Warfare and Welfare as Competing Modernities:

The Social Masses Party in 1930s Japan

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Abstract

How did a social democratic program for protecting livelihoods become tied to wartime mobilization in 1930s Japan? Drawing on party newspapers, policy documents, Imperial Diet proceedings, and fiscal statistics, this article examines the Social Masses Party (the SMP) from its founding in 1932 through the first months of full-scale war with China in 1937. After Japan left the gold standard in 1931, government borrowing helped finance both military spending and emergency relief. The party challenged the growing priority given to military spending. It called for limits on military expenditure, higher taxes on capital and property, and the use of bond proceeds for unemployment relief and rural support. By treating the protection of livelihoods as a goal of public policy in its own right, the party offered a competing vision of how to use the state's expanded fiscal capacity. In 1935, it invoked a broad conception of national defense to criticize a budget that favored armaments. The party continued to call for redistribution and developed more detailed proposals for pensions, health insurance, and labor protection. By 1937, it was also presenting social policies as ways to maintain the workforce and stabilize life on the home front. The case shows how a party could broaden its proposals for social protection while redefining welfare as a means of sustaining wartime mobilization.

1. Introduction

1.1 Research Question and Background: Why Study Japan in the 1930s?

In early 1930s Japan, how the government should use its greater ability to finance public spending became a political issue. Following the onset of the Great Depression in Japan and the country's departure from the gold standard in late 1931, the government

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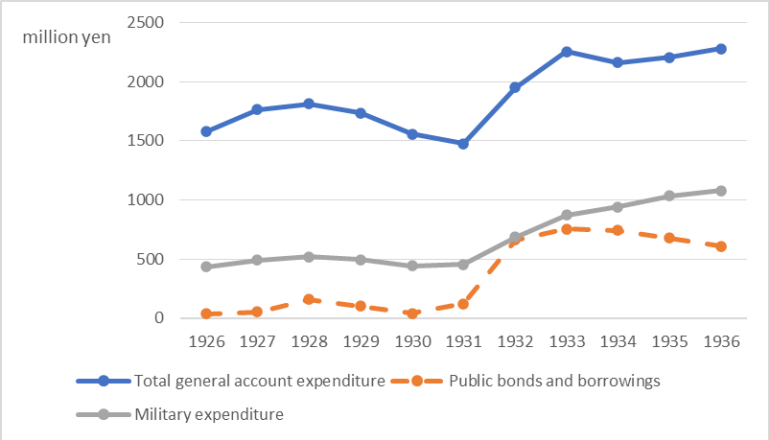
could mobilize substantial fiscal resources by issuing bonds and easing monetary policy. The Manchurian Incident led to higher military spending, while the Depression called for measures to address unemployment, rural hardship, and the difficulties facing small and medium-sized businesses. Military mobilization and the protection of people's livelihoods both called for resources from the same national budget.

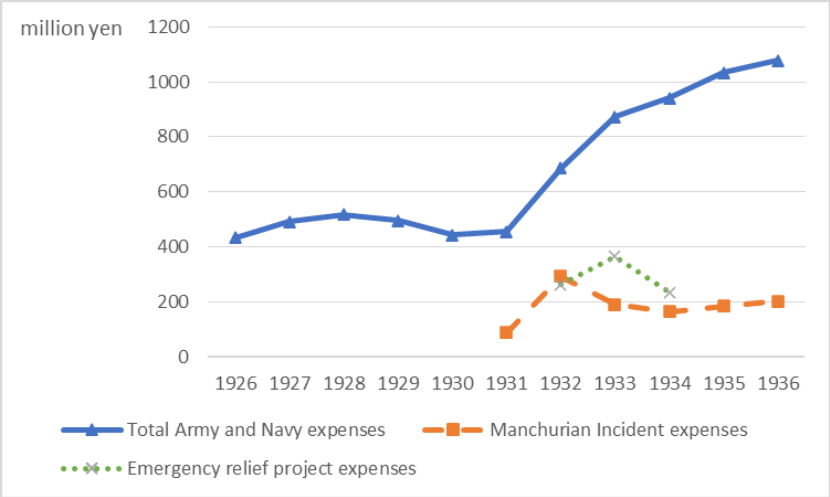
【Figure 1】shows that General Account expenditure and proceeds from government bond issues rose sharply beginning in fiscal year 1932. Bond-financed fiscal expansion enabled the government to spend on a larger scale and widened its choices about how to allocate state resources.

【Figure 1】General Account Expenditure and Government Bond Proceeds, FY1926–1936[2]



[2] Figures are taken from the final accounts for each fiscal year. Proceeds from government bond issues are the bond proceeds recorded in the General Account. Total General Account expenditure is drawn from the Ministry of Finance's Budget Statistics. Figures for bond proceeds are compiled from the Statistical Yearbook of the Japanese Empire and the Statistical Yearbook of Imperial Japan, both edited by the Cabinet Statistics Bureau.

【Figure 2】Army and Navy Ministry Expenditure, Manchurian Incident Costs, and Emergency Relief Spending, FY1926–1936[3]



【Figure 2】shows that in the early years of fiscal expansion, the government spent on both military needs and measures to address the Depression and rural hardship. The Emergency Relief Program ended in fiscal year 1934, and military spending continued to rise. These trends mark a shift from a period in which resources went to several purposes to one in which military needs took priority.

This article examines that shift in allocation through a case study of the Social Masses Party (SMP). The party advocated social democratic reforms in Japan. It linked limits on military spending, higher taxes on capital and property, a lighter burden on the general public, measures to address unemployment and rural hardship, and an expansion of social policy. Although it was a minority party in the Imperial Diet, it put forward

[3] Figures are taken from the final accounts for each fiscal year. The Emergency Relief Program series covers spending on that program alone, a portion of total welfare-related expenditure. Each series is shown only for fiscal years in which expenditure was recorded. Combined expenditure of the Army and Navy Ministries is drawn from the Ministry of Finance's Budget Statistics. Figures for expenditure related to the Manchurian Incident and for the Emergency Relief Program are compiled from the Statistical Yearbook of the Japanese Empire and the Statistical Yearbook of Imperial Japan, both edited by the Cabinet Statistics Bureau.

concrete alternatives for who should bear the costs of public spending and who should benefit from it.

The Rikkenn Seiyukai and the Rikken Minseito were the two major parties in the House of Representatives, the elected lower house of Japan's Imperial Diet. Japan returned to the gold standard in 1930 under Osachi Hamaguchi's Minseito cabinet and left it in 1931 under Tsuyoshi Inukai's Seiyukai cabinet. The era of party-led cabinets ended after Inukai's assassination in May 1932. The two parties continued to hold most of the seats in the lower house. The SMP was formed that July through the merger of two parties that sought to represent workers and farmers. In the April 1937 election, it won 37 of the 466 lower-house seats, becoming the third-largest party.

The article asks how the party proposed to use state capacity and how it revised those proposals as militarization advanced. The analysis focuses on allocation (what state resources were to be used for), burden (who was to bear the costs), and justification (why spending was to be the state's responsibility). The sources include the party's newspaper, policy documents, reports on party congresses and activities, proceedings of the Imperial Diet, and fiscal statistics.

The article argues that the party retained the substance of its welfare demands while changing how it justified them. In the early 1930s, the party regarded the protection of people's livelihoods as a direct responsibility of the state. On those grounds, it called for limits on military spending and for redistribution. From 1935 onward, it continued to call for taxes on capital and property and to advocate social policies. At the same time, it began to argue that stable livelihoods were necessary to support national defense, productive capacity, human resources, and national integration.

The article examines this shift by treating warfare and welfare as competing

modernities. Here, welfare refers to an approach that recognizes people's needs in their daily lives as a matter for public policy and mobilizes state resources to address them. Warfare and welfare both called for active state intervention. They differed in how state capacity was to be used, who would bear the costs, and who would benefit. The change in the party's policies shows how welfare competed with warfare as an independent goal of the state and was later recast in terms of how it could support national defense and mobilization.

1.2 Does War Expand Welfare? Previous Scholarship and This Article's Approach

Research on the warfare–welfare nexus has shown that war can expand social policy and state intervention. Titmuss argued that total war encouraged the state to intervene in people's lives. Obinger, Petersen, and Starke distinguished among war preparation, wartime mobilization, and the postwar settlement. They identified several ways in which military mobilization contributed to the formation of welfare states. Alongside the concentration of resources on military objectives, war encouraged benefits for soldiers and their families, efforts to maintain the workforce, national solidarity, and responses to the damage caused by war[4].

Studies of social democracy examine the relationship between national defense and social reform from the perspective of political actors. Berman described interwar social democracy as a political project that sought state intervention, the regulation of markets, and social solidarity through parliamentary politics. Imlay showed how European

[4] Richard M. Titmuss, "War and Social Policy," in Essays on the Welfare State (London: George Allen & Unwin, 1958), pp. 75-87. Herbert Obinger, Klaus Petersen, and Peter Starke, eds., Warfare and Welfare: Military Conflict and Welfare State Development in Western Countries (Oxford: Oxford University Press, 2018), esp. pp. 1–35.

socialist parties, faced with fascism and an increasingly unstable international order, rethought the relationship among disarmament, national defense, security, and social reform. For social democratic parties, how to position national defense became a question that shaped their political projects[5].

Studies of the Japanese wartime state have shown how social policy expanded and military priorities took shape. Garon traced how the administration of social policy, which had developed after World War I, was reorganized in the 1930s to emphasize national integration and control. Kasza showed that state intervention expanded during the war in health insurance, pensions, public assistance, housing, and population policy. Hara described the transition to a wartime economy as a process in which military needs took priority in the allocation of foreign exchange, material supplies, transport capacity, labor, and finance. As the Japanese wartime state expanded social policy, it linked the goals of these policies to securing military personnel and labor and to national mobilization[6].

These findings point to a further question about the political choices that preceded the adoption of state policies. In the early 1930s, several proposals offered different ways to rank military and welfare priorities. Studying the parties that advanced such proposals brings into view the policies that were institutionalized, the alternatives that remained unrealized, and how those alternatives changed.

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[5] Sheri Berman, The Primacy of Politics: Social Democracy and the Making of Europe's Twentieth Century (Cambridge: Cambridge University Press, 2006). Talbot C. Imlay, The Practice of Socialist Internationalism: European Socialists and International Politics, 1914–1960 (Oxford: Oxford University Press, 2018).

[6] Sheldon Garon, The State and Labor in Modern Japan (Berkeley: University of California Press, 1987), esp. chs. 3 and 6. Gregory J. Kasza, "War and Welfare Policy in Japan," The Journal of Asian Studies 61, no. 2 (2002), pp. 417-435. Akira Hara, "Japan: Guns before Rice," in Mark Harrison, ed., The Economics of World War II: Six Great Powers in International Comparison (Cambridge: Cambridge University Press, 1998), pp. 224–267.

Research on the SMP has examined the movements that supported it and how it took shape as an organization. Totten and Large examined the relationship among the social democratic movement, the labor movement, and parliamentary politics in prewar Japan[7]. Masujima and his colleagues, Arima, and Fuke situated the party within the history of the proletarian party movement and traced its founding, the integration of groups within the party, and the development of its activities. Their research shows how the party brought together different political currents and sought to represent workers' and farmers' interests through parliament[8].

Debates over the party's political orientation have centered on the relationship between social democratic reform and nationalist integration. Banno saw potential for social democracy in the party's ability to broaden its electoral support by advocating economic equality and social reform. Oikawa examined how the national socialist faction joined forces with the right wing based in the Japan Federation of Labor and how national socialist ideas gained ground[9].

Watabe reconsidered the party's political orientation by examining how it made policy. He showed that local party members seeking a way out of the Depression embraced the

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[7] George O. Totten, The Social Democratic Movement in Prewar Japan (New Haven: Yale University Press, 1966). Stephen S. Large, Organized Workers and Socialist Politics in Interwar Japan (Cambridge: Cambridge University Press, 1981).

[8] Ko Masujima et al., A Study of the Proletarian Parties: Social Democracy in Prewar Japan (Hosei University Press, 1969). Manabu Arima, "Teruaki Tadokoro and the SMP in the Manchurian Incident Period: Movement and Integration in the 1930s, Part I," The Journal of History (Kyushu University), no. 125 (1988), pp. 83–108. Manabu Arima, "The Sino-Japanese War and the SMP: Movement and Integration in the 1930s, Part II," The Journal of History (Kyushu University), no. 129 (1992), pp. 65–85. Takahiro Fuke, "An Examination of the Formation of the SMP," in the Ohara Institute for Social Research, Hosei University, and Kazue Enoki, eds., The Fate of the Proletarian Parties: Social Democracy in Japan (Hosei University Press, 2024), pp. 199–252.

[9] Junji Banno, "Opposing Fascism or Reducing Inequality? Tsunego Baba and Masamichi Royama," in Junji Banno, ed., Freedom and Equality in the Showa Era: Japanese Politics in the 1930s (Kodansha, 2009), pp. 19–77. Eijiro Oikawa, "National Socialism and the Foreign Policy of the SMP," The Journal of History (Kyoto University) 79, no. 4 (1996), pp. 526–558.

party's policy of "mass inflation," which also had the support of party headquarters. He then traced how the party drew closer to the army's broad conception of national defense as their proposals overlapped on the use of government borrowing to stimulate demand and on social reform. His account thus moved beyond explanations centered on unilateral accommodation by pro-army party leaders. He also showed that the party and the army moved apart again as military spending grew[10]. These findings broaden the explanation of the rapprochement beyond the question of whether the party abandoned social democracy or turned toward national socialism.

Previous scholarship and the analysis of fiscal policy clarify the main features of the party's fiscal program. The party presented higher taxes on capital and property, a lighter burden on the general public, limits on military spending, and funding for measures to address unemployment and rural hardship and for social policy as parts of a single approach to allocating resources. It also called for the proceeds from government bond issues to fund unemployment relief, agricultural subsidies, and loans to small and medium-sized businesses and farmers. Even after its proposals began to overlap with those of the army, the party continued to differ with the government over how to use bond proceeds, where to direct public spending, and who should bear the cost of tax increases.

This article contributes by situating these policy developments within the history of social democracy and the warfare–welfare nexus. It examines the SMP as a case of a party that advocated social democratic reform in Japan. The analysis distinguishes the party's principles for allocating resources and distributing costs with welfare as a

[10] Ryo Watabe, "The Economic Policy of the SMP after the Great Depression in Japan: The Interplay of Mass Inflation and a Broad Conception of National Defense," Historical Journal of Japan 131, no. 2 (2022), pp. 39–63.

priority from changes in how it justified those principles. This approach traces how demands for social democratic reform became linked to the logic of national defense and mobilization, and shows what was possible for social democracy in interwar Japan.

1.3 Structure of the Article

This article covers the period from the aftermath of the Manchurian Incident in 1931 through the first months of full-scale war with China in 1937[11]. Section 2 traces the shift from fiscal retrenchment and disarmament in the 1920s to fiscal expansion in the 1930s. It shows the conditions that shaped choices about how to allocate state resources. Section 3 examines the SMP's proposals on taxation, government borrowing, military spending, measures to address unemployment and rural hardship, and social policy as parts of a fiscal program concerned with who should bear the costs and where resources should go. Section 4 examines how the party justified its welfare demands and traces how the protection of people's livelihoods became linked to national defense, productive capacity, human resources, and national integration. Together, the three sections show how a social democratic vision of welfare first competed with warfare and later became linked to it.

2. The Conditions Shaping Choices between Military and Welfare Spending

This section argues that Japan came to prioritize military spending in two stages during the 1930s. First, the government gained a greater ability to finance public spending. It

[11] Hara argued that, in political and military terms, the war began with the Manchurian Incident in 1931. Japan made the full transition to a wartime economy after the outbreak of the Sino-Japanese War in 1937. On this basis, he treated the economy of 1932–1936 as essentially a peacetime economy.

then directed a growing share of public resources toward military purposes. Japan's departure from the gold standard in late 1931 and the government's borrowing policy eased the fiscal constraints of the 1920s. In the early years of fiscal expansion, substantial funds went to both the military and measures to address the Depression. The share of military spending subsequently rose, and the allocation of public funds shifted toward military priorities.

2.1 Changing Fiscal Constraints

Fiscal conditions in the 1920s constrained both military and welfare spending. After World War I, Japan experienced a postwar recession, financial instability, and the Great Kanto Earthquake. The government gave priority to fiscal consolidation. The international system of arms limitation centered on the Washington Naval Treaty also restrained military spending. Under these conditions, the government had little room to commit substantial funds to new areas of policy.

During the same period, political pressure grew for the state to intervene in matters affecting people's livelihoods. Labor and farmers' movements called on the government to address unemployment, low wages, farm tenancy, and social insurance. The Universal Manhood Suffrage Law of 1925 broadened the institutional channels through which workers and farmers could bring their demands into parliamentary politics. The fiscal question of the 1920s was how to respond to growing policy demands under fiscal restraint.

Japan's return to the gold standard tied domestic fiscal constraints to the international monetary order. The cabinet of Prime Minister Osachi Hamaguchi pursued fiscal austerity and international cooperation. In 1930, it lifted the ban on gold exports and restored the gold standard at the old parity. Returning to gold during the Great

Depression contributed to falling prices, declining corporate profits, and rising unemployment. As Metzler shows, the deflationary policies of the 1920s were designed to bring Japan back to the gold standard. These policies deepened the political and economic crisis during the Depression. The reinstatement of the ban on gold exports in December 1931 opened the way for a change in this policy framework[12].

The policy shift after Japan left the gold standard rapidly expanded the government's ability to finance public spending. Finance Minister Korekiyo Takahashi pursued monetary easing, and in November 1932 the Bank of Japan began directly underwriting government bonds. As proceeds from government bond issues increased, General Account expenditure also rose sharply beginning in fiscal year 1932. Borrowing gave the government a way to finance spending beyond what tax revenues could cover[13].

2.2 Spending Choices Made Possible by Fiscal Expansion

In the early years of fiscal expansion, the government spent on both military needs and measures to address the Depression. It budgeted for expenditure related to the Manchurian Incident and for improvements to armaments. It also carried out the Emergency Relief Program in fiscal years 1932–1934. This temporary program addressed the Depression and rural hardship by funding rural public works and other local projects. As Figure 2 in the introduction shows, spending on the Emergency Relief Program exceeded expenditure related to the Manchurian Incident in fiscal year 1933.

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[12] On monetary and fiscal policy in 1920s Japan and the political economy of the return to the gold standard, see Mark Metzler, Lever of Empire: The International Gold Standard and the Crisis of Liberalism in Prewar Japan (Berkeley: University of California Press, 2006), esp. Parts II–III. On the political context of interwar Japan, including disarmament, social policy, and party politics, see also Sheldon Garon, The State and Labor in Modern Japan (Berkeley: University of California Press, 1987), chs. 2–5.

[13] On the Bank of Japan's underwriting of government bonds, fiscal expansion, and the development of fiscal controls under Takahashi, see Eisaku Ide, A Study on Korekiyo Takahashi's Economic Policy (Yuhikaku, 2006).

Spending in both areas shows that the government allocated the funds it raised through bond issues to several policy purposes. The Emergency Relief Program accounted for part of welfare-related spending. Its scale shows that the Depression and problems in rural areas were recognized as policy issues requiring action by the state. As the government gained a greater ability to finance public spending, it could consider expanding armaments, providing rural relief, addressing unemployment, and undertaking public works at the same time.

Bond issues increased the amount of money the government could raise. The budget process determined how that money would be used. Expenditure related to the Manchurian Incident and spending on the Emergency Relief Program directed funds toward different needs within the same fiscal expansion. At this stage, the budget showed two distinct purposes for allocating state resources. One was to meet military needs, and the other was to meet people's needs in their daily lives.

2.3 How Military Spending Took Priority

By the mid-1930s, military spending accounted for a markedly larger share of Japan's public expenditure. The rapid growth in General Account expenditure had largely run its course by fiscal year 1933. Spending by the Army and Navy Ministries continued to rise after that. Their combined expenditure rose from 30.8 percent of General Account expenditure in fiscal year 1931 to 38.7 percent in 1933 and 47.2 percent in 1936. The Emergency Relief Program ended in fiscal year 1934, and military spending continued to grow[14].

[14] Figures are taken from the final accounts for each fiscal year. Total General Account expenditure and combined expenditure of the Army and Navy Ministries are drawn from the Ministry of Finance's Budget Statistics. Figures for expenditure related to the Manchurian Incident and for the Emergency Relief Program are drawn from the Statistical Yearbook of the Japanese Empire and the Statistical Yearbook of Imperial Japan, both edited by the Cabinet Statistics Bureau. On the growth

The government's ability to finance public spending expanded and military spending gained priority on different timelines. In fiscal years 1932 and 1933, rising proceeds from government bond issues increased total General Account expenditure. From fiscal year 1933 onward, total General Account expenditure remained broadly stable while the share going to the Army and Navy Ministries rose. This difference in timing points to two stages. The government first gained a greater ability to finance public spending. It then directed a larger share of the funds available to military purposes.

The shift toward military spending changed the state's priorities among the needs it undertook to meet. The budget process determined how much to allocate to the military, unemployment measures, rural programs, and social policy. It also determined whether taxes or government bond issues would cover the costs. The rising share of military expenditure gave concrete form to a policy choice to place military needs at the center of public finances.

As fiscal constraints eased in the early 1930s, several options for public spending emerged. The allocation of funds later shifted toward military priorities. Political actors therefore had to take a position on fiscal expansion, specify how the funds raised should be used, and identify who should bear the costs. Section 3 examines how the SMP responded to this challenge by proposing a fiscal program that linked taxation of capital and property, limits on military spending, government borrowing, measures to address unemployment and rural hardship, and social policy.

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of military spending and the sources used to finance it, see also Mitsuo Sekino, A Fiscal History of War and Military Expansion: War, Military Buildups, and Public Finance in Modern and Contemporary Japan (Tokyo Tosho Shuppan, 2026).

3. Who Should Bear the Costs, and How Should the Funds Be Used?

This section shows how the SMP sought to change both who paid for public spending and how public funds were allocated. It linked higher taxes on the propertied classes, a lighter burden on the general public, limits on military spending, and increased spending on welfare. From 1933 onward, the party proposed using government borrowing to rebuild people's livelihoods and shifting the benefits of fiscal expansion from industries supplying the military to workers, farmers, and small and medium-sized business owners. In this program, who should provide the funds and whose needs those funds should meet were two parts of the same political question.

3.1 Redistribution at the Party's Founding

At its founding, the party sought to give priority to people's livelihoods through both revenue and spending policy. Formed in July 1932 through the merger of the Socialist People's Party and the National Labor-Farmer Mass Party, it called for stronger progressive taxation of the propertied classes, including capitalists and landowners. It also sought to reduce taxes on low-income groups and ease the burden ordinary people bore as consumers. On the spending side, it called for a reduction in armaments and for spending on measures to address unemployment and rural problems, as well as on social policy. A principle of redistribution ran through its founding program. The state would raise funds from those with the ability to pay and use them to support people's livelihoods[15].

[15] "Draft Party Rules Approved by the Council for the Merger of Proletarian Parties," Papers of Inejiro Asanuma, Part 1, reel 4, National Diet Library.

The party's call for a reduction in armaments was also part of this principle of redistribution. In the party's view, imperialist expansion abroad enlarged markets and increased profits for capital while imposing the costs on working people in the form of taxes, rising prices, and human losses. The demand to curb military spending was both a position on military policy and a fiscal demand to redirect state resources toward people's livelihoods. For the party, competition between military and welfare spending raised a question of distribution about who benefited and who bore the costs.

3.2 Redirecting Government Bond Proceeds

The fiscal year 1933 budget made the use of funds raised through government bond issues a political issue. Under Finance Minister Korekiyo Takahashi, General Account expenditure and proceeds from government bond issues rose sharply. The budget included large allocations for costs related to the Manchurian Incident, improvements to armaments, and the Emergency Relief Program. The SMP criticized it as an "unprecedented inflationary budget" and stated that it "did not oppose the policy of issuing government bonds." The party accepted government borrowing as a fiscal instrument and called for directing the funds toward rural relief, measures to address unemployment, and the rebuilding of people's livelihoods[16].

The "Draft Reconstruction Program for a Period of Transition" set out specific policies for redirecting these funds. The party's Policy Committee drew up the draft in June 1933. Its main proposals were the "full implementation of mass inflation" and "tax increases to balance the budget under the three-tax plan." Mass inflation aimed to direct the income and purchasing power generated by fiscal and credit expansion to working

[16] Social Masses News, February 1933 issue.

people[17].

The mass inflation plan centered on large-scale welfare spending financed by low-interest government bonds. The draft proposed issuing 1.1 billion yen in low-interest bonds to fund measures including public construction projects for unemployment relief, unsecured loans to small and medium-sized business owners, and subsidies to farmers for fertilizer, rice growing, and silkworm raising. It also called for higher wages and salaries, shorter working hours, and official prices for major consumer goods. Together, these measures formed a program to raise the purchasing power of the general public through changes in employment, income, credit, and prices[18].

The party described this change in allocation as a shift from "inflation directed upward" to "inflation directed downward." It characterized the government's fiscal expansion as "inflation directed upward" because it concentrated income and profits in industries supplying the military and among capitalists. The party's program aimed for "inflation directed downward" by transferring purchasing power to the lower strata of society through wages, employment, agricultural subsidies, and loans to small and medium-sized businesses. The party proposed using the same instruments of fiscal and credit expansion to benefit different groups[19].

The three-tax plan set out how the fiscal burden of mass inflation should be distributed. The party proposed a substantial increase in the inheritance tax and a property tax that would combine taxes on income, land, business earnings, interest on capital, and other items. The third measure was a value increment tax on increases in

[17] "Draft Reconstruction Program for a Period of Transition," Papers of Inejiro Asanuma, Part 1, reel 4, National Diet Library.
[18] "Draft Reconstruction Program for a Period of Transition."
[19] "Draft Reconstruction Program for a Period of Transition."

land value and extraordinary gains. The party also called for higher exemption thresholds and greater progressivity, seeking to place a heavier burden on those who owned property, received inheritances, or made gains. Mass inflation would redirect public spending and credit. The three-tax plan specified who should bear the costs[20].

The draft called for both expansionary spending and budget balance. It combined large-scale spending financed by low-interest government bonds with the use of direct taxes to cover basic expenditures. How the three taxes would relate to the underwriting, absorption, and redemption of government bonds still needed to be worked out in detail. In the Central Executive Committee, some criticized the draft for what they saw as a "turn toward fascism." The party eventually replaced it with a different policy statement[21]. The principles of curbing military spending, taxing the propertied classes, and using low-interest government bonds for welfare carried over into later budget debates.

3.3 People's Livelihoods as a Standard for the Budget

In the debate over the fiscal year 1934 budget, the party treated the condition of people's livelihoods as an independent criterion for judging how much the government should spend on the military. Its "Position on the Fiscal Year 1934 Budget" noted that the government was using deficit-financing bonds to pay for items such as costs related to the Manchurian Incident, improvements to armaments, and the Emergency Relief Program, and that temporary expenditures would continue into the next fiscal year. On

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[20] "Draft Reconstruction Program for a Period of Transition."

[21] Bureau of Police and Public Security, Ministry of Home Affairs, ed., The State of Social Movements, 1933 edition. On how the party dealt with the draft, see also Ryo Watabe, "The Economic Policy of the SMP after the Great Depression in Japan: The Interplay of Mass Inflation and a Broad Conception of National Defense," Historical Journal of Japan 131, no. 2 (2022), pp. 44–45.

the revenue side, the party maintained its proposal to cover basic expenditures through a comprehensive property tax, an inheritance tax, and a value increment tax. It sought to avoid "increasing the burden on the general public and reducing its purchasing power."[22]

The proposed military spending cuts put the party's principle of giving welfare priority in resource allocation into concrete figures. The party stated that "on the expenditure side, military spending is the first item that should be rationalized." It called for reducing military expenditure, excluding costs related to the Manchurian Incident, from about 710 million yen to about 600 million yen. It justified the proposed cut by pointing to "the present hardship of our people." The condition of people's livelihoods thus became a criterion for determining the size of the budget alongside military demands[23].

The party's proposals for spending related to Manchuria show the scope of its fiscal program in its historical context. It proposed creating a special agency to handle the aftermath of the Manchurian Incident and pursue the "development of Manchuria and Inner Mongolia." The party proposed keeping these costs outside the General Account and financing them with low-interest government bonds. It also proposed using a separate fund and low-interest government bonds for rural relief and loans to small and medium-sized businesses. The aim was to continue imperial policies while easing pressure on the General Account and securing domestic welfare spending[24].

A consistent principle for distributing costs and allocating resources ran through the party's fiscal proposals from 1932 to 1934. Higher direct taxes on the propertied classes would cover basic expenditures and protect the purchasing power of the general public.

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[22] Social Masses News, November 1933 issue.
[23] Ibid.
[24] Ibid.

The party called for curbing military spending in light of the condition of people's livelihoods and using bond proceeds for unemployment measures, rural programs, and support for small and medium-sized businesses. It summed up this principle in its call to "shift from military-spending inflation to mass inflation." [25]

This fiscal program made meeting people's needs in their daily lives an independent goal of the state. Unemployment, rural hardship, and declining purchasing power called for the state to commit substantial resources. They also gave the party grounds for seeking limits on military spending. By changing who benefited from fiscal expansion and who bore its costs, the party sought to use state capacity to rebuild people's livelihoods. Section 4 traces how these welfare demands persisted as the party came to justify them in terms of national defense, productive capacity, and human resources.

4. Redefining Welfare, 1935–1937

This section shows how the SMP retained the substance of its welfare policies between 1935 and 1937 while changing the grounds on which it justified them. The party continued to advocate taxing capital and property, easing the burden on ordinary people, and expanding social policy. At the same time, it began to present stable livelihoods as necessary for national defense, productive capacity, the maintenance of the workforce, and national integration. Meeting welfare needs thus shifted from an independent goal of the state to a goal that supported military mobilization.

[25] Ibid.

4.1 Linking Military and Welfare Goals through a Broad Conception of National Defense

A broad conception of national defense brought military and welfare concerns together under a single goal of the state. In 1934, the Army Ministry published The Fundamental Principles of National Defense and Proposals for Strengthening It. It presented national defense as a matter that concerned the country as a whole, encompassing armaments, politics, the economy, and society. The pamphlet also treated the concentration of wealth, rural distress, and insecure livelihoods as problems that weakened the country's ability to defend itself. This argument gave the SMP a way to present the social reforms it had long advocated as part of national defense policy[26].

The SMP used this broad conception of national defense to criticize the government's emphasis on military spending. In late 1934, it criticized a government budget that increased military spending while professing a commitment to sound finance. In late 1935, it called the budget for the following fiscal year "an unprecedented military budget that betrayed the very meaning of national defense in the broad sense." By judging the budget against a conception of national defense that included stable livelihoods, the party argued that a budget weighted toward military spending was inadequate even on national defense grounds.[27]

The party's 1935 proposals for local government retained the principle that protecting people's livelihoods was a fiscal responsibility. A New Local Policy for the Proletariat criticized a system that shifted the costs of education, public health, relief, housing, and other services onto working people through local taxes. It called for a "system of social

[26] Army Ministry, The Fundamental Principles of National Defense and Proposals for Strengthening It (Army Ministry Press Section, 1934).
[27] Social Masses News, December 1934 and December 1935 issues.

grants" funded by taxes on capital and property to shift the cost of these services to the national treasury[28]. Protecting people's livelihoods remained a responsibility of the state in its own right and was now also presented as a way to sustain the country's ability to defend itself.

4.2 Social Policy and the Burden on Ordinary People in 1936

In 1936, the SMP drew up specific tax proposals based on its principle that the distribution of tax burdens should give priority to people's livelihoods. After the February 26 Incident, Finance Minister Eiichi Baba planned tax increases to finance military expansion. He sought to spread the burden broadly to make the public aware that the country faced an emergency. In response, the party declared, "We firmly oppose tax increases on ordinary people," and criticized taxes on necessities and increases in charges for public services. It upheld the principle that even in an emergency, the state should raise revenue according to ability to pay[29].

The party identified alternative sources of revenue from taxes on capital and property. It estimated that heavier taxation of corporate income, interest on government bonds, dividends, interest on capital, inheritances, extraordinary profits, and other sources would raise about 250 million yen in additional revenue. The government's plan would have placed the burden on ordinary people through their consumption and living expenses. The party sought to shift it to corporate and financial income and to property owners. In this way, the redistributive principle of the 1933 three-tax plan took the form of specific tax proposals in the debate over tax increases.

In the same year, The SMP's Reform Platform developed the party's commitment to

[28] A New Local Policy for the Proletariat (SMP Publishing Department, 1935).
[29] Social Masses News, April 1936.

welfare into proposals for lasting institutions to protect people's livelihoods. It called for a national pension program, a minimum wage, unemployment assistance, maternity assistance, national health insurance, and a law on agricultural tenancy, among other measures. The 1933 proposal for mass inflation had focused on restoring income and purchasing power. The 1936 platform envisioned the state taking lasting responsibility for risks to people's livelihoods arising from old age, illness, unemployment, and working conditions[30].

The party's proposals in 1936 show substantial continuity in the substance of its welfare demands. It continued to criticize military spending and tax increases on ordinary people, and it developed more specific proposals for taxing capital and property and for expanding social policy. With the range of demands largely intact, the main change was the growing role of national defense in justifying them.

4.3 Protecting Livelihoods and State Control

In the first half of 1937, the SMP criticized the distribution of income and burdens resulting from military spending. It took issue with Finance Minister Toyotaro Yuki's budget for expanding military spending, holding down welfare spending, and shifting the burden onto ordinary people through indirect taxes and profits from state monopolies. The party argued that even if taxes on corporate income rose, workers would ultimately bear the burden if firms passed the increase on in the form of higher prices for necessities. The party criticized an economic structure that concentrated profits in firms serving military demand while rising prices lowered ordinary people's

[30] SMP Publishing Department, ed., The SMP's Reform Platform: Fiscal and Social Policy (SMP Publishing Department, February 1936).

standard of living[31].

The SMP pressed for state intervention in markets to protect people's livelihoods. Its "Outline of Price Measures" and How to Fight High Prices proposed official price setting, controls on the flow of funds, state intervention in key industries, and regulation of monopolistic economic organizations. The party also continued to call for unemployment insurance, a trade union law, and a law on agricultural tenancy. It sought to protect people's livelihoods from growing military demand and high prices by placing prices, production, the flow of funds, and distribution under state control[32].

The controls proposed to protect livelihoods shared institutional tools with those used to manage the wartime economy. The SMP had long proposed official price setting, credit controls, and economic planning as means of social reform. In 1937, the same tools came to be used for military production, the allocation of funds, and price management. The shift from social reform to a state-led "statist solution" described by Garon was also visible in the party's choice of policy tools[33]. The party's proposals for price setting and credit control relied on tools that the state also used to manage the wartime economy.

4.4 Repositioning Welfare as Life on the Home Front

The outbreak of the Sino-Japanese War linked social reform to national integration and the war effort. In July 1937, party leader Isoo Abe stated, "Carrying out reform policies

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[31] 70th Imperial Diet, House of Representatives, plenary proceedings, no. 7 (February 17, 1937), no. 18 (March 8, 1937), and no. 25 (March 18, 1937). See also "Requests to Finance Minister Yuki," Social Masses News, February 1937.

[32] "Outline of Price Measures," draft and committee officers' draft, Papers of Torao Hayashi, items 10-50 and 10-61, reel 5, National Diet Library. How to Fight High Prices: The SMP's Price Policy (SMP, July 1937).

[33] Garon, The State and Labor in Modern Japan, chap. 6, "The Statist Solution, 1931–45," pp. 187–228.

decisively is what will bring about genuine national unity." The party presented reform of the social and economic order as a means of improving the lives of working people and now also as a condition for achieving national unity[34].

A party policy proposal published in November 1937 called for "giving due weight to welfare policies" as part of "putting the wartime system on a sound footing." It linked national health insurance to "improving the condition of the population as a whole" and worker protection to "maintaining the workforce." Through the previous year, the party had presented these policies as ways to protect people's livelihoods. It now also presented them as measures for the state to maintain the health of the population and preserve the workforce[35].

The party's new platform that November made this link part of its basic policy. The platform called on the party to "promote the progress and development of the Japanese people on the basis of the fundamental principles of the national polity" and to "reform capitalism on behalf of working people, with the aim of introducing industrial planning and stabilizing people's livelihoods." The convention slogans also included "Achieving genuine national unity," "Stabilizing life on the home front," and "Reforming capitalism." Terms long central to party policy, including working people, the reform of capitalism, and people's livelihoods, now took their place within the language of the national polity, national unity, and the home front[36].

The new platform recast the reasons for protecting people's livelihoods. From 1932 to

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[34] Yomiuri Shimbun, July 23, 1937, evening edition.
[35] SMP, "Outline of Wartime Reform Policies," in Report on Party Campaigns for 1937, with Convention Proposals and an Outline of Wartime Reform Policies (Tokyo: SMP, November 15, 1937), pp. 8–9 (policy appendix).
[36] SMP, "Eighth Proposal: Platform and Policy," in Report on Party Campaigns for 1937, p. 19 (convention proposals). "Declaration of the Sixth Convention of the SMP," November 15, 1937, Papers of Torao Hayashi, item 10-108, National Diet Library.

1934, the SMP had cited deteriorating living conditions as grounds for curbing military spending and expanding welfare spending. By late 1937, “life on the home front” referred to the task of maintaining the stability of the state and society at war. The party kept livelihood protection on its agenda, now as a state goal tied to the conduct of the war.

Industrial planning provided another point of overlap. The SMP had long called for limits on the power of private capital and proposed planning production and credit as a means of social reform. After full-scale war began, reform bureaucrats and the military promoted controls over production and finance to mobilize the economy for military needs[37].

Between 1935 and 1937, the SMP developed more detailed proposals for pensions, medical care, unemployment protection, worker protection, and price controls. By late 1937, the party was making the case for these measures in terms of what they could contribute to national defense, the maintenance of the workforce, and the stability of life on the home front.

5. Conclusion

In the early 1930s, the Social Masses Party challenged the growing priority given to military spending. It called for restraints on military expenditure, higher taxes on capital and property, a lighter burden on ordinary people, and greater public support for employment, rural relief, and social policy. The party continued to press for redistribution and developed more detailed proposals for social protection. By late 1937,

[37] Janis Mimura, Planning for Empire: Reform Bureaucrats and the Japanese Wartime State (Cornell University Press, 2011), especially chaps. 1–3.

it was also presenting the protection of livelihoods as a way to maintain the workforce and stabilize life on the home front.

Section 2 showed how Japan's departure from the gold standard and its borrowing policy expanded the government's fiscal capacity and how military spending subsequently took priority in the budget. Section 3 examined the party's response. The SMP proposed using bond proceeds for unemployment relief and rural support and financing basic expenditures through higher direct taxes on the propertied classes. Section 4 traced the party's changing use of national defense to justify social reform. In the mid-1930s, the SMP invoked a broad conception of national defense to criticize budgets weighted toward armaments. By late 1937, the party used the language of national unity and life on the home front to make the case for social reform under wartime conditions.

The first contribution of this article is to treat the expansion or contraction of social policy and its place among the state's objectives as two dimensions of the warfare–welfare relationship. Previous research has shown that war has prompted state intervention in areas such as health insurance, pensions, public assistance, housing, and population policy[38]. The SMP developed more detailed proposals for social protection as military spending gained priority. By late 1937, the party was presenting these proposals as ways to sustain the workforce and stabilize life on the home front. The case shows why the study of warfare and welfare needs to examine the purposes assigned to social policies, the allocation of resources, and the distribution of their costs alongside

[38] Richard M. Titmuss, "War and Social Policy," in Essays on 'The Welfare State' (London: George Allen & Unwin, 1958), pp. 75–87. Herbert Obinger, Klaus Petersen, and Peter Starke, eds., Warfare and Welfare: Military Conflict and Welfare State Development in Western Countries (Oxford: Oxford University Press, 2018).

changes in public spending and program coverage.

The second contribution is to show how a social democratic party could align its reform program with national objectives by changing how it justified its demands. Studies of European social democracy have shown how interwar socialist parties made national defense part of their political programs as they faced fascism and threats to national security[39]. In Japan, the SMP kept redistribution on its agenda and increasingly justified livelihood protection in terms of national defense and national integration.

Price controls and industrial planning show how the same policy instruments could serve different ends. The SMP proposed these measures to protect livelihoods and limit the power of private capital. Wartime authorities also used economic controls to manage prices, production, and finance. The autonomy of social reform thus depended in part on who set the goals of those controls.

The third contribution is to define competing modernities in terms of a conflict over the direction of state intervention. Both the SMP and the wartime state favored active state intervention through public finance, credit, planning, controls, and social policy. Their conflict concerned how to use the state's expanded capacity, which social groups should bear the costs, who should benefit, and which needs the state should prioritize. The possible outcomes include the exclusion of one vision and the incorporation of its policy instruments and demands, reworked to serve the other vision's objectives for the state. The concept of competing modernities thus captures both the coexistence of distinct institutional models and the ways in which rival visions are translated, linked,

[39] Sheri Berman, The Primacy of Politics: Social Democracy and the Making of Europe's Twentieth Century (Cambridge: Cambridge University Press, 2006). Talbot C. Imlay, The Practice of Socialist Internationalism: European Socialists and International Politics, 1914–1960 (Oxford: Oxford University Press, 2018).

and repositioned.

This perspective also adds to our understanding of the relationship between war and state formation. As Tilly showed, war builds state capacity through taxation, administration, and mobilization[40]. In 1930s Japan, bond-financed fiscal expansion increased the resources available to the state. Military spending then absorbed a growing share of those resources. As military needs gained priority, the SMP increasingly justified welfare in terms of national defense and mobilization. The case shows how a shift in state spending priorities could change the grounds on which a party made demands on the state.

The case of the SMP shows that a social democratic vision of the state existed in interwar Japan as well. Through parliamentary politics, the party sought to raise taxes on the propertied classes and use government borrowing and public spending for employment, rural programs, and social policy. Its program represented a form of social democratic modernization in which state capacity would serve redistribution and livelihood protection. At the same time, the party's acceptance of the imperial order, tensions in its financing proposals, and the instruments of control shared by military mobilization and social reform limited the autonomy of that vision. The possibilities for social democracy in Japan are visible both in these policy proposals and in the way they were repositioned to serve the state's military objectives.

This case raises a question for comparative history about the conditions that allow social democratic welfare to remain an independent goal of the state. These conditions depend on the relationship between parties and labor movements, the stability of

[40] Charles Tilly, "War Making and State Making as Organized Crime," in Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol, eds., Bringing the State Back In (Cambridge: Cambridge University Press, 1985), pp. 169–191.

parliamentary institutions, threats to national security, the development of fiscal capacity, and the bureaucracies responsible for implementing policy. A comparative study of social democratic parties in Europe and Asia could show when acceptance of national defense was compatible with the autonomy of social reform and when it led to the incorporation of social reform into military mobilization.

In 1930s Japan, warfare and welfare competed over how to use the state's expanded fiscal capacity. The SMP continued to press for redistribution and social protection as military spending gained priority. By late 1937, the party was making the case for social reform in terms of what it could contribute to the war effort.

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