

Towards the Dismantling of Japan's Military Industrial Complex:

The Navy and the Economy in the 1930s

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Introduction

The purpose of this article is to inquire into the nature of relationship between the Japanese Imperial Navy and the Japanese economy in the 1930s. It will examine the Navy's attitudes toward the shipbuilding industry and the government's policies toward that industry from the early 1930s to the end of the decade.

The reason for the article's title lies in the following historical facts. Shortly after the Manchurian Incident in September, 1931 the shipbuilding industry found itself recovering from the economic depression, which also coincided with the munitions boom of the early 1930s. As military expenditures increased from the beginning of this period to the mid-1930s, so did the tonnage of constructed ships. In fact, it is possible to compare this recovery to that of the period from World War I to the conclusion of the Washington Naval Treaties of 1922. Indeed, in both periods, the business of Japan's shipbuilders increased along with naval expansion.

The relationship between the Navy and the shipbuilders was symbiotic in both periods. This relationship can thus be called "Japan's military industrial complex." Because of the arms curtailment under the Washington system, which also stifled the business boom, the symbiotic relationship came to an end. This relationship did not reemerge until the Manchurian Incident.

This symbiotic relationship between the Navy and the shipbuilding industry was undermined in the course of Japan's militarization near the end of the 1930s. As the Navy became more influential in the government, it urged shipbuilders to put a higher priority on naval construction than on merchant vessel construction, which, as a result, brought far more profits to shipbuilders.

Thus, along with the militarization of the Japanese economy, the Navy expressed greater concern for the strengthening of naval power than ever before. As a result, the Navy was unable to comply with the chief interest of the private shipbuilders, which was profit maximization. The percentage of warships completed by the private sector increased greatly from the period of the mid-1930s to the early 1940s.¹⁾

1) Teratani, Takeaki, *Zōsengyō no fukkō to hatten* (The Recovery and Development of the Shipbuilding Industry), (Tokyo: Nihon keizai hyōron sha, 1993), p. 12. For example, of all the ships completed by the private sector between

In summary, the shipbuilding industry was not able to forge a compromise with the Navy. In the early and mid-1930s, the increase in naval orders to the private sector accounted for an important component of the shipbuilding industry's growth. However, at the end of the 1930s, the same increase prevented shipbuilders from accepting orders to construct more merchant vessels. Hence, the web of mutual interests between the Navy and the shipbuilding industry, which was rehabilitated after the Manchurian Incident, ended with the rise of military control over the private sector.

It is ironical that the prosperity of the shipbuilding industry, which started with the munitions boom in the early 1930s, came to an end with the construction of an even more militaristic economy. The relationship between the Navy and the shipbuilding industry formed the core of the Japanese Military Industrial Complex. This was dismantled in the process of constructing a totalitarian state with a more militaristic orientation, particularly after the China Incident in 1937.

1 The Symbiotic Relationship between the Navy and Shipbuilders

After the Manchurian Incident, the percentage of naval expenditures by the government increased greatly. For example, they rose from 15.4 percent of total government expenditures in 1931 to 25.5 percent in 1936, equaling an increase of 358 million yen. The Navy's military expansion after the Shanghai Incident in 1932, following hard on the Manchurian Incident, led to greater investment in the shipbuilding industry. For example, the expenses of naval construction increased rapidly from 78 million yen in 1933 to 176 million yen in 1935, while overall naval expenditures rose greatly from 404 million yen to 530 million yen during the same period.²⁾ In 1934, the share of expenditures for warship construction accounted for 39 percent of the funding allocated to the Navy for naval construction and arms manufacturing. This accounted for 43 percent in 1935 while it accounted for 37 percent in 1936.³⁾ Although these figures do not show massive change, they do show that a large proportion of the expenses was allocated for warship construction.

Under these circumstances, large shipbuilding firms marked substantial business growth. In 1935–1936, the general business reports of the Mitsubishi Heavy Industry Co. Ltd., the largest shipbuilding firm in Japan, read: “all factories of our firm were receiving so many ship-building

1935 and 1937, warships accounted for 35 percent while between 1938 and 1943 warships accounted for 44 percent.

2) Kaigunshō (The Navy Ministry), *Kaigun shō nempō* (Annual Reports of the Navy Ministry), preserved in Boei kenshū jo senshishitsu (The National Defense Agency's Research Library); Tōyō keizai shimpō sha, *Meiji Taishō zaisei shōran* (Details of the Meiji and Taishō Fiscal Policies), (Tokyo: Tōyō keizai shimpō sha, 1926); Kaneko, Ei'ichi, *Gendai Nihon sangyō hattatsu shi 4 Zōsen* (The History of the Development of Modern Japanese Industries 4 Shipbuilding), (Tokyo: Kōjunsha shuppanyoku, 1964), p. 279; Kaigunshō, *Meiji 23 nendo ikō gumbi tai kokko saishutsu sōgaku hikaku hyō* (A Comparative Table of Military Expenditures and National Treasury Expenditures after 1890), preserved in the Library of National Defense Agency; and Statistics Bureau, Management and Coordination Agency, ed., *Nihon chōki tōkei sōran dai 5 kan* (Population Statistics of Japan: Summary of National Census and Other Surveys, 1872–1984), (Tokyo: Tōyō keizai shimpō sha, 1985), pp. 524–525.

3) Kaigun shō kambō (The Navy Minister's Secretariat), *Dai 27 kai 1935 nendo kaigun shō nempō* (The 27th Annual Report of the Navy Ministry in 1935, No. 115–25), classified in the Navy Ministry, July, 1939, pp. 26–27.

orders that the firm was exceptionally busy.”⁴⁾ The tonnage of ships constructed by the Kawasaki shipbuilding Company, Japan's second largest shipbuilding firm, rose from 140 thousand tons in 1935 to 250 thousand tons in 1936, and to 430 thousand tons in 1937.⁵⁾

By citing shipbuilders' business prosperity, the Navy and the firms with which it dealt came to emphasize the importance of naval expenditures in promoting the business of private firms. Accounting Rear Admiral Miwa Hiroshi stated, “If we see the direct flow of naval expenditures into the private sector, it is possible to notice that the private sector received 153 million yen, which accounted for two thirds of warship construction expenses and munition adjustment expenses in 1934.”⁶⁾

I'ijima Hanji, a manager of a private shipbuilding firm also asserted that a large share of warship construction expenses was budgeted for private firms. He said, “76 percent of the naval construction budget was allocated to the private sector.”⁷⁾

Pointing out the large inflow of naval construction expenses into the private sector, naval leaders continued to maintain that naval expansion should be kept up for a long period of time. Miwa Hiroshi said, “military budget curtailment might bring about fiscal stability for a while by means of a temporary savings of national expenditures, but such curtailment will undermine the productive role of naval expenditures and stagnate diverse industrial sectors, which may cause not only military but also economic devastation.”⁸⁾

Navy Minister Ōsumi Mineo, at a subcommittee meeting in the House of the Representatives' budget committee of the 67th Imperial Diet on February 6, 1935, also stated “the emphasis on the current development of private factories is not for the Navy's own sake, but we can say that the Navy has, as a result of expansion, developed private industry.” He indicated publicly that 47 firms, receiving more than 10 percent of the orders which came from the Navy, generated a profit rate of 12.5 percent in 1935.⁹⁾

When considering the role of the Navy in the recovery of the shipbuilding industry, two pieces of legislation played a particularly vital role. One, the utilization of government channels to revive the shipbuilding industry which was exemplified by the Ship-Improvement Subsidy Measures (Sempaku kaizen josei shisetsu); and two, direct aid for the industry which can be seen in the enactment of Naval Supplementary Plans (Kaigun hojū keikaku).

4) Mitsubishi shashi kankō kai (The Association for Publishing Materials and Research regarding Mitsubishi), ed., Mitsubishi jūkōgyō kabushiki gaisha gaikyō (The Business Reports of the Mitsubishi Heavy Industry Co. Ltd.) in *Mitsubishi shashi 37* (Materials for Research regarding Mitsubishi, 37), (Tokyo: Tokyo daigaku shuppan kai, 1981), pp. 1056 & 1184.

5) Ōmae, Tamao, *Zōsen* (Shipbuilding), (Tokyo: Daiamondo, 1962), p. 48.

6) Miwa, Hiroshi, *Kokubō to Kaigun* (National Defense and the Navy), (Zaidan hōjin kaigun yūshū kai, 1934), p. 26.

7) I'ijima, Hanji, *Zōsen o chūshin to shite* (Talking Mainly about Shipbuilding), (I'ijima Hanji, 1930), p. 153, preserved in the National Defense Agency's Research Library.

8) Miwa, *op. cit.*, p. 44.

9) Doi, Akira et al., eds., *Shōwa keizai shiryō shūsei dai 3 kan, Kaigun shō shiryō 3* (The Compilation of Socio-Economic Materials of the Showa Period, vol. 3, The Materials of the Navy Ministry 3), (Tokyo: Ochanomizu shobō, 1981), pp. 296–297.

The Navy's support of the Ship-Improvement Subsidy Measures represented an indirect increase in naval power since it meant that civilian ships now provided a reserve of superior vessels which, if necessary, could be assigned to the Navy. These measures were enacted in three sequential plans, as the First, Second, and Third Subsidy Measures from 1932 to 1936. These three measures encouraged shipbuilders to construct 302 thousand tons of new vessels in exchange for scrapping 500 thousand tons of old vessels.¹⁰⁾ In other words, they prompted large shipbuilders to construct 48 new vessels amounting to 83 million yen in total.¹¹⁾

Hence, it is more significant to note that the rise of the shipbuilding industry in the 1930s was linked to the growth of the Navy's influence. The aforementioned Ship-Improvement Subsidy Measures led shipbuilding firms to construct new merchant vessels, therefore channeling large sums of money into those firms.

The government ended the enactments of Ship-Improvement Measures with the fulfillment of the Third Ship-Improvement Subsidy Measure. Since war clouds loomed over East Asia as a result of Japan's ongoing military expansion, it was no longer necessary for the government to subsidize the building of more commercial-use ships by private firms. Thereafter, due to the wartime climate, the government enacted the Superior-Ship Subsidy Measure in 1937, and the Large-sized Superior-Ship Subsidy Measure in 1938, in order to provide armaments for merchant vessels, above and beyond what the Ship-Improvement Measures called for.

The second was the promotion of the shipbuilding industry by pressing the government to accept three Naval Supplementary Plans. The First, Second, and Third Naval Supplementary Plans (enacted from 1931 to 1941), allocated a budget for 153 naval vessels in total.¹²⁾ These three Supplementary Plans represented direct aid for the industry in the form of additional naval budgets which were channeled into more orders for warships.

The Naval Supplementary Plans brought a large sum of money to shipbuilders through the construction of warships. The total expenditures of these three Plans amounted to 1,484 million yen. About 40 percent of orders from the three Naval Supplementary Plans was given to shipbuilding firms in the private sector. As a result, the firms were paid 594 million yen by the government.¹³⁾

The Ship Improvement Subsidy Measures and the Naval Supplementary Plans gave shipbuilders totals of 83 million yen and 594 million yen respectively, amounting to 677 million yen. The amount

10) Kaneko, *op. cit.*, pp. 226–238; Ueno, Ki'ichirō, *Sempaku hyakunen shi 1* (A Hundred Years' History of Ships 1), (Tokyo: "A hundred years history of ships" publishing association, 1957), p. 138; Ashi, Hideo, ed., *Nihon no kaigun* (The Japanese Navy), (Osaka: Nihon kaigun o kiroku suru kai, 1977), pp. 17–33; and Bōeichō bōei kenshūjo senshishitsu (The National Defense Agency's Research Library), *Kaigun gunsempi 1* (Naval Preparation 1), (Tokyo: Asagumo shimbunsha, 1969), p. 420.

11) Teishin shō sempaku ka (The Ship Bureau of the Ministry of Communications), *Senji chū shunkō sen kenzō kakaku 1563–1564* (The Prices of Constructing Ships during the Prewar Period 1563–1564), pp. 113–114, preserved in the National Defense Agency's Research Library.

12) Bōeichō bōei kenshūjo senshishitsu, *op. cit.*, pp. 401 & 535–536; and Kaneko, *op. cit.*, pp. 226–238.

13) Statistics Bureau, Management and Coordination Agency, ed., *Nihon chōki tōkei sōran dai 2 kan*, *op. cit.*, p. 320.

accounted for 27 percent of all steel shipbuilding production from 1931 to 1940.¹⁴⁾ Hence, both measures played a crucial role in the rapid recovery of the shipbuilding industry in the 1930s.

Therefore, as the Ship Improvement Measures and the Naval Supplementary Plans show, naval fulfillment and expansion coincided with the financial revitalization of shipbuilding firms. The reciprocal relationship between the Navy and shipbuilders was interpreted by the leaders of both groups as the driving force behind Japan's economic development, particularly its robust heavy industrialization during the 1930s.

2 The Navy during Japan's Heavy Industrialization

To be sure, Japan's general industrialization was greatly promoted in the 1930s. During that period, industrial production increased from 6 billion yen in 1930 to 30 billion yen in 1941. The total percentage of heavy industry production rose from 34 percent in 1930 to 60 percent in 1940.¹⁵⁾

In contrast with the growth of heavy industry in the 1930s, light industry stagnated during the same period. For example, according to the Navy's statement, the output of light industry increased from 3,135 million yen in 1931 to 7,096 million yen in 1937, while the output of heavy and chemical industries rose from 1,846 million yen in 1931 to 9,390 million yen in 1937.¹⁶⁾ Evidence confirms this statement by the Navy, showing that from 1931 to 1940 the production of heavy industry, comprised of machine and tools, and the various metal industries, rose from 18 percent to 46 percent of the total production of manufacturing industries. In contrast with heavy industry, the production of spinning mills, a major component of the light industry, decreased during the same period from 39 percent to 18 percent of the total production of manufacturing industries. Thus, it is easy to visualize the robust growth of Japan's heavy industrialization in the 1930s.¹⁷⁾

In order to further characterize the relationship between the shipbuilding industry and the heavy industrialization of the 1930s, it will be useful to examine the relationship of the World War I period with that of the 1930s. Throughout the period of 1914–1919, heavy industry (machine, tools, and the various metal industries) increased from 13 percent to 18 percent of total manufacturing while the spinning mills industry grew from 48 percent to 51 percent during the same period.¹⁸⁾ This shows that, even during World War I, the major component of Japan's manufacturing industries was still the spinning mill industry, while heavy industry's share in the entire Japanese economy only saw a slight increase.

In the meantime, the shipbuilding industry expanded greatly. During the same period, the

14) *Ibid.*

15) Shinohara, Miyohei, *Chōki keizai tōkei 10 Kōkō gyō* (Estimates of Long-term Economic Statistics of Japan, 10 Mining and Manufacturing), (Tokyo: Tōyō keizai shimpō sha, 1972), pp. 146–147.

16) Kaigun shō chōsa ka (Investigative Section of the Navy Ministry), *Waga kokuryoku no kentō* (The Examination of Our National Power), (The National Defense Agency's Research Library, July, 1939).

17) Statistics Bureau, Management and Coordination Agency, ed., *Nihon chōki tōkei sōran dai 2 kan* (Historical Statistics of Japan Vol. 2), (Tokyo: Japan Statistical Association, 1988), pp. 311–321.

18) *Ibid.*

percentage of shipbuilding production grew from 1 percent to 5 percent of total manufacturing.¹⁹⁾ In this period, the rate of increase of shipbuilding production exceeded that of other industries in the heavy industry. As a result, during World War I, the shipbuilding industry led other industries in the heavy industrial sector even though it was not until the 1930s that full-scale heavy industrialization was realized in Japan.

In comparison with the conspicuous growth of the shipbuilding industry during World War I, shipbuilding played a lesser role in the heavy industrialization of the 1930s than did other manufacturing industries which outpaced shipbuilding considerably. Despite its growth, the percentage of steel ship building production continued to remain at 2 percent from 1931 to 1940. Thus, the development of the shipbuilding industry during the thirties was exceeded by that of the machine and metal industries.²⁰⁾

As a result, the growth of the shipbuilding industry in the 1930s was led not only by naval expansion but also by the prosperity of other industries. It should be clear that shipbuilding was not the industry that led the expansion, rather, it was an industry that received stimulus from the growth of other heavy industries, and thus followed their lead.

The role which the shipbuilding industry played in World War I was different from that which it played in the 1930s. This difference stems from the different economic situations of the 1910s and the 1930s. During World War I, Japanese firms made a large sum of profits, particularly through the increased trade surplus. For example, the trade surplus increased from 16.7 million yen in 1913 to 533.2 million yen in 1919.²¹⁾

Moreover, in the second decade of the 20th century, a large amount of agricultural surplus was created due to overproduction. From 1910 to 1920, the rate of increase in agricultural production exceeded the population rate. During this period, the rate of increase in the population was 14 percent, much less than that of agricultural production, which was 35 percent.²²⁾

In the average of this decade, the percentage of Japan's food consumption expenditures compared to its entire consumption expenditures stood at about 63 percent. Comparing this percentage to the corresponding 53 percent of the 1930s, it is possible to say that the Japanese had already achieved a standard of agricultural production to sustain a sufficient food supply from this decade through the 1930s.²³⁾ The resulting food surplus enabled people to move into the larger cities. Here, they found jobs in the manufacturing industries, particularly light industry, which also saw

19) *Ibid.*

20) *Ibid.*

21) Yamazawa, Ippei et al., *Chōki keizai tōkei 14 Bōeki to kokusai shūshi* (Estimates of Long-term Economic Statistics of Japan 14 Foreign Trade and Balance of Payments), (Tokyo: Tōyō keizai shimpō sha, 1979), pp. 224–225.

22) Umemura, Mataji et al., *Chōki keizai tōkei 9 Nōrin gyō* (Estimates of Long-term Economic Statistics 9 Agriculture and Forestry), (Tokyo: Tōyō keizai shimpō sha, 1966), pp. 152–156; and Statistics Bureau, Management and Coordination Agency, ed., *Kokusei chōsa shūtaisei jinkō tōkei sōran* (Population Statistics of Japan Summary of National Census & Other Surveys, 1872–1984), (Tokyo: Tōyō keizai shimpō sha, 1985), p. 46.

23) Ohkawa, Kazushi et al., *Chōki keizai tōkei 1 Kokumin shotoku* (Estimates of Long-term Economic Statistics 1 National Income), (Tokyo: Tōyō keizai shimpō sha, 1974), pp. 215–216.

extensive development during this decade.

In conjunction with the rise of trade profits and the surplus of agricultural production, the government's tax revenues increased from 530 million yen in 1914 to 1,318 million yen in 1919.²⁴⁾ The increased tax revenues enabled the government to allocate a large sum of its budget to the Navy. The naval expenditures expanded largely from 104 million yen in 1914 to 250 million yen in 1919.²⁵⁾

In contrast to the decade prior to 1920, the agricultural sector during the thirties did not produce a surplus which could contribute to the growth of investment in other industrial sectors. The rate of increase of the Japanese population was 13 percent during this period, which was much greater than the rate of increase for agricultural production, which stagnated during the same period.²⁶⁾

In addition to the shortage of agricultural production, Japan's imports exceeded its exports throughout the thirties except for the years of 1935 and 1936. Because Japan was without a trade surplus, it could not raise funds to import raw materials such as iron ore and oil.

Hence, in contrast with the period of World War I, the 1930s witnessed a rapid domestic industrialization which to a certain extent compensated for the stagnation of agricultural production and for the trade deficits. The percentage of industrial workers to the total number of workers increased from 19 percent in 1930 to 25 percent in 1940, while the percentage of agricultural workers decreased from 48 to 42 percent of the workforce during the same period.²⁷⁾ The total production of manufacturing industries rose from 5.2 billion yen in 1931 to 27.1 billion yen in 1940, an increase of 521 percent.²⁸⁾

This growth in the manufacturing industries stemmed chiefly from increased military expenditures which were incurred by military expansion after the Manchurian Incident. As Japan's heavy industrial sector was recovering from the Depression (due to the munitions boom of the early 1930s), both it and the shipbuilding industry utilized the labor of the unemployed.

The government raised funds for its expenditures by issuing a large sum of national bonds totaling more than 600 million yen each year after 1932.²⁹⁾ In 1931, national bonds accounted for 7.8 percent of total government revenue. In 1932, however, national bonds came to account for 32.2 percent. Thereafter, the government raised more than 30 percent of the entire national revenue by issuing national bonds, up until 1935.³⁰⁾

24) Emi, Kōichi et al., *Chōki keizai tōkei 7 Zaisei shishutsu* (Estimates of Long-term Economic Statistics 7 Government expenditures), (Tokyo: Tōyō keizai shimpō sha, 1966), p. 125.

25) Bōeichō bōei kenkyūjo senshi shitsu (The National Defense Agency's Research Library), *Kaigun gunsempi 1* (Naval Preparation 1), (Tokyo: Asagumo shimbun sha, 1969), the attached table no. 5.

26) Umemura et al., *op. cit.*, pp. 152–156; and Statistics Bureau, Management and Coordination Agency, ed., *op. cit.*, pp. 45–46.

27) Nihon tōkei kyoku (Japan Statistical Association), *Senzen ki kokusei chōsa hōkoku shū 1930nen*, (Collected Reports of the Prewar Period Historical Census of 1930), (Tokyo: Kuresu shuppan, 1993), pp. 2–3; and Nihon tōkei kyoku (Japan Statistical Association), *Senzen ki kokusei chōsa hōkoku shū 1940nen*, (Collected Reports of the Prewar Period Historical Census of 1940), (Tokyo: Kuresu shuppan, 1994), pp. 30–31.

28) Statistics Bureau, Management and Coordination Agency, ed., *op. cit.*, pp. 311–321.

29) Kaigun shō chōsa ka, *op. cit.*, p. 28.

30) Kojima, Tsunehisa, "Inoue Takahashi zaisei no higeki to zaisei no gunjika," (The Tragedy of Inoue's and Takahashi's

The government's issuing of a large sum of national bonds resulted in rapid inflation in the late 1930s, particularly after 1937, which would prevent Japan from increasing its exports. For example, the total value of Japanese exports had increased from 1,732 million yen in 1931 to 3,691 million yen in 1937. After 1937, the total value dropped from 3,691 million yen in 1937 to 3,480 million yen in 1939.³¹⁾

While Japan's export economy was in recession during the late 1930s, the number of naval vessels on which construction started rose sharply from 11 in 1936 to 72 in 1941.³²⁾ The rise of naval construction deeply involved private shipbuilders in the munitions business.

The increased number of warship orders significantly raised the percentage of war expenditures from 17.9 percent in 1933 to 25.2 percent in 1937, which expanded from 404 million yen to 684 million yen during the same period.³³⁾

Despite Japan's fiscal bankruptcy in the late 1930s, the government could not slow military expansion; the militaristic climate of the period was too strong. Shipbuilders in the private sector were forced to put priority on the construction of warships instead of merchant vessels. As a result of limited resources and the national emphasis on military production, these shipbuilders were forced to turn away all orders for merchant ship construction.

In fact, the business scale of the entire shipbuilding industry was expanding towards the end of the 1930s. In 1937, the Japanese shipbuilding industry had 35 factories, 96 docks, and 86,000 employees in total. In contrast, by 1941, this industry had 47 factories, 126 docks, and 124,000 employees.³⁴⁾

However, despite the growth of the shipbuilding industry, the tonnage of merchant steel vessels over 100 tons completed in 1937, had risen to over 440 million tons, while it decreased to 238 million tons in 1941.³⁵⁾ As just suggested, the reason why the tonnage of completed merchant vessels fell from 1937 to 1941, was due to the fact that private shipbuilders responded to the greater demand for warship construction.³⁶⁾

Here, it is possible to see the change in the Navy's attitude toward the government's policies for raising funds from the early and mid-1930s to the late 1930s. While emphasizing the importance of naval expansion in Japanese firms' business recovery during the early and mid-1930s, the Navy

Economic Policies, and the Military Response to those Policies) in *1930 nendai no Nihon* (Japan in the 1930s), ed. Kojima, Tsunehisa, (Kyoto: Hōritsu bunka sha, 1989), p. 183.

31) Yamazawa, Ippei et al., *Chōki keizai tōkei 14 Bōeki to kokusai shūshi* (Estimates of Long-term Economic Statistics of Japan since 1868, 14 Foreign Trade and Balance of Payments), (Tokyo: Tōyō keizai shimpō sha, 1979), pp. 186–187. These sums are based on the prices of the years of 1935–1936, due to inflation.

32) Kaneko, *op. cit.*, p. 276.

33) Sōmuchō tōkei kyoku (The Statistics Bureau of the Management and Coordination Agency) ed., *Nihon chōki tōkei sō ran dai 5 kan* (A General Survey of Japan's Long-term Statistics 5), (Tokyo: Nihon tōkei kyōkai, 1988), p. 525; and Bō eichō bōei kenshūjo senshishitsu, *op. cit.*, the attached table no. 5.

34) Nakagawa, Kei'ichirō, *Sengo nihon no kaiun to zōsen* (The Shipping and Shipbuilding of the Postwar Japan), (Tokyo: Nihon keizai hyōron sha, 1992), p. 49; and Kaneko, *op. cit.*, p. 306.

35) Teratani, *op. cit.*, p. 12.

36) Statistics Bureau, Management and Coordination Agency, *op. cit.*, pp. 311–321.

demonstrated favorable attitudes toward the upswing of exports and general commercial expansion. In contrast, in the late 1930s especially after the China Incident in 1937, the Navy regarded the strengthening of the military as the essential goal of the nation.

As seen in the following statements in the early and mid-1930s, many Navy leaders maintained that the promotion of international trade and the peaceful expansion of commercial influence were Japan's top priorities. Vice Admiral Hiraga Yuzuru and Rear Admiral Ishimaru Tōta both said: "Japan is a small country and has poor resources, and its population is increasing by 700 thousand people annually.... The only solution to the increased population is to adopt an emigration policy."³⁷⁾ They also stated "since now is not the time for military aggression, but peaceful expansion, Japan should avoid military invasions of other countries and instead enforce southward commercial expansion peacefully."³⁸⁾

The Navy's idea of foreign expansion based on international trade is reflected in a booklet entitled "The Navy's Common Sense," edited by the Navy Ministry in 1931. It read, "If a densely populated country with limited land and resources wants to survive and prosper in the international arena, it will need to strengthen international trade and relocate a portion of the Japanese people."³⁹⁾

Thus, in the early and mid-1930s, the Navy asserted a public policy of promoting international trade and peacefully enlarging its commercial sphere of influence, despite the fact that the real intention behind these statements were, of course, naval expansion. During this period, naval expansion paralleled the economic recovery of the nation.

However, military expansion in the late 1930s led the Navy to pursue military control over shipbuilders in the private sector. In the late 1930s, the Navy stressed "the shift from individual arbitrariness to state planning." The Navy propagated the slogan "consumption for production" in order to marshal the country's production forces for the wartime economy: "Although Japanese consumption up until now has largely been hedonistic, we should no longer live a life of consumption for consumption's sake, but for production in order to reconstruct a stronger Japan."⁴⁰⁾ Furthermore, when the government became more and more militaristic, the Navy began insisting that the government interfere in the private lives of individuals and that "it should put the private domain of the people under its control."⁴¹⁾ Thus, the Navy's attitude toward society was gradually becoming totalitarian.

As Peter Duus and Daniel Okimoto mention in their article, the military's major concern in the late 1930s was how and to what extent they could curtail the free market economy rather than struggle with budgets and foreign policy.⁴²⁾ Thus, the Navy was supportive of the enactment of many

37) Hiraga, Yuzuru and Ishimaru, Tōta, *Hojokan mondai to saikin no waga gunkan* (The Problem of Auxiliary Warships and Our Recent Warships), (Tokyo: Zaidan hōjin gunjin kaikan shuppan bu, 1927), p. 92.

38) *Ibid.*, p. 96.

39) Kaigun shō, ed., *Kaigun no jōshiki* (The Common Sense of the Japanese Navy), (Tokyo: Zaidan hōjin gunjin kaikan shuppan bu, 1931), p. 4.

40) Kaigun shō chōsa ka, *op. cit.*, p. 51.

41) *Ibid.*

42) Duus, Peter, and Okimoto, Daniel I., "Fascism and the History of Pre-War Japan," in *Journal of Asian Studies*, vol. 39,

control laws, which led to the legislation of the Total National Mobilization Law (Kokka sōdōin hō) in 1938. For the Navy, this was the transition from its emphasis on economic recovery to military expansion.

3 The Navy's Intervention in the Shipbuilding Industry through the Government's Control over Shipbuilders in the Late 1930s

In July, 1937, the United Association of Shipbuilders (Shadan hōjin zōsen rengō kai) was established as an incorporated body by the Ministry of Communications (Teishin shō) with the purpose of guiding private shipbuilding. This Association stemmed from the United Association of Shipbuilders (Zōsen rengō kai), which had been reformed from the Social Gathering for Shipbuilders (Zōsen konshin kai) in November, 1931. The previous United Association of Shipbuilders was intended to form cartels among its members to support shipbuilding prices and to make agreements upon the terms that they accepted for shipbuilding orders. However, in addition to forming the cartels under the patronage of the government, the newly incorporated United Association also sought to enable shipbuilders to collaborate on purchasing steel materials for shipbuilding and carrying out joint researches on the construction of standardized ships.⁴³⁾

Accordingly, in the late 1930s, these shipbuilders' production came to be controlled by the Association under the aegis of the government. The United Association of Shipbuilders Inc., recruited Shiba Kōshirō, the president of the Mitsubishi Heavy Industry, as the chairperson of its board of directors. The Association was joined by 14 major firms, whose construction accounted for more than 90 percent of total national shipbuilding.⁴⁴⁾ Moreover, Navy Vice-Minister Yamamoto Isoroku and Captain Nishio Hidehiko also participated in the Association. Such cooperation between the private sector and the public sector did much to accelerate the development of the shipbuilding industry.

In the course of munitions mobilizations, the government introduced strict regulations governing the construction of many ships. In October, 1937, the government founded the Planning House (Kikaku'in) whose purpose was to find ways to better distribute material supplies thereby maximizing Japan's military power. Accordingly, the government became an active agent in mobilizing large amounts of material, so much so that the military significantly increased its cache of munitions in 1938.⁴⁵⁾

This growth in the government's intervention in the private sector was symbolized by the enforcement of the Total National Mobilization Law. Article Two of this law designated ships as a category of munitions mobilized for war. In addition, the Factories and Offices Supervisory Ordinance (Kōjō jigyōba kanri rei) gave the government power over major shipyards. This ordinance

(November, 1979), pp. 69–70.

43) Teratani, *op. cit.*, p. 314.

44) *Ibid.*; and Kaneko, *op. cit.*, p. 259.

45) Onozuka, Ichirō, *Senji zōsen shi* (The History of Wartime Shipbuilding), (Tokyo: Kaiji shingi kai, 1962), p. 9; Teratani, *op. cit.*, p. 5; and Kaneko, *op. cit.*, p. 263.

was created by the authority of the Total National Mobilization Law.⁴⁶⁾

On April 5, 1939, the Shipbuilding Enterprise Law (*Zōsen jigyō hō*) was enacted. It sought to tighten the government's control over the shipbuilding industry. It required that shipbuilders get permission when planning to construct new ships. This law allowed the government to stabilize the shipbuilders' management under its strict control. With such stable management, the government began to encourage shipbuilders to construct a large number of superior and economical ships.⁴⁷⁾

On August 15, 1939, the Council for Investigating Shipbuilding (*Zōsen chōsa kyōgi kai*) was established as a lower branch of the Committee for Controlling Ships (*Sempaku kanri i'inkai*) in the United Association of Shipbuilders. The Director of Vessel Administration in the Ministry of Communications assumed the position of chairman of the Council for Investigating Shipbuilding. The members of the Council were composed of individuals representing the Army, the Navy, the Finance Ministry, the Ministry of Commerce and Industry, the Bank of Japan, the Japanese Shipowners' Association (*Nihon senshu kyōkai*), and the United Association of Shipbuilders Inc., respectively, and general managers and section managers of the Planning House as well.⁴⁸⁾ As indicated here, the private sector was being incorporated into the public sector.

On September 1, 1939, the government began investigating the shipbuilding industry in order to evaluate and approve each firm's shipbuilding plans. This investigation was based on the Outline of Measures regarding Approval of Proposed Shipbuilding Plans (*Zōsen keikaku shōnin ni kansuru sochi yōryō*), which followed the Order regarding Changes in the Ranking of Shipbuilding (*Zōsen jun'i henkō meirei*). This order was prescribed in Article Eight of the Temporary Ship Control Law (*Rinji sempaku kanri hō*).⁴⁹⁾

Thereafter, when shipbuilders constructed steel vessels which were longer than 50 meters, they were required by the Shipbuilding Enterprise Law to obtain permission from the Council for Investigating Shipbuildings in the Ministry of Communications (*Teishin shō*). This council, which was under the aegis of the Council for Controlling Ships in the United Association of Shipbuilders (*Zōsen rengōkai sempaku i'inkai*), was the organization that conducted investigations.⁵⁰⁾

Moreover, on February 1, 1940, in accordance with articles in the Total National Mobilization Law, the government promulgated and enacted the Shipping Business Control Ordinance (*Kaiun tō sei rei*). As a result of this ordinance, the government strengthened its control over the shipping

46) Onozuka, *op. cit.*, p. 5; Kaneko, *op. cit.*, p. 263; Nihon zōsen gakkai ed., *Shōwa zōsen shi* (The History of Shipbuilding in Shōwa), (Tokyo: Hara shobō, 1977), p. 6; Inoue, Yōichirō, *Nihon kindai zōsengyō no tenkai* (The Development of Japan's Modern Shipbuilding Industry), (Kyoto: Mineruba shobō, 1990), p. 217; Kobayashi, Masaaki, *Sengo kaiungyō no rōdō mondai* (The Labor Problem of the Postwar Shipping Business), (Tokyo: Nihon keizai hyōron sha, 1992), p. 4; and Tama zōsen sho, *Tama zōsen sho shi* (The History of the Tama Shipyard), (Tokyo: Tama zōsen sho, 1938), p. 73.

47) *Sempaku un'eikai kai shi, zempen* (The History of the Operational Association for Ships, Part I), (preserved in the National Defense Agency's Research Library after 1947), p. 15; Teratani, *op. cit.*, p. 3; Onozuka, *op. cit.*, p. 7; Inoue, *op. cit.*, p. 217; and Kaneko, *op. cit.*, p. 260.

48) Onozuka, *op. cit.*, p. 9; Teratani, *op. cit.*, p. 6; and Kaneko, *op. cit.*, p. 260.

49) *Ibid.*

50) Onozuka, *op. cit.*, pp. 8–9; Teratani, *op. cit.*, pp. 4–6; and Kaneko, *op. cit.*, p. 260. Article Three of the Shipbuilding Enterprise Law designated these 51 shipbuilding companies as warship construction firms.

business. After October, shipbuilders could no longer build vessels more than 15 meters in length without permission from the government.⁵¹⁾

Furthermore, after August, 1940, a shipbuilding council was formed in five different regions of the nation, Tōhoku, Kantō, Chūbu, Seibu, and Kyūshū. Each shipbuilding council was expected to incorporate minor shipbuilders into the stricter nationwide control of the government. In contrast to the aforementioned United Association of Shipbuilders which could construct vessels longer than 100 meters, these minor shipbuilders were firms that constructed vessels of lengths between 50 and 100 meters.⁵²⁾

The Navy's desire to tighten control over shipyards is reflected in the following statement: "During the late 1930s, not only naval arsenals but also private shipyards were too busy to receive ever burgeoning number of shipbuilding orders. Because of the overabundance of orders, it was recognized by everybody that all the shipyards were attempting to cope with the situation by working overtime or working through the night. As a result, the government should urge shipbuilders to make shipbuilding agreements regardless of whether they are constructing warships or merchant ships. Every shipbuilding agreement should depend upon each shipyard's facilities. Consequently, even too many orders can be dealt with by the government's control over the private sector."⁵³⁾ This statement points up the subsequent government's intervention in shipbuilding businesses, which would lead to the formation of shipbuilding associations.

The Navy's intervention in shipyards and control over warship constructions in the private sector was further accelerated after the outbreak of World War II. In January, 1941, the Navy canceled many prior contracts, and began to build the same type of warships in the same shipyards. That is, the Navy ordered warships from specific shipyards, depending on the type of warships it wanted to build. For example, small warships such as destroyers, torpedo boats, and mine sweepers were ordered to be built in minor shipyards.⁵⁴⁾ In this way the Navy sought to reduce shipbuilding costs and to simplify management processes in order to mass-produce warships.

The Navy appointed ship-platform engineers from private firms with previous experience in the construction of warships. It is particularly true that the Navy entrusted warship construction primarily to private firms which already had a long-standing history of receiving shipbuilding orders from the Navy. The Navy also distributed to shipbuilding firms blueprints for warship construction and materials for managing shipyards. Moreover, the government furthered its control over important shipbuilding materials, and the Navy itself delivered them directly to the shipbuilding firms.⁵⁵⁾

51) *Ibid.*

52) *Ibid.*

53) Kure shō (The Kure naval arsenal), *Kure shō kimitsu 492-4* (Classified documents No. 492-4 of the Kure Naval Arsenal) preserved in the National Defense Agency's Research Library, pp. 1-4.

54) Suekuni, Masao, "Nihon kaigun ni okeru kansen kenzō puroseshu," (A Process of Warship Building in the Japanese Navy) in *Sekai no kansen No. 9* (Warships of the World, No. 9), (Tokyo: Sekai no kansen henshū bu, 1974), p. 65; and Nishijima, Ryōji, "Fukuda Retsu gijutsu chūjō no shi o itamu," (Mourning over the Death of Technical Vice Admiral, Fukuda Retsu) in *Fukuda Retsu tsuitō shū-Zōsen gijutsu wa kateri* (A Memorial Collection of Fukuda Retsu-Our Shipbuilding Technology wins), (Tokyo: Sempaku gurafu shuppan sha, 1968), p. 84.

55) Nishijima, *op. cit.*, p. 85; and Inoue, *op. cit.*, p. 217.

Furthermore, on August 19, 1941, the government agreed upon the Essential Points for Controlling Wartime Shipping (Senji kaiun kanri yōkō) in a cabinet meeting. The Essential Points read, "In order to secure complete maritime transportation during wartime, the government should put the entire shipping business under its control."⁵⁶⁾ Thus, the shipbuilding industry was nearly placed under total state control. Not surprisingly, this was a state of affairs that seemed to reflect the Navy's intentions more and more as Japan neared the outbreak of the Pacific War in December, 1941.

Conclusion

Prior to the outbreak of the China Incident, the relationship between the Navy and private shipbuilders was characterized by the mutual interests that they shared. The rise of naval expenditures resulted in the inflow of large sums of money into the shipbuilding industry through increased warship construction orders. At the same time, the construction of many warships strengthened the Japanese Navy. In this sense, both the Navy and shipbuilding firms satisfied their own interests: larger numbers of newly constructed superior warships for the Navy, and more income and profits for the shipbuilders.

These common interests multiplied and accelerated with the heavy industrialization of the 1930s, and further coincided with the rise of munitions production following the Manchurian Incident. Growth in munitions production played a major role in creating an effective demand for depressed industries at a time when Japan was suffering from serious trade deficits, and the government could not get sufficient revenues. It was in this context, as I have tried to show in this article, that the Navy took advantage of the munitions boom by overrating the role the shipbuilding industry played in the recovery of the Japanese economy.

However, when Japan got bogged down in "the China quagmire" after 1937, the munitions productions skyrocketed. Despite a rapid increase in production, munitions demand exceeded the supply, and so did demand for ships. In these circumstances, the Navy's emphasis in its official statements shifted from the contribution of naval expansion to the promotion of exports and emigration in the early and mid-1930s, to the absolute preference for building military power by the end of the decade. This shift in the connotation of the Navy's interpretations regarding the meaning of naval expansion reflected its attitude towards the shipbuilding industry.

Until the late 1930s, the Navy's appeal to the importance of warship construction for Japan's heavy industrialization played a substantial role in justifying its demands for bigger naval budgets, though of course this appeal did not reflect the reality. Naturally, while Japan was at war with China in 1937, the Navy did not have to justify an increase in armaments in terms of its contribution to trade and heavy industrialization. In the end, what came to restrain the Navy's desire for military expansion was Japan's industrial capacity. This situation led the Navy to be more concerned with controlling the national economy.

56) Inoue, *op. cit.*, p. 217.

Towards the outbreak of the Pacific war, the Navy became more influential in the government. When the government came to intervene more and more in the management of private firms, the Navy sought to further expand its influence on the government's control over the economy in order to procure more munitions materials. These materials were in great demand since many sectors of the Japanese economy were engaged in munitions productions.

As I have tried to show in this article, this situation was clearly reflected in the relationship of the Navy with the shipbuilding industry. Throughout the 1930s, the Navy's emphasis shifted from economic development to the promotion of naval power. At the same time, the Navy's priority moved from the acquisition of greater naval budgets by increasing shipbuilding, particularly warship construction, to exerting extensive control over the shipbuilding industry in preparation for war.