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Author(s): Richard Rice

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Economic Mobilization in Wartime Japan: Business, Bureaucracy, and Military in Conflict

RICHARD RICE

All belligerent nations in World War II faced the administratively complex and politically sensitive task of economic mobilization. Attainment of full war potential required social cohesion and skilled, centralized administration. Despite the fact that Japan was engaged in a struggle for national survival, Japanese economic mobilization was limited, at least until 1943, less by economic factors than by political fragmentation and administrative difficulties. The nation which has become noted in the postwar era for its high degree of government and business cooperation was surprisingly divided during the war. What *was* the nature of the relationship between business and the military during the war, and what role did the bureaucracy play?

It is clear that the war eventually limited access to external resources essential to Japan's war economy; Japan was forced to fall back on limited technological resources, and great demands were made on reserves in the economy. But material shortages were not the only cause of wartime economic difficulties. The altered priorities of the war economy, and the necessity of greater government supervision of the economy, raised the factor of economic administration to new importance after the outbreak of the war in China in July 1937. The lack of administrative efficiency makes it difficult to consider Japan "totalitarian" during World War II.¹ The scale of mobilization was such that the military leaders of the nation needed the managerial skills of Japanese businessmen to run the economy. The military was dependent on industrialists; it also faced the entrenched power of the civil bureaucracy. The result was a convoluted political struggle.

One index of the need for research on the subject is the wide range of interpretations offered in both English and Japanese studies of the wartime economy. For example, Thomas Bisson contends that zaibatsu and military were "complementary, not mutually exclusive," while Jerome Cohen argues that ". . . the services were never able to secure complete control of war production and material allocation because strong business groups were unwilling to submit to complete military domination or relinquish control of their enterprises."² The interpretations of other American scholars fall somewhere between these two views.³ In Japan, as well,

Richard Rice is Assistant Professor of History at the University of Tennessee.

¹ Sir George Sansom, in the foreword to Jerome B. Cohen, *Japan's Economy in War and Reconstruction* (Minneapolis: International Secretariat, Institute of Pacific Relations, 1949), p. vii. Cohen's book is still the most complete in English on the wartime economy.

² Thomas Bisson, *Japan's War Economy* (New

York: Institute of Pacific Affairs, 1945), p. viii; Cohen, p. 85.

³ J. K. Fairbank, E. O. Reischauer, and A. M. Craig, *East Asia: The Modern Transformation* (Boston: Houghton Mifflin, 1965), p. 602. These authors take the position that zaibatsu wanted lucrative defense contracts but also wanted to retain their autonomy. John G. Roberts, *Mitsui: Three Centuries of Japanese Business* (New York:

studies have stressed different aspects of wartime economic mobilization. The pioneering work of Nakamura Takafusa and Hara Akira considers the problems of the military in dealing with economic administration.⁴ Watanabe Yoshimori, a neo-Marxist, argues that wartime mobilization was an integral stage in the zaibatsu's accumulation of capital.⁵ This paper attempts to show that Japanese business could neither challenge nor fully align with the military as a unified political factor.

Generalizations are often required in historical analysis, but they can also lead to unwarranted assumptions about reality. If the institutional dynamics of the business world, the military services, and the civil bureaucracy were extremely complex, as I will attempt to demonstrate, then we need to realize from the start that "military," "business," and "bureaucracy" are used here merely as convenient labels, and not as meaningful units of analysis. Many interpretations have assumed that the military and the civilian bureaucracy were unified in both organization and purpose. This was not so. The term "business" should also be qualified. Large industrial enterprises controlled by the zaibatsu tended to dominate war production, and the process of mobilization can be seen as a struggle between big business and small and medium enterprises, many of which succumbed to induced merger in the name of economic efficiency.

Weatherhill, 1973), p. 341, supports this interpretation. On the other hand, Eleanor M. Hadley, *Antitrust in Japan* (Princeton: Princeton Univ. Press, 1970), p. 42, takes the view that economic incentives offered to businessmen by the military prove that zaibatsu were active allies of the military. However, Byron Marshall, *Capitalism and Nationalism in Prewar Japan: The Ideology of the Business Elite, 1868–1941* (Stanford: Stanford Univ. Press, 1967), p. 106, correctly notes that more study needs to be done on this issue. For an example of an individual company in the cross-currents of wartime economic controls, see my "Hitachi: Japanese Industry in an Era of Militarism, 1937–1945" (Diss. Harvard University 1974).

⁴ In recent years Nakamura and Hara have added greatly to our understanding of the war economy: Nakamura Takafusa, *Senzenki Nihon keizai seichō no bunseki* (Tokyo: Iwanami shoten, 1971); Nakamura, *Kokka sōdōin*, Vol. XLIII of *Gendaishi shiryō* (Tokyo: Misuzu shobō, 1970); Nakamura, *Nihon no keizai tōsei* (Tokyo: Nihon keizai shinbunsha, 1974); "Sensō keizai to sono hōkai," in *Iwanami kōza Nihon rekishi*, XXI (Tokyo: Iwanami shoten, 1971), 109–55. Hara has summed up some of their findings in "L'économie Japonaise Pendant la Deuxième Guerre Mondiale," *Revue d'Histoire de la Deuxième Guerre Mondiale*, 89 (1973), 33–56. See also Nakamura Takafusa, Itō Takashi, and Hara Akira, *Gendaishi o tsukuru hitobito* (Tokyo: Mainichi shinbunsha, 1973) for interviews with important industrialists. Also useful are Miwa Ryōichi, "Jūkagaku kōgyōka to keizai seisaku," *Shakai keizai shigaku*, 41: 6

(1976), 51–69; and Matsushima Harumi, "Sangyō tōsei no kyōka to senji keizai (denryōku kokka kanri) e no dōtei," *Shakai keizai shigaku*, 41: 6 (1976), 70–93.

⁵ Watanabe Yoshimori, "Senjika no shihonchikuseki to 'Busshi dōin keikaku,'" *Keizaigaku zasshi*, 75: 2 (August 1976), 67–91. Like other Marxist writers, Watanabe sees capital accumulation and growth of large zaibatsu economic units as the hidden reason for mobilization policy, but the causality is the reverse: only the heavy and technically advanced sectors dominated by the zaibatsu could fill military needs.

⁶ Alan S. Milward, *War, Economy and Society, 1939–1945* (History of the World Economy in the Twentieth Century, No. 5) (Berkeley: Univ. of California Press, 1977), p. 34. This stimulating comparative study argues that economic strategy was determined not only by resources, but by political and economic concepts, as seen in this equation:

$$\text{Gross Product} = p + r + s + e - f$$

where p is peacetime national product, r reserves available in the economy, s savings from lowering the rate of capital replacement, e external resources (in Japan's case the Co-Prosperity Sphere), and f the reduced efficiency caused by administrative friction. This last factor was particularly important in Japan. Milward correctly points out (p. 32) that the potential resources of the Co-Prosperity Sphere could only be tapped by a high level of capital investment, but that same capital was needed in Japan.

The Economic Problem Confronting Military Planners

Japan's economic mobilization, first for war with China and subsequently for the Pacific War, encountered serious obstacles. Like England, Japan was faced with the problem of dependence on external sources of raw materials, but Japan was less prepared to deal with it. In 1938 Japan's merchant marine was, at five million gross tons, less than one-third the size of England's.⁶ Strategic planning had to give priority to the development and protection of raw materials from the Co-Prosperty Sphere. The goal was an autarkic empire in Asia. The earliest economic controls were, therefore, directed at regulation of imports and exports to assure the allocation of raw materials to strategic industries. As early as 1938 a "Materials Mobilization Plan" was developed for this purpose, but despite the fact that Japan was increasingly involved in warfare in China, no comprehensive plan involving coordination of all stages of production was developed.⁷ It was relatively easy to regulate import licenses and financing without disturbing the political and social fabric: the government merely allocated steel, copper, coal, chemicals, and other raw materials to factories awarded war contracts by the armed forces.⁸ Little attention was given to overall coordination of the economy or to a realistic assessment of the strategic needs of the war in China.

With the outbreak of war in Europe in 1939, and the formation of the second Kono Cabinet in July 1940, controls were tightened, but Japan's military strategy remained similar to Hitler's blitzkrieg tactics of limited warfare; neither Japan nor Germany stood to win in a long war of attrition.⁹ For that reason, and because big business retained much of its political influence, the formulation and implementation of a policy of total economic mobilization were delayed. Japan had no long-term social or economic policy to justify controls; they often were designed simply to cope with immediate military demand, or to remove bottlenecks in production. Not until November 1943 was an attempt made to centralize economic policy making and implementation in a new Ministry of Munitions headed by Tōjō Hideki.¹⁰ The Munitions Ministry was to act as a superagency to coordinate the entire economy. By that time, however, the vulnerable maritime supply lines had suffered devastating losses from Allied submarine attack, and no administrative structure could have solved the problem of rapidly disappearing raw material reserves.

Bureaucratic and service rivalries, moreover, continued to block full disclosure of materials on hand; even in the critical area of fuel production there was no coordinated army-navy effort. Business resistance limited economic controls to resource allocation and financial regulation. Controls were looked upon as negative measures which sacrificed the future growth of the entire economy for strategic

⁷ Kimura Takatoshi, "Senji kokka kanri keizai to zaibatsu dokusen," *Keizai shūshi*, 45: 4 (1976), 16. Watanabe, pp. 68–69.

⁸ Watanabe, p. 71.

⁹ Milward, p. 35. He focuses on this issue in an earlier article, "The End of the Blitzkrieg," *The Economic History Review*, 16: 3 (1964), 499–518.

¹⁰ No economic czars emerged in Japan, as they did in the democracies. U.S. mobilization went through several stages of centralization under the direction of William S. Knudsen, the president of

General Motors, and Donald M. Nelson, chairman of the board of Sears, but labor allocation was not tied to resource allocation until the creation of the Office of War Mobilization in May 1943. It was headed by a political crony of Roosevelt's, James F. Byrnes. In England the Lord President's Committee, established in January 1941, centralized most resource allocations, while Ernest Bevin, secretary of the largest trade union, entered the government in 1940 to carry out drastic labor policies (Milward, pp. 239–40.)

short-range gains in weapons and munitions production.¹¹ Corporate executives were certainly as patriotic as any Japanese in that nationalistic era, but they resisted domination by military or bureaucracy. An undetermined amount of civilian sabotage diverted vital materials away from war production. Materials were obtained under military priority plans, but a firm could overstate requirements in filling a military order and channel a portion of the materials obtained to civilian production or the black market. It has been estimated that of all army steel allocation in 1940, perhaps 25 percent (190,000 tons) was secretly directed into civilian production. Even as late as 1943, 6.5 percent (32,500 tons) was diverted.¹² Statistics such as these are subject to a wide margin of error, but they do illustrate the point that centralization of priorities was not easy for the Tōjō cabinet.

The government was not able to achieve the tight economic control it sought because it remained ultimately dependent on the managerial talent and productive capacity of the private sector. As Table 1 indicates, even as late as 1944, 55 percent of all weapons were produced in private rather than state-run plants.

Table 1.
Ratio of State and Civilian Munitions Production, 1944*

Type of Weapon	State (Percent)	Civilian (Percent)
Light Weapons and Machine Guns	63	37
Ammunition	33	67
Projectiles	69	31
Gunpowder	69	31
Submarine Weapons	6	94
Military Vehicles	97	3
Military Automobiles	0	100
Communications and Electrical Devices	0	100
Naval Optical Devices	15	85
Related Machine Factories	42	58
All Weapons	45	55

*Source: Bōeichō bōeikenshūjō senshishitsu, *Rikugun gunju dōin*, II (Tokyo: Asagumo Shinbunsha, 1970), 824–25.

¹¹ *Hitachi Seisakushōshi* (Tokyo: Hitachi insatsusho, 1961), II, 40. This attitude was typical. Cohen (pp. 28–30) cites other examples of criticism of red tape.

¹² Bōeichō bōeikenshūjō senshishitsu, *Rikugun gunju dōin* (Tokyo: Asagumo shinbunsha, 1970), II, 418 and 589, quoted by Watanabe, p. 76. One investigation of aircraft plants concluded that forty-five percent of scarce aluminum went into

non-military production. Some of this “diversion” wound up as consumer goods, but companies also produced machine tools and other capital goods that they sold or bartered with other firms; these contributed to the nation’s total productive capacity and thus were not lost to the war effort. For obvious reasons, it is unlikely that we will ever know the full extent and impact of diversion.

In 1944 there were 1,030 civilian-owned munitions factories employing 350,000 workers, while government operated plants totalled only 45, with 26,000 employees.¹³ Because they were expert in their respective industries, the Munitions Ministry used businessmen as temporary civil servants or quasi-civil servants. Inspection teams were sent by the Munitions Ministry to civilian-managed factories to monitor compliance with economic regulations, but businessmen did not become mere pawns of the military.

Rational economic mobilization called ideally for centralization of decisions on economic priorities and adequate information-gathering upon which to base those decisions. But the various government ministries that competed for jurisdiction over the economy often received unreliable statistics from companies eager to conceal profits and capital assets.¹⁴ Government ministries, each jealous of its sphere of authority, resisted formation of a centralized administration controlled by the military which would make and implement priority policy. This lack of bureaucratic coordination and cooperation resulted in economic mismanagement. For example, bureaucratic rivalry in the civil government, compounded by a lack of army-navy coordination, led to misallocations of fuel, a highly strategic component of the war economy. Each service failed to fully disclose its reserves to the other, and the concerned ministries did not coordinate overall production.¹⁵

Revelation of the massive mismanagement of Japan's wartime economy might surprise those familiar with the government's postwar success in economic coordination. Compared to other nations, wartime Japan did poorly in establishing a single administrative structure capable of centralizing economic decisions and thereby directing the entire economy toward production goals established by the military. The underlying cause was lack of a popular political consensus.¹⁶ In Germany and Russia, totalitarian governments centralized decision-making power—although not until 1942 in Germany. In the United States and Great Britain, wide and enthusiastic support for war aims permitted suspension of peacetime constitutional freedoms in order to create relatively efficient administrative structures for economic mobilization.¹⁷ In Japan, the creation of the Munitions Ministry in late 1943 was aimed at regulation of the entire economy, yet interagency conflicts

¹³ *Rikugun gunjū dōin*, II, p. 824. Given the extent of economic controls created by 1944 and the military's designation of some companies as "munitions firms," directly under military supervision, there is some reason to question the term "civilian," yet on the whole the management of these plants did not change. In most cases the former manager was designated the "responsible person" answerable to the Munitions Ministry.

¹⁴ Watanabe, p. 76.

¹⁵ Nenyō konwakai, *Nihon kaigun nenryōshi* (Tokyo: Daiichi insatsu, 1972), I, 93 and 98–99. Kazuo Kawai observes in *Japan's American Interlude* (Chicago: Univ. of Chicago Press, 1960), p. 118, that "... the [wartime] bureaucrats were often singularly unperceptive and devoid of common sense in matters outside their established routine." Wartime lack of coordination is difficult to reconcile with the postwar business-government cooperation that virtually all scholars have noted. Space does not permit a discussion of this apparent contradiction, but a partial expla-

nation may be that postwar government has been controlled, through the Liberal Democratic Party, by business, and so has reflected its policies and goals. Also, by 1945 a good deal of administrative experience had been accumulated despite the failure of the economy. With the military discredited and no longer a political factor, a new consensus in favor of reconstruction and future growth determined policy. The postwar administrative structure implementing policy has not faced the same social and political tensions described in this paper.

¹⁶ For an interesting survey of interpretation on this issue, see George M. Wilson, "A New Look at the Problem of Japanese Fascism," *Comparative Studies in Society and History*, 10: 4 (1968), 401–12.

¹⁷ Milward, p. 117. See also Richard Polenberg, *War and Society* (New York: J. B. Lippincott, 1972), pp. 5–36, for a brief overview of the American war economy.

remained so virulent that they interfered with the government's plans. Economic rivalries continued between the army and navy, with deleterious effects on the Ministry's goals. Military and economic policy were determined at the highest administrative levels, but business, military, and bureaucracy competed in a struggle over administration of the economy, and the innumerable daily economic decisions that implemented policy decisions were not coordinated. That unresolved conflict is illustrated below.

Control Associations

Because they played a major role in the allocation of scarce resources, the industrial control associations (*kōgyō tōsei kai*) established in 1941 and 1942 were crucial to war production, and were the most important organizational link between the military and business. The government intended to use them for coordination of twenty-two essential areas of the economy.¹⁸ The associations were to implement decisions made by the cabinet and to allocate raw materials among member firms who had military contracts. A study of their evolution and workings reveals the political-administrative struggle endemic in Japanese economic mobilization.

Control associations had roots in the cartels of the 1930s; these in turn were a response to the long depression that plagued Japan in the 1920s.¹⁹ Hard-pressed businessmen did not oppose measures by the government to rationalize the economy. Because businessmen had considerable influence within government, there was little opposition to the Major Industries Control Law when it was passed in March 1931. This law gave the government power to limit production, set quotas, and fix prices. It was designed to spread the burden of the depression and temper competition between companies, but after 1937 it became important to military leaders, who required greater war production for the conflict in China.²⁰

During the 1930s, theoretical and ideological justifications for economic controls appeared from both sides of the political spectrum. On the left, Marxist economic theory and the example of the Five-year Plans in Russia validated the concept of state direction of the economy in the minds of many young intellectuals who thought that the collapse of capitalist society was inevitable, and that the economy of the future socialist society would be directed by the state. The political right also predicted the fall of laissez-faire capitalism; they felt that unfettered private enterprise had led to the creation of the zaibatsu. The most influential exponent of this view was Kita Ikki, who called for state regulation of industry and labor.²¹ Many in the services called for a planned economy to mobilize the resources of the country.²²

¹⁸ Tsūshō sangyōshōhen, *Sangyō tōsei*, Vol. XII of *Shōkō seisakushi* (Tokyo: Shōkō seisakushi kankōkai, 1964), p. 508, presents a chart showing each control association, date of designation, the president of each organization, and his previous position. All were businessmen. Twelve control associations were designated in 1941 and ten were added later.

¹⁹ *Sangyō tōsei*, p. 11. William W. Lockwood, *The Economic Development of Japan: Growth and Structural Change, 1868–1938* (Princeton: Princeton Univ. Press, 1954), ch. x, develops the concept that the government avoided state

involvement in economic activity except during the early Meiji and the 1930s. See also the comment on this issue made by Gary Saxonhouse, "A Tale of Japanese Technological Diffusion in the Meiji Period," *The Journal of Economic History*, 34: 1 (March 1974), 151, n. 8.

²⁰ *Sangyō tōsei*, p. 52; Elizabeth B. Schumpeter, ed., *The Industrialization of Japan and Manchukuo, 1930–1940* (New York: Macmillan, 1940), p. 745.

²¹ Nakamura, *Nihon no keizai tōsei*, pp. 23 and 27.

²² Cohen, p. 29.

In addition to ideological support for economic controls, successful government stimulation of the economy enhanced the concept of state intervention. After the Manchurian Incident of 1931 and the break with the League of Nations, Japanese military strategy called for rapid expansion of heavy industry. A hostile foreign press, trading restrictions aimed at Japanese goods in western and colonial markets, and dependence on foreign machinery and technology seemed to indicate the need for a coordinated effort to develop a broader industrial base.²³ To meet that need, Finance Minister Takahashi Korekiyo (1932–1936) initiated deficit spending, discouraged higher taxes on business, and increased the military budget.²⁴ Takahashi's policies, especially those increasing military spending, caused an explosive acceleration of growth in heavy industry. In a few years the dominance of light industry was reversed in favor of heavy industry. In 1931, 33.7 percent of industrial production was in the heavy sector, and 66.3 percent in light industry. By 1935 the ratio had changed to 47.6 percent to 52.4 percent, and in 1938 the heavy to light ratio was 60.8 percent to 39.2 percent.²⁵

War in China led to an even greater economic role for the government. During the ensuing eight years of continuous conflict in Asia and the Pacific, large military expenditures dominated the economy. With government censorship and ideology stressing national unity, business advocates of free enterprise were muted at best. Fujihara Ginjirō, head of the Ōji Paper Company, actually supported larger military budgets: "Money spent on armaments is capital which promotes the advance of us businessmen."²⁶ Many businessmen did not share Fujihara's enthusiasm, because with military orders came proliferating economic controls. Nevertheless, although they were wary of regulations, businessmen seldom dared to speak out against growing government intervention in the economy.

In April 1938 the National Mobilization Law gave the government wide and unprecedented powers to mobilize resources, equipment, and labor. The aim of the law was to regulate production, consumption, trade, capital, prices, and wages to shape the economy for national strategic goals.²⁷ It is significant that it was passed only as an enabling act which Prime Minister Konoe Fumimaro promised *not* to use unless the war in China spilled over into other areas. Business opposition was expressed in the Diet, but within months, production of "non-essential" items was restricted under the authority of the law.²⁸ Despite these early regulations, big business interests continued to influence government policy, and no comprehensive plan for centralized control emerged.

As the China war dragged on, the Japanese government added many piecemeal economic controls, but there was still no overall plan. By 1940 Hoshino Naoki, chief of the Cabinet Planning Board, designed a plan to regulate the cartels by government appointment of the president of each cartel. The business community protested this intervention. When, on 1 September 1941, the Major Industries Control Act provided for industrial control associations, a compromise solution

²³ *Rikugun gunjū dōin*, I, 18–19.

²⁴ G. C. Allen, *A Short Economic History of Modern Japan, 1867–1937* (New York: Praeger, 1963), pp. 136–37.

²⁵ Kajinishi Mitsuhaya, *Zoku Nihon shihonshugi* (Tokyo: Yūbikaku, 1957), pp. 174–75, Chart 24. See also the discussion of economic transition in the 1931–1936 period by Hara Akira, "Senji

tōseikeizai no kaishi," *Iwanami kōza Nihon rekishi*, XX (Tokyo: Iwanami shoten, 1976), 218–20.

²⁶ Roberts, p. 264.

²⁷ See *Sangyō tōsei*, pp. 177–82, for the complete text.

²⁸ Tsūshō sangyōshō jūkōgyō kyokuken, *Nihon no kikai kōgyō—sono seichō to kōzō* (Tokyo: Nihon jūkōgyō kenkyūkai, 1960), p. 56.

emerged. The Cabinet designated which industries were to have control associations, but administrative control over each association rested at a lower level with the appropriate ministry. The Ministry of Commerce and Industry controlled metals, for example, while the War Ministry had jurisdiction over aircraft.

After the control associations were established by the Cabinet Planning Board in September 1941, they were headed by businessmen, not bureaucrats—an indication of continued business influence.²⁹ Presidents were chosen by the appropriate ministry from a list of industry nominees who were expert in their fields and who had general knowledge of the workings of the economy. Yet staffing the associations with personnel from the private sector was not easy, as the Ministry of Commerce and Industry insisted that the post of association president be full-time; in general, industry leaders did not rush to volunteer to leave their firms.³⁰ The association presidents usually picked their own staff, from the appropriate industry, but government officials also served.

Control associations were concerned with all national production in their respective fields. Presidents of companies within each control association automatically became members of the association. In this sense, the associations were compulsory cartels. The association presidents were all businessmen, appointed by the government from among those recommended by a selection committee comprised of industrial leaders. The selection process itself often involved political compromise and negotiation within each industry and with the government ministries. The persisting power of corporate leadership in the control associations accounts in part for the independent procurement agencies set up later by both the army and the navy. The various ministries retained the right, under the laws creating control associations, to withdraw powers granted to the associations and to their respective presidents. Thus, the administrative structure put the government at the top, but since no single agency coordinated the ministries, the control associations were not coordinated either. Below the control associations were member firms.³¹ The situation was further complicated by other institutional sources of power that intervened, such as the military—itsself divided by endemic service rivalry. Conflicting interests within the government itself made it difficult to use the control associations effectively. There was, as Maruyama Masao has succinctly put it, a “pluralism of political power.”³²

The difficulty of organizing the economy into twenty-two categories was compounded by unavoidable jurisdictional disputes. For example, the Ministry of Commerce and Industry had authority to organize the Chemical Industry Control Association, but the Ministry of Agriculture and Forestry disputed that jurisdiction, since its control over chemicals such as ammonium sulphate would be threatened. After lengthy debates on similar issues, a Cabinet Meeting effected an awkward compromise. Government agencies with existing regulatory powers over the economy would follow the leadership of the new control associations in conferences on sensitive issues like raw material allocation and prices, which in turn

²⁹ *Hitachi*, II, 4 and 40. See also Cohen, p. 31.

³⁰ Nakamura Takafusa and Hara Akira, “Keizai shintaisei,” in *Nihon seiji gakkai*, eds., *Konoe shintaisei no kenkyū* (Tokyo: Iwanami shoten, 1972), p. 115.

³¹ *Sangyō tōsei*, p. 465.

³² Maruyama Masao, *Thought and Behavior in Modern Japanese Politics* (London: Oxford Univ. Press, 1963), p. 127. While Maruyama is correct on this point, economic administration does not support his view of Japan as a totalitarian political system.

determined profits.³³ This solution worked better in principle than in practice, and jurisdictional struggles continued.

Bureaucratic jurisdictional disputes and business recalcitrance worked against the military's desire to control the economy through the associations. The military intended control associations to act as a mechanism for implementing decisions from the top, but they often acted instead as a buffer between government and business, a critical synapse through which strategic policy did not pass unaltered by big business interests.³⁴ The control associations came under attack by both military and business because they had a conflicting dual mandate. On one hand, they were organs of vested business interests, especially of the large zaibatsu; on the other, they were to be organizations for implementing economic policy as part of national strategy.³⁵ The associations varied in their ability to carry out the economic basis of strategic policy determined by the Tōjō cabinet. The technological complexity of the products produced by a particular industry, the existence and cohesion of a previous cartel, the enforcement of laws regulating the industry, and the extent of domination by one or more zaibatsu all influenced the success of control associations as administrative bodies. Industries with a longer history of domination by only a few producers, or with strong cartel agreements, encountered fewer internal disputes.

A comparison of the Steel Control Association—whose purpose, organization, and management became a model for other associations—with the fragmented Coal Control Association points up the lack of administrative uniformity among the associations. The former was based on previous cartel agreements and other mechanisms, such as pricing and marketing arrangements, that tempered competition in the steel industry. For many years industry leaders had met frequently and defined quality standards, prices, and production goals. The transition to a control association was therefore relatively smooth. The coal industry, however, was not dominated by a few firms with similar economic interests, so the Coal Control Association had no existing organization that encompassed the entire industry upon which to build. In fact, the industry was internally fragmented: the Coal Industry League (Sekitan Kōgyō Rengōkai) was dominated by four large zaibatsu, and did not reflect the interests of Japan's many small local mines. Two other national organizations existed to regulate prices and ration coal, but the small and large companies were unable to agree on production quotas. The industry was also geographically divided by regional associations.³⁶ Although the Coal Control Association may have been an extreme case, it was by no means unusual. Other control associations faced similar problems inherent in establishing a uniform apparatus of economic mobilization.

Another problem was the sheer complexity of organizing economic activity. For example, a high technology firm like Hitachi Seisakushō, which produced a variety of electrical machinery, was by necessity a member of seven associations: electric machinery, production machinery, precision machinery, steel casting, chemical industries, coal, and rolling stock.³⁷ Concurrent membership in such diverse associations produced endless red tape for Hitachi management. The control associations

³³ Nakamura and Hara, "Keizai shintaisei," p. 119; and *Nihon no keizai tōsei*, pp. 23 and 27.

³⁴ *Sangyō tōsei*, p. 508.

³⁵ Nakamura and Hara, "Keizai shintaisei,"

p. 119.

³⁶ Nakamura and Hara, "Keizai shintaisei," pp. 117–18.

³⁷ *Hitachi*, II, 33.

also extended their activities to regulation of production through allotments of raw materials and assignment of production quotas. Companies had to maintain an intimate relationship with the association staff and place company men on their boards.

Many other administrative structures that conflicted with the control associations were created by the government ministries and the armed services. Overlapping agencies continually compromised the ability of the associations to coordinate production. For instance, several agencies were made responsible for procurement: the Naval Electric Association established by the Navy in 1941; the Aviation Industrial Association, whose several divisions—cast steel supply, safety and hygiene, machines, precision measurement devices, electrical machinery, and production machines—sought to coordinate national production of aircraft; and the Munitions Industry Association. All were organized for production of strategic war materials, and their activities often duplicated or competed with the functions of industrial control associations. Many firms which had diversified production fell under the jurisdiction of two or more of the twenty-two control associations, and were often subject to control by other regulatory bodies as well. It would be almost impossible to unravel the workings of all the agencies, but some of the administrative and political problems can be illustrated by considering a typical organization.

The Electric Machinery Control Association

The Electric Machinery Control Association was established 12 January 1942. As with steel, the industry had considered forming a cartel much earlier. In early 1926 the president of Fuji Electric, Natori Wasaku, called a meeting of industry leaders to discuss price and output agreements.³⁸ Representatives of Hitachi, Meiden, Mitsubishi Electric, Shibaura, and other major firms attended. Nothing substantial came of the meeting, but it was a forerunner of another organization, the Yōkka Kai, which was a group of businessmen in the electrical industry who met to discuss common problems and policies. It was formed in May 1936 as a “friendship organization” (*shinboku dantai*). One of the founders was an executive director of Hitachi, Rokkaku Saburō, who became managing director of the group.³⁹ Standardization of products and revision of commercial codes were the main goals of the Yōkka Kai. It was later renamed the Japan Electric Machinery Production Committee, and dealt solely with technical problems and uniformity of components.

Other organizations were created after the government recognized private cartels in August 1937. The Japan Electric Machinery Industry League (Nippon Denki Kikai Kōgyō Kumiai) was established in 1938;⁴⁰ the Chief Director was Hattori Katsuyu, a director of Shibaura Electric. The twelve member firms, including Shibaura and Hitachi, were the largest within the electrical goods industry. Small and medium producers were not included, but they participated in another group which may have been established to offer a counterweight to the dominance of the large companies. In 1940, the Ministry of Commerce and Industry set up a separate body called the National Electric Machinery and Tool Industry Federation (Zenkoku

³⁸ Yasukawa Daigorō, *Waga kaisōroku* (Tokyo: Perikansha, 1971), p. 162.
Hyakusen shōbō, 1970), p. 49.

⁴⁰ Hayakawa, p. 162.

³⁹ Hayakawa Naonobu, *Hitachi no keiei* (Tokyo:

Denki Kikai Kōgyō Sōgō Rengō), organized on the basis of eight regions, nominally to coordinate regional production. It appears that the Ministry of Commerce and Industry hoped to control the entire industry by arbitration between the twelve major firms represented by the Japan Electric Machinery Industry League and the National Federation. The shift to a wartime economy hurt small companies, as most war contracts went to big firms with adequate capital, a large labor force, and the necessary technical skills. Many small companies went out of business or were taken over by large corporations. Since the twelve big firms accounted for about eighty percent of all production, the League had the upper hand in any subcontracting or materials allocation agreement concluded with the Federation.⁴¹ When the Electric Machinery Control Association was organized in early 1942, it included the twelve large producers and big companies from the National Electric Machinery and Tool Industry Federation. From the beginning, the new control association contained opposing interests.

The Electric Machinery Control Association exemplified the problems of political fragmentation that were obstacles to economic mobilization. Its very formation was an occasion for conflict: since the president would have great powers, there was considerable infighting over who would get the post. It would have been logical to choose from one of the top ranking firms, and Tōshiba's president Yamaguchi Kisaburō, Mitsubishi Electric's Miyazaki Komakichi (a junior managing director), and Hitachi's president Odaira Namihei all had their supporters.⁴² Underlying the task of selecting a president were basic disagreements on how the organization should be structured. The electrical industry was divided between companies primarily involved in electronics and communication gear and those who also produced heavy electrical goods.⁴³ The latter faction was vigorously led by Yamaguchi Kisaburō, who advocated a single control organization for the entire electrical industry. Leading the opposition to this view was Kajii Takeshi, a director of the Sumitomo zaibatsu and president of Japan Electric. He insisted on a "dual system" (*nihondate*) which would recognize differences in the nature of heavy and light electrical producers.⁴⁴ The controversy over a single or dual structure reflected the different interests of large consolidated firms and those of specialized producers, and was a type of conflict common to most control associations as they forced varied industrial sectors together in uneasy alliance. A jurisdictional dispute complicated matters: the Ministry of Communications opposed a plan by the Ministry of Commerce and Industry to put electric wire and cable production under the jurisdiction of the Non-Ferrous Metal Control Association, arguing that it belonged under the Electric Machinery Control Association.⁴⁵

⁴¹ Hayakawa, p. 163.

⁴² Hayakawa, p. 164. Hayakawa was a reporter for the *Nihon keizai shinbun* at the time, and when he interviewed leaders of the electric industry, other candidates were considered bad choices for one reason or another. The industry had a large role in the selection of Yasukawa, but the military and the ministries did not; Yasukawa was not an unpopular candidate forced on the industry by the military or government bureaucracy. See Yasukawa, p. 228.

⁴³ Yasukawa, p. 99.

⁴⁴ Hayakawa, p. 165. The government, of

course, had ideas on how the association should be organized, which added to the discord. According to Yasukawa, Kajii claimed the military wanted a dual system. Kajii's candidacy for vice president was initially supported by the military, but when Yasukawa resisted, they did not push the matter. Kajii had worked for the Communications Ministry, which accounts for his later contacts there. After a study trip to Germany, England, and the United States, he became chief of the Ministry's telephone and telegraph section.

⁴⁵ Nakamura and Hara, "Keizai shintaisei," p. 115.

Yamaguchi and Kajii could not agree on the organization of the Electric Machinery Control Association, and each tried to influence the bureaucracy to support his position. Both refused to compromise, and in the end the single system concept won out. Kajii did not concede gracefully, and bore a grudge against Yamaguchi that was to have a continued divisive effect on the association. With some justification, Kajii accused Yamaguchi of scheming against him.⁴⁶ Yamaguchi wanted to become president of the association, but his dispute with Kajii and the dual system faction created such hostile feelings that his appointment would have been a political disaster. The Minister of Commerce and Industry in the Tōjō Cabinet, Kishi Nobusuke, favored Hitachi president Odaira Namihei for association president.⁴⁷ The Ministry had “special confidence” in Odaira, but he refused to leave Hitachi to underlings. As a result, the government appointed Yasukawa Daigorō, president of the relatively small Yasukawa Electric Company. Yasukawa was a compromise candidate, and was seen as such by all concerned, something Yasukawa himself was aware of.⁴⁸

The controversy over selection of a president poses an interesting question: why did Odaira Namihei decline the most important job in the electrical industry during the war, a job other men eagerly sought? As president of the control association, he clearly would have had power to favor Hitachi interests. He had adequate political support within the Ministry of Commerce and Industry, and ample opportunity to assume the presidency of the association. Tamakawa Hisao, an executive director of Hitachi and an old school friend of Yasukawa Daigorō, suggested at the time that Odaira felt himself indispensable to his own company. Not that he was unpatriotic, and selfishly concerned only with Hitachi, Tamakawa hastened to add, but the timing was inopportune. Later Odaira would be willing to take an active part in the association.⁴⁹ It is likely that Odaira foresaw continuing dissension and realized the tremendous pressure the association president would be under in the center of a bureaucracy-military-business struggle. Also, Hitachi was involved with seven control associations, and its interests went beyond the jurisdiction of the Electric Machinery Control Association.

By way of contrast, Yamaguchi Kisaburō was not absorbed in Tōshiba in the same way. Although he successfully argued for the adoption of a single organization coordinating the entire electric industry, Yamaguchi had generated far too much discord. Thwarted in his attempt to obtain the presidency of the Electric Machinery Control Association, Yamaguchi haunted government ministries, and finally was named president of the Production Machinery Control Association.⁵⁰

Perhaps a final reason Odaira did not become association president was that he had an unusually close relationship with Yasukawa. The latter freely admitted as much: “From the time I assumed office as association president until the last day when the control association was dismantled, I retained the feeling that I was a substitute for Odaira.”⁵¹ Through monthly conferences and contacts with Hitachi executives, Yasukawa kept informed of Odaira’s opinion on important issues

⁴⁶ Hayakawa, p. 166. Yasukawa noted (p. 100) that after Odaira declined the position of association president, newspapers reported that Yamaguchi was interested in the job. Yasukawa believed that this story originated not just with Yamaguchi’s supporters but with Yamaguchi himself, showing a distasteful display of self-

interest.

⁴⁷ Yasukawa, p. 100.

⁴⁸ Hayakawa, p. 164.

⁴⁹ Yasukawa, p. 100.

⁵⁰ Hayakawa, p. 173.

⁵¹ Yasukawa, p. 101.

affecting the industry and Hitachi, for his ties with Odaira went back to the early Taishō when he had worked briefly for Hitachi after leaving the university. He remained on good terms with Odaira, for whom he had a high regard and great respect: “. . . as my own patron [*oyabun*], I love and respect him.”⁵²

While in the United States in 1914 Yasukawa gained experience working at Westinghouse, learning techniques that he brought back to Japan. He set up his own firm with Kyūshū capital in 1915, and Yasukawa Electric became a major producer of electrical equipment for mining and other industries. Although his company was in competition with Hitachi, Yasukawa remained close to Odaira, and maintained friendships with his former schoolmates, especially Tamakawa Hisao. These ties and others gave Yasukawa direct access to industry leaders during his wartime tenure as head of the Electric Machinery Control Association.

The problems inherent in a control association which included companies with different outlooks was clear from the start. As Yasukawa wrote in his memoirs, the dispute over organization of the association was not confined to the Yamaguchi-Kajii argument over a single or dual system. The Kajii faction continued to be active, proposing a vice president from the light electrical industry should the president of the association be from the heavy sector. There were rumors that the army backed this position, one that Yasukawa strongly opposed. As far as Yasukawa was concerned, the so-called “army” position was really just another manifestation of the “illogical” dual system desired by the communications industry.⁵³

As the setting up of the control association progressed, the military injected its presence into the planning process. While procedures for organizing the association were still in flux, Kajii Takeshi apparently tried to influence the outcome. On 7 January 1942, Yasukawa received a terse summons to the Army Ministry. When he told Kajii about the summons, Kajii tried to discourage Yasukawa from going: “Give up that sort of thing. It is not proper to involve yourself with the army. If you do, you will certainly end up under their control.”⁵⁴ Ignoring Kajii, Yasukawa decided to bypass the bureaucracy and find out directly what the army wanted. Arriving at the ministry, he was ushered into a room where a group of military men were seated in a row. They asked him what his expectations were in undertaking the heavy responsibilities of control association president, and raised the issue of Kajii’s “dual system” plan to administer heavy and light electrical industries separately. Despite the disagreement between heavy electrical manufacturers and communications firms, Yasukawa felt that a compromise could be worked out, especially since Kajii had publicly supported him. He was asked if Kajii should be made vice president of the association, since Yasukawa represented the interests of heavy electrical producers. Yasukawa firmly rejected the proposal on the grounds that Kajii had strong outside support and would undermine his own position. After a discussion of the issue, the military men agreed with Yasukawa. Yasukawa felt that the whole problem had been caused by spineless bureaucrats in the Ministry of Commerce and Industry and by Kajii’s maneuvers.⁵⁵

Yasukawa was also under pressure from the Ministry of Communications. Some days before the meeting at the Army Ministry, Matsumae Shigeyoshi, then head of the Industrial Affairs Bureau, had called on Yasukawa at his home. He warned that

⁵² Yasukawa, p. 44.

⁵³ Yasukawa, p. 100.

⁵⁴ Yasukawa, p. 100.

⁵⁵ Yasukawa, p. 103. Kajii’s main influence apparently was in the Communications Ministry; see footnote 44 above.

if Kajii was not designated either a vice-president or a director, the Ministry of Communications would not cooperate with the Electrical Machinery Control Association.⁵⁶ Although Matsumae used threatening terms, Yasukawa refused his request, suspecting that Kajii was manipulating behind the scenes. In the end Yasukawa had his way, but confrontation within the association was to continue throughout the war.

Such episodes suggest that generalizations about “business” interests neglect very strong disagreements within a particular industry. Two of the Electric Machinery Control Association directors, Itō Bunshi from Hitachi and Satori Jinsa from Japan Electric, frequently collided over policy issues.⁵⁷ The common goals of wartime mobilization did not mask the fact that they represented competing companies. At times such quarrels led Yasukawa to believe that he had overstressed the need for unified administration, and that Kajii’s method of two separate control associations would have been best. It was not just a personality conflict between Itō and Satori. Like the earlier Yamaguchi-Kajii confrontation, disagreement within the association was a symptom of the different interests of diversified companies and those of specialized firms.⁵⁸

Yasukawa originally intended to establish four divisions: general affairs, production, raw materials, and inspection. Since pressure from the communications industries made it necessary to create a communications division, production administration was divided between a communications and an electric division. The Ministry of Commerce and Industry felt that the military would not approve of this structure, and urged Yasukawa to set up a technology division as well. Yasukawa thought that including a technology section within the inspection division would suffice. The ministry bureaucrats would not listen to his view that there was no real need for a technology division; he considered their meddling unwarranted interference in matters he knew best, that only delayed final organization.⁵⁹ At the January meeting, the army approved Yasukawa’s plan for organizational structure over the suggestions of the Ministry of Commerce and Industry. What followed was an interesting case of political infighting between business, bureaucracy, and military.

As Yasukawa left the Army Ministry he found Kajii waiting for him outside. When Yasukawa told him how the discussion had gone, Kajii seemed pleased. He then invited Yasukawa to relax after the rigors of the meeting, and the latter accepted. After playing golf with Kajii, Yasukawa returned home quite late. He thought his disagreement with Kajii had been settled. As he entered his home, Yasukawa was informed that an urgent phone call had come from Satō, the head of the Machinery Bureau in the Ministry of Commerce and Industry. Although it was already late, Yasukawa hurried to the ministry, where Satō and the General Affairs Section Chief, Ishizaka, were waiting. As they asked Yasukawa about the earlier meeting at the Army Ministry, the two bureaucrats appeared a bit tipsy from drinking sake. Yasukawa noted the lack of coordination between bureaucracy and military in their dealings with businessmen. Each was competing for jurisdiction

⁵⁶ Hayakawa, p. 170–71. Like Yasukawa, Matsumae Shigeyoshi was also a graduate of Tokyo University. He became an electrical engineering authority and Chief of the General Affairs Section of the Imperial Rule Assistance Association.

⁵⁷ Hayakawa, p. 172.

⁵⁸ Hayakawa, p. 172. Hayakawa accepts Yasukawa’s explanation as to the source of the trouble.

⁵⁹ Yasukawa, p. 103.

and control of economic policy, and businessmen like Yasukawa were pulled between them.

A struggle for influence between the staff of the Ministry of Commerce and Industry and the Ministry of Communications also interfered with the establishment of the control association. On January 12, when the opening ceremonies were held at the Electric Club in Tokyo, Satō informed Yasukawa that the Navy Ministry wanted to see him immediately.⁶⁰ Thinking the army had settled matters, Yasukawa went off to see the navy officials. At the ministry's Naval Ordinance Bureau, Yasukawa was accused of favoritism toward the army. Yasukawa assured the officers that he was not biased against the navy, but he felt the whole episode resulted from a lack of communication, and from competition between the Ministry of Commerce and Industry and the Ministry of Communications.

Both branches of the military were naturally interested in the establishment and organization of the Electric Machinery Control Association, and they were willing to listen to an industry representative like Yasukawa. Even though the services had made known their preferences concerning the association, when it was finally inaugurated, both treated it as the product of the other's influence. Because of this interservice rivalry, the association was often caught between the two. On the one hand, the many arbitrary production standards imposed by the military resulted in even greater inefficiency. On the other, the rivalry and jealousy of the services also occasionally permitted Yasukawa to play off one against the other. The control association brought together such countervailing interests that the production policies it adopted were often political compromises, not rational economic decisions. While military demands were the main factor determining economic policy, both the Ministry of Communications and the Ministry of Commerce and Industry (until it disbanded in 1943) had what has been described as a "mother-in-law" disposition.⁶¹ They constantly meddled in the affairs of the association, and policy formulated by the association staff could seldom be put into effect without severe modification.

Yasukawa bitterly criticized the failure of bureaucrats in the Ministry of Commerce and Industry to stand up to the military.⁶² He felt that problems could be ironed out if businessmen could deal directly and frankly with military economic planners. Yasukawa knew that the Ministry of Commerce and Industry officials were insecure, and with good reason. Although the military dominated the Cabinet Planning Board, and the Ministry of Commerce and Industry was headed by Kishi Nobusuke, a political ally, Tōjō found economic administration disjointed. The two organizations were dismantled when the new Ministry of Munitions was established in the fall of 1943.⁶³ Since the ministry bureaucrats were fighting a rearguard action for survival, it is not surprising that Yasukawa noticed their cautious attitude. Despite the fact that they often had nothing innovative to suggest, allocation and priority plans of the control association were often returned with revisions by the Ministry of Commerce and Industry. Ministry bureaucrats justified changes in these terms: "Because the military probably will not consent to this, please revise it in this manner."⁶⁴ The Ministry of Commerce and Industry was so intimidated by the

⁶⁰ Yasukawa, p. 104.

⁶¹ Kōnō Kōnosuke, *Yasukawa Daigorō* (Tokyo: Nihon jihōsha shuppanbu, 1957), p. 203.

⁶² Kōnō, p. 101. Of course Yasukawa did so from the hindsight of the postwar period. In fair-

ness, it must be noted that the Ministry of Commerce and Industry was in no position to defy the military openly.

⁶³ *Sangyō tōsei*, p. 592.

⁶⁴ Yasukawa, p. 101.

military that it tried to outguess their demands and make concessions. Yasukawa frequently encountered rigidity and parochialism when he confronted the military, but in direct dealings with military representatives, he often found them willing at least to listen to a reasoned argument. He preferred to deal with them rather than with ministry bureaucrats.⁶⁵

There is no doubt that, in his own way, Yasukawa cooperated fully in the war effort, and few Japanese industrialists have been as willing as Yasukawa to admit their role. With his experience in the United States and Europe, and his awareness of the economic realities of the business world, Yasukawa understood better than most the relative weakness of Japan. When the Pacific War broke out, he put any reservations he might have had behind him. He expended a great deal of energy organizing the Electric Machinery Control Association and trying to achieve the demanding production goals set by the military.

Yasukawa legally had absolute authority. He was empowered to hire and dismiss association staff, and to dismiss employees of member firms. His position as a powerful autocrat (*dokusaisha*) at the head of the association was meant to give him the power and responsibility to make decisions, especially in the critical area of assigning raw materials quotas to member firms. In actual practice, Yasukawa established a system of consultation with industry leaders and avoided using his administrative powers in a direct way. Although he made the final decision on many important matters, he did not consider himself an autocrat.⁶⁶ He was more a mediator of competing interests than an arbiter. Within the structure of the association, many discussions were held with directors and section heads to reach a consensus.

Naturally these discussions related to methods of increasing war production. Association regulations forbade member firms to produce civilian goods, yet it was impossible to control production entirely. In order to carry out the functions of the association, Yasukawa assembled what he proudly considered a staff of experts. Because of the complexity of the job of coordinating the entire industry, there were soon several hundred employees of the association. Only men with long years of experience in the large companies were made section or division heads. Their efforts to increase production were limited by the military, however, as the army and navy took control of raw materials. Competition for raw materials, more than any other problem, made it difficult to coordinate production in the most efficient manner among facilities of member firms.⁶⁷

Both services jealously guarded their options by maintaining independent stockpiles of raw materials. In the Army Ministry, procurement procedures had been devised by the Production Regulation Sections (*kōsei-ka*). After the Pacific War began, these were replaced by War Preparation Sections (*senbi-ka*) to streamline procurement.⁶⁸ They took a short-range view of economic mobilization, seeking immediate production increases of weapons and ammunition needed in the war zones. Yasukawa opposed this outlook, and argued that the future overall national economic strength should be considered in planning.⁶⁹ He was overruled by military planners who took refuge in their narrow responsibilities for expanding war production, leaving the problems of the larger economy to businessmen such as Yasukawa.⁷⁰

⁶⁵ Yasukawa, p. 102.

⁶⁶ Yasukawa, p. 99.

⁶⁷ Yasukawa, p. 104.

⁶⁸ Yasukawa, p. 105.

⁶⁹ Yasukawa, p. 105.

⁷⁰ Yasukawa, p. 105.

The army's attitude implied that it would be all right to lose the war as long as one's own immediate duty was fulfilled. The navy did not offer a more reasonable alternative—on the contrary, Yasukawa found the navy more outrageous than the army.⁷¹ While the army decided to handle its procurement plans through the control associations, the navy would not cooperate. Yasukawa was particularly put off by the arrogance of the group of officers who staffed the Warship Administration Main Office (*kansei honbu*). He complained that they were arrogant and respected no one's economic advice. In addition, the navy was in the habit of placing military orders directly with companies. By the end of the war this kind of independent procurement undercut not only the structure of the control association, but also that of the Munitions Ministry, as orders were directly placed at individual factories. The navy established Industrial Associations (*kōgyōkai*) as subordinate organs through which it could place orders independently without regard to control associations or national priority schemes. This undermined efforts to coordinate all productive facilities, but it can also be seen as a defensive move to maintain the navy's own economic bases, free from the taint of business interests and the meddling of civilian bureaucrats.⁷²

The army had a similar system in "Cooperative Associations" (*kyōryōkukai*). Through these administrative organs the army allocated raw materials from its own stockpiles and placed orders with favored firms.⁷³ Neither service was willing to subordinate economic independence to a consolidated structure run by bureaucrats and staffed by former businessmen. As a result, service rivalry and the desire for independent procurement created a system where important priority decisions were difficult to make and implement.

Yasukawa Daigorō continued to bear the burden of directing the Electric Machinery Control Association during the war, dealing with the diverse factions involved. Because of its glaring inefficiency he belatedly reorganized the association in January 1945. The number of directors was reduced and the office structure simplified as much as possible, but the raw material situation had so deteriorated that orderly administration was impossible.⁷⁴

If the Electric Machinery Control Association is typical, it indicates that the Japanese wartime economy lacked administrative centralization and an underlying political consensus. The control associations were arenas for struggle between business factions, the army and navy, and the bureaucracy. Ministry competed with ministry over jurisdiction, the services fought for control of production, and businessmen disagreed on the organization and operation of the associations. The

⁷¹ Yasukawa, p. 105. Maruyama (pp. 84–131) takes up the issue of an "undeveloped sense of responsibility." He accuses wartime leaders of taking "refuge in one's competence or jurisdiction" (p. 103). This myopic tendency is exactly why Yasukawa called the navy's attitude "irresponsible."

⁷² Nakamura and Hara, "Keizai shintaisei," p. 120. Even after the Munitions Ministry was established in November 1943, service rivalry continued to plague production. For example, mass production of aircraft was hindered by the services ordering different parts for each of their planes: Hayashi Saburō and Alvin Coox, *Kōgun:*

The Japanese Army in the Pacific War (Quantico, Va.: The Marine Corps Association, 1959), p. 80. Robert J. C. Butow, *Tōjō and the Coming of the War* (Princeton: Princeton Univ. Press, 1961), p. 426, evaluates the Munitions Ministry in similar terms: "as a practical matter, however, this innovation [the Munitions Ministry] had affected only the form and not the essence. The Munitions Ministry very soon found its efficiency being impaired by virtue of the fact that the supreme command, which placed orders for aircraft, was still composed of separate army and navy divisions."

⁷³ Kōnō, p. 203.

⁷⁴ Yasukawa, p. 106.

resulting political and economic situation was extremely complex and unstable. The armed forces can be considered the dominant political element, but they did not have full control over the Japanese economy.

Businessmen like Yasukawa claimed that they would increase production if left on their own, unhindered by bureaucratic red tape. Since they did not get the chance, we cannot test this contention without entering the realm of speculative history, although Japan's postwar success suggests that there might be some validity in the claim. It should be recognized, however, that the structure and goals of the economic system after 1945 were far different from those of the wartime economy. A factor of great utility in an enterprise-centered, market-oriented system may well have been a problem in an economy striving for national mobilization. With a strong tradition of loyalty to their companies, businessmen in Japan were less useful to the military than in countries where horizontal executive mobility was seen as a virtue. Although personal self-sacrifice was common during the war, there is little evidence of institutional self-sacrifice within the military, business, or bureaucracy. At the same time that propaganda called for great personal sacrifices, institutions displayed a great deal of corporate self-interest. Administrative inefficiency arose from a fundamental inability to make and implement priority decisions on a national basis without compromise concessions to varied interest groups.

The history of control associations shows us one other important fact too often overlooked: Japanese "business" was no more unified or monolithic than the military or the bureaucracy, for many issues deeply divided the member firms. The actual institutional dynamics show not only that all three groups were internally divided, but also that conflict rather than cooperation was the dominant characteristic of their interrelationship.