the Nihon Rōdō Sōdōmei (Japan Labor Federation). The name was officially changed to Sōdōmei in 1921.

⁶²¹ For an extended discussion on how the content of the Yūaikai publication materials (e.g., newsletters, pamphlets, etc) changed over time, see Sōdōmei Gojūnenishi Kankō Inkkai Jimukyoku (ed), *Rōdō Kumiai Sōdōmei Gojūnenishi Kankō Shiryō Dai Isshū* [The fifty-year history of the General Federation of Labor, volume 1] (Tokyo: Kankō Inkkai Jimukyoku, 1963).

⁶²² These demonstrations were organized by the League of Establishing Universal Suffrage (Futsū Senkyō Kisei Dōmeikai), comprised mostly of lawyers and journalists. Itō (1992), 32-33.

⁶²³ Ehud Harari, *The Politics of Labor Legislation in Japan* (Berkeley, CA: California University Press, 1973), 20-21.

officials joined forces with the urban business leaders to facilitate cooperation between management and labor (*rōshi kyōchō*).⁶²⁴ On December 1919, Tokonami arranged the creation of the Harmonization Society (*Kyōchōkai*), an organization that would conduct research, provide policy recommendations to the government, and mediate labor disputes when necessary.⁶²⁵ More than half of its ten-million-yen endowment came from funds contributed by the leading industrialists and the rest from a government subsidy.⁶²⁶

Sensing the growing militancy and independence of the Sōdōmei, the business tycoon, Shibusawa Eiichi, approached Suzuki Bunji to join the Harmonization Society.⁶²⁷ Suzuki rejected the overture on the premise that the industrialist-financed agency was trying to replace labor unions and, therefore, could not stand on neutral grounds as it promised to do.⁶²⁸ The lukewarm reception by organized labor and the fact that some employers opposed the Harmonization Society diminished its role as a peacemaker for industrial relations. The existence of the Harmonization Society, however, underscored an important directional change amongst political and economic elites. They began to see the merits of cooperation over conflict and were more willing to listen to workers' "voice" in an institutionalized format. Owners perceived that labor contestation was inhibiting the build-up of a skilled workforce and conflict resolution was necessary to reduce labor turnover. They might have opposed the compulsory nature of government

⁶²⁴ In addition, the government began sorting the good and bad unions. It became more accommodating to the needs of "patriotic unions" (e.g., Seamen's Union) and provided a permissive environment for them to "engage in collective bargaining" while the more radical, independent unions were discriminated (Samuels, 2003: 130).

⁶²⁵ In addition to the Harmonization Society, Tokonami-led Home Ministry attempted to create works councils in firms with more than fifty employees but the due to strong employer opposition, the Hara cabinet chose not to endorse it.

⁶²⁶ Harari (1973), 20.

⁶²⁷ Ueki (1968), 140.

⁶²⁸ Suzuki's relationship with Shibusawa was irreparably broken thereafter (Amaike, 1990: 81-82).

regulations or programs but they recognized the benefits of a more permanent, institutionalized process of managing industrial disputes.

While government officials were leaning towards a more accommodating approach to the “labor problem,” the issue of universal suffrage was one on which the Hara cabinet had no intention of compromising. Like the Elder Statesman Yamagata, Hara believed that democratization must proceed gradually and cautiously because extending suffrage to the lower stratum of society could be “dangerous” and Japan was certainly not “ready for it.”⁶²⁹ His diary records reveal that his main concern was that “from ancient times, revolutions have occurred in capital cities, and if manhood suffrage were to take place suddenly, Tokyo would be rocked by riots and disorder.”⁶³⁰

Hara initiated partial democratization and changed the electoral system in 1919 in order to secure a larger share of Seiyūkai seats in the Diet. The new voting qualification lowered the previous ten-yen tax requirement to three yen and increased the size of the electorate from 2.2% to a little above five percent of the population. The eligibility rules were eased enough to accommodate the urban petite bourgeoisie and small farmers in rural areas who were more likely to vote for the Seiyūkai but restricted enough to exclude the working class population from voting.

The new election law also re-instated the old small district system in which representatives were chosen from “295 single-member districts, 63 two-member districts, and 11 three-member districts.”⁶³¹ Hara’s rationale for the single-member-district was

⁶²⁹ Tetsuo Najita, *Hara Kei in the Politics of Compromise 1905-1915* (Cambridge, MA: Harvard University Press, 1967), 23.

⁶³⁰ Hara Kei Nikki: V, p. 200 21 October 1920. This citation is from Yoshitake Oka (translated by Andrew Fraser and Patricia Murray), *Five Political Leaders of Modern Japan* (Tokyo: University of Tokyo Press, 1986), 116.

⁶³¹ Mark J. Ramseyer and Frances M. Rosenbluth, *The Politics of Oligarchy: Institutional Choice in Imperial Japan* (New York, NY: Cambridge University Press, 1995), 47.

fairly straightforward: it was more advantageous for a large party like the Seiyūkai.⁶³² He explained privately to Yamagata that the multi-member-district system “offered a greater chance for candidates to seek election by putting forward extremist views” and, given the recent upsurge in socialist activities, he noted that “single-seat constituency was the best way to keep subversive ideas in check.”⁶³³ Moreover, Hara detested the large multi-member district on the grounds that the Seiyūkai frequently had to field multiple candidates who competed against each other, making victory difficult to achieve.⁶³⁴ In the aftermath of the electoral reform, Hara dissolved the Diet to prevent his rivals from submitting a universal suffrage bill and was confident that his party would win a majority in the post-electoral reform election.⁶³⁵ Hara scored a bull’s eye in the May 1920 election. The Seiyūkai won 278 seats out of 464, increasing its seats in the Diet from 42.5% to 60.6%.

Seiyūkai’s victory slowed down the budding universal suffrage movement, but not for long.⁶³⁶ The Kenseikai and other minority parties continued to support universal suffrage and presented another bill the following year. Nearly three dozen universal

⁶³² Previously, Hara attempted to expand suffrage and return to the single member district since 1912. The bill passed the House of Representative but the House of Peers soundly defeated the bill. The House of Peers’ rejection of the bill reflected “Yamagata’s belief that the triangular balance between the Seiyūkai, Kokumintō, and lesser groups that had emerged under the multiseat constituency system provided a good way to control the parties” (Oka, 1986: 98-99). Thus, the non-elected members of the House of Peers (pro-oligarchic camp) were mindful that single member districts would strengthen party politics and weaken their position vis-à-vis the elected members.

⁶³³ Oka (1986), 98.

⁶³⁴ Ibid.

⁶³⁵ Hara dissolved the Diet in order to avoid its rivals, the Kenseikai and Kokumintō, from submitting a universal suffrage bill and announced that the ensuing election would serve as a referendum of the issue of democratization. However, given the new electoral system in place, he was confident to gain absolute majority in the snap election. In addition to the new small district system, Hara gerrymandered the districts favorable to the Seiyūkai. The apportionment of the seats was based on 150,000 persons per seat. However, as Peter Duus (1968: 151) notes, “the principle of distribution was altered in crucial localities to give the Seiyūkai an advantage” so that in localities where Seiyūkai was traditionally weak, the “single district returned two or three members” to give Seiyūkai a “chance at winning an extra seat with a successful runner-up.”

⁶³⁶ Itō (1992), 35.

suffrage demonstrations spearheaded by students, journalists, and lawyers took place across the country in 1922. The pro-suffrage movement finally spread from cities to rural areas and gained popularity among tenant farmers.⁶³⁷ The international trend at the time, in which labor-backed parties were becoming a permanent feature of the politics of advanced industrialized nations, boded well for the working class gaining political representation in Japan.

Despite the favorable conditions to build a strong pressure for democratization, organized labor receded from the quest to expand suffrage. The biggest challenge for the General Labor Federation came from within. Its members, especially those from large-scale heavy industries in Tokyo, pressed organizers to focus exclusively on members-only benefits and abort the mission to attain collective benefits, such as the right to vote. The growing demand to direct the working class “voice” from its *encompassing* tone to a new *narrow* base was a course-correction that stemmed largely from structural forces. As I explain in the next section, the large-scale enterprises born out of the country’s late-development policy exerted centrifugal pressure on the labor movement and decentralized organized labor to the point that their “voice” was essentially confined to the workspace. As a result, working class action in the political sphere diminished and this gave the ruling conservative elites a virtual free pass to shape political and social welfare institutions in the years to come and increased the likelihood of the poor would be politically and socially excluded.

⁶³⁷ *Ibid.*, 44-45.

Stage III. Back to the workplace: The egotistical “voice” of labor (1921-1924)

The project of transforming Japanese labor movement--from its meek, fragmented existence during the Meiji period to a robust, centralized formation—came to a halt in 1921. The broad-based “voice” of workers advancing encompassing interests, a characteristic that the Yūaikai conscientiously projected, vanished at a time when organized labor was evidently gaining in strength. The number of labor unions, for example, had impressively climbed from around one hundred in 1918 to three hundred in 1921. Upon reassessing their priorities, however, the General Labor Federation leaders decided to focus largely on workplace issues (e.g., working hours, wages, and conditions) instead of pursuing political and social reforms.⁶³⁸ Thus, the organization’s goal of achieving collective benefits for the working class as a whole, such as voting rights, disappeared from its mission statement around 1921. The major shift in the trajectory of Japan’s working class movement raises a number of questions surrounding the causes and consequences of such directional change: Which group was responsible for steering the labor movement towards this new path? What strategic factors drove the labor federation to focus on members-only benefits? What impact did organized labor receding from politics have in the construction of the country’s democracy and the safety net?

Pressure on the labor federation to diminish its role in the democratization movement came from external and internal sources. Although the Yūaikai-Sōdōmei had kept an arms length relationship with radical intellectuals, the organization was initially sympathetic to their plight. Marxist and socialist intellectuals and anarcho-syndicalists disagreed on their overarching goals (for the former, replacing the state, for the latter,

⁶³⁸ One issue that organized labor never stopped advocating for was the repeal of the Article 17 of the 1900 Public Order Police Law that granted the state carte blanche to repress workers.

abolishing it), but they both viewed “democracy” as inherently corrupt and meaningless as long as capitalist-backed parties were in control of the parliament. Their mission was to bring about revolutionary change, not incremental change by participating in what they perceived as a rigged parliamentary process. By 1920, their patience was wearing thin as authorities constantly called their political activities out of bounds.⁶³⁹

Given the hostile state response, the radical wing of the labor movement chose direct action (*chokusetsu kōdōha*) in the workplace over the parliamentary route (*gikaiha*).⁶⁴⁰ Some of the groups opted for strikes while others destroyed plants, machinery and even assaulted managers. Sōdōmei organizers initially saw the merits of direct action but soon voiced concern that extremists’ actions were more destructive than constructive. They pressured disaffected workers to “go back to the unions” (“*rōdō kumiai e kaere*”) and urged them to cede violent actions.⁶⁴¹ Eventually the Sōdōmei also distanced itself from radical groups to avoid being the target of state repression.⁶⁴² The growing schism between the radicals and Sōdōmei certainly undercut the unity behind the fight for suffrage and fragmented the power resources of the left to effect policy change.

Nonetheless, the most influential voice against Sōdōmei’s mission to gain parliamentary representation came from its core members: the labor unions in powerful,

⁶³⁹ For example, Sakai Toshihiko and Yamakawa Hitoshi organized the Japan Socialist League (Nihon Shakai Shugi Dōmei) in 1920 but, as always, state officials responded by disbanding the first meeting and forcing the organization to dissolve the following year.

⁶⁴⁰ Amaike, 1990: pp. 89-90.

⁶⁴¹ Amaike, 1990; p. 92.

⁶⁴² In 1922, the government enacted the Subversive Activities Prevention Law of Japan (Kageki Shkai Undō Torishimari Hōanan) to curb the spread of socialism and communism. These repressive measures made the Sōdōmei cut off and dissociate themselves from the more radical, leftist groups. See Ueda Kōtarō, *Sōdōmei Higyō no Kenkyū* [Research on the General Labor Federation strikes] (Tokyo: Bunka Gakkai Shuppanbu, 1923).

large corporations in Tokyo.⁶⁴³ Labor representatives from the Kantō region (mainly the metropolitan Tokyo and Yokohama area) vociferously pressed the Sōdōmei to drop universal suffrage from its organizational platform. The Kantō delegates mostly represented large-scale, heavy, extractive and chemical industries.⁶⁴⁴ They made a strategic decision to withdraw from political activities and focus on “voice” in the workplace and primarily engage in plant-level strikes to effect change.⁶⁴⁵ Sōdōmei members from the Kansai region (Osaka, Kyoto, Kobe) initially disagreed and kept suffrage expansion as one of their core missions. The Tokyo delegates, however, set the pace and the Kansai delegates followed suit and announced that they would also support a retreat from the universal suffrage movement.⁶⁴⁶ The Sōdōmei officially deleted “universal suffrage” from their mission statement on January 1921.⁶⁴⁷

The strategic decision of the Kantō delegation was shaped largely by how their employers had responded to “exit” and “voice” by workers, that is, the increase in labor unrests and high labor turnover amidst concern over a shortage of skilled workers. Initially, the business community lacked a central organization that could coordinate and articulate employers’ collective interests. The upsurge in industrial disputes during

⁶⁴³ Though I make a clear distinction here between radicals and Kanto unions, some of the militant, direction action groups (*kōdōha*) were also unions from the Kanto region.

⁶⁴⁴ Examples include the Tokyo Iron and Steel union and the National General League of Mine Workers (*Zen Nihon Kōfu Sō Rengō Kai*). See Gordon (1991), 133.

⁶⁴⁵ Unlike the radical intellectuals and anarcho-syndicalists, the Kanto unions did not view democratization as inherently evil or unworkable. Instead, their rationale for dropping democratization as one of organized labor’s goals was based on a reassessment of priorities; the “voice” in the workplace was perceived as more effective way to bring about change.

⁶⁴⁶ Rekishi Kyōkasho Kyōzai Kenkyūkai (2001), 212. Dore (1973: 416) discusses how large firms were “pace-setters” and it seems safe to argue that labor unions in large firms also set the pace for the working class movement.

⁶⁴⁷ Some scholars such as Peter Duus (1986: 16) write that the suffrage was officially eliminated from the Sōdōmei’s program in 1922, however, Japanese labor historians commonly cite 1921 as the year when the Sōdōmei rescinded its bid on democratization.

World War I prompted a number of employers' associations to emerge.⁶⁴⁸ The Japan Industrial Club (*Nihon Kōgyō Kurabu*) formed in 1917 was regarded as the “central power” representing the interests of industrialists and financiers on the “labor problem.”⁶⁴⁹ Headquartered in Tokyo, the Japan Industrial Club was comprised largely of individuals and firms in the heavy, extractive, and chemical industries (e.g., shipbuilding, mining, and military arsenals) as well as manufacturing (e.g., paper, textile) and banking. Under the leadership of Baron Dan Takuma, the Director-General of the Mitsui Zaibatsu, the Japan Industrial Club became the “single most important voice in industrial management in the 1920’s.”⁶⁵⁰

From the employers' perspective, the ascendancy of organized workers since 1917 was problematic on two grounds. First, workers' exercise of “exit” induced high turnover and prevented owners from building a skilled workforce; in addition, the poaching of skilled men by competitors drove up their wages. Second, workers' use of “voice” in the form of general strikes was costly and their disruptive and sometimes violent nature exacerbated, rather than abated conflict. If workers were to “voice” their dissatisfaction towards employers, businesses preferred to negotiate at the plant or firm level rather than enter into an industry-wide collective bargaining arrangement to minimize the scale of negotiation and the numbers of actors that would be involved.

Confronting these problems, the Japan Industrial Club put forward a solution: corporate paternalism. Rather than import western institutions such as industry or craft based unions, the Japan Industrial Club argued that refurbished paternalistic relations

⁶⁴⁸ Garon (1987), 44.

⁶⁴⁹ Janet Hunter, *Japanese Economic History 1930-1960: Volume 5 Industrial Labour in Japan* (London: Routledge, 2000), 82.

⁶⁵⁰ Byron K. Marshall, *Capitalism and Nationalism in Prewar Japan: The Ideology of the Business Elite, 1868-1941* (Palo Alto, CA: Stanford University Press, 1967), 80.

unique to Japan's "beautiful customs of antiquity" could be revived to resolve the labor problem.⁶⁵¹ Ever since the feudal era, paternalistic relations had been prevalent in farms and small shops, but not in modern day, large-scale factories. Seizing the opportunity to transform industrial relations, the affiliates of the Japan Industrial Club borrowed paternalism from the past to produce a potent repellent against labor turnover and strikes.⁶⁵² Coinciding with the growing assertiveness of organized labor around 1918, Japan Industrial Club members extended semiannual bonuses and company-level welfare programs such as housing, clinics, and funeral allowances as well as intra-firm educational programs for workers.⁶⁵³ In essence, employers were nurturing *corporate loyalty* among workers to weaken class solidarity in the hopes of decreasing worker "exit" or "voice" by joining unions and strike.⁶⁵⁴

In addition to refurbished corporate paternalism, the Japan Industrial Club sought to reshape the "voice" of workers by offering two alternatives to horizontal-linked industry or craft-based unions. The first alternative was to create "vertical unions," where workers organized at the plant or enterprise level; the second was to form factory councils (*kōjōiin kai*) aimed at resolving issues between management and employees within the firm.⁶⁵⁵ Both measures were intended to encourage workers to sever the

⁶⁵¹ Marshall (1967), 82.

⁶⁵² In contrast, Shibusawa Eiichi, the prominent industrialist, believed that "[f]actories had grown too large for paternalism to function effectively" and that the "philosophy of familism or onjō shugi was no longer adequate." Moreover, Shibusawa and the Kyōchōkai were leaning towards treating organized labor as legitimate entity that are equals in the negotiation table with the management side. Marshall (1967), 81.

⁶⁵³ Other measures to decrease labor turnover included measures to enhance greater employment security, such as severance pay, periodic raises, and factory committees (Smith, 1984: 587).

⁶⁵⁴ More so than ever, Mutō Sanji, the textile mogul who first promoted paternalism in the late Meiji period committed his personal time to propagate the practice of paternalism in Japanese firms. See Marshall (1967), 86.

⁶⁵⁵ As Garon (1987: 54) notes, works council in Japan was imported from the "American innovations to remold labor policy" but the German works council and British Whitley Councils all worked differently from Japan's because in the case of Japan, the works councils were introduced as substitutes for labor

relationship *between* workers in different factories (horizontal ties), while concomitantly strengthening workers' solidarity *within* a factory (vertical ties).

Workers fell in line with employer's paternalistic, vertical-union approach without much resistance; they chose "loyalty" over "exit" and began exercising "voice" largely within the confines of a particular plant without coordinating with outsiders. The horizontal linkages that the founders of the Sōdōmei worked so hard to create were largely chipped away by the mid-1920s. The organization's appearance as a major organ of the national labor movement belied its structural hollowness, since it was comprised mostly of company or factory unions. The factory unions placed primacy on brotherhood of a single factory (the plant to which they belonged) and downplayed the solidarity of workers across firms, industry, or craft line.⁶⁵⁶ The end result was fragmentation and decentralization of the working class movement, which halted the Sōdōmei's national-level political activities, including its fight for suffrage.

Moreover, decentralization of the working class movement induced a change in the quality of "voice," from a class-based *encompassing* to a much *narrower* factory-based tune. As I have shown, the General Labor Federation prior to the 1920s promoted policies such as eliminating contract jobs, the minimum wage system, and insurance programs that would benefit working class population as a whole. Since labor unions began narrowly focusing on attaining higher wages, greater respect, and better treatment at their individual worksites, by 1923, the Sōdōmei dropped most of the demands listed in

unions. The factory councils were also introduced to discourage labor militancy and lower the incidence of strikes.

⁶⁵⁶ Gordon (1991: 156) provides a firm-level account of this in the "founding manifesto of the Machine Labor Union Federation, a loose grouping of factory unions at the Japan Rolling Stock Company, the Train Manufacturing Company, and four other Tokyo-area firms." It stated that "[w]e will continue to progress, linking hands at the same factory, advancing on solid ground with strength, bravery, and courage." As "one sympathetic observer of the strife at the Train Manufacturing Company noted, 'Laborers who work in a single factory are brothers.' Few of these groups were captive or 'yellow unions' (Gordon, 1991: 156)."

its 1919 declaration that would have improved the welfare of unorganized workers with irregular, contract-based jobs, or, who were unemployed. The Sōdōmei instead focused on the objectives of obtaining the right to organize, the repeal of repressive measures, and better pay and hours.⁶⁵⁷ In sum, organized labor terminated the mission to enhance the welfare of all workers and withdrew its “voice” from politics.

Pinpointing the causal factors underlying the decentralization of the working class movement, therefore, is crucial because the change in the quality of “voice” that it induced among organized labor would become permanent as the decentralization trend accelerated and crystallize in the 1920s. As I explain shortly, the decentralization of the working class movement hurt the prospects of the unorganized working or unemployed poor from attaining greater redistributive transfers in the short as well as the long run. Hence, before analyzing the immediate redistributive consequences of organized labor’s retreat from politics, it is imperative to examine first the causes and consequences of decentralization.

II. Decentralization of working class: an extended discussion of its causes

The late-development structured labor formation

The dualistic structure underlying the country’s late-development industrial capitalism conferred *size* and *timing* advantages to a few privileged firms to mold working class movement at a relatively nascent stage. First, the government’s late-development “catch-up” policies concentrated economic power into the hands of a few

⁶⁵⁷ Around 1923, the Sōdōmei pared down its mission statement and listed only a few organizational objectives, including the repeal of the Peace Police Law and improving labor regulations on wages and hours. See Naimushō Shakaikyoku Dai Ichibu, *Taishō Jūninen Rōdō Undō Gaikyō* [Taisho 12 the general outlook of labor movement].

capital-intensive, large-scale companies. Second, these economic giants possessed superior organizational and financial resources due to their size that they used to coordinate their interests and forge strong ties with political parties to carry out their interests. The *size advantage* also enabled them to produce innovation in employment practices (e.g., corporate paternalism) and provide in-company training (i.e., decentralize skill formation to the firm-level). Third, corporate paternalism and in-company skill development incentivized workers to act collectively at the level of the firm rather than craft or industry and this led to the formation of company or plant unions. Fourth, the privileged employers and government officials were able to mold the working class movement early on because of a *timing advantage* inherent in being a late developer. Knowledgeable of the development of working class movement in the more advanced economics of the West, Japanese employers and government officials moved preemptively to block undesirable trajectory of the working class. Finally, decentralization of the labor movement became permanent because workers responded by *synching* rather than resisting the trend. Thus, the devolution of the working class action was not imposed but achieved through cooperation. Let me briefly explain each of these points in turn.

As discussed in the previous chapter, Japan's industrial dualism was based on a great divide between very large and small firms, a structure that the Meiji oligarchs foresaw as foundational to building the country's wealth. The government utilized regulatory and fiscal policies to assist in the creation of capital-intensive large corporations (the zaibatsu being the cream of the crop) in the arsenals, heavy, chemical,

machinery, and extractive industries, to name a few.⁶⁵⁸ Located mostly in Tokyo, they enjoyed protection from international competition and thrived in oligopolistic markets. The late-development policy concentrated economic power into a few hands. In 1919, the largest firms with more than five million yen in capital accounted for only 1.4% of all firms, yet they accounted for more than fifty percent (53.7%) of capital.⁶⁵⁹ The trend accelerated over time as their share of capital steadily increased to 62.2% in 1924 and 65.1% in 1929.⁶⁶⁰ Industrial workers too were concentrated, as the largest factories (over 100 employees) accounted for 55% of all factory workers, the figure steadily climbed to 59.2% by 1924.⁶⁶¹

Large firms employed their *size advantage* to set the agenda and resolutions for what they perceived as the pernicious byproduct of industrialization: the labor problem. Unlike smaller firms in Osaka and Kyoto, big corporations in Tokyo were better organized and their interests were effectively represented by the Japan Industrial Club. The Osaka Industrial Association, for example, was comprised mostly of small and medium-size firms and lacked the resources to tame labor unions and provide company welfare programs. Early on, they were compelled to make concessions to workers. Not only were they more willing to recognize labor unions, they also supported social

⁶⁵⁸ For example, in the early 1880s, the government sold struggling state-owned plants at a discount rate and only the zaibatsu were able to “take advantage of the bargain and wield enough power through political connections to secure this highly desirable entrée into industrial activities.” Kozo Yamamura, “The Japanese Economy, 1911-1930: Concentration, Conflicts and Crises,” in *The Interwar Economy of Japan: Colonialism, Depression, and Recovery, 1910: 1940* edited by Michael Smitka (New York: Routledge, 1998), 225

⁶⁵⁹ Small firms (capitalized at 100,000 yen or less) accounted for nearly 67.5% of all firms in Japan in, yet they only held around 4.5% of total capital. Kozo Yamamura, “The Japanese Economy, 1911-1930: Concentration, Conflicts, and Crises,” in *Japan in Crisis: Essays on Taisho Democracy*, edited by Bernard S. Silberman and H.D. Harootunian (Princeton, NY: Princeton University Press, 1974), 310.

⁶⁶⁰ Ibid.

⁶⁶¹ Kozo Yamamura (1974), 311.

insurance programs to protect workers from accidents, unemployment, and sickness.⁶⁶² In contrast, the more powerful Japan Industrial Club opposed social welfare programs such as unemployment insurance because it believed that it could undermine vertical ties between employers and employees by encouraging labor turnover and facilitating mobility.⁶⁶³ Given the superior organizational and financial capacity of large enterprises, the Japan Industrial Club's vision triumphed. In addition to successfully propagating factory unions and councils, the Japan Industrial Club blocked the development of unemployment insurance and social assistance programs in the 1920s.

Nevertheless, the economic power of the zaibatsu and other large enterprises alone was not sufficient to bring about a durable transformation of working class mobilization. The Japan Industrial Club members converted their economic resources into political power by aggressively forging ties with the dominant political parties through campaign contributions and arranging marriages between their daughters and heavyweight politicians. The Seiyūkai received substantial funding from urban industrialists in Tokyo and was most closely affiliated with the Mitsui zaibatsu, which was managed by none other than Baron Dan Takuma, the President of the Japan Industrial Club. Although the opposition party, the Kenseikai, received political support from small and medium sized firms, the influence of large companies was evident as Katō Takaaki, the president of the party, was the son-in law of Iwasaki Yatarō, the founder of Mitsubishi zaibatsu.⁶⁶⁴ The deep pockets of large firms allowed them to penetrate the political process by advancing their economic interests through multiple parties. In line with the preference of the Japan Industrial Club, the Seiyukai-led

⁶⁶² Garon: 1987: 45-46.

⁶⁶³ Garon (1987), 45.

⁶⁶⁴ David Flath, *The Japanese Economy, Second Edition* (New York: Oxford University Press, 2005), 54.

government actively encouraged the creation of vertical company unions or councils, the application of corporate paternalism, and blocked the formation of horizontal unions.⁶⁶⁵ Furthermore, from the mid-1910s on, the zaibatsu representation in the aristocratic House of Peers steadily increased through arranged marriages and conferrals of peerage titles to zaibatsu family members, which further ensured that their policy preferences were advanced in the Diet.⁶⁶⁶

The *size advantage* was also critical in setting up the incentives for organized workers to follow the path of decentralization. Corporate paternalism and devolution of skill formation to the firm level were possible precisely because these firms possessed the financial capacity and enjoyed oligopolistic market positions to provide in-company welfare programs and training. The abundant capital of the state or the zaibatsu-affiliated banks enabled them to adopt practices that were based on long-term goals rather concern for immediate profits.⁶⁶⁷ The buildup of company-specific skills, coupled with company loyalty, served as a powerful anchor to retain workers and encouraged them to exercise “voice” at their workplaces.

The *size advantage* of large firms proved effective at shaping industrial relations but it was enhanced in part because they were also empowered with a *timing advantage*. The country’s late development position allowed employers to learn from the “mistakes” of the more advanced western nations in providing a permissive environment for

⁶⁶⁵ The government was by no means entirely captured by economic interests and bureaucratic officials proposed several legislations that employers opposed. Without the consent of the employers, however, the government sponsored bills either failed to pass the Diet or were weakly enforced given the lack of compliance by employers. For example, the Works Council bill of 1919 mandated the creation of works councils comprised of workers and managers in large companies (more than fifty employees). Although Japan Industrial Club members in theory agreed that this was a sound idea, they opposed the bill for its compulsory nature and forced the Hara cabinet to withdraw the bill (Gordon, 1991: 128).

⁶⁶⁶ Harold R. Kerbo and John A. McKinstry, *Who Rules Japan? The Inner Circles of Economic and Political Power* (Westport, CT: Praeger, 1995), 43-47.

⁶⁶⁷ Dore (1973), 414.

organized labor to grow and eventually make demands which had to be addressed. Employers in Japan proactively sought to shape working class mobilization while it was still at an adolescent stage. Although they initially used various repressive and regulatory measures to attempt to kill the movement, by the time the International Labour Organization was established, Japanese employers saw “the writing more clearly on the wall” and accepted the fate that workers would always organize and strike.⁶⁶⁸ While labor-management relations remained “fluid,” Japanese employers “were able to adjust to that future prospect by institutional innovations before the unions became so strong that their options were foreclosed” and while they still enjoyed “a large measure of control over the situation.”⁶⁶⁹

Despite the size and timing advantages conferred to pace-setting firms, workers choosing to organize at the plant-level on their own volition made it easier for the decentralization trend to *stick* over the long run. No doubt, the employers provided the incentives to make the decentralization of the working class movement attractive, but the process was bidirectional. This point needs to be highlighted here to clarify the relationship between the relative strength of workers and how they mobilized their resources. Workers were not compelled to organize at the plant level because they were weak; rather, their choices were conceived as an optimum strategy to improve workers’ welfare given Japan’s dualistic structure of industrial capitalism.⁶⁷⁰ Gordon (1991: 157) contends that although the country lacked “vigorous trade traditions,” the “huge worksites” born-out of late-development industrial capitalism became the epicenter of

⁶⁶⁸ Dore (1973), 410.

⁶⁶⁹ Ibid.

⁶⁷⁰ I need to explore more fully whether the size advantage of large firms empowered unions in these firms and enabled them to act as leaders of the labor movement.

skill development and for workers, “the factory was the natural unit of organization and object of identification.”⁶⁷¹

This line of causality becomes more apparent after 1945 when the working class movement reached a hitherto unseen strength on par with European countries. As I discuss in more detail in the next chapter, in the aftermath of World War II, the strength of the left peaked, with a socialist party in power for the first time in history and the unionization rate around fifty percent. Yet, workers still chose to organize at the plant/firm level. Due to another round of “catch-up” policy in the aftermath of the war, the dualistic structure of industrial capitalism reemerged and the path of least resistance for workers was to negotiate at the plant-level. Thus, workers *synching* rather than resisting the fragmentation of the working class further added durability and permanency to the decentralization trend.

III. Structuring political and social welfare institutions exclusive of poor

The prototype of a social insurance-based welfare state

⁶⁷¹ Andrew Gordon provides an insightful account of workers’ strategic decision to organize at the plant level from a comparative perspective. He writes: “From a broader perspective, the strategic wisdom of factory unions, and the dominance of a spirit of brotherhood in the factory, seems to reflect a more fundamental dynamic of capitalist development in Japan. Relatively late development meant the precocious emergence of highly capitalized, large enterprises at the cutting edge of the economy, indirectly nurtured, and on occasion directly managed, by the state. Compared to the experience of workers in Western Europe or even North America, a relatively small pool of skilled laborers with relatively shallow independent traditions of skill acquisition or organization emerged prior to, or independently of, the creation by monopoly capital and the state of these huge worksites. As heavy industries began sustained growth around the turn of the century, the organization and training of these skilled workers increasingly took place under the direct control of management in the large-scale sector. Managers were loathe to loose relatively scarce skilled men, and they experimented with a wide array of policies to slow their mobility. Workers in such plants derived a fair degree of strength from this situation; quite naturally, both earlier labor disputes and many of the varied working-class initiatives of the post-World War I era centered on precisely these enterprises.... If late development gave such men the power to contest their bosses, it also focused their actions on the factory. The men in both the shipbuilding and the machine divisions at Ishikawajima had united effectively within their divisions prior to creating a factory union...But without vigorous trade traditions, the factory was the natural unit of organization and object of identification. Organizers groping for effective strategies willy-nilly came to recognize this” (Gordon, 1991: p. 157).

In the early 1920s, organized workers withdrew from the fight for universal suffrage and social welfare reform in order to augment their bargaining position in the workplace. Without any input from labor, the task of advancing political and social welfare reforms was left entirely in the hands of the ruling elites. The two main political parties, the Seiyūkai and Kenseikai, were both mindful that the need to provide social protection for workers would not simply decline overtime. Business leaders did not prod the government to adopt social welfare measures in order to quell labor dissension, but their strong influence in the Diet ensured that the general welfare policy direction *fit* the emerging industrial relations. This meant that the social welfare programs that employers detested or believed had no merit--such as unemployment insurance, public employment training, and public assistance—were rendered politically unviable. For example, employers had always opposed unemployment insurance on the grounds that it would encourage labor mobility and undermine the retention of skilled workforce that corporate paternalistic programs were designed to create.⁶⁷² Similarly, the industrialists did not endorse the expansion of public employment training since they had already been providing skill upgrades and training within the firm. In addition, business leaders' strong opposition against social spending for the poor guaranteed that any expansionary policy measure would not survive.

Mindful of employers' preferences, the Seiyūkai and Kenseikai agreed to establish the country's first national health insurance law in order to co-opt the emerging

⁶⁷² The company welfare programs, such as retirement allowances, was originally instituted by employers to prevent "exit" by skilled labour, but as years went by, it became "a substitute for unemployment insurance. See Toshimitsu Shinkawa, "Democratization and Social Policy Development in Japan," in *Democracy and Social Policy*, edited by Yusuf Bangura (New York, NY: Palgrave Macmillan, 2008), p. 64.

labor aristocracy.⁶⁷³ The Kenseikai argued that the existing medical benefits under the Factory Law were limited in scope and that the state needed to protect workers who were like the “jewel of the country.”⁶⁷⁴ In addition, it contended that creating an oriental version of Bismarck’s social insurance system would be beneficial to decelerate further the working class movement.⁶⁷⁵ The ruling party, Seiyūkai, added that the health insurance law as a form of human capital investment that could raise labor productivity. Given the bipartisan support, it successfully passed the country’s first national health insurance law (*Kenkō Hoken Hōan*) in 1922.⁶⁷⁶ The fact that the Seiyūkai-led government passed the Law to Curb Radical Movement (*Kageki Shakai Undō Torishimari Hōan*) the same year signified the continuation of its carrot-and-stick approach: cooperative workers would be given greater social protection while extremists and unruly workers would be repressed.⁶⁷⁷

The health insurance law covered workers from illness, death, accidents, and childbirth; however, it fell short of providing coverage for their family members. The health insurance bill complemented corporate paternalistic practices and employers were largely receptive towards it because firms of more than 500 workers were required to “form in-house insurance associations to administer the system (*kumiai kanshō*), while those of 300-499 workers had the option to do so.”⁶⁷⁸ The coverage only applied to

⁶⁷³ The government rationalized the bill on the grounds that workers were demanding social protection and the program would improve labor productivity; the bill would ultimately help crystallize the labor-capital harmonization (*rōshi kyōchō*). Uchida Kenzō, Kinbara Samon, and Furuya Tetsuo (eds.), *Nihon Gikai Shiroku 2* [The history of parliamentary government in Japan 2] (Tokyo: Daiichi Hōki Shuppan, 1990), 295.

⁶⁷⁴ Ogawa Masaaki, *Kenri to Shite no Shakai Hoshō* [Social security as rights] (Tokyo: Keisō Shobō, 1969), 62.

⁶⁷⁵ Ibid. 63-64.

⁶⁷⁶ The law was implemented in 1927. Shikawa (2007), 65.

⁶⁷⁷ Ogawa (1969), 63-64.

⁶⁷⁸ The government was in charge of administering the system for smaller companies. Kasza, (2006), 15-17.

companies with ten or more workers (though this number was reduced to five in 1934) and they had to be employed for over two months to receive benefits. Thus, the health insurance targeted workers who were already enjoying greater employment protection and better prospects of higher wages while the unemployed and working poor, who needed social protection, were excluded from the coverage.⁶⁷⁹

The inegalitarian content of the health insurance law holds clue to why Japan's welfare state today reinforces rather than ameliorates existing inequality. As Kasza (2006: 17) insightfully notes, Japan's present day social insurance-based welfare state originated from the 1922 Workers' Health Insurance Law:

Many enduring features of Japan's welfare system originated with this law, including the preference for policies based on social insurance, the state's supplementary contribution from general revenues (despite the violation of insurance principles), the joint contributions of employers and employees, the ability of insured groups to choose the physicians that served them, and the administration of essentially public programs by insurance associations within large private companies.

The passage of the health insurance bill marked a new milestone for Japan, as it was first non-western country to adopt a social insurance law. Its historical significance, however, was tainted by the fact that the most vulnerable segment of the population received nothing.⁶⁸⁰ As the ruling elites began constructing an uneven welfare state, it also proceeded to build an exclusionary democracy that completely shut out the poor.

A complete electoral shutout

⁶⁷⁹ The state's willingness to offer social welfare benefits for organized workers was equally matched by its initiative to secure greater employment protection for them. Around the mid-1920s, 89 percent of the largest firms (more than 1,000 employees) offered retirement allowances while only one percent of smaller companies (less than 50 employees) did. According to Shinkawa (2007: 64), "[l]arger firms with 200 employees or more provided a lump sum dismissal fee equal to between 542 and 714 days wages for employees with 20-25 years service, while smaller firms paid less than half that amount." Retirement allowances do not become compulsory by law until 1936.

⁶⁸⁰ Kasza (2006), 15.

The working class no longer posed a serious threat to the ruling class but there was infighting among elites that posed a serious threat to their political survival. Broadly speaking, three types of intra-elite conflicts became salient in the 1920s and generated pressure for democratization. First, intense competition between the two dominant parties, the Seiyūkai and Kenseikai, compelled the latter to push for drastic suffrage expansion in order to topple the Seiyūkai. Second, growing tension within the Seiyūkai along factional lines heightened the electoral insecurity of its members since the impending rupture of the party meant that they would no longer enjoy majority status; this fear drove some members to advocate democratization to prevent being politically marginalized. Third, elected officials in the House of Representatives confronted the members of the aristocratic House of Peers and proposed a peerage reform to curb its power. The intra-elite conflicts heightened the need for elected officials to secure and lengthen their political longevity, which helped pave the road for a drastic suffrage expansion in the mid-1920s.

Nonetheless, without strong working class pressure, the fate of the poor receiving votes rested exclusively in the hands of the elites, who eventually agreed to extend suffrage to the working class but not the poor. Starting in the late 1910s, the Japanese political landscape was increasingly becoming a two-party system as the smaller parties in the Diet joined forces against the rising Seiyūkai to form the Kenseikai (Constitutional Party).⁶⁸¹ The 1919 electoral reform that entailed a switch from a large to small district

⁶⁸¹ In response to the rising Seiyūkai dominance in the House of Representatives, Prime Minister Katsura Tarō formed the Rikken Dōshikai (Constitutional Association of Friends) by amalgamating the members of the opposition parties in 1913. The further strengthening of the Seiyūkai in 1916 prompted the Rikken Dōshikai led by Katō Takaaki to merge with smaller minority parties such as the Chūseikai led by Ozaki Yukio to form the Kenseikai (Constitutional Party). According to Ozaki Yukio, the genealogy of the two parties could be traced back to the Jiyūtō (Liberal Party) for the Seiyūkai and the Kaishintō (Progressive

size system deepened the two-party rivalry. The new single member district combined with gerrymandered districts in 1920 helped the Seiyūkai achieve an imposing election victory.⁶⁸² Frustrated by the Seiyūkai's dominance in the House of Representatives, the Kenseikai began taking more extreme positions to drum up support from those dissatisfied with the Seiyūkai-led government. As Peter Duus notes, while the Seiyūkai pushed for expansionary fiscal policy to fund public works projects, the Kenseikai advocated fiscal discipline and retrenchment to alleviate the tax burden on the lower-middle classes; the Seiyūkai's reluctance to acknowledge labor rights contrasted with the Kenseikai's support for legal recognition of labor unions.⁶⁸³ Both parties advocated suffrage expansion in order to shift the balance of power in the Diet away from the non-elected aristocratic members, but they vehemently disagreed on the issue of how much. While the Kenseikai insisted on adopting universal manhood suffrage, the Seiyūkai preferred to lower, not eliminate the tax qualifications.⁶⁸⁴

While both parties received financial support from the zaibatsu, the Kenseikai began recruiting organized labor to their electoral base in local elections in the early

Party) for the Kenseikai. Yukio Ozaki, *The Autobiography of Ozaki Yukio: The Struggle for Constitutional Government in Japan* (translated by Fujiko Hara), (Princeton, NY: Princeton University Press, 2001), 333.

⁶⁸² Garon (1987) presents a different explanation to the Kenseikai's support for democratization, social welfare, and labor unions. He argues that Kenseikai's positions were not merely products of electoral strategies but stemmed from the strong presence of former bureaucrats and liberals in the party. Former bureaucrats like Egi Tasaku, Wakatsuki Reijirō, and Hamaguchi Osachi were eager to advance political and social welfare reform to catch up with the West and they also held prominent positions in the party. Moreover, the old liberals such as Ozaki Yukio and Shimada Saburō, as well as young generation liberals such as Nagai Ryūtarō and Tomita Kojirō argued in favor of liberal, democratic reforms. The correlation between the backgrounds of party members and party positions may be strong but this explanation needs to be tested for the direction of causality. Since the Dōshikai era, the Kenseikai had an "opposition" identity that compelled the party to take a different stance from the Seiyūkai. It may well be that the "opposition" position was so firm that the party recruited and placed former bureaucrats or liberals who were more willing to take extreme positions against the Seiyūkai within the higher ranks of the party.

⁶⁸³ Duus (1968), 147.

⁶⁸⁴ For examples, the Seiyūkai attempted to expand suffrage in 1902 and submitted a bill again in 1911. It passed the House of Representatives but not the House of Peers. The tax qualifications were lowered but never eliminated.

1920s. Their more drastic approach to democratization reflected their desire to capture urban working class votes.⁶⁸⁵ Up to that point, the Kenseikai was reluctant to eliminate the “disqualifying clause” that barred poor individuals who did not “earn an independent livelihood” (*dokuritsu seikei*) from voting.⁶⁸⁶ In 1921, the duel between the Kenseikai and Seiyūkai intensified and the former took a bold step and proposed extending suffrage to the poor. Smaller minority parties such as Kokumintō agreed to eliminate the “independent livelihood” clause and allied with the Kenseikai to topple the Seiyukai domination.⁶⁸⁷

On February 1922, the Kenseikai submitted the controversial universal manhood suffrage bill that extended voting rights to the poor, but the Seiyūkai immediately struck it down. In addition, Kenseikai’s own core constituents, like Mitsubishi, disapproved the bill.⁶⁸⁸ Given the weak working class pressure for democratization and opposition from employers, the Kenseikai conceded to reinserting the latent eligibility rule that disqualified the poor from voting.⁶⁸⁹ Hereafter, all the dominant interest groups accepted the exclusionary characteristic of Japanese democracy. Organized workers did not object to the fact that the poor were excluded from suffrage expansion: they were getting the right to vote. In the aftermath of the Great Kanto earthquake in 1923, the labor federation, Sōdōmei, “began unprecedented cooperation” with state officials and gingerly

⁶⁸⁵ The national-level labor federation remained reluctant to form a partnership with the Kenseikai as they perceived the party to be more pro-business than pro-labor. Sheldon Garon, *The State and Labor in Modern Japan* (Berkeley, CA: University of California Press, 1987), .60.

⁶⁸⁶ Ozaki (2001), 347.

⁶⁸⁷ Duus (1968): 173-174. The Kenseikai was also encouraged by the world trend in which most western nations by then had already granted universal suffrage.

⁶⁸⁸ Duus (1968): 153.

⁶⁸⁹ See Ōhara Shakai Mondai Kenkyūjo [Ohara Institute for Social Research], ed. *Nihon Rōdō Nenkan* [Japan labor yearbook] (Tokyo: Hōsei Daigaku Shuppan Kyoku, 1932), 448-449.

restated its interest in parliamentary affairs.⁶⁹⁰ It welcomed the short-lived Yamamoto cabinet's support for universal manhood suffrage and overlooked the fact that cabinet support for democratization was premised on the understanding that the working or non-working poor would continue to be ineligible to vote.

Two new developments solidified the adoption of universal manhood suffrage: the breakup of the Seiyūkai and the escalating tension between the two chambers of the Diet. The Seiyūkai's impressive growth since the 1900s came to a halt in 1924. Hara succeeded in expanding the Seiyūkai and adeptly maintained party unity. His untimely death in 1921 created a power vacuum that became a source of internal turmoil and the party collapsed along factional lines in 1924.⁶⁹¹ The Seiyūkai split into two parties. A minority faction kept the same name and joined the pro-suffrage coalition formed by the Kenseikai and Kakushin Club.⁶⁹² The rest agreed to launch a new party, branded as the "authentic" Seiyūkai (Seiyūhontō) and aligned with the House of Peers in resisting democratization.

In order to improve the chances of passing the suffrage bill in the Diet, the pro-suffrage tripartite coalition—Katō Takaaki's Kenseikai, Takahashi Korekiyo's Seiyūkai, and Inukai Tsuyoshi's Kakushin Club—proposed a peerage reform to pare down the influence of the House of Peers vis-à-vis the House of Representatives.⁶⁹³ The House of

⁶⁹⁰ According to Gordon (1991: 139), "Suzuki Bunji took a post in the Provisional Office for Earthquake Relief, and his union functioned as a semi-official job exchange, providing relief work to its members. In October the Yamamoto cabinet announced support for universal manhood suffrage bill. In February 1924, as organized labor in Nankatsu began to revive, the new Kiyoura cabinet announced that henceforth the 'labor representative' to the ILO would indeed be chosen by workers."

⁶⁹¹ After Hara's death, the rivalry between two factions—one, led by Takahashi Korekiyo, and the other, by Tokonami Takejirō—intensified and the party eventually split along these factional lines.

⁶⁹² After the impressive victory by the three-party coalition, the Elder Statesman, Saionji Kimmochi, authorized Katō to lead the country.

⁶⁹³ The last impetus for democratization came from elected officials' growing concern over the revival of the transcendental government and their corresponding desire to curb the power of the non-elected

Peers was the last obstacle that prevented the passage of the universal manhood suffrage bill in the Diet.⁶⁹⁴ Given the deepening schism among the elites on the issue of democratization, the House of Peers acquiesced to the passage of the universal manhood suffrage law with a few conditions. First, implicit in the House of Peers' cooperation in passing the universal manhood suffrage bill was that the House of Representatives would agree to weaken its efforts to undertake peerage reform. Second, the advancement of democratic reforms must accompany the Peace Preservation Law that would revamp repressive measures against radicalism and ensure an orderly, controlled institutional change.⁶⁹⁵ Third, in order to prevent the migratory, working poor from voting the House of Peers insisted that the pre-existing six-month residency requirement for voter registration be extended to one year.

aristocratic peers. From 1922 to 1924, the Elder Statesmen appointed a non-elected official (e.g., Katō Tomosaburō, Yamamoto Gonnohyōe, and Kiyoura Keigo) for the prime minister post. In particular, elected officials criticized the Kiyoura cabinet for being the “government of the privileged” and tripartite coalition joined forces to promote the “second movement to protect constitutional government” (*dai ni ji goken undō*). They saw the non-elected aristocratic cabinet as the “common enemy” (*kyōtsū no teki*) and proposed suffrage expansion and peerage reform to curb the power of the House of Peers. Arai Shinichi and Harada Katsumasa, “*Rekishī Kyōiku no Mondai ten (12)*,” [Issues in history education, no. 12] *Rekishī Hyōron* no. 104 (April, 1959): 75.

⁶⁹⁴ The House of Peers consistently opposed expansion of suffrage since the early 1900s. Frustrated by the House of Peers' veto power, Hara Kei initiated the move to curb the power of the House of Peers and proposed peerage reform in order to dilute the influence of wealthy peasants in local politics that were closely aligned with the oligarchic Yamagata faction within the House of Peers. Hara, as a head of the Home Ministry, tried to abolish the *gun* (county) system that formed the base of the oligarchic power. Mitani (77-78) summarizes Hara's tactic: “The *gun* was an administrative unit that directly supervised the towns (*machi*) and villages (*mura*) at the lowest level of the local government system. Home Minister Yamagata established it in 1890 on the model of the Prussian *kreis*, the self-governing unit of the Junker class. Although the *gun* occupied an intermediate position between the local communities and the prefecture, it was not in fact a self-governing unit; rather, it was the lowest level of the Home Ministry bureaucracy. During the last years of the Meiji period, the county chief (*gunchō*) was appointed by the Home Minister. Politically the *gun* was the provincial base of the Yamagata faction which enjoyed enormous influence in the home ministry after the establishment of the local government system in the 1880s. By proposing to establish the *gun* as an administrative unit, Hara was attempting to free the town and villages, the provincial bases of political party power, from the influence of the Home Ministry and to increase the position and authority of the local officials, especially the local mayors.”

⁶⁹⁵ Arai Shinichi and Harada Katsumasa, “*Rekishī Kyōiku no Mondai ten (12)*,” [Issues in history education, no. 12] *Rekishī Hyōron* no. 104 (April, 1959): 76.

The universal manhood suffrage bill passed on March 1925 and, as Prime Minister Katō Takaaki put it, Japan took a “leap in the dark.”⁶⁹⁶ The electorate increased from three million to a little over twelve million; around twenty percent of the total population became enfranchised. The bill eliminated the tax qualification and extended votes to adult males above twenty-five years of age. The law, however, contained a latent clause that disqualified the poor from voting. The tripartite coalition submitted a bill that disqualified “people who received assistance for their livelihood from public expense” (*kōhi no kyūjo*) from voting. The Privy Council, however, amended it to individuals who were receiving “both public and private aid (*kōshi no kyūjo*).⁶⁹⁷ The House of Peers added that individuals who were receiving any assistance (*fujō*), even from family members, were not eligible to vote.⁶⁹⁸ In the end, all relevant parties agreed upon the working that individuals who were “receiving public or private aid on the account of poverty” were ineligible to vote.⁶⁹⁹ The final decision to insert the word “poverty” in the disqualification clause of the new general election law reflected the ruling elites’ perception that those receiving institutionalized aid were a “nuisance” (*yakkai mono*) to the state while workers receiving social insurance benefits were eligible to vote.⁷⁰⁰

⁶⁹⁶ Peter Duus, *The Rise of Modern Japan* (Boston, MA: Houghton Mifflin Company, 1976), 170.

⁶⁹⁷ The actual wording of this particular clause was amended by the Privy Council first and later by the House of Peers. Uchida et al. (1990), 364-365.

⁶⁹⁸ Ibid., 366. See also, Richard H. Mitchell, “Japan’s Peace Preservation Law of 1925: Its Origins and Significance,” *Monumenta Nipponica* 28 no. 3 (Autumn, 1973): 317-345.

⁶⁹⁹ Although the actual wording of the disqualifying clause went through a number of intense negotiations among the members of the Privy Council, House of Peers and the House of Representatives, they all agreed that the poor on public assistance should not gain voting rights. The point of contention revolved around whether private aid (e.g., family and charitable organizations) could also be considered a form of welfare assistance.

⁷⁰⁰ Individuals who were temporarily receiving benefits due to natural disasters or as a part of the military aid were eligible to vote. Tomie Naoko, *Kyūhin no Naka no Nihon Kindai* [Poor relief in modern Japan] (Kyoto, Minerva Shobō, 2007), 64-67.

The passage of the 1925 universal manhood suffrage law gave birth to policies that were more favorable for labor, including the abolition of Article 17 (the labor union “death sentence” clause of the Public Peace Police Law) and the enactment of the Labor Disputes Mediation Law. Moreover, the national health insurance law came into effect and workers “who were willing to work within the parliamentary framework” were offered a more permissive environment for their activities while repressive measures were targeted toward radical extremists.⁷⁰¹

Once organized labor gained the right to vote it aspired to become a “middle class” movement and distance itself from traditional leftist political parties.⁷⁰² In the sixteenth general election, the first since the passage of the universal manhood suffrage law, an overwhelming majority of newly enfranchised workers voted in favor of the dominant conservative parties. Of 466 seats, Seiyūkai won 218 and Minseitō gained 217 seats, whereas the Socialist People Party only gained 2 seats. Post-1925 “leftist” parties internally fragmented and ever since “they have been fighting one another instead of cooperating against their common foe.”⁷⁰³

In conjunction with the 1925 universal suffrage bill, the ruling parties agreed to change the electoral system, from a single-member-district to a multi-member-district single-non-transferable-voting system (MMD/SNTV). The Seiyūkai preferred the existing single member district until its breakup because it was disadvantageous to smaller, minority parties (e.g., oligarchic party and socialists). Since losing the majority status in the Diet, however, it had become more ambivalent about the choice of electoral

⁷⁰¹ John K. Fairbank, Edwin O. Reischauer, and Albert M. Craig, *East Asia: The Modern Transformation* (Boston, MA: Houghton Mifflin Co., 1965), 575.

⁷⁰² Amaike (1990), 142-143.

⁷⁰³ Tai Sekiguchi, “Political Conditions in Japan after the Application of Manhood Suffrage,” *Pacific Affairs* 3 no. 10 (October, 1930): 909 (907-922).

system.⁷⁰⁴ In contrast, the Kenseikai had always opposed the single member district and instead preferred the old large district system in order to prevent the reunion of Seiyūkai and Seiyūhontō and allow smaller parties to survive. The MMD/SNTV (three to five seats) was chosen as a compromise between the two opposite views.⁷⁰⁵

Politicians would soon learn that the MMD/SNTV system enhanced the political representation of organized economic interests since it increased the importance of local support networks for winning elections. The U.S. Occupation changed the MMD/SNTV to a large district system in 1945 in order to destroy the pre-existing political machines. Conservative politicians, with the consent of the socialists, however, re-adopted the MMD/SNTV system in 1947 in order to prevent unorganized groups from gaining representation.⁷⁰⁶ The re-selection of MMD/SNTV by the ruling political class shut out the poor from redistributive politics even after they gained suffrage in 1945. Agrarian, industrialist, and labor interests dominated under the MMD/SNTV system, which led to an increase in lucrative farm subsidies, agricultural protection, industrial policies, employment protection, and the expansion of social insurance programs.⁷⁰⁷ The institutional choices made during the country's transition towards mass democracy in the 1920s, therefore, reinforced the dominance of organized economic interests in shaping the welfare state and, as a result, the needs of the unorganized working or non-working poor continued to fall by the wayside.

⁷⁰⁴ Duus, 1986: 151.

⁷⁰⁵ Ibid., 200.

⁷⁰⁶ The MMD/SNTV was also seen as disadvantageous for women to run for office. The conservatives preferred a single member district to a MMD/SNTV system. Soma Masao, *Nihon Senkyo Seidoshi* [The history of Japanese electoral system] (Fukuoka: Kyushu Daigaku Shuppankai, 1986), 242-245. See also, Rei Shiratori, "The Politics of Electoral Reform in Japan," *International Political Science Review* 16 no. 1 (1995): 79-94.

⁷⁰⁷ Estevez-Abe argues that the MMD/SNTV compelled politicians to "target" social welfare policies to specific groups in exchange for their electoral support. See Margarita Estevez-Abe, *Welfare and Capitalism in Postwar Japan* (Cambridge, MA: Cambridge University Press, 2008).

A safety net that was never constructed

While organized labor gave approval to the ruling class, the reform-minded welfare bureaucrats advocated the overhaul of the archaic 1874 Relief Regulations and the disqualification clause that barred the poor from voting. After the rice riots, senior bureaucrats, such as Gotō Shimpei, who had proposed a comprehensive social welfare in the 1890s, joined the democratization movement and attempted to dramatically change the political landscape. Gotō hoped that the pressure for universal suffrage would materialize soon so that the country could truly unify (*kyokoku icchi no kokumin naikaku*).⁷⁰⁸ When he was reinstated as the Home Minister in 1923 under the second Yamamoto cabinet, amidst the chaos of the Great Kantō Earthquake, Gotō stressed the importance of universal suffrage and ordered Home Ministry officials to draft the bill on the revision of the election law.⁷⁰⁹ Nonetheless, Gotō's political influence was limited and his vision of creating a more inclusionary democracy failed to gain political support from the Diet.⁷¹⁰

In order to promote social welfare policies, Gotō arranged for mid-level bureaucrats, such as Tago Kazutami, to travel and study social welfare developments abroad. Tago's sojourn abroad was crucial in strengthening his conviction to build a robust social welfare system in Japan. He believed that Japan was making enormous progress politically, militarily, and economically, but lagged considerably in the realm of

⁷⁰⁸ Citing Yamamoto Shirō, *Nihonshi (8)* [The history of Japan (8)] (Tokyo: Yūhikaku, 1977) in Rekishi Kyōkasho Kyōzai Kenkyūkai (ed), *Dai Kyūkan: Taishō Demokurashii to Shakai Undō no Gekika* [Taisho democracy and strengthening social movement, volume 9] (Tokyo: Gakkō Tosho Shuppan, 2001), 304.

⁷⁰⁹ Ibid.

⁷¹⁰ According to Ozaki Yukio, despite Gotō's experience as the head of civilian affairs of Taiwan and mayor of Tokyo, his political influence was limited and was known among the politicians as a "big talker." See Ozaki (2001), 352.

social policy and that the country needed to do more to ameliorate existing inequality.⁷¹¹ He also maintained that individuals should not be responsible for escaping poverty on their own and that the government was responsible for aiding the poor.⁷¹² As Tomie (2007: 88) notes, Tago and other bureaucrats who were inspired by social welfare developments abroad became the new “spokes person for the poor relief system” in the 1920s. The officials’ social welfare advocacy stance did not help them advance their careers as they were typecast as “eccentric” (*kawari mono*) and “trend-seekers” (*atarashi gariya*).⁷¹³

In August 1926, the Home Ministry’s Shakai Jigyō Chōsakai member, Tomita Aijirō, reported in “The General Conditions of Poor Relief System” (*kyūhin seido gaikyō*) that Japan must move away from privately-run, charity-based relief (*onkei*) to state-administrated poor relief based on social rights (*kenri*).⁷¹⁴ He maintained that the prevailing 1874 Relief Regulations was utterly inadequate because access to assistance was extremely restricted and the level of funding was too low to operate effectively. Ogawa (1960: 213) notes that Tomita’s report was particularly important because it revealed that the bureaucrats were willing to fight poverty; they fought to overhaul the Relief Regulations, create a new compulsory-based public assistance system, and were willing to grant the poor the right to public assistance.⁷¹⁵

⁷¹¹ Tago (1970), 152-153. Tago was also very sympathetic to the labor movement. He believed that “labor movement is a movement about workers’ rights, to put it another way, it is about the rightful claimants’ assertion of their rights.” Tago Ichimin’s quote cited in Tomie Naoko, “Seizon no gimu” [The responsibility of life], in *Tokushū: Kazoku, Gendaa to Shakai Seisaku* [Special: Family, gender, and social policy] edited by Shakai Seisaku Kenkyū 2 (Tokyo: Tōshindō, 2001), 130.

⁷¹² Ibid, 131.

⁷¹³ On this point, see Tago (1970), 161.

⁷¹⁴ Tomita (2007), 84.

⁷¹⁵ Another officer in the Social Bureau, Yamazaki Iwao, who was involved in drafting the 1929 Relief and Protection Law, believed that the British 1918 universal suffrage law, which eliminated the disqualification

Bureaucratic pressure to revise the Relief Regulations materialized on March 1929 when the Home Ministry submitted the Relief and Protection Law (Kyūgo Hōan). Despite the efforts by mid-level welfare bureaucrats to radically change the public assistance system, most of the progressive elements in earlier drafts (e.g., granting the poor political and social rights) were deleted and the draft submitted to the Diet reflected the anti-redistribution stance of ruling elected officials. Home Minister, Michizuki Keisuke, stated that it was imperative for the government to intervene and aid those who could not help themselves, especially individuals who were sick, orphaned, and physically incapacitated.⁷¹⁶ Constructing a safety net for the poor, he argued, would also prevent the destitute from converting into dangerous radicals. The main rationale behind the revision of the Relief Regulations was that families and mutual aid associations were inadequate to address the complex, large-scale poverty in the era of industrialization.⁷¹⁷ The Diet passed the Relief and Protection Law on the grounds that it did not depart from the minimalist policy direction and they refused to appropriate a budget and delayed implementation for nearly three years.

Similar to the Relief Regulations, the new eligibility rules prohibited most poor individuals from receiving aid. It stipulated that those who had the capacity to work (i.e., working or unemployed poor) were barred from applying for aid.⁷¹⁸ The rise of the unemployment problem after WWI led the Home Ministry to establish public

clause (i.e., individuals on poor relief were not able to vote), was the policy direction that was worth emulating. He was skeptical that families and mutual aid are sufficient to combat poverty.

⁷¹⁶ For an extended discussion on the Diet deliberations and how the progressive elements of the draft proposals were deleted, see Terawaki Takao, *Kyūgohō no Seiritsu to Shikō Jōtai no Kenkyū* [Research on the passage and implementation of the relief protection law] (Tokyo: Domesu Shuppan, 2007).

⁷¹⁷ The Ministry of Finance opposed expansion of poor relief and argued that mutual aid should take precedence over government aid and local, rather than national, level should be responsible for the bulk of relief efforts.

⁷¹⁸ The government also rejected any responsibilities to train or provide employment for the working or unemployed poor as it would be an administrative and financial burden to the state. See Tipton (2008), 374.

employment placement services (*shokugyō shōkai*) and “back-to-the-land” programs that facilitated the movement of poor laborers from urban to rural areas. The government never created an unemployment insurance program and the 1929 Relief and Protection Law disregarded the needs of the unemployed poor.⁷¹⁹ Recipients who were temporarily incapable of working were required to repay a portion or all of the money to the state once they rejoined the workforce.”⁷²⁰

Likewise, the restrictive eligibility rules of the Relief Regulations persisted. Those who were eligible had to be above sixty-five or less than thirteen years of age, and they had to be pregnant, disabled, sick or injured. Applicants with relatives, families, or any individuals who could assist them, were disqualified. In order to keep expenses low, the system predominantly relied on outdoor relief and the scope of assistance was limited to covering food, housing, medical and childbirth-related expenses. Similar to the Relief Regulations, individuals were not entitled to relief and had no legal basis to appeal decisions concerning aid.⁷²¹ Since the poor were not eligible to vote once they received aid, the Relief and Protection Law maintained the punitive practice of stripping the poor of their dignity and status.⁷²² As Tipton notes, “the poor became further defined, categorized and marginalized as the most destitute, yet potentially dangerous, people at the bottom of Japanese society.”⁷²³ The poor were labeled as part of the “card class,”

⁷¹⁹ Uno Masamichi, “Senzen Nihon ni Okeru Kōteki Kyūsai Rippō,” [Pre-war public relief legislation] *Kikan Shakai Hoshō Kenkyū* (The quarterly journal of social security research), vol. 18, no. 2, (Autumn, 1982): 177-178.

⁷²⁰ Tipton (2008), 373.

⁷²¹ Uno (1982), 174.

⁷²² Ogawa Masaaki, *Kenri to Shite no Shakai Hoshō* [Social security as rights] (Tokyo: Keisō Shobō, 1969), 17.

⁷²³ Elise K. Tipton, “Defining the Poor in Early Twentieth-Century Japan,” *Japan Forum* 20 no.3 (2008): 372.

which further reinforced their inferior status and applying for assistance subjected their personal lives to public investigation.⁷²⁴

In order to keep administrative expenses to a bare minimum, unpaid “relief agents” (*kyūgoiin*) or “district commissioners” (*Hōmen-iin*) were deployed as the primary agents of the new public assistance system in lieu of professional social workers.⁷²⁵

National government funding was set at 3,000,000 yen, of which 760,000 yen were allocated for administrative expenses. The 3,000,000 yen were raised by reallocating the existing budget and creating a new revenue source that did not involve a tax hike: 1,200,000 yen came from the “excess funds” that accrued as a result of reducing the rate of national government subsidy for Tokyo and Osaka’s policing budget; 1,000,000 yen came from the Ministry of Agriculture and Forestry based on new revenue generated by deregulating the horse racing industry; and the Finance Ministry contributed the rest (800,000 yen), mostly by transferring surpluses that resulted from administrative streamlining.⁷²⁶

When the Relief and Protection Law was implemented in 1932 during the Great Depression, it only extended aid to 157,564 people (0.2% of the population). According to Ikeda (1986: 697-698), only a quarter or third of the people whom district welfare commissioners registered as people needing relief received some form of aid. In

⁷²⁴ Tipton (2008), 375.

⁷²⁵ The *Hōmen-iin* pressured the Emperor to intervene in order to prod the government to implement the Relief and Protection Law. In the midst of the Great Depression, the representatives of the national *Hōmen-iin* issued a statement calling for a speedy implementation of the Relief and Protection Law. They wrote that the situation was dire and that the “children of the emperor” were facing dire conditions (“*heika no akago ga gashi seshimuru ni shinobizu*”) and urged the Diet to secure funding for the new public assistance system. The Diet remained dismissive and avoided debating the issue of growing poverty in the early 1930s. The district commissioners met over fifty times in Tokyo alone and organized hundreds of meetings across the country since 1930 to prompt the Diet to allocate funding for poor relief. Ōhara Shakai Mondai Kenkyūjo (1932), 662-663. Tomie (2007: 25) notes that Japan’s modern poor relief system was “a product of joint state-society collaboration” because unpaid social workers willingly cooperated with the state to keep a minimalist public assistance system.

⁷²⁶ Ōhara Shakai Mondai Kenkyūjo (1932), 663.

preparation for the implementation of the new law, the income thresholds used to determine eligibility in some localities such as Tokyo were lowered in order to prevent low-income families from qualifying for aid.⁷²⁷ Even as Japan adopted universal manhood suffrage and began constructing a prototype of the country's social-insurance based welfare state in the 1920s, the poor were explicitly denied the rights to vote and receive public assistance mostly because the main economic interest groups chose to exclude the poor from the development of the country's political and social welfare institutions.

Conclusion

The findings from this chapter challenge the central thesis of the power resources theory that organized labor plays the key role in expanding suffrage and redistribution. Not only was labor disinterested in the politics of poor relief, it also eventually seceded from the democratization movement. In comparative terms, the trajectory of Japan's political and social welfare development further diverged from its European counterparts. Japan opted to take an alternative causal pathway towards democratization and social policymaking. Europe witnessed the growth of a working class that eventually advocated suffrage expansion and universal social welfare programs. Strong working class pressure played a crucial role in building a universalistic democracy and inclusive social welfare system.

On the other hand, Japan's late-industrializer status eliminated "labor" from the political equation and gave the ruling elites absolute power to shape the country's political and social welfare institutions. Contrary to the expectation outlined in the power

⁷²⁷ Tipton (2008), 373-374.

resources theory, the working class withdrawal from the democratization movement did not halt social welfare and democratic reforms in Japan. The ruling elites exhibited keen interest in building democracy and social welfare institutions as long as they embodied exclusionary rules that prevented the poor from voting or receiving government transfers. In essence, the country's path-breaking transition towards economic modernity and democratization gave rise to an uneven welfare state that comprised of a heavy layer of social insurance programs but with a distinctively threadbare safety net for the poor.

CONCLUSION

My research seeks to shed light on some of the enduring puzzles in the study of affluent democracies today: Why does political inequality persist in a democratic system that operates on a “one person, one vote” principle? If the poor in all advanced industrialized countries have the right to vote and are entitled to relief, why do some democracies shirk, whereas others fully commit to alleviating poverty? Why does the welfare state in some countries reinforce rather than ameliorate existing inequality? An in-depth examination of the origins of Japanese democracy, capitalism, and social policy illuminates these puzzles and contradictions.

Comparatively and historically, Japan has had one of the highest post-tax/transfer poverty rates among advanced industrialized nations, which belies the common perception of the country as a “90% middle class” society. Yet, the government extracts more from the poor in taxes and gives them less than in other countries. Its public assistance system has exceptionally restrictive eligibility rules and access and spending levels are significantly lower than its peers. The Japanese safety net for the poor is so threadbare that at least one person dies of starvation every week and nearly a dozen people commit suicide daily due to economic hardship.

This harsher, darker reality in Japan contradicts the country’s profile as a rich, democratic welfare state, which strongly suggests it should have a robust safety net for

the poor. A long line of research claims that democracy empowers the poor with votes that they can use to pressure public officials to secure the economic wellbeing of citizens.⁷²⁸ Japan's impressive economic achievements over the last century, some contend, have been a boon for the poor as the government's organizational and financial capacities to care for the needy have considerably expanded over time.⁷²⁹ Moreover, Japan is the only Asian country considered to be a "welfare state" as it spends a considerable portion of its GDP on social welfare programs. As Gregory Kasza has convincingly shown, the Japanese welfare state is "no more unique than the other advanced welfare states but sits comfortably within the general parameters of the species."⁷³⁰

In light of these basic facts, Japan's meager assistance to the poor raises three important questions: If Japan is a democracy with free and fair elections, why haven't the poor's votes translated into more redistribution? If the country has amassed enormous wealth over time and the government can afford to lift individuals out of poverty, why does it spend so little on the poor? If Japan has a massive social welfare system that aims to protect citizens from harm, why do the poor, who need social protection the most, get the least? These questions converge to form the central puzzle of my dissertation: *why does Japan, a rich, democratic welfare state, nickel and dime the poor?*

⁷²⁸ For an overview of the literature on the relationship between democracy and redistribution, see Michael Ross, "Is Democracy Good for the Poor?" *American Journal of Political Science*, 50 no. 4 (October, 2006): 860-874.

⁷²⁹ Harold Wilensky and Charles N. Lebeaux, *Industrial Society and Social Welfare* (New York: Russell Sage Foundation, 1958); Clark Kerr, et al., *Industrialism and Industrial Man* (Cambridge, MA: Harvard University Press, 1960).

⁷³⁰ Gregory J. Kasza, *One World of Welfare: Japan in Comparative Perspective* (Ithaca: Cornell University Press, 2006), 140.

The central contention of my dissertation is that when and how Japan built democracy and wealth mattered deeply in the development of a safety net for the poor. The country's path-breaking transition towards economic modernity and democratization gave rise to an uneven welfare state that comprised of a heavy layer of social insurance programs at the top but with a distinctively threadbare safety net for the poor at the bottom. At critical moments of the nation building process, its drive to catch up to the West in the realm of political and economic development, paradoxically, posed obstacles to catch up in the realm of poor relief.

In order to illuminate the causal factors and temporal dynamics at work, I present an analytical framework that shows how a particular pattern of democratic reforms and industrialization shapes redistributive outcome. I utilize Japan's distinctively minimalist course of redistribution to identify new variables and processes that are overlooked or downplayed in existing models. Its main objective, therefore, is to demonstrate an alternative causal path, which I shall explain below, entails analyzing the "co-evolution" of the safety net, democracy, and capitalism.⁷³¹

Broadly speaking, two issues determine the course of redistribution: who has a say in the policymaking process and what are their incentive to aid the poor. I argue that the pattern of democratization defines who has a political voice while the incentives to aid the poor are structured by the pattern of industrialization. I identify two key elements of democratic reforms that determine who gets to make redistributive choices: the varying effectiveness of electoral safeguards (e.g., constitutional provisions that limit the power of the elected assembly) and "carriers of democratization" (the agents that

⁷³¹ My work resonates with the current book project of Torben Iversen and David Soskice (see "Two Paths to Democracy," Open Forum, Center for European Studies, Harvard University, 2010) that conceptualizes the welfare state as co-evolving along side the development of political and economic institutions.

successfully advance democratic reforms). While the redistributive interests of key social groups (e.g., agrarian landlords, industrialists, and working class) are mainly shaped by the varying tempo and nature of industrial development.

In addition, those who have the power to shape redistributive policies also have the capacity to design and mold political institutions. Therefore, they largely decide whether the poor are included or excluded from participating in the democratic process itself. When power holders are reluctant to aid the poor, they are more likely to create an exclusionary democracy that denies the poor the right to vote or, if they are granted suffrage, choose an electoral system that mutes their political voice. The fact that democratic institutions ultimately reflect the redistributive preferences of power holders ensures that the pattern of redistribution is locked in for the long haul.

Applying this framework to the historical evolution of the safety net in Japan reveals that the interplay between two factors—its late developer status paired with state-led national industrial development and the elite-driven process of democratization combined with ineffective electoral safeguards--led the government to consistently choose a minimalist course of redistribution. On the one hand, the country's state-led industrial capitalism structured the incentives of the main social groups (e.g., agrarian landlords, industrialists, and organized labor) in ways that hurt the prospects of building a safety net. On the other hand, the political voice of these groups was amplified because the traditional holders of power introduced democratic institutions with ineffective electoral safeguards to curb the power of the elected assembly. As a result, the gradual transition towards democratization hampered the development of a robust safety net as expanding suffrage to key groups—agrarian landholders in 1890, industrialists in 1900,

and organized labor in 1925—each in turn voiced opposition to expand poor relief in order to pursue their narrow economic interests. Moreover, these groups eventually agreed to institute an electoral system that enhanced the political representation of organized economic interests at the expense of the unorganized; this shut out the poor from redistributive politics even after universal suffrage was attained.

My four empirical chapters demonstrate that the poor were systematically excluded from participating in or benefiting from the country's political, economic, and social welfare achievements. The first empirical chapter shows that, contrary to the cultural approach, Japan's ultra-minimalist policy toward poverty was not simply inherited from past tradition. Prior to the birth of the nation-state, feudal lords engaged in despotic redistribution and provided a pseudo-safety net for poor peasants in order to extract tax revenue in the form of agricultural products. The rise of the modern nation-state led to a dramatic decrease in the level of poor relief as deregulation of the labor market and the dismantling of feudal institutions vitiated the logic of despotic redistribution. The new Meiji government, however, instituted an ultra-minimalist public assistance system, the 1874 Relief Regulations, in order to deter most individuals from receiving aid. The oligarch's grand mission to move Japan from rags to riches through a capital-intensive state-led industrial growth strategy drained state resources for poor relief.

The second empirical chapter reveals that the funneling imperative to spark industrial growth compelled agrarian elites to oppose any increase in government expenditures, including expansion of poor relief, under the presumption that it would lead to higher taxes in the future. The Meiji government raised capital domestically through

the land-tax and funneled it to develop competitive industries; the agrarian elites, dissatisfied with the existing taxation without representation, marshaled their resources to pressure the oligarchs to democratize fiscal policy. An internal schism within the oligarchy and the pressure from the agrarian landlords paved the path of democratization. For the Meiji oligarchs, undoubtedly the most powerful figures in the history of modern Japan, the task of laying the foundation to build a safety net for the poor seemed straightforward and attainable. The oligarchs prided themselves as being the defenders of the public interest and feared that democratic institutions and processes were vulnerable to capture by private interests. They carefully engineered the political system—from local governments to national electoral rules—prior to the opening of the Diet in order to curb the power of the elected representatives and maintain a firm grip over the decision-making process.

The consequences of introducing democratic institutions in Japan were far from what the oligarchs desired or expected. The new constitution left the allocation of power over public finances ambiguous, as neither the elected assembly nor the cabinet possessed sufficient power to wrestle the other into total submission. In order to stack the deck in their favor, however, the oligarchs instituted a number of safeguards to dominate the decision-making process, but these were of little or no value when party politics went live. Since the opening of the Diet, the bureaucrats (and the oligarchs that commanded the bureaucracy) advocated creating a safety net, but they failed to implement one because the Meiji oligarchs *mistakenly* made democracy work: the Diet became the epicenter of formulating redistributive policies and any expansion in poor relief required the consent of the representatives of key economic interest groups.

The third empirical chapter explains how the newly enfranchised urban industrialists attempted to abolish public assistance altogether. The state-led industrial development strategy provided incentives for industrialists to advocate expansion of suffrage: they needed more government funds to stoke industrial growth and this required greater political representation in the Diet. After they gained suffrage, the urban industrialists joined the agrarian elites in opposing redistribution towards the poor. While welfare bureaucrats and a handful of rogue politicians attempted to expand poor relief, the Diet refused to even deliberate on the matter. The industrialists were keen on channeling government funds for what they deemed productive, such as public goods provision and infrastructural development, but not for the needy.

Theoretically, the findings from this chapter confirm the limits of the economic modernization approach. The central issue concerning redistribution is not whether a country is industrializing, but rather, how they pursue industrialization. The Japan case shows that the nature of industrialization matters in the development of social welfare policy; for latecomers, the need to stoke industrial growth pitted powerful interest groups such as agrarian landlords and industrialists against redistribution.

The final empirical chapter shows how decentralization of the working class movement facilitated the creation of an exclusionary democracy and an uneven welfare state. The findings from this chapter cast doubt on the validity of power resources theory's core premise that organized labor is pro-redistribution and pro-democratization. The evolution of the Japanese working class movement shows that workers never advocated expansion of poor relief and their interest in democratization diminished over time. Being a late developer empowered the ruling elites to preemptively strike against

labor through repressive and regulatory means. In addition, the state-led industrial development strategy provided employers with varying tools—such as the patient capital needed for employers to monopolize skills and the institutionalization of corporate paternalistic programs in the larger, state-protected firms—that were critical to incentivize workers to form plant- or firm-level unions. The fragmentation and decentralization of the working class movement compelled organized workers to focus on their individual workplace issues at the plant- or firm-level and abandon efforts to promote encompassing political and social welfare reforms that benefited the poor. As a result, the decentralization of labor movement encouraged workers to withdraw from the democratization movement as their locus of collective action was anchored at the firm or plant level and not at the national political stage.

The fact the impetus for democratization in Japan did not emanate from the working class enabled the ruling elites to design an exclusionary democracy that prevented the groups that they deemed antithetical to their economic interests, such as the poor, from attaining political representation in the Diet. The political exclusion of the poor—either by denying the right to vote (pre-1945) or muting their political voice by instituting an electoral system that was disadvantageous for unorganized groups (post-1945)—hurt the chances of a robust safety net emerging over the long run. In sum, in building Japanese democracy, the poor were excluded, first, by being denied the right to vote and later by instituting an electoral system that disadvantaged the poor.

Given the exclusionary character of Japanese democracy and the constant economic rationale to dampen redistribution, the country's “welfare state” developed unevenly, largely shaped by political elites that were backed by strong, well-organized

interest groups such as organized labor unions and industrialists. The pattern of exclusion that was seen in the distant past has persisted to the present day and my dissertation shows that the reproductive cycle of the politics of exclusion originated at a critical moment of the country's nation building process.

The findings from this dissertation engage the growing body of literature on redistribution and the origins of democratic institutions. Numerous scholars contend that democracy is positively correlated with redistribution because, in the most basic sense, it empowers the poor with votes that they can use to obtain government transfers.⁷³² Yet, skeptics have also voiced concerns that the enfranchisement of the poor has not changed the fundamental characteristics of redistribution. Schattschneider astutely observed that the “flaw in the pluralist heaven” is that the “heavenly chorus sings with a strong upper-class accent.”⁷³³ Gerhard Lenski similarly noted: the “peculiar character of so much of the political life of modern democracies” is that “the rhetoric of politicians is frequently egalitarian in character, but the legislation more often aristocratic.”⁷³⁴ More recently, Michael Ross contended that “[d]emocracy unquestionably produces non-economic benefits for people in poverty, endowing them with political rights and liberties,” but for the poor, “these political rights produce few if any improvements in their material well-being.”⁷³⁵

⁷³² See for example, Amartya Sen, *Poverty and Famines: An Essay on Entitlement and Deprivation* (New York, NY: Oxford University Press, 1981); *Development as Freedom* (New York, NY: Alfred A. Knopf, 1999); Allan H. Meltzer and Scott F. Richard, “A Rational Theory of the Size of Government,” *Journal of Political Economy*, 89 no. 5 (Oct., 1981): 914-927.

⁷³³ Elmer E. Schattschneider, *The Semi-Sovereign People* (New York: Holt, Rinehart and Winston, 1960), 35.

⁷³⁴ Gerhard E. Lenski, *Power and Privilege: A Theory of Social Stratification* (New York: McGraw-Hill, 1966), 342.

⁷³⁵ Ross (2008), 28.

Examining why Japan, a country that is often touted as a successful case of democratic consolidation, has yet to provide adequate social services for the poor takes us a step closer towards understanding this apparent discrepancy in whether democracy benefits the poor. “Democracy’s unresolved dilemma” of unequal participation and persistent inegalitarian feature stems directly from the predicament that elites face in making democracy: the ruling elites pursue democratization and concede to sharing power in order to lengthen their political longevity but they simultaneously resist sharing the government’s purse with the newly enfranchised.⁷³⁶ Analyzing the origins of democratic institutions in Japan reveals that all democracies were not created equal and that under certain conditions, organized economic interests and the ruling elites can create electoral institutions that limit the representation of unorganized, poor voters. The “inconsistent and often contradictory process” of democratization, where exclusionary measures are commonly applied in conjunction with inclusionary reforms, can inject distortion in the democratic process and undermine the attainment of political equality and democratic ideals.⁷³⁷ Thus, the basic questions of why, when, how, and who created democracy are central to our understanding of the institutional context under which redistributive policies are made.

In examining the relationship between democracy and redistribution, my dissertation also highlights the importance of how the development of markets produces

⁷³⁶ Arend Lijphart, “Unequal Participation: Democracy's Unresolved Dilemma,” *The American Political Science Review*, 91 no. 1 (Mar., 1997): 1-14.

⁷³⁷ Ahmed (forthcoming) rejects the teleological view of the makings of democracy and argues that while the more blatant undemocratic measures have disappeared over time, “the very institutions of democracy” (i.e., the electoral system itself) can act as an exclusionary safeguard in the new democratic order. See Amel Ahmed, *Engineering Electoral Dominance: Democratization and Electoral System Choice in the Era of Industrialization* (New York, NY: Cambridge University Press, forthcoming), 1. The importance of exclusionary safeguards is emphasized in the work of Daniel Ziblatt, “How Did Europe Democratize?” *World Politics*, 58 no. 2 (January 2006).

both the carriers of democratization and the heroes and villains of poor relief. As a late developer, the need to funnel scarce government resources to spark industrial growth pitted powerful interest groups such as agrarian landlords and industrialists against redistribution. In contrast, for the most part, the welfare bureaucrats (and the oligarchs that commanded the bureaucracy) were intent on saving the poor as they recognized the downside of rapid industrialization and sought a means of helping those who were stranded in poverty with little prospect of escaping it.

The battle between the proponents and opponents of poor relief resulted always in a win for the latter because successive democratic reforms made the Diet, not the bureaucracy, the principal organ managing redistributive affairs. The voice of the opponents was augmented because the late-development strategy compelled them to act as carriers of democratization in order to seek more funds to accelerate industrialization (in the case of industrialists) or to raise objection against the financing of modern sector by the traditional sector (in the case of agrarian elites). Moreover, late-development industrial capitalism encouraged the working class to withdraw from the democratization movement, leaving the poor to fend for themselves. Hence, my dissertation underscores the importance of economic interests in shaping democracy and the course of redistribution: the big bang of the birth of democracy and capitalism created the universe of the welfare state that we observe today.⁷³⁸

⁷³⁸ The importance of economic interest in advancing democratic reforms is also highlighted in the work of Torben Iversen and David Soskice, *Politics and Capitalism (book manuscript)*, 24.

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