Precursors of Convergence in Interwar Japan: Kaneko Naokichi and the Suzuki Trading Company

Lawrence Fouraker
St. John Fisher College
fouraker@sjfc.edu
(716) 385-8475

Introduction: Dividing the Realm into Three

Early in the morning of 1 November 1917, Japanese businessman Kaneko Naokichi sat down to compose a letter to his top managers. Looking out over the Inland Sea from his house in Kobe's exclusive Suma district, he compared the chance his company now faced to the once-in-a-lifetime opportunity Admiral Tôgô had grasped in the decisive battle of the Russo-Japanese War. Kaneko hoped that, "by exploiting the vicissitudes stemming from the chaos of war, and earning large profits, we can surpass Mitsui and Mitsubishi, or stand alongside them, dividing the realm into three."

Few Japanese today know the name of Kaneko or the Suzuki Trading Company he managed. But it turned out that his bombastic language was no empty boast. Suzuki's yearly sales in 1919 surpassed ¥1.6 billion, more than the giant *zaibatsu* Mitsui's, briefly making it Japan's largest company. What does the meteoric rise of this businessman and the trading company he ran to the pinnacle of the business world tell us about the political economy of interwar Japan?

Kaneko built Suzuki Trading Company into a huge conglomerate with little assistance or guidance from the Japanese government. His case stands in sharp contrast with the situation prevailing in either the fifty years prior to Kaneko's rise or the fifty years following his losing control of his business empire. In both these periods, much successful business enterprise in Japan relied heavily upon the favor of government and bureaucrats. One reason why Japan constitutes a fascinating case for the study of convergence is because its political economy resembled the "free market" systems of the Anglo-American countries more in the interwar period than either before or after. How did this atypical phase of business-state relations in Japan come about?

Japan's modern transformation was extremely rapid, the result of a concerted effort by government leaders early in the Meiji period (1868-1912) to promote the simultaneous development of industry, military, and society. As for the economy, when individual investors were slow to take up the risky challenge of modernizing an agrarian-centered economy, the state intervened. The "encouragement of industry" policy initially involved some direct investments and government-run model factories. But by the 1880s it evolved into incentive programs and lucrative government ties with particular firms, especially giant *zaibatsu* combines such as Mitsui and Mitsubishi.

After the death of the Meiji emperor came a brief interlude known as Taishô. During the Taish□ô period (1912-1926), progressive trends in party politics and social movements swept Japanese society, a phenomenon some Japanese historians call "*Taish□ô demokurashii.*"[1] The Taishô era was also a time when the Japanese state withdrew from its heavy-handed intervention in the economy. In part, Japanese businesses had matured to the extent that they needed less aid and direction from the government. In part, too, public opinion had shifted. The Japanese people had become critical not only of the dominance of the unelected "elder statesmen" in politics, but also of the sort of close cooperation between business and government that had characterized the Meiji period. As a result, most of the new companies, small and large, that sprung up during the World War I economic boom (1915-1920), did so with little direct help from government officials or bureaucrats. There is no clearer example of the new type of businesses to emerge in these years than the

[1]Their use of the *katakana* syllabary (used to describe imported things such as *hoteru* and *beeru*) suggests a skepticism that this was "real" democracy. For one thing, although party politics made real advances in the Taishô years, and the achievement of universal manhood suffrage is noteworthy, sovereignty continued to lie unambiguously with the emperor, not the people. Instead of "Taishô democracy," one prominent American scholar characterizes democratic trends of the time with an oxymoronic phrase: "Imperial Democracy,"

Suzuki Trading Company. Though, as we shall see, it was not for lack of trying by Kaneko, the rise of Suzuki Trading Company owed little to government aid.

On the other hand, the dramatic fall of Kaneko's conglomerate in 1927 stemmed directly from government policies and political intrigue. Suzuki was at the center of the Financial Crisis of that year, which brought down the cabinet and ushered in a truculent general who pursued a more aggressive foreign policy. The Financial Crisis also marked the end of the relatively non-interventionist approach to the economy of the Taishô years. In the early part of the long Shôwa period (1926-1989) the state began new types of intervention in the economy, culminating in extensive legal and bureaucratic controls over economy and society during the "Fifteen Year War" (1931-1945). Political scientist Chalmers Johnson traces back the state-led political and economic policies of the postwar "economic miracle" to these wartime controls. He and other observers note that the "transwar" years from the 1930s through the 1950s was a time of divergence, not convergence, of the Japanese political economy and Anglo-American systems.

This paper will begin by considering Kaneko's rise to the top of the business world in the Taishô era, and the circumstances in which he lost control of his giant business empire. Then, we will examine Kaneko's proposals for reforming the Japanese economy, which, if implemented, would have brought an approximation of the postwar policies described by Chalmers Johnson into being much earlier. Both Kaneko's rise and his fall help to confirm the exceptional character of the Taishô period or interwar Japan. His businesses thrived at a time when the Japanese political economy, though it retained some distinctive features, came to resemble the "laissez-faire" market economies of the Anglo-American countries more than any time before or since.

A Brief History of the Suzuki Trading Company

Though Kaneko is sometimes counted among the Taish□ô "*narikin*" (nouveaux riches) who rose and fell in brief compass in the early 20th century, in fact, his business empire started to emerge decades earlier. As a young man in the 1880s he became an apprentice at the Suzuki Trading Company, a small local trading company in Kobe. After the death of Suzuki's founder in 1894, Kaneko gradually emerged as its guiding manager. He also began to expand the number and variety of businesses under the Suzuki umbrella, gradually transforming the Suzuki Trading Company from a local business in the Kobe area to a giant firm operating subsidiaries in myriad industries.

Kaneko's intent was to build Suzuki Trading Company in the pattern of the Meiji *zaibatsu*, so he tried to foster a close working relationship with Gotô Shimpei, the civil administrator of Taiwan from 1898 to 1906. But Kaneko's attempt to cultivate ties with Gotô in order to obtain monopoly trading rights to Taiwanese camphor did not pay off. Part of Kaneko's difficulty was that Suzuki lacked the resources to become an authorized sales agent for Taiwanese camphor. Another hurdle for his goal of growing his business by fostering links with the government was that Japanese politics were changing, bringing new critical scrutiny on government-business relations. For instance, in 1902 Kaneko worked with Gotô planning a sugar refinery in Taiwan. But the ties between Suzuki Trading Company and Gotô Shimpei became an issue in the Japanese Diet (parliament), and Kaneko had to withdraw from the plan. While the established *zaibatsu* continued to work closely with their government patrons, these ties were coming under explicit criticism in the press, and Kaneko's experiences suggested that new business-government links of this nature were unlikely.

So ultimately Gotô and Japanese bureaucrats did little to help Kaneko as he began to realize a successful and boldly expansionist business strategy in the early 20th century. First, under Kaneko's management, the volume of trade handled by Suzuki increased, still centering on a few natural products, chiefly sugar, camphor, and mint. Then, Kaneko began to pursue industries linked with each of the three main commodities he traded. For instance, in 1903, ayear after the failed attempt to develop a sugar refinery in Taiwan with Gotô, Kaneko decided to import the necessary machinery on his own, and built a new refinery in Kyushu.

While businesses involving mint, camphor, and sugar were central to the early expansion of Suzuki Trading Company, Kaneko built the foundation for Suzuki's explosive growth after 1915 on the steamship. Kaneko astutely predicted the acute demand for shipping during the World War I years, and leveraged Suzuki resources to the limit to purchase and lease steamships as the war began. During the wartime boom, Suzuki Trading Company reaped enormous profits providing war materiel in Europe, and pioneered global trade routes. Kaneko reinvested these profits to build Suzuki into an economic behemoth by forging links between companies related to shipping on a stupendous scale. Typical of the new firms related to shipping he launched in these years included shipbuilding, marine shipping, and insurance.

The World War I economic boom ultimately was the start of a second industrial revolution in Japan, bringing a new range of industries to fruition in the 1920s, especially in the chemical and electrical fields. Kaneko played a major part in this transition. While the war boom was still underway, he began to reinvest profits to expand the number and scale of new productive industries under the Suzuki umbrella. For instance, in 1915 Suzuki acquired a factory in Dairen from the South Manchurian Railway Company and began to produce soybean oil and fertilizer. These were among the factories that combined in 1922 to create the Hônen Oil Refining Company, which remains one of Japan's largest food oil producers. Also in 1915, Suzuki affiliate East Industry began to experiment with artificial silk, planting the roots for today's huge textile firm Teijin. By the end of the war, Suzuki Trading Company was a giant industrial combine, with more than fifty subsidiaries.

In the meantime, at the peak of the wartime boom, a crowd attacked Suzuki Trading Company headquarters during the "Rice Riots," that swept across Japan in the summer of 1918. Kaneko had made Suzuki a target of angry rioters precisely because of his pursuit of intimate ties with the state. For several years, he had worked closely with the government on its rice price manipulation policies, first to raise stagnant rice prices, in order to help Japan's struggling farmers, and then, when prices skyrocketed in 1918, to lower them, in order to succor urban workers. Letters to his employees make it clear that Kaneko's chief concern was to foster links with the government, not to help or hurt those involved in the rice economy, but it is hardly surprising that the sudden reversal of Suzuki Trading's role in the manipulation of rice prices escaped the notice of the angry crowds in Kobe. They knew that Suzuki Trading Company was buying and selling rice at a time when it was in short supply, and, they felt that this trading was at their expense. A crowd of rioters burned Suzuki's Kobe headquarters to the ground on 12 August. Crowds attacked not only its headquarters, but twenty-six other Suzuki buildings in Kobe alone. The fervent anger of Japanese crowds propelled attacks on Suzuki facilities in other cities as well.

In fact, Suzuki had not profited greatly from the rice trade, and Kaneko had entered the rice importing business over the strong objections of Suzuki managers. Kaneko's letters and orders to company employees show that the real purpose for Suzuki pursuing these policies was not short-term gain, but long-term advantages. In one such letter, Kaneko predicted that the benefits of his approach would be promising indeed: "in this way, our firm can not only fulfill its public service in the present situation, but also actually create the base upon which to build many national-scale enterprises in the future." Kaneko obviously saw nothing wrong in Suzuki's serving as the government's designated merchant in order to combat rising rice prices, but his chief interest was in building connections with politicians and bureaucrats in order to continue to expand the scale and diversity of the huge conglomerate he ran. Kaneko's hopes that working with the government to control rice prices would enable him to continue his business expansion after the war proved to be a big misconception. Ironically, though, not only did Suzuki never benefit from government aid, but less than a decade after the Rice Riots, Suzuki was forced out of business by government policies.

Following the end of the World War I economic boom in 1920, Japan's economy entered a rocky period. Heavy industry, especially steel and shipbuilding, were badly hurt by the sudden resurgence of the United States' productivity following the war, compounding the worldwide recession of 1920. Industrial exports fell sharply. Government fiscal policies actually made things worse, especially for the working class and the poor. Following the other countries, and in accordance with what would be the conclusion of the Genoa Conference of 1922, Japan's economic leaders planned to return Japan to the gold standard (the country had abandoned the gold standard, along with western nations, during the war). They decided to implement fiscal and monetary austerity, driving prices down further, in preparation for Japan's return to "normalcy" (i.e. the gold standard at the old parity). In January 1920, Bank of Japan president (and later finance minister) Inoue Junnosuke, following conventional economic theory, tightened finance in order to "clean up" the economy. The stock market tumbled in mid-March, and a wave of bankruptcies and falling commodity prices portended a serious slump.

Even in this recessionary climate, Kaneko continued to relentlessly pursue Suzuki's diversification, launching new firms in areas ranging from industrial oils to heavy industries to food products. Going beyond his earlier stress on related industries, Kaneko expanded into all types of productive enterprise. By the 1920s new Suzuki affiliates were beginning new endeavors in chemical and electrical industries, industrial lubricants, soybean oil refineries, as well as continuing to trade and ship foodstuffs and commodities.

The new industries Kaneko invested in after World War I would all eventually become important and profitable sectors in Japan's economy, but only after years of maturation. These were ruinously expensive startup investments, quickly consuming all of Suzuki's wartime profits and more. Kaneko increasingly turned to the government-run Bank of Taiwan for financing. By the early 1920s it was becoming clear that Suzuki and the Bank of Taiwan were entering a difficult period. Suzuki's debt of more than ¥300 million by 1925 constituted nearly half of the Bank's outstanding loans of ¥669 that year, and a vicious circle ensued: as Suzuki borrowed larger and larger sums from the Bank of Taiwan, it became harder and harder for the bank to refuse loans to Suzuki.

Suzuki Trading Company debt to the Bank of Taiwan (yen)

	new debt	*total debt*
1920		80,811,300
1921	42,907,587	123,718,887
1922	55,317,426	179,036,313
1923	47,869,445	226,905,758
1924	49,145,662	276,051,420
1925	37,223,293	313,274,713
1926	43,581,754	356,856,470
1927	22,002,099	378,858,569

At first glance, the relationship between Suzuki and the government-run Bank of Taiwan suggests that Kaneko had at last succeeded in fostering favorable "insider" ties with the Japanese government to grow his businesses. Yet Suzuki's financial plight stemmed in large part from how they continued to pay high market interest rates on its debt to the Bank. Suzuki was the banks' best customer. Furthermore, the dramatic culmination of the history of Suzuki and the Bank of Taiwan in the Financial Crisis of 1927, far from yielding insider profits, brought about the end of Kaneko's company.

On one level, the Financial Crisis was an economic crisis and scandal that led to the collapse of the Wakatsuki government and a nationwide bank panic. This panic ostensibly involved the so-called "earthquake bills,“ commercial bills dating back to the time of the 1923 Kantô earthquake amounting to ¥430 million "rediscounted“ (i.e. covered) by the Bank of Japan. In late January 1927, a debate raged in the Diet and Japan's press over a proposal to "write off"" ¥207 million in outstanding earthquake bills and to compensate the Bank of Japan for its losses. In the midst of the debate, Suzuki's holdings of millions of yen of earthquake bills and its enormous debts to the Bank of Taiwan became public.

Although Suzuki's earthquake bills and debt to the Bank of Taiwan were precipitating factors in the Financial Crisis, the direct causes of the financial crisis of 1927 were not economic at all. The Financial Crisis was engineered from within the Seiyûkai Party and the shadowy privy council. In addition to the regular antipathy of an opposition party to the ruling Minseitô, hard-line leaders of the Seiyûkai were enraged by the Wakatsuki government's "soft and weak" policy abroad, carried out by Foreign Minister Shidehara Kijürô. This nearly ultra-nationalist opposition, led by Mori Kaku and Yamamoto Jôtarô in the Seiyükai, and Itô Miyoji and Hiranuma Kiichirô in the privy council, was less interested in banks or financial policy than in bringing about the fall of the Wakatsuki cabinet and thereby changing Japan's foreign policy. Thus, while the opportunity these men grasped involved economic matters—the earthquake bills and the relation of Suzuki Trading Company with the Bank of Taiwan—their motives were clearly political.

When the privy council refused to authorize an emergency financial bill, President Mori of the Bank of Taiwan began the second wave of the financial crisis at the end of March, seeing an opportunity to cut its ties with Suzuki. Amid a whirlwind of bank runs and closings, on 4 April 1927, Suzuki Trading closed its doors for the last time (technically, they never declared bankruptcy). Since the regular Diet session ended on 31 March, the Wakatsuki cabinet appealed to the privy council for emergency legislation to aid the Bank of Taiwan. When this emergency bill was rejected on 17 April, Wakatsuki resigned and the third and largest wave of the financial crisis began. Four days later the new Tanaka cabinet imposed a three-week moratorium on payments. The privy council—noting that now it really was an emergency—passed an emergency imperial ordinance providing ¥500 million to the Bank of Japan and ¥200 to the Bank of Taiwan to resolve the crisis. The total estimated cost of the crisis was more than ¥2 billion.

The fact that Suzuki Trading Company went under at this point confirms that its ties with the government and the Bank of Taiwan did not constitute the sort of favored treatment of business that underlay the rise of the established zaibatsu. Suzuki received no special treatment, or favorable terms on the money borrowed. In large part, Kaneko was a victim of political events beyond his control. Certainly in equal measure, Kaneko was culpable for the way he had imprudently continued to expand his business activities in the 1920s. In this context, Kaneko's own views about the Japanese economy in the 1920s is pertinent.

Kaneko's Economic Analysis of the 1920s

Although the fall of Suzuki in 1927 confirms Kaneko Naokichi's naiveté about politics, in 1924 he wrote a book that points to his considerable insight into economic matters. *Keizai yawa* was a prescient interpretation of Japan's economy in the 1920s and a detailed proposal for reforming it.[2] At the heart of Kaneko's book was the vision of an expanding industrial economy driven by the growing consumption as well as the diligent labor of Japanese workers. Today this may sound like a platitude or a rationalization for business avarice, but in Japan in the 1920s, Kaneko's views set him in sharp contrast to nearly all other observers of the Japanese economy. Government leaders and academics in Japan continued to espouse a mixture of Confucian calls for frugality and the prevailing economic orthodoxy that balanced budgets and fiscal restraint were the only way to promote economic growth.

The central theme of *Keizai yawa* was that the high price of capital (i.e. high interest rates) in Japan in the 1920s was to blame for high commodity prices, economic stagnation, and instability. Kaneko laid the blame for Japan's "unreasonably" high interest rates (roughly twice the rate in developed countries in the West) on the government's attempts at deflationary fiscal policy. His remedy for these high interest rates was to expand the money supply, to continue to prohibit the flow of specie from Japan, and to halt all sales of specie overseas (remaining firmly "off" the gold standard).

The most obvious source for the ideas about the economy Kaneko expresses in *Keizai yawa* was his life experience as a businessman. His

---

[2] *Keizai* is the standard word for economy—used in the Tokugawa period in the sense of "political economy"—but Kaneko probably made up the term *yawa*. Its component characters literally mean "field talk." *Ya* sometimes means rustic or wild; it also therefore connotes an outsider or amateur. But I suspect Kaneko used this term less in self-deprecation as an indication that his views were in opposition to those prevalent at the time—*ya* in the sense of *yatô*} (opposition party), rather than *yabo* (boor). Hence, we might translate the title of his book as "Dissenting Views on the Economy."

obsession with the need to lower interest rates obviously stemmed from his experience in business during the 1920s, paying millions of yen in interest to the Bank of Taiwan. As Japan's largest debtor, Kaneko's insistence on the importance of lower interest rates was obviously self-serving. But his proposals would certainly have resuscitated the ailing Japanese economy sooner than the government's policies. The main reason Japanese governments carried out deflationary policies in these years of relatively slow growth was the determination to return to the gold standard, after restoring the value of the yen by intentionally shrinking the economy. But the impact of these policies hurt consumers and small- and mid-sized businesses as well.

In retrospect, the Japanese government proved itself extraordinarily indecisive and incompetent in managing the economy in the 1920s. In the first place, the deflationary policies pursued by the government in preparation for returning to the gold standard consistently weakened Japan's economy. Such policies were highly inappropriate in a time of slow growth. Furthermore, deflationary policies designed to weed out "bad" companies actually wreaked harm almost indiscriminately on the economy.

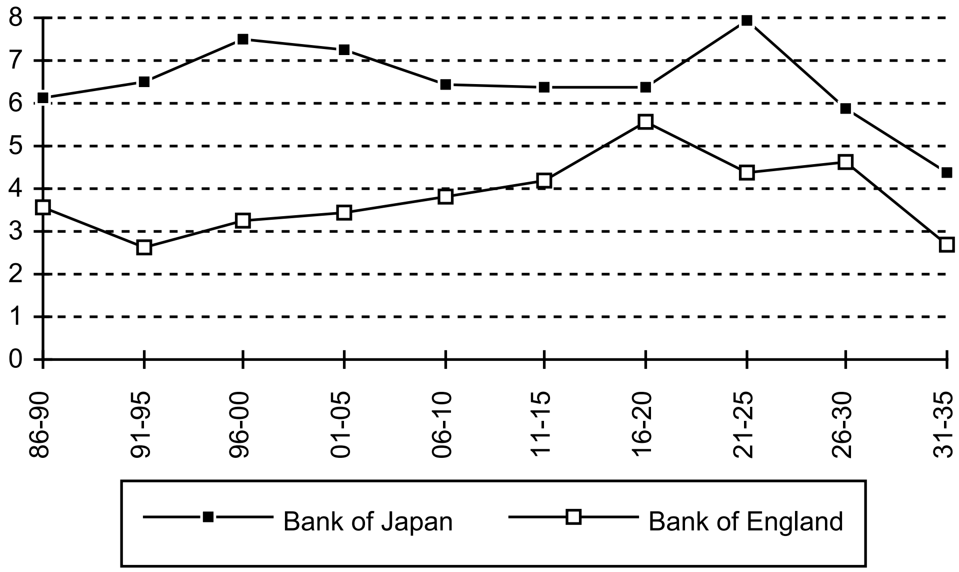
One of the biggest problems with the gold standard was that it largely eliminates a government's ability to practice monetary policy. At least in theory, the quantity of currency in circulation *must* be directly proportional to the quantity of gold reserves. The only way to expand the money supply is to acquire more gold. Kaneko found this restriction preposterous for a country like Japan, writing in *Keizai yawa*:

> It is both practically and theoretically unreasonable to determine the amount of currency in circulation according to the level of a nation's wealth [by which he means gold reserves]. Rather, the quantity of money in circulation should reflect the degree of development of the culture of a nation's people and the power of their economic activities. Only in cases where the degree of these factors is unknown should the quantity of currency in circulation be set according to national wealth.

Beyond his self-serving calls for lower interest rates, the logic behind Kaneko's analysis suggests that he believed that Japan had the *potential* to grow much more than would be permitted with the amount of capital in circulation under a gold standard. This led him to criticize the government of Japan for its reluctance to practice expansionary policies, proclaiming "If the intelligence and education of today's Americans and the British is at a level of one hundred, Japanese intelligence is not inferior—we could calculate that it is at a level of more than ninety." Yet, Kaneko remarks, while Japan's intelligence is neck and neck with the developed nations of the west, the quantity of currency in circulation in Japan is only a quarter of these western nations. He does not propose quadrupling the quantity of currency in circulation in Japan; given that interest rates are twice as high in Japan as in the west, he reasons it should be doubled.

Kaneko's use of relative interest rates as the standard for setting the quantity of currency in circulation is no accident; the most insistent point he makes about the Japanese economy in *Keizai yawa* is the need for low interest rates. Interest rates for large borrowers were consistently about 2-4 percent higher than in countries like England. The following chart contrasts the discount rate (charged to banks' best customers) in England and in Japan; when Kaneko was writing, interest rates in Japan were nearly twice as high as in England.

Bank of Japan & Bank of England discount rates on commercial bills, 1886-1935



The main reason Kaneko called for lower interest rates was to enable the mechanization of manufacturing, which he considered the best way for Japan to recover from the slump of the 1920s and the destruction of the 1923 earthquake. He built his entire model of economic recovery on the foundation of lower interest rates. He predicted that lower interest rates would stimulate investment in modern industry, including more mass production, bringing higher productivity, and lower commodity prices

One of the areas in which Kaneko's proposals differed the most from prevailing economic views in Japan was in attributing an important functional role to consumption by the Japanese people. Kaneko was not concerned with the interests of consumers as a consumer advocate, but because of the role consumption plays in a modern mechanized industrial economy. Nonetheless, he advocated serious consideration of the *satisfaction* of consumers:

> Recently, we everywhere hear the slogan "the cooperation of capital and labor" (*rôshi kyôchô*). I also hope that capitalists and workers can harmoniously cooperate, resulting in the stability of the economic world. However, if employers merely continue to espouse traditional notions of

> paternalism, this cooperation will never be achieved. From now on, not only capital and labor, but also consumers of the products from a certain industry must be satisfied if that industry is to advance and prosper in the long run. And what is the best way to maintain the happiness of all components of this triangle? In short, lowering interest rates is the best.

Kaneko's neat conception of a triangle of capital, labor, and consumers was well ahead of prevailing contemporary economic theory in its stress on the importance of consumption.[3] His skepticism about the utility of attempts to promote cooperation between the inherently antagonistic interests of labor and capital also set him apart from nearly all Japanese specialists, whose constant refrain was the need for harmony.

Kaneko's belief in high technology, mechanized production, and mass consumption led him to admire the Ford Motor Company. He wrote that Ford's use of the latest technology enabled it to efficiently produce high-quality, low-priced cars, thereby increasing demand, as well as allowing the payment of high wages. All of these strengths at Ford Kaneko attributed to lower interest rates in the United States. Lowering Japanese interest rates (assuming the embargo on gold is maintained), he claimed fervently, would increase the profits of industry, the wages of workers, and the satisfaction of all involved. Thus, even labor disputes were ultimately related to the interest rate problem for Kaneko. He provided another way of looking at this problem: in an economy like Japan's where interest rates are high, a great percentage of the price of goods is paid as unearned income, with the result that prices are driven higher, and wages are suppressed, "reducing the share of the cost of goods that goes to workers."

Kaneko's views expressed in *Keizai yawa* represent a significant break with many of the orthodox economic views of the day, virtually all of which

[3]The uniformity of "orthodox" economic prescriptions in western nations can easily be overstated. J. Ronnie Davis, *The New Economics and the Old Economists* (Ames, Iowa: The Iowa State University Press, 1971), provides an impressive number of examples that show *most* economists in the United States proposed policy of increasing aggregate demand by issuing bonds to expand public expenditures; in other words, they were more Keynesian than "classical." But these economists wrote nearly a decade after Kaneko.

consisted of pleas for frugality and reduced consumption in order to return to the gold standard at the old parity. For example, when Inoue Junnosuke traveled around Japan calling for frugality and a balanced budget, he was obviously confusing the features of a home economy with those of a nation. Kaneko lacked a formal education, not to mention the training to express his ideas in the jargon of an economist. But his emphasis on the uselessness of reducing prices and wages puts him far closer to present-day economic understanding than nearly all Japanese economists of the mid-1920s.

Conclusion

Kaneko was a believer in the primacy of economics over politics. In the opening pages of his book on the Japanese economy he wrote:

> Napoleon was a great warrior, but failed in the Russian invasion due to lack of finance—the French bourgeoisie did not support him. Cesar, on the other hand, was not a great general, but instead relied upon a huge amount of debt to conquer the world—he must have known how economic power could control the human mind. Economic power can move people more effectively than political power.

The events that brought about the end of the Suzuki Trading Company would resoundingly demonstrate the power of politics over economic forces. Kaneko's pursuit of a close working relationship with the Japanese government had clearly backfired, deeply embroiling him in two turbulent turning points in modern Japanese history, the Rice Riots of 1918 and the Financial Crisis of 1927. Suzuki Trading Company's experience in the rice riots shows how Kaneko misjudged the reaction of the masses to his close cooperation with the government. From 1916 to 1918 Kaneko worked with the government as a designated merchant, first exporting and then importing rice in attempts to influence domestic rice prices. As we have seen, Kaneko became involved in the rice trade less in pursuit of profit than to cultivate ties with the government in order to continue his expansive (and expensive) business strategies. Yet Kaneko was also proud of what he saw as public service, and openly promoted his cooperation with the Terauchi cabinet's rice policies. By actively participating in these policies, Kaneko helped make Suzuki a major target of mass anger in the 1918 rice riots. In one of the most spectacular incidents in the riots, an angry crowd burned Suzuki's Kobe headquarters to the ground, while other crowds attacked Suzuki property elsewhere in Kobe and in several different cities.

Kaneko saw no other way to continue to fund his entrepreneurial endeavors than to deepen his ties with bureaucrats and politicians, and his need for funding increased as the 1920s progressed. Suzuki Trading Company came to borrow huge sums from the Bank of Taiwan, increasing its debt by an additional thirty or forty million yen a year by the mid-1920s, much of it to pay interest on the more than two hundred million yen it already owed the Bank. Kaneko stubbornly refused to reduce this debt by cutting back on new endeavors or liquidating some of the firms under the Suzuki umbrella. He calculated that the government would continue to back the Bank of Taiwan since it was a government institution, and that the Bank of Taiwan could hardly cut off its best customer without destroying itself. (Also, his major investments in fields such as shipbuilding reflected shared goals with the government.) Kaneko's plan nearly worked. The reasons why the huge business empire he built collapsed were more political than economic. In the financial crisis of 1927, opponents of the current foreign minister's policies used Suzuki's reliance on the Bank of Taiwan as a political weapon to bring down the Wakatsuki cabinet. When the privy council rejected the Wakatsuki cabinet's request for emergency legislation to aid the Bank of Taiwan on 17 April 1927, it was a major setback for the Bank, but the end of the road for Suzuki. In the decade beginning with the rice riots Kaneko Naokichi made Suzuki the target of attacks on an unprecedented scale both from "above" and "below." In 1918 rioters destroyed millions of yen worth of Suzuki property, but in 1927 a few members of the privy council destroyed the company.

The analysis of Japan's economy in the mid-1920s in *Keizai yawa* provides another perspective on Kaneko Naokichi and his ideas. His vision of the state intervening in the economy in favor of productive companies, granting them favored access to investment capital at below-market rates, came true, but only after his death, during the high-growth years of the "economic miracle."

Kaneko's case confirms how the Japanese economy at no time more resembled its counterparts in the Anglo-American West than in the interwar period. For a relatively brief period, key features of the Japanese political economy were converging with those of the leading capitalist countries of the West. Not that Kaneko preferred it that way. He constantly sought favorable treatment from the Japanese government, but never met with much success. Yet even without government help, Kaneko managed to build the Suzuki Trading Company into a gigantic conglomerate in the Taishô years. And although Suzuki Trading Company is no more, all of successful and innovative firms that Kaneko launched continue in one form or another to this day.

As a widow with two sons, Yone Suzuki took over her late husband's business, the Suzuki Trading Company (Suzuki Shoten), trusting manager Kaneko Naokichi with many of the strategic decisions.[2][3] In 1900, she made a fortune in a deal involving sugar, real estate, and camphor. She started a peppermint factory, she bought the Kobe Steel Works, and expanded her operations in camphor manufacture, sugar refineries and flour mills.Â The 2014 Japanese television drama Oiesan was a historical drama based on a novel by Kaoru Tamaoka about Yone Suzuki's life. YÅ«ki Amami played Yone Suzuki in the program.[15]. References. ^ "Japan's Richest Woman" Boston Daily Globe (August 8, 1920): 54. ^ a b "Suzuki & Co. Ltd." The Sojitz History Museum. Company Name. Kaneko sangyo co.,ltd. Founding.Â Japan Valve Manufacturersâ€™ Association. The High Pressure Gas Safety Institute of Japan. High Pressure Institute of Japan. Qualifications. ISO9001.Â Kaneko Co., Ltd. merged with plant and 2 million yen capital. Year 1955. Capital increased to 4 million yen. The silk trade with Britain and the US was particularly vulnerable. Collapse of these would leave the industry in confusion. Plunging economy proved the armies case that military expansion was essential for survival.Â â€¢Japan turned increasingly to authoritarian government and imperialism in the interwar period. â€¢Japan was the only independent Asian power with her own colonial empire. â€¢July 30, 1912 to December 25, 1926, coincide with the reign of the Emperor TaishÅ. â€¢The era known as the "TaishÅ democracy" in Japan. â€¢Japanese Communist Party in 1923 was an end to feudalism, abolition of the monarchy, recognition of the Soviet Union and withdrawal of Japanese troops. â€¢1926, the Japan Communist Party had been forced underground.