

Unemployment and Public Works Policy in Interwar Britain and Japan : An International Comparison

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Abstract

The Japanese central government and its local authorities undertook public works as a response to rising unemployment like most European countries including Britain between the wars. The approach was in line with the recommendation of the International Labour Conference in 1919 which stated that 'the Conference recommends that each Member of the International Labour Organisation co-ordinate the execution of all work undertaken under public authority with a view to reserving such work as far as practicable for periods of unemployment'. British unemployment relief works which began in December 1920 under the management of Unemployment Grants Committee (UGC) subsidized the annual charge on unemployment relief works undertaken by local authorities out of capital expenditure and paid part of the wages bill for approved schemes of 'useful' work. But as the compulsory unemployment insurance system was the principal response in interwar Britain, the role of the unemployment relief works remained very limited. Japanese unemployment relief works which had begun at local and central level as an administrative response to social unrest gradually developed into a welfare policy for the unemployed but one which remained central to the Japanese government's response in the absence of any compulsory unemployment insurance scheme. In this paper, we try to clarify what was unique to Japan's unemployment relief works policy and what was common with the unemployment relief works between Britain and Japan in the interwar years.

Key words: Unemployment, Public Works, Interwar, Britain, Japan

1 Introduction

It is common with most European countries including Britain between the wars that the central governments and its local authorities undertook public works as a response to rising unemployment and a lot of researchers paid attention on the topics relating to unemployment public works. The approach was in line with the recommendation of the

International Labour Conference in 1919 which stated that 'the Conference recommends that each Member of the International Labour Organisation co-ordinate the execution of all work undertaken under public authority with a view to reserving such work as far as practicable for periods of unemployment...' *¹ According to a retrospective International Labour Office (ILO) report published in 1935, this recommendation had led to a variety of responses throughout Europe.

In France, for example, local authorities and government departments undertook town planning projects, the construction and improvement of railways, roads, and ports, canal works, building schools, as well as rural development in an effort to ease unemployment. *² In Germany road making, waterways construction and improvement, the development of gas and electricity supply, house-building, agricultural settlement and land improvement were developed for the same purpose. *³ In Britain, under the Unemployment Grants Committee established in 1920, sewerage schemes, water supply improvements, the extension of docks and harbours, electricity supply, and the widening and reconstruction of unclassified roads were subsequently carried out as a response to increased registered unemployment. *⁴

In Japan, relief works for the benefit of the unemployed were established for the first time in 1925 and were carried through under various institutional formats until 1942. Though such public works were generally regarded (Britain is an example) as a temporary and additional form of relief alongside that afforded by the compulsory unemployment insurance scheme, they remained the principal response in Japan to emerging unemployment as the authorities set their face against any form financial commitment to the out-of-work, even on a tripartite basis.

The need for such policies was first raised officially during World War I. In June 1918 the government established the Enquiry Committee on Relief Works (Kiyusai Jigyo Chosakai) as one response to the growing fear that social unrest could emerge in the aftermath of the war. *⁵ During wartime the Japanese economy had expanded rapidly through increased exports accompanied by rapid inflation. Total Japanese exports, which

* 1 International Labour Office, *Unemployment and Public Works, Studies and Reports, Series C, No.15*, 1931, p.186.

* 2 International Labour Office, *Public Works Policy, Studies and Reports, Series C, No.19*, 1935, p.14.

* 3 *Ibid.*, p.17.

* 4 *Ibid.*, p.18.

* 5 Rodosho, *Rodo Gyoseishi*, Vol. 1., Tokyo, 1961, pp.9-10. [Ministry of Labour, *The History of Labour Administration*, Vol.1., Tokyo, 1961, pp.9-10.]

in 1914 amounted to 670.8 million yen per year, had increased to 792.6 million yen by 1915, 1,233.9 million yen in 1916, 1,752 million yen in 1917, reaching 2,159 million yen in 1918. The consumers' price index (1935=100) stood at 62.0 in 1914 rising slightly to 62.7 in 1916 but then increasing to 76.9 in 1917 and to 103.5 in 1918.*⁶

Although the rise in export values and prices benefited some sections of society, it was the fall in the living standards of the majority because of the rapid increase in the price of basic commodities that remained the principal feature of the period. This was most graphically demonstrated in the national Rice Riots (Kome Sodo) during August 1918. Following the Russian Revolution, Japan had sent military forces to Siberia. Merchants, anticipating a significant increase in demand for rice, raised rice prices considerably. This had an immediate impact upon the local population and anger spread rapidly. The price of rice had already risen by 52.6% between June 1916 and June 1917*⁷ while the index of real wages (1914=100) dropped to 98.4 in 1916 and further to 92.3% in 1917. The riots a year later forced the resignation of the cabinet and this, together with the expectation of rising unemployment following the war, prompted the government to prepare plans to placate the Japanese population in peace time.

In addition to the Enquiry Committee on Relief Works the Minister of the Home Office launched a further investigation in December 1918 into which policies might be most suitable for the protection of the unemployed in peace time. The report of the Committee, published on 2 March 1919, recommended an immediate Home Office survey of labour market conditions, measures to encourage the private sector to resist discharging workers in any economic downturn, together with the establishment of Employment Exchanges in the principal cities. Central government, it urged further, should promote migration, subsidise the transportation of the unemployed, and promote public works, all against the background of a low interest rate policy.*⁸ Contemporary observers feared that the government would merely opt for migration as a solution to rising unemployment since many of those who became unemployed were believed to come originally from the agricultural areas. An immediate solution to the emerging unemployment problem could be found in promoting a return to the land.

The government paid more attention than was anticipated to the plea that local

*6 Ando, Y., eds., *Kindai Nihon Keizaishi Yoran*, Dai 2 Han, Tokyo, 1979, p.4. [Ando, Y., eds., *The Handbook of Modern Japanese Economic History*, 2nd Edition, Tokyo, 1979, p.4.]

*7 Hashimoto, J., *Daiikyokoki no Nihon Shihonshugi*, Tokyo, 1984, pp.60-61. [Hashimoto, J., *Japanese Capitalism under the Great Depression*, Tokyo, 1984, pp.60-61.]

*8 Rodosho, *op.cit.*, pp.168-170. [Ministry of Labour, *op.cit.*, pp. 168-170.]

authorities should promote works such as road and rail development and improvements to rivers, all to be subsidized by government funds at low interest. *⁹

The downturn in economic activity in 1920 had spurred action. The Home Office immediately urged local authorities to act on a broad front: to encourage industrialists to do what they could to prevent dismissing workers, to provide free accommodation and free medical services for the unemployed, to encourage the unemployed in the cities to return to their home agricultural areas, and to consider what works on roads and rivers might be undertaken to provide immediate relief to those thrown out of work. *¹⁰ Although this suggested a bold plan of action, neither the government nor the authorities did much in the immediate term. The only action the government took was to introduce the Employment Exchanges Act in 1921, excusing its inactivity on other fronts on the grounds of the state of the budget and the need to pursue a cautious financial policy.

What changed matters was the Great Kanto Earthquake. The disruption to economic activity as a consequence of this disaster had an immediate impact on the labour market. Unemployment resulting from the earthquake was put at 96,103 in Tokyo and 29,143 in Yokohama. Although these figures cannot be compared directly with the levels of unemployment resulting from economic downturn in industrialized countries of the West, they none the less prompted the Japanese government to draft the unemployed in the affected areas into remedial construction work. Workers in the damaged areas who were engaged in production work for the government were moved to regional government factories without being fired and loans were provided for unemployed workers on their families who wished to move to other regional areas. *¹¹

The effect of the government response, however, should not be exaggerated. Although the central authorities acted promptly to promote construction in the most damaged areas, bringing forward public works which ministries had planned for the

*⁹ Kyusai Jigyo Chosakai, *Shitsugyosha Hogo Shisetsu*, cited in *Ibid.*, pp.169-170. [Relief Works Committee, *Policies for the Protection of the Unemployed*, cited in *Ibid.*, pp.169-170.]

*¹⁰ Naimu Jikan yori Chiho Chokan Ate, 'Shitsugyo Hogo ni Kansuru Ken Imei Tsucho', 21 April, 1920, cited in *Ibid.*, pp.170-171. From the Vice Minister of Home Office to the Local Governors, 'On Public Policies for the Protection of Unemployment', 21 April, 1920, cited in *Ibid.*, pp.170-171.]

*¹¹ 'Kanto Daishinsai niyoru Shitsugyo Taisaku no Hoshin', 21 September, 1923, Jikan Kaigi Kettei, cited in *Ibid.*, pp.566-567. ['The Principles of the Unemployment Policy caused by the Great Kanto Earthquake', 21 September, 1923, at the conference of the Vice Ministers, cited in *Ibid.*, pp.566-567.]

future and dedicating them especially for the unemployed, the Social Bureau of the Home Office actually spent more effort in encouraging the movement of the unemployed from the damaged areas to other regions. Most of the 9,103,000 yen raised by the government for the temporary recovery policies in the earthquake zone was used to establish new Employment Exchanges in Tokyo (20 extra branches) and in Yokohama (5 new branches). The central authorities had urged public works activity but only in terms of what was thought to be necessary to meet immediate need. Although, therefore, there was support for unemployment relief works as a remedial response to unemployment in the period from the end of the World War I to the Great Kanto Earthquake this policy only became proactive in the emergency conditions.

Although the ILO Reports mentioned above paid attention to Japan's unemployment relief works in the international context, few researches are available on them. This paper firstly tries to review the representative researches on Japanese unemployment relief works. One of the most influential works on these topics has done by T. Nakamura, who evaluated the economic effects of Japanese unemployment related public works highly and wrote:

Takahashi's economic policies were undeniably successful. Indeed, it is no exaggeration to say that they were a grand experiment anticipating Keynesian economics. At the time the gold embargo was lifted in 1929, Takahashi published an essay in which he anticipated the theory of investment's multiplier effect, and he was one who believed that the first imperative in seeking to balance the international payments must be in developing industry so as to expand exports. While Takahashi's economic policies have frequently been criticised as irresponsible and inflationary, they were very effective in revitalising the economy and reviving it from the post-depression contraction.*¹²

K. Kase who wrote a comprehensive book on interwar Japanese unemployment relief works, criticized Nakamura's view that Nakamura's evaluation on the economic effect of unemployment related relief works was based on the planned budget figures and therefore over-estimation.*¹³ Kase himself suggested that the economic effect of

* 12 Nakamura,T., 'The Japanese Economy in the Interwar Period : a Brief Summary', in Dore,R., and Sinha,R.,eds. With assistance from Sako,M., *Japan and world depression : then and now : essays in memory of E.F. Penrose*, Macmillan, 1987,p.64.

* 13 Kase,K., *Senzen Nihon no Shitsugo Taisaku - Kyusaigata Kokyojigyo no Ichi Kenkyu -*, Tokyo, 1998. [Kase, K., *Unemployment Policy in Pre-war Japan - A Study of Relief Type*

Japanese unemployment related relief works was much smaller.

Kase's study was very detailed and comprehensive on Japan's unemployment relief works themselves, but the perspective of his study was very limited only to Japanese case and therefore it seems that he did not succeed enough to clarify the unique points of Japanese unemployment relief works. We believe that the Japanese cases should be considered in the international context. Nakamura's study on the other hands, offers the possibility of comparative study by using macro-economic methods but as Kase already pointed out, his evaluation of unemployment related public works need to be re-assessed.

Japan and Britain basically followed the ILO's recommendation and introduced the unemployment relief works, therefore, both countries' policy looks alike in several points. But economic structure of both countries was very different as following table shows.

Table 1 Structure of Employment by Country in 1920 (%)

Country/Industry	Japan	US	Britain	Germany	France
Primary Industry	55	27	7	30	29
Secondary Industry	22	34	50	42	36
Tertiary Industry	23	39	43	28	35

Miwa,R., *Gaisetsu Nihon Kezaishi*, Tokyo, 1993, p.98.

[Miwa,R., *The Outline of Japanese Economic History*, Tokyo, 1993, p.98.]

Japan, though it was said that it became one of the 5 leading countries in the world and considered as a developed country after the World War I, but over half of its labour force was still employed in the primary sector while in Britain only 7% of labour force was in the primary sector. This difference must have influenced on both countries' unemployment policies including unemployment relief works. *14

Taking count this fact in mind, in this paper, we they try to compare Japanese cases with the other countries ones and through it we aim to clarify what was common with unemployment relief works internationally and what was the unique character of the Japanese unemployment relief works.

In Britain, W.R. Garside published the comprehensive and influential book on

Public Works -, Tokyo, 1998. Kase also summarized the Japanese unemployment policy in English. See Kase,K., 'Unemployment Policy in Prewar Japan : How Progressive Was Japanese Social Policy ? ', *Social Science Japan Journal*, Vol.7, No.2, August 2004.

* 14 About comprehensive interwar Japanese unemployment policy, see Kato,M., 'Unemployment and Public Policy in Interwar Japan', PhD thesis, University of Birmingham, 2002.

British unemployment *¹⁵ and he successfully drew the fate of the government's policy against unemployment. In this paper, we try to clarify the character of the Japanese unemployment relief works and compare them with British ones because Britain had the most comprehensive unemployment policies in the world at that time. By doing so, we hope to draw what was unique to Japanese unemployment relief works and at the same time, what was common with unemployment relief works between Britain and Japan in the international context.

2 Unemployment Relief Works in Interwar Japan

(1) The emergence of unemployment relief works policy down to 1929

It was not until 1925 that the government planned to promote unemployment relief works as part of official budgetary expenditure. Kase has identified four principal developments. In this section, we follow his four developments of unemployment relief works and try to add several background information and explanation as the bases for the international comparison.

During these years between 1925 and 1928 unemployment relief works were confined to the severe winter months and limited to the six largest cities of Tokyo, Osaka, Kyoto, Yokohama, Nagoya, and Kobe. Real expenditure for such works amounted to around 3 million yen per year, with activity tapering off during the last year. From 1929 to 1931, Unemployment relief work was no longer limited to specific times of the year but undertaken when the government felt it necessary. During this period of greatest economic downturn the proportion of an expenditure on unemployment relief works compared to the outlay on public works as a whole increased to around 20% in 1931. Between 1932 and 1934 following the abandonment of the gold standard deficit budgeting opened up the possibility of issuing loans for relief work expenditure in larger amounts. As a consequence total expenditure for relief works specifically designed for the unemployed as a proportion of total public works expenditure rose to around 30-40%. After 1935, with the gradual decrease of unemployment and emergence of shortages of labour, especially after the emergence of conflict between Japan and China, both the number and expenditure on relief works for the unemployed declined significantly until

* 15 Garside, W.R., *British Unemployment 1919-1939 - A Study in Public Policy* -,Cambridge University Press, 1990.

1939. *16

By the mid 1920s the government's basic response of relying upon Employment Exchanges to place the out-of-work in jobs was considered an insufficient response to the cyclical depression which had deepened by 1925. In August that year Wakatsuki, Minister at the Home Office, and Hamaguchi, Minister of Finance, together agreed that authorities in local areas where unemployment had increased noticeably should be encouraged to promote public works. The works were to be subsidized by the government to the extent of 50% of the total expenditure on wages. Other local authorities' public works in Japan were not specifically designed for the relief of unemployment but which might be considered to be useful to relieve the economic situation were to be subsidized by central government to the same extent. The limit of such central government subsidy was set at 1,300,000 yen. *17

The significance of these discussions lay in the fact that previous recommendations, such as those by the Relief Works Committee had focussed on relief works as a way of allying any further deterioration in unemployment. By 1925 the provision of public works was being seen as a necessary and direct form of relief to the unemployed. As a Minister of the Home Office explained in August 1925:

We are conscious of the conditions of the unemployed caused by economic depression. Data of the activities of the Employment Exchanges over several months indicate that unemployment rates are higher than usual and the lives of the unemployed have become seriously impaired, at least because of the present price of rice. We are now about to face a winter period, a time of severe cyclical unemployment. That is what we fear most. The government is therefore trying hard to establish appropriate policies against unemployment during the winter periods. However, simply giving money or alms to the unemployed has a tendency to promote idleness and this should be avoided. We think this proper therefore that jobs should be given to people who are finding it difficult to live their lives.

On these grounds the central government should lift its ban on local authorities raising loans for the immediate purpose for providing relief works for the unemployed. The burden of such expenses should not be met only by local governments. The aim of unemployment relief works,

* 16 Kase, K., *Senzen Nihon no Shitsugo Taisaku - Kyusaigata Kokyojigyo no Ichi Kenkyu -*, Tokyo, 1998, pp. 14-16. [Kase, K., *Unemployment Policy in Pre-war Japan - A Study of Relief Type Public Works -*, Tokyo, 1998, pp. 14-16.]

* 17 Rodosho, *op.cit.*, pp.567-568. [Ministry of Labour, *op.cit.*, pp. 567-568.]

however, should not be to absorb all who claim to be unemployed at any one time but rather to relieve those who have genuine difficulty in maintaining a basic standard of living. In general the labour force needs to await the recovery of the economy in general through policies of austerity and industrial rationalization. What needed are discussions with the officials in the six largest cities where unemployment is concentrated in order to devolve appropriate responses. *¹⁸

The Home Office's statement reflected the contemporary resistance against 'giving money or alms' to the unemployed. This is essentially important characteristics of Japanese unemployment relief works programme. Despite trade union pressure the Japanese authorities resisted the idea of introducing a compulsory unemployment insurance system even though a Bill for this purpose had been submitted to Parliament as early as 1921. *¹⁹ It is also important to point out that the lack of the substantial relief works for the poor made the unemployment relief works something like the Poor Law relief. Any Japanese governments during the interwar years did not admit the 'right' to relief. These are the crucial differences between Japan and Britain.

Officials were also anxious to focus their public works expenditure on particular groups of unemployed workers. Following the Kanto Earthquake it had become clear that many agricultural day labourers had migrated to the cities in order to increase their chances of obtaining a job at higher wages, given the wage differentials that existed between city day labourers (casual labourers) and agricultural day labourers. Although casual labourers wages tended to be lower than that of a carpenter, for example, they were considerably higher than agricultural day labourers and it was a growing temptation for the latter to migrate to the cities temporarily when economic conditions deteriorated in rural areas. The table below indicates the scale of the problem. It was the government's intention, in other words, that if relief works were to be subsidized on behalf of the unemployed they should where possible be concentrated on the casual labourers in the principal cities.

* 18 Chuo Shokugyo Shokai Jimukyoku, *Rodo Shokai Nenpo*, 1925, p.39. [Central Employment Exchange Bureau, *Annual Report of the Employment Exchanges*, 1925, p.39.]

* 19 Kensei To, *Shitsugyo Hoken Hoan*, 1921, compiled in Rodosho, *Shitsugyo Hoken 10 Nen Shi*, Tokyo, 1960, pp.98-112. [Kensei-party, *The Unemployment Insurance Bill*, 1921, compiled in Ministry of Labour, *The 10-Year History of Unemployment Insurance*, Tokyo, 1960, pp. 98-112.]

**Table 2 Wage differentials for selected occupations in selected years
(carpenter=100), 1910-1939.**

Year	Carpenter	Day Labourer	Agricultural Day Labourer	
		Male	Male	Female
1910	100	66.3	48.8	30
1915	100	65.5	54.8	34.5
1920	100	76.7	55	35.1
1925	100	71.5	50.7	40.6
1930	100	65.5	45.8	34.5
1935	100	68.9	44	33.7
1939	100	73.5	68.7	55.6

Shirai and Shimada, 'Japan', in Dunlop, J.T., and Galenson, W.,
Labor in the Twentieth Century, New York and London, 1978, p. 306.

It is noteworthy, too, that by 1925 the government was prepared to consider subsidizing expenditure on unemployment relief works against the background of general budgetary retrenchment. The Japanese government had not yet committed itself to return to the gold standard even though it regarded such a move not as an issue of major dispute but rather one of judging the appropriate time. Until that time arrived the authorities faced budget deficits made worse by incidences such as the Great Earthquake in 1923. Concessions in favour of subsidizing employment relief works, therefore, had to be taken on very firm grounds.

In an effort to find a positive way forward on unemployment relief works representatives of the Home Office met officials of five prefectures, Tokyo, Kanagawa, Kyoto, Aichi and Osaka in August 1925. The local authorities were urged to arrange labour-intensive unemployment relief works aimed at casual workers and to prepare a reasoned case for them, including planned dates of implementation and details of income and expenditure. Workers were to be employed through the Employment Exchanges at lower daily wages than ordinary workers in relevant areas. This reflected the government's desire to prevent workers who already had jobs in agricultural areas from drifting into the cities for relative gain. Local authorities were to be encouraged in this activity by the provision of government loans notwithstanding the prevailing climate of financial stringency.

This policy demonstrated the first move by the central government to subsidize unemployment relief works initiated by local authorities. It arose in part from recognition of the worsening economic conditions occasioned by the Great Earthquake of 1923. In addition, workers' wages, especially those employed in casual occupations,

had suffered from the drop in the international exchange rate. Moreover, by 1925 they had been a noticeable rise in the number of official protest meetings over unemployment policy. *²⁰

The Head of the Employment Section of the Social Bureau of the Home Office, R. Ohno, recorded that although unrest had risen amongst skilled workers following the Washington Naval Treaty, which had prohibited Japan from constructing new warships for 10 years and which curtailed work on six warships under construction resulting in the dismissal of 7,500 navy officers and 14,000 workers *²¹, it was unrest amongst casual workers by the mid-1920s that gave rise to most concern. *²² There was at the time no firm statistical basis upon which to determine unemployment among casual and non-casual workers. The Home Office's own survey had estimated unemployment amongst casual workers in the six largest cities of Japan at the beginning of 1926 at 29.3% and that it was only likely to fall in the immediate term to around 20%. *²³ These surveys were conducted by the police, which meant that the unemployment problem was strongly connected to the social unrest.

Official policy from 1925 until 1928 concentrated on providing unemployment relief works in winter time with such works directed especially to those most in need. As such the activity reflected something of the attitude of Britain's former Poor Law provisions where relief was afforded to those most in need on restricted terms. The prevailing principle of budgetary retrenchment meant that the authorities were reluctant to spend too much on such relief provision, although local authorities were encouraged to seek government loans when the need for them could be justified.

In order to prevent unemployment relief works being used by workers from unrelated local areas, the Deputy Minister at the Home Office reminded governors in the prefectures of Tokyo, Osaka, Kyoto, Aichi, Kanagawa, and Hyogo in October 1925 that :

* 20 Jigyo Chosetsu Inkaikai, *Taisho 14 Nendo yori Showa 3 Nendo ni Itaru Shitusyo Kyusai Jigyo Gaiyo*, 1930, p.24. [The Committee for the Regulation of Public Works, *Outline of Unemployment Relief Works from 1925 to 1928*, 1930, p. 24.]

* 21 Tsuchiana, F., *Shakai Seisaku Seidoshi Ron*, Kyoto, 1990. [Tsuchiana, F., *History of the Institute for Social Policy*, Kyoto, 1990, p.456.

* 22 Ohno no Kaiso, in 'Senzen no Rodo Gyosei wo Kataru - Zadan Kai - ', *Rodo Gyoseishi Dai 1 Kan Yoroku*, Tokyo, 1961, p.24. [Recollection by Ohno, R., in 'Memories of the Labour Administration in Prewar Japan', the Record of the Symposium, compiled in Ministry of Labour, *The History of Labour Administration, Supplement of Vol. 1*, Tokyo, 1961, p.22.]

* 23 Jigyo Chosetsu Inkaikai, *op.cit.*, pp.14-15 and p.19. [The Committee for Regulation of Public Works, *op.cit.*, pp.14-15 and p.19.]

It is important to confirm that the purpose of unemployment relief works is to relieve the unemployed who live in the six largest cities and who are most directly affected by unemployment. Therefore we have to be careful that the unemployment relief works are not occupied by seasonal workers from unrelated regions. In order to do so it is proper to distinguish in advance those unemployed who live in the six largest cities who alone should have access to jobs on the unemployment relief works in order that such works can proceed without any difficulties. *²⁴

What concerned the Minister in Japan was the number of seasonal workers, in the winter period especially, who concentrated in the cities seeking more remunerative employment than was available in rural areas. This resulted not only in an increase of the numbers unemployed but also deterioration in the lives of seasonal workers. *²⁵ This derived from the lack of any substantial relief scheme for the poor in the rural areas.

With these strictures in mind unemployment relief works were officially introduced into Tokyo, Osaka, Kyoto, Yokohama, Kobe and Nagoya in mid-November 1925 and in one prefecture Osaka. They were focused on the winter periods and continued until 1928 under strict conditions. Government subsidies amounted to one-half of the total wage bill but the latter had to be no more than 20% of the total cost of any project. Moreover, the wages paid to any skilled labourers had to be no greater than 30% of the total wage bill. *²⁶ The nature of the work included repair of roads, building motorways, the repair of embankments, and other reclamation work. The accumulated number employed on such works amounted to 964,813 in 1925, 689,287 in 1926, 771,583 in 1927, and 611,723 in 1928. *²⁷

*²⁴ Chuo Shokugyo Shokai Jimukyoku, 'Shitsugyo Kyusai no Mokuteki wo Motte Shiko suru Jigyō ni Kansuru Ken', 16 October 1925, Naimu Jikan yori Tokyo, Osaka, Kyoto, Kanagawa, Aichi, Hyogo Fuken Chiji Ate, Chuo Shokugyo Shokai Jimukyoku, *Shokugyo Shokai Geppo*, October 1925, p.1. ['On Works for the purpose of Unemployment Relief ' , 16 October 1925, from Vice Minister of Home Office to the Governors of Prefectures of Tokyo, Osaka, Kyoto, Kanagawa, Aichi, Hyogo , Central Employment Exchange Bureau, *Monthly Report of the Employment Exchanges*, October, 1925, p.1.]

*²⁵ 'Rodosha no Kisetsuteki Dekasegi ni Kansuru Ken' , 16 October 1925, Naimu Jikan yori Kaku Chiho Chokan Ate, Chuo Shokugyo Shokai Jimukyoku, *Shokugyo Shokai Geppo*, October 1925, p.1. ['On Seasonal Workers' ,16 October 1925, from Vice Minister of Home Office to the Governors of the Prefectures, Central Employment Exchange Bureau, *Monthly Report of the Employment Exchanges*, October, 1925, p.1.]

*²⁶ Rodosho, *op.cit.*, p.570. [Ministry of Labour, *op.cit.*, p.570.]

*²⁷ Rodosho, *op.cit.*, pp. 570-571. [Ministry of Labour, *op.cit.*, pp.570-571.]

(2) The changing characteristics of unemployment relief works from 1929

Japan was seen to suffer less from the Great Depression from 1929 than most Western industrialized nations. None the less, the relative worsening of unemployment from Japan's perspective only strengthened the urge within government to retain a balanced budget and in the private sector for it to seek forms of industrial rationalization, each in themselves destined to worsen the immediate prospects of the unemployed. What had become clearer was that unemployment was a problem no longer confined to the principal cities in Japan. The Hamaguchi cabinet of Minsei-party which had won the General Election of 1929 immediately declared its intention to concentrate on remedial 'social policies'. As earlier September 1929 separate inquiries were undertaken into the unemployment relief system, the regulations for the prevention and relief of unemployment, and the range of subsidies then being provided by the government for unemployment relief work.

The inquiries confirmed that unemployment relief works in specified regions were still regarded as the most effective and appropriate response for the government to make. Local authorities continued to be encouraged to raise loans for such purposes and to concentrate their efforts on persuading the private sector to engage in similar forms of repair and construction that could offer work to both casual and skilled workers. In order to boost the unemployment relief works programme local authorities from 1929 could be ordered by central government to undertake such activity. In the same year a Special Committee for the Regulation of Public Works was established with the Prime Minister as President. Representatives of the ministries concerned with unemployment were henceforth obliged to select appropriate public works and to arrange the period and place of their implementation. *²⁸

For its part the government amended its budget regulations in April 1930 in order to facilitate its public works policy. Relief works were now to be initiated in areas where unemployment had only recently emerged as a noticeable problem. Thereafter cities, towns, and villages were able to apply for loans at low interest rate to undertake works for the improvement of water supply, land reclamation, and forestry activity. If such

*²⁸ Shakai Seisaku Shingikai, *Shakai Seisaku Shingikai Yoran*, 1929, pp.20-29. Nishinarita, Y., and Mori, T., *Shakai Seisaku Shingikai Shiryo Shu*, Vol.1, Tokyo, 1988., [The Committee on Social Policy, *The Outline of the Committee on Social Policy*, 1929, pp.20-29, collected by Nishinarita, Y., and Mori, T., *Materials of the Committee on Social Policy*, Vol.1, Tokyo, 1988, pp.9-11.]

works used a large amount of domestic raw material, thereby sustaining employment in other sectors, the proportion of the wages of the unemployed attached to the projects was allowed to fall below the previously prescribed limit of 20%. Although in principle this permitted the employment of fewer workers who might otherwise be unemployed it was hoped that private companies might be encouraged to expand their supplementary activities once public works were seen to be encouraging improvements in the infrastructure. *²⁹

Earlier the government had come under pressure from its own Committee for the Prevention of Unemployment which called in March 1930 for a considerable expansion in public works activity and for greater proportion of subsidies to be earmarked in the budget for such a purpose. The private sector, the Committee argued, should also be urged to engage in greater construction work, land development, water way development and forestry activity, especially in areas where unemployment had noticeably increased in the recent past. *³⁰

Their urging was not without effect. With no marked improvement in the employment situation in 1931 the government itself launched a programme of national road repairs, raising a road loan of 22 million yen. In addition 20 million yen was set aside for improvements in the railway system and 70 million yen for employment-creating improvements in agriculture, forestry and fishery. Unemployment relief expenditure was now to be directed to the needs not only of casual workers but also skilled and intellectual (white collar) workers. All relief works furthermore were to be advanced to earlier dates than might otherwise have been provided for. *³¹

The extension of and relaxation in the conditions attached to public works took place against a continuing concern for budgetary stability. S. Yoshida, Head of the Social Bureau, had complained in 1929 that budgetary retrenchments had unfairly impacted upon the unemployed. *³² The Minister of Commerce and Industry agreed but other MPs argued that the government's principal responsibility should be to reduce expenditure, cut taxes, and thereby facilitate the recovery of private industry upon which future

* 29 Rodosho, *op.cit.*, p.577. [Ministry of Labour, *op.cit.*, p.577.]

* 30 Rodosho, *Ibid.*, p.380. [Ministry of Labour, *Ibid.*, p.380.]

* 31 Rodosho, *Ibid.*, p.580. [Ministry of Labour, *Ibid.*, p.580.]

* 32 Shakai Seisaku Shingikai, *Dai 1 Kai Shakai Seisaku Shingikai Sokai Gijiroku*, 9 August 1929, collected in Nishinarita et al., *op.cit.*, Vol.1, p.40. [The Committee on Social Policy, *Report of the First General Meeting*, 9 August 1929, collected in Nishinarita et.al., *op.cit.*, Vol.1, p.40.]

employment ultimately depended. *³³ As one MP, J. Soeda, argued there should be no presumption that budgetary retrenchment would necessarily lead to deterioration in unemployment if such retrenchment spurred the private sector to provide jobs likely to last without imposing further and dangerous rises in public expenditure. *³⁴

None of this posturing came anywhere near to a detailed or systematic discussion of how the budget might actively be used to relieve unemployment. *³⁵ It is clear from the Committee on Social Policy's 'Enquiries on the Unemployment Relief Systems and the Depressed Conditions of the Recent Economy' in 1929 that government officials held very differing views as to whether or not a tight budget pursued alongside a positive policy of industrial rationalization would or would not worsen the unemployment situation. The cleavage was basically between those who saw budgetary stability and the promotion of greater efficiency in industry as the basis of affordable and stable economic progress and those who were concerned about their immediate impact upon unemployment and upon social unrest. Those who held the latter view were not opposed either to a sound budget or to improvement on the structure of industry but worried about time scale of any likely benefit to employment. In their view it was an abrogation of government responsibility to rely on medium and even long term measures of industrial improvement when faced with deterioration in unemployment. Moreover, the experience of those foreign countries which had undertaken programmes of industrial rationalization pointed to an immediate shake out of labour as a consequence. *³⁶ K. Adachi, Minister of the Home Office and President of the Committee, tried to strike a compromise between these opposing views in the Committee's Final Report:

The present government are putting an emphasis on the rationalization of industry and in doing so have tried to develop the industries of our country. In the discussions of this Committee,

* 33 Shakai Seisaku Shingikai, *Dai 3 Kai Shimon Dai 1 Go Tokubetsu Inukai Gijiroku*, 24 August 1929, compiled in Nishinarita et al., *op.cit.*, Vol. 2, 1988, p.43. [The Committee on Social Policy, *Report of the Third Special Meeting on No.1 Consultation*, 9 August 1929, collected in Nishinarita et.al., *op.cit.*, Vol.2, 1988, p.43.]

* 34 *Ibid.*, pp.41-42.

* 35 Shakai Seisaku Shingikai, *Dai 5 Kai Shimon Dai 1 Go Tokubetsu Inukai Gijiroku*, 4 September 1929, collected in *Ibid.*, p.50. [The Committee on Social Policy, *Report of the Fifth Special Meeting on No.1 Consultation*, 4 September 1929, collected in *Ibid.*, p.50.]

* 36 Shakai Seisaku Shingikai, *Dai 16 Kai Shimon Dai 1 Go Tokubetsu Inukai Gijiroku*, 9 December 1929, collected in *Ibid.*, pp.128-130. [The Committee on the Social Policy, *Report of the Sixteenth Special Meeting on No.1 Consultation*, collected in *Ibid.*, pp.128-130.]

there has been no objection to the view that rationalization of industry is one of the most influential means of helping industry develop, and as a result its positive means of preventing unemployment.

However, judging from the experience of foreign countries rationalization does have a tendency to force temporary unemployment. The government therefore needs to ameliorate such unemployment as far as possible. *³⁷

But the Home Office faced sterner position from the Minister of Finance. Any increase in direct government expenditure for unemployment relief work, argued the Minister Inoue, could only proceed on a case-by-case basis if budgetary retrenchment was to be preserved. *³⁸ Opponents argued that such unemployment relief works could properly be regarded as an exception to retrenchment policy in the prevailing circumstances. *³⁹ As such, Adachi argued, the central government should be urged to undertake new public works 'when it is considered to be necessary and urgent'. *⁴⁰ The Ministry of Finance, however, countered that to date the central government had never directly undertaken relief works on behalf of the unemployed or had ever agreed to amend its budget for such purposes, direct action having previously provided only for discretionary loans to local authorities. *⁴¹

In Japan, the Hamaguchi cabinet, needing to respond to worsening unemployment during the great depression, was faced with the prospect of encouraging direct government activity, with its accompanying financial obligations, to an extent that had not be seen before and which key officials felt was fundamentally irresponsible. The cleavage of opinion began to soften, however, when relief works came to be seen less as a means of allaying social unrest in particular cities, with all the attendant fears of allowing specific action to set awkward administrative and financial precedents, than as

* 37 Shakai Seisaku Shingikai, *Dai 5 Kai Sokai Giji Sokkiroku*, 21 September 1929, collected in Nishinarita et.al., *op.cit.*, Vol.1, 1988, pp.201-202. [The Committee on Social Policy, *Report of the Fifth General Meeting*, 21 September 1929, collected in Nishinarita et.al., *op.cit.*, Vol.1., 1988, pp.201-202.]

* 38 Shakai Seisaku Shingikai, *Dai 2 Kai Shakai Seisaku Shingikai Soukai Gijiroku*, 12 September 1929, collected in *Ibid.*, p.62. [The Committee on Social Policy, *Report of the Second General Meeting*, collected in *Ibid.*, p.62.]

* 39 *Ibid.* pp.69-70.

* 40 Shakai Seisaku Shingikai, *Dai 2 Kai Sokai Giji Sokkiroku*, 12 September 1929, collected in Nishinarita et.al., *op.cit.*, Vol.1, 1988, p.73. [The Committee on the Social Policy, *Report of the Second General Meeting*, collected in Nishinarita et.al., *op.cit.*, Vol.1, 1988, p.73.]

* 41 *Ibid.*, p.73.

a direct and necessary response to a more widespread decline in economic fortunes. As J. Kawanishi, Head of Employment in the Social Bureau of the Home Office explained in a reflective view of his term of office:

I was the Head of Section of Employment from October 1926 to June 1932. For most of the time the government limited the extent of its remedial policies to the six largest cities and then only in winter time...following a principle of a tight budget...I thought that the effects were very limited as a consequence...We tried to abolish limits on the extent and timing of such works and to encourage activity across the whole country...We were unable to win the fight even though we tried to get the unemployment problem discussed systematically among all the ministries including the Ministry of Finance, the Ministry of Transport, and the military authorities.*⁴²

Efforts to encourage a more expansive policy on the part of the government were not limited to particular officials. Y. Muto, then President of Kanegafuchi Boseki Company (Kanegafuchi Spinning Company) argued in late September 1929 that:

The unemployment problem nowadays is not inevitable. Most of it arises from the waste of capital. Judging from the experiences of our country, we can understand that waste of capital in times of war, such as during the Sino-Japanese War and the Russo-Japanese War, but misuse of capital through investing unproductively and hoarding capital becomes a cause of depression and bears upon unemployment. Such conduct is the enemy of society. We cannot solve the unemployment problem without conquering an enemy of this kind.*⁴³

He wrote further:

When we consider both the government's behaviour and that of the private sector in Japan

* 42 J. Kawanishi no Kaiso, in 'Senzen no Rodo Gyosei wo Kataru - Zadan Kai - ', *Rodo Gyosei Shi Dai I Kan Yoroku*, 1961, p.23. [Recollection of J. Kawanishi, the Record of the Symposium, compiled in Ministry of Labour, *The History of Labour Administration, Supplement of Vol.1*, p.23, 1961.]

* 43 Muto, Y., 'Shitsugyo Mondai no Konponteki Kaiketsu', *Shakai Seisaku Jiho*, No.108, Shitsugyo Mondai Tokushu Go, September, 1929, p.12. [Muto, Y., 'The Fundamental Solution of the Unemployment Problem', *Social Reform*, No. 108, Special Edition on Unemployment Problems, September 1929, p.12.]

with regard to unemployment, it is the government's waste of capital that is more problematic. The most important thing to do is to solve the political resistance to using capital more productively. *44

Part of the problem, according to K. Takahashi, a leading journalist on the *Oriental Economist* at the time, was that government officials had failed to recognize the extent to which Japanese unemployment was reflecting not a temporary disease of capitalism so much as a breakdown in the normal relationship between industrial and agricultural depression. In agricultural areas it was not unusual for workers to be unemployed and re-employed on a regular basis. It had become customary, therefore, to presume that governments need not rush policy making since the agricultural areas could always act as a shock-absorber, allowing the unemployed in city areas to drift back into rural centres where half work and half unemployment was accepted as a norm. *45

The prevailing difficulty, however, was that economic deterioration in the agricultural sector was having the reverse effect in encouraging agricultural workers to drift into cities to seek sometimes non-existent employment. As a consequence the problem of unemployment was now extending beyond casual workers to the white collar sectors. This not only threatened a loss of productive effort but also the possibility of increased social unrest. *46

We have noted already how regulations were in force down to 1928 to limit the proportion of the total outlay on relief expenditures payable to wages to 20% in order to offer some relief to the unemployed without the projects becoming too generous and how wages for skilled workers thought necessary to complete such works could form a higher proportion of total outlays up to 30%. *47

This emphasis upon supporting public works for the unemployed but with an eye to efficiency and limited outlay resulted in part from complaints by local authorities

* 44 *Ibid.*, p.13.

* 45 Takahashi, K., 'Waga Kuni Genzai no Shitsugyo Mondai no Seishiutsu to Sono Juten', *Shakai Seisaku Jiho*, No.108, Shitsugyo Mondai Tokusyu Go, September 1929, p.62. [Takahashi, K., 'The Present Condition of Unemployment in Japan', *Social Reform*, No. 108, Special Edition on Unemployment Problems, September 1929, p. 62.]

* 46 Kawazu, S., 'Chishiki Kaikyuu no Shitsugyo Mondai ni Tsuite', *Shakai Seisaku Jiho*, No. 108, Shitsugyo Mondai Tokusyu Go, September 1929, p. 17. [Kawazu, S., 'On the Unemployment of Intellectual Workers in Japan', *Social Reform*, No. 108, Special Edition on Unemployment Problems, September 1929, p.17.]

* 47 Rodosho, *op.cit.*, p.570. [Ministry of Labour, *op.cit.*, p.570.]

managing such projects. H. Seki, then the Mayor of Osaka city reflected in 1932 that:

The unemployment relief works which have taken place since 1925 in our country were not economically effective. Until 1928 many of them employed a majority of unskilled workers. Year by year the need to continue such relief works became obvious but the real value of some of the programmes was ignored. The total amount of issued loans to the large cities and prefectures nonetheless reached 10 million yen because of a continuing need to offer work at relatively lower wages to unskilled workers. Although these loans were raised at low interest rates the interest burden on many cities budgets could last for 10 years or more. *48

Such considerations lay behind the government's decision to ensure that any expansion of unemployment relief work provision in the midst of the world slump should carry particular restrictions. By January 1932 regulations were in place to exclude persons considered officially to be poor and lacking any ability to work. An unemployment certificate scheme was introduced in 1929 and efforts to equalize the opportunity for work to as many different types of unemployed workers as possible.

The decision in 1931 to have the government intervene more directly in the provision of unemployment relief work was the result of a combination of concerns at the time including debates about increased government outlay versus continued budgetary retrenchment, about the need to expand the statistical basis upon which policies and their financial implications might be based, and about ensuring that the number and type of workers attracted to such public works should be kept under strict review for the sake of efficiency. Having once embarked in 1931 on a more dedicated if limited programme of public works for road and rail improvement and the expansion of farmland finance by public loans at low interest rates, a significant shift had none the less been made away from an overriding principle of a tight budgetary policy. Although Finance Minister Inoue had long argued for government intervention on unemployment relief works to be an exceptional case, the budget deficit for 1932 financial year amounted to 130 million yen, with 19 million yen directly earmarked for public works expenditure on behalf of the unemployed. *49

* 48 Seki, H., 'Shitsugyo Kyusai Jigyo', *Shakai Seisaku Jiho*, No. 146, Shakai Seisaku no Saikento Tokushu, November 1932, p.51. [Seki, H., 'The Relief of Unemployment', *Social Reform*, No. 146, Special Edition on the Re-examination of Social Policy, November 1932, p.51.]

* 49 Hashimoto, J., 'Keizai Seisaku', Oishi, K., ed., *Nihon Teikoku Shugi Shi, Vol.2, Sekai Daikyoko Ki*, Tokyo, 1987, p.101. [Hashimoto, J., 'Economic Policy', Oishi, K., ed., *The History of Japanese Imperialism, Vol. 2, The Period of World Depression*, 1987, p.101.]

(3) Unemployment relief works after the abandonment of the gold standard

As we had seen above, Japan was fettered to the notion of 'Economic Normalcy' and therefore, they believed that returning to the gold standard was the best policy for economic stability. However, after the Great Depression from 1929, the international economic context which they had relied upon changed completely. In September 1931, Britain finally abandoned the gold standard and many industrialized countries followed Britain's decision. Japan also followed Britain in abandoning the gold standard in December 1931 after vain struggle to remain to the gold standard system, likewise gaining greater flexibility in its budgetary stance. The Seiyu-party which took over the Minsei-party after the abandonment of the gold standard, took a more positive view of the active use of the budget not least in the field of unemployment policy. As the International Labour Office reported in 1935:

In Japan, at a special session of the Diet in June 1932, it was decided (1) to authorise an expansion of the fiduciary issue from 120 million yen to 1,000 million yen; (2) to provide a large amount of money for Government assistance to agriculture, fisheries and small trades, for assistance to certain local authorities, and for public works; and (3) to authorise the Minister of Finance to control all transactions in foreign currencies. The large public expenditure, which included the sums required for the campaign in Shanghai and Manchuria, raised the total budget to 1,940 million yen, the highest figure ever reached in Japan. No increased taxation was imposed, the deficit of 705 million yen being financed by loan. Of this loan expenditure, about 300 million yen was used for the operations in Shanghai and Manchuria and the remainder for public works and other purposes designed to stimulate economic recovery. The budget for 1933-1934 was even larger than that of the preceding year and amounted to 2,309 million yen. This sum includes 209 million yen for improvement of military equipment, 190 million yen for expenditure in Manchuria, and 223 million yen for the relief of the unemployed and assistance to agriculture. The deficit of 900 million yen was financed by loan. *⁵⁰

But this did not mean increasing expenditure along conventional lines. From 1932 a much clearer distinction was made between expenditure for the direct relief of unemployment and that for infrastructure development. This distinction had not been entirely absent in the past but it now took on a clearer form. Following a change

* 50 International Labour Office, *op.cit.*, 1935, p.88.

of government in 1932 budgetary expenditure on unemployment relief works was divided into the two categories. Whereas 3.69 million yen was allocated to temporary Unemployment Relief Works as customarily understood, some 32 million yen was allocated to 'Public Works for Industrial Development' designed in part to aid unemployment but principally for the purpose of broader economic development.^{*51} Moreover, the category 'Unemployment Relief Works' was formally renamed 'Unemployment Temporary Works' not for the sake of semantics but to indicate a firmer shift of in policy^{*52} denying the unemployed any notion of a 'right' to relief; public works were to be essentially temporary not permanent.^{*53}

Shifts in budgetary policy reflected this stance with a noticeable reduction in the allocation of funds for unemployment relief works strictly defined in favour of greater expenditure on infrastructure development designed to improve manufacturing and other activity in a more general sense. Moreover, following the 5.15 Incident in which Prime Minister T. Inukai was assassinated by army officers demanding greater relief to agricultural areas, what relief policy was to be made available was concentrated in such areas where the greater pool of surplus labour was believed to exist.

The distinction made between Temporary Unemployment Relief Works and Public Works for Industrial Development makes it difficult to assess precisely the effects of public works activity on the unemployed since many of the out of work benefited by default from the development of public works expenditure not specifically designed for them. The existing historiography is revealing in this respect. Mochida, for example, claims that public works expenditure on the unemployed conventionally defined (relating particularly to roads, rivers and ports) had very positive effects between 1929 and 1935, not least in expanding employment opportunities for casual workers.^{*54} Nakamura, reviewing relief-related local government expenditures during the 1930s, notes an increased proportion of expenditure in prefectures and villages on public works both for the purposes of direct relief and for wider industrial promotion which, even ignoring possible multiplier effects, was likely to have significantly improved prospects in farm

* 51 Kase, *op.cit.*, p.272.

* 52 Ministry of Labour, *op.cit.*, p.583.

* 53 *Ibid.*, p. 583.

* 54 Mochida, N., 'Toshi no Seibi to Kaihatsu', in Nishikawa, S., and Yamamoto, Y., eds., *Sangyō-oka no Jidai (Ge)*, *Nihon Keizai Shi* 5, Tokyo, 1990, pp. 314-315. [Mochida, N., 'The Fulfilment and Development of the Cities', in Nishikawa, S., and Yamamoto, Y., eds., *The Age of Industrialisation, Economic History of Japan Vol. 5*, Tokyo, 1990, pp. 314-315.]

villages.^{*55} Kase, on the other hand, argues that such optimism is misplaced since many public works initiated in agricultural areas came from the private sector and not from the government and even then actual expenditure often fell short of planned expenditure because private entrepreneurs were frequently reluctant to persist in such activity given the uncertainties over likely profit returns.^{*56}

Contemporary observers were also sceptical about the scale and effectiveness of the public works implemented specifically for the unemployed after 1932. Kazahaya, writing in 1937, saw such responses as woefully inadequate and so lacking in profitability that they were unlikely ever to attract the support of the private sector.^{*57} Seki, Mayor of Osaka, argued as early as 1932 that such public relief works tended to be so uneconomical and limited in scope that they frequently intensified unemployment by attracting to mainland Japan Korean workers who had few prospects of gaining permanent employment even in better times, a point to which we have already drawn attention. Moreover, the kinds of works implemented were often singularly inappropriate for those groups of workers recently thrown out of work during the world slump, thereby increasing the duration of their unemployment.^{*58}

A review of Japanese public works by the International Labour Office added fuel to contemporary criticism of their intrinsic value. Writing in 1931 the ILO noted:

It is important to draw a distinction between public works and mere relief works. It is sometimes said that all undertakings put in hand by public authorities for the express purpose of creating employment are relief works; but that would rule out a large number of undoubtedly useful public works which are undertaken during a period of unemployment because that is the most convenient time from the financial and social points of view. The real distinction between the two depends on the way in which the works are carried out. During the nineteenth century a number of schemes of so-called relief works were undertaken at different times with varying success. One of the most successful of these schemes was that adopted in Great Britain in 1863 at the time of the cotton famine consequent on the American Civil War. It was a comparatively small scheme, for during the three years of its existence never more than 8,000 workers were

* 55 Nakamura, T., *Economic Growth in Pre-war Japan*, New Haven and London, 1971, pp.236-237.

* 56 Kase, *op. cit.*, pp. 19-20.

* 57 Kazahaya, Y., *Nihon Shakai Seisaku Shi*, Tokyo, 1937, pp.313-316. [Kazahaya, Y., *The History of Japanese Social Policy*, Tokyo, 1937, pp.313-316.]

* 58 Seki, *op.cit.*, pp. 20-58.

provided with employment at wages, but it owed its success mainly to the fact that the work was done on ordinary commercial principles. This meant that the men were chosen not because they were unemployed but because they were fit for the job, and in many cases were specially trained for it; they were paid the customary wages; and they were reasonably efficient because otherwise they would have been discharged. It often happens that these conditions are not compiled with, and then we have pure relief works which are quite different from normal public works. *⁵⁹

The report continued:

Thus we find that men are chosen for the work not because they are fitted for the job but because they happen to be unemployed at the moment, and it is especially bad that skilled workmen should be put on to unskilled work with the risk that they may lose their skill unless employment in their own trade comes along fairly quickly... Another feature of many relief works is the institution of a relay system. Men are engaged for a short time and are then turned off, irrespective of their efficiency, in favour of other men, so as to give as many of the unemployed as possible a chance of employment... The result of the system is that the men have no interest in the work they are doing except to make the job last as long as they can so that when their turn comes round again there may still be work for them to do. *⁶⁰

The essential difficulty with the optimistic and pessimistic assessments of unemployment relief works after 1932 is that they focus too much on the temporary works as strictly defined by the Home Office and the Ministry of Finance. The pessimists are right in claiming that such relief works were a limited and inadequate response to unemployment but relief works policy after May 1932 has to be viewed in a much broader perspective.

Expenditure on relief works earmarked for the unemployed declined year by year from 1931 because thereafter activities such as road, river and port works development were no longer regarded as part of a programme of temporary relief for the unemployed but rather as important elements in a broader scheme of industrial development. The official view was that the unemployed would benefit from such activities since

* 59 International Labour Office, *op.cit.*, 1931, p.107.

* 60 *Ibid.*, p.108.

infrastructure development would so improve the broader base of industrial activity that the out of work would find increasing opportunities for employment. *⁶¹ It was in this vein that unemployment relief works costing fewer than 300,000 yen were to be cancelled from September 1932*⁶² in favour of the unemployed being assisted by broader developments in the private sector.

In order to encourage the unemployed take advantage of general infrastructure development through the expanded public works programme, and fearful that some unemployed might already have lost the will to work as a consequence of being involved in previously limited relief work activity, the government launched a training programme for the registered unemployment in 1935. As the Ministry of Labour put it:

It is not desirable that the unemployed should remain on Temporary Unemployment Relief Works because under such conditions workers are going to lose their capacity to rebuild their lives. They need to be trained physically and mentally to allow them to obtain employment in the private sector. *⁶³

Table 3 Comparison of wages of day labourers and workers employed on Unemployment Relief Works, 1925-1931.

Year	Average Daily Wage of Day Labourers	Average Daily Wage of Workers on Unemployment Relief Works		Year	Average Daily Wage of Day Labourers	Average Daily Wage of Workers on Unemployment Relief Works	
	(yen)	Budget (yen)	Result (yen)		(yen)	Budget (yen)	Result (yen)
1925	2.13	1.69	1.85	1932	1.30	1.64	1.50
1926	2.05	1.59	1.90	1933	1.28	1.44	1.37
1927	1.98	1.68	1.93	1934	1.30	1.37	1.33
1928	1.98	1.71	1.87	1935	1.33	1.37	1.34
1929	1.93	1.86	1.82	1936	1.33	1.39	1.43
1930	1.63	1.75	1.77	1937	1.43	1.44	1.49
1931	1.40	1.42	1.18	1938	1.58	1.40	1.63

The Department of Finance, *Financial and Economic Annual of Japan*, Tokyo, 1914-1939. For the year of 1938, the figures 122.1 and 118.2 were calculated indices based on the average of April 1934-March 1935 (=100). Wages of workers on unemployment relief works, Kase, K., *Senzen Nihon no Shitsugyo Taisaku - Kyusaigata Kokyojigyo no Ichi Kenkyu -*, Tokyo, 1998, p.17. [Kase, K., *Unemployment Policy in Pre-war Japan - A Study of Relief Type Public Works-*, Tokyo, 1998, p.17.]

* 61 Rodosho, *op.cit.*, p.583. [Ministry of Labour, *op.cit.*, p.583.]

* 62 *Ibid.*, p.584.

* 63 *Ibid.*, p.584.

In addition, the unemployed who might subsequently be involved in the broader schemes of industrial development were expected to gain more materially, given that wages for the unemployed working on unemployment relief works strictly defined had been lower than the average day labourers wage before 1931. The gap narrowed over time and finally from 1930, the average daily wage of workers on Unemployment Relief Works became higher than the one of day labourers as the following table shows:

This shows that the characteristics of Unemployment Relief Works in Japan changed from 1930 from the subsidy for the unemployed to the expenditure of market-based public works which aimed to build infrastructure.

(4) Unemployment relief works after 1935

The recovery of the economy after 1932 and the establishment of formal training facilities for the unemployed to fit them for work on schemes of national industrial development after 1935 put public works activity into a very different perspective to that of the late 1920s and early 1930s. Planned expenditure on public works in 1937 for example, was only one-tenth of that planned in the peak year of 1931. Public relief works for the unemployed were not ruled out entirely but as a Social Bureau explained in 1937:

As the economy recovers year by year the unemployed in the normal working age groups and particularly the young unemployed are gradually finding work especially in the cities. Those who remain a concern to the administration are those who are older, who had lost their desire to work or who had far less ability than normal workers. *65

But official attention turned away increasing away from public works per se towards training programmes for those still out of work in order to enable their speedier return to productive work.

3 Unemployment Relief Works in Interwar Britain

(1) The emergence of unemployment relief works in Britain

The unemployment relief works in Britain has a long history. At the end of the

* 64 Kase, *op.cit.*, p.17.

* 65 Shakai Kyoku, *Shitsugyo Okyu Jigyo Gaiyo*, 1937, p.15. [Social Bureau, *The General Outline of Temporary Unemployment Relief Works*, 1937, p.15.]

19 th century, Britain faced the Great Depression and the unemployment problems became the one of the main social problems. At that time, the distinction between the unemployment problems and the problems of poverty was not clear. Both problems were treated in the system of the Poor Law. But the Great Depression became the turning point on this issue. J. Chamberlain, then the Head of Local Government Board issued the famous Chamberlain Circular in 1886 and instructed the main local governments to do the unemployment relief works as a response to the unemployment problems of the able-bodied workers. The aim of the circular by Chamberlain was to establish the new relief system outside the Poor Law, but in fact, it just strengthened the Poor Law system. As British Economy recovered towards the end of 19 th century, the unemployment problems became less important in the country. When the Boer War ended in 1902, Britain again faced the problems. Britain enacted the Unemployed Workmen Act in 1905 and the unemployment relief works were considered as a main local governments' response. Unemployment problems also became the social problems that should be treated not by the volunteer organization but by the local authorities. Although the effect of this Act was said to be limited, this was the important step to establish more comprehensive unemployment policy in Britain. People began to think that the provider of relief system for the able-bodied unemployed should be a central government and the German unemployment insurance system was referred by the politicians and the intellectuals. As a result, in 1911, Unemployment Insurance Act enacted as a Part II of the National Insurance Act. The government now became the main provider of the unemployment policy and unemployment insurance became the main policy for the unemployed. The role of the Poor Law became less and less important. The unemployment relief works were also considered supplementary policy at the time of the cyclical depression.*⁶⁶

Garside illustrates the payments to the unemployed under the unemployment insurance scheme and the payments under the Poor Law in the interwar years as follows. This clearly shows that the main unemployment policy was the unemployment insurance scheme in interwar Britain.

* 66 The representative research on unemployment policy including unemployment relief works is, Harris, J., *Unemployment and Politics, A Study in English Social Policy, 1886-1914*, London, 1972.

Table 4 Unemployment Relief Payments,1921-1938

Year	Insurance Scheme			Supplementary Scheme			Poor Relief Payments to the Unemployed			
	Number of Authorized Claims	Expenditure £(m)		Number of Authorized Claims	Expenditure £(m)		Number of Persons Relieved	Total Expenditure £(m)		
		Benefits	Administration	Total		Benefits	Administration	Total		
1921	–	34.1	1.1	35.4	–				–	–
1922	954,000	52.9	4.8	59.8	253,000				239,000	–
1923	800,000	41.9	4.5	51.6	261,000				174,000	12.1
1924	544,000	36.0	4.0	50.4	491,000				113,000	8.4
1925	–	44.6	4.6	54.4	–				162,000	5.4
1926	–	43.7	4.9	51.4	–				264,000	7.0
1927	–	38.7	3.5	42.9	–				154,000	13.7
1928	973,000	36.5	4.9	46.6	119,000				112,000	8.1
1929	–	46.8	5.1	54.4	–				94,000	5.9
1930	1,973,000	42.3	5.2	54.2	383,000	3.7	0.3	4.0	59,000	4.8
1931	1,345,000	73.0	5.3	81.0	762,000	19.2	1.0	20.2	101,000	2.6
1932	1,200,000	80.2	5.4	90.5	1,039,000	30.7	1.6	32.3	168,000	4.0
1933	854,000	54.2	4.2	64.0	936,000	50.4	3.4	53.8	192,000	6.5
1934	952,000	40.2	3.8	57.7	728,000	48.4	3.7	52.1	222,000	8.1
1935	822,000	43.8	4.1	54.1	688,000	42.2	4.0	46.2	173,000	9.7
1936	744,000	42.7	4.6	52.7	579,000	42.4	4.3	46.7	144,000	9.6
1937	896,000	35.3	4.9	45.8	556,000	37.4	4.4	41.8	30,000	7.8
1938	1,076,000	36.7	5.1	67.3	554,000	36.7	4.7	41.4	28,000	2.5

Extracted from Garside, W.R., *British Unemployment 1919-1939 - A Study in Public Policy* -, Cambridge University Press, 1990,pp.84-85.

(2) The unemployment relief works after the World War I

But after the World War I, the discussion again occurred on the 'supplementary' unemployment relief works. From the beginning of post-war recession, the government removed the war-time restrictions on local government borrowing for public works. But it was clear that the local government could not meet the emergency situation on unemployment without the central government's financial assistance. The government agreed to subsidize the annual charge on unemployment relief works undertaken by local authorities out of capital expenditure and to pay part of the wages bill for approved schemes of public works in 1920. In December 1920, the Unemployment Grants Committee (UGC) was established and became in charge of financial aid according to the following principles. (1) Expenditure was not exceed a total of £3,000,000, (2) works would be approved only in areas where the existence of serious unemployment which was not otherwise provided for was certified by the Ministry of Labour, (3) Preference

had to be given in employment to employed ex-servicemen, (4) the grant should not exceed 30 % of the wages bill of additional men employed, (5) the works should be 'of public utility'. The assistance was provided mainly to sewerage, salvage disposal, the supply of electricity, the extension of improvement of docks and harbours, and the construction, diversion and reconstruction of those unclassified roads ineligible for financial aid from the Road Fund. *67

As we have already noted above, by the late-nineteenth century, the most general method of relieving the unemployment outside the Poor Law was considered to be emergency relief works by local authorities. Towards the end of the Edwardian period, the idea of manipulating existing plans for capital expenditure for the unemployed took root. The famous Minority Report proposed that the central government should take a role to subsidize a definite proportion of its normal capital expenditure for public works on a commercial basis. Intellectuals such as A. L. Bowley, A. C. Pigou, W. H. Beveridge or D. H. Robertson expressed their support for the idea of counter-cyclical public works for the unemployed. TUC and Labour Party also tried to take action along this line. The idea of advance planning of public works as a means of stabilizing employment situation gradually expanded its influence in the intellectual and administrative fields by 1920 and UGC was finally established in the year. *68

Original intention of the grant scheme was to provide temporary relief works in localities in the winter period in 1920. But the worsening unemployment situation made the renewal of unemployment relief works for successive winters inevitable. The UGC encouraged the local authorities to take positive actions to the subsidies. For that purpose, the grant in support of wages, which was set at 30% originally in 1920, expanded to 75% by August 1924. The condition on the issues of a Ministry of Labour certificate confirming the existing of serious unemployment was also dropped in March 1924. *69

The transition of unemployment relief works in the 1920s shows the changing characteristics of the unemployment relief works in Britain. The proportion of wage bill in grant was originally at low and as time went by, it doubled in a few years time. This fact shows that the unemployment relief works could not attract the local authorities in Britain. The central government therefore, had to make the original strict conditions relax over the years.

* 67 Garside, *op.cit.*, pp.302-303.

* 68 Garside, *op.cit.*, pp.299-302.

* 69 Garside, *op.cit.*, p.303.

It is said that the chief beneficiaries of many unemployment relief works schemes was the lower classes of labour who had fallen on the Poor Law rather than those who best fitted for the job in hand. Actually, by the mid-1920s, there was a growing disenchantment with unemployment public works in Britain. From December 1925, grants became restricted to the schemes undertaken by local authorities. In the period between December 1920 and March 1922, the number of scheme approved by UGC was 3,523 and it decreased to 2,272 in the period between July 1924 and June 1925. However, it decreased by half to 1,240 in the period between July 1925 and June 1926 and dramatically dropped to 63 in the period between July 1926 and June 1927, became 28 in the period between July 1927 and June 1928. The average number of persons employed directly on approved unemployment relief works by UGC fell around 57,000 between 1921 and mid-1926 to an average of less than 7,000 during the following two years. *70

(3) The unemployment relief works after the Great Depression

The deepening world depression after 1929 affected most Western industrialized countries. In Britain, local authorities, trade unionists, and representatives of the Labour Party began to persuade the Cabinet to adopt a more positive attitude to the unemployment relief works from the end of 1920s. *71 However, the central government still refused to undertake unemployment relief works directly and remained waited local authorities to make use of the subsidies designed for them. But as the unemployment rates increased sharply from 17.7% in 1930 to 23.6% in 1931, the central government in Britain was forced to renew its appeal to local authorities to take more vigorous actions, especially in submitting schemes which could be started in advance of the winter time. But by this time, the grant-aided unemployment public works became to make little impression on overall unemployment and the work by the UGC was critically reviewed. *72 The collapse of the second Labour government brought the work of the UGC to an end in 1932. *73

The same kind of argument between the Ministry of Home Office and the Ministry of Finance in Japan can also be found in Britain. Oswald Mosley strongly argued in 1929 that a far more rigorous programme of national road development policy for the unemployed. To Mosley, substantial road development schemes were critical to the prestige of the central government because they offered the works rapidly to the large

*70 *Ibid.*, p.306.

*71 Garside, *op.cit.*, p.306.

*72 *Ibid.*, p.308.

*73 *Ibid.*, p.309.

number of the unemployed. But the Treasury opposed to increase road expenditure because they feared the systematic increase in national spending. ^{*74} Treasury's basic opposition to the state-sponsored public works was that they would be unproductive and argued that borrowing of such works without due regard to profitability would simply reduce the supply of capital available to finance private sector. This view was based on the firm economic orthodoxy and was called as the 'Treasury View', which ruled the financial stance in the interwar Britain. ^{*75}

From 1927, The Minister of Labour began to judge that the unemployment relief works by UGC as a wasteful use of capital and therefore a mistake. ^{*76}

Garside reviewed S. Howson's interesting but highly speculative estimates of the maximum potential effect of the public works between 1920 and 1932 in Britain as follows.

Table 5 Possible Employment Effects of Planned Public Works in Britain,1920-1932.

Year	Planned Expenditure (£m)			Estimates of Possible Employment Effects (£m)		
	Unemployment Grants Committee Scheme (1)	Road Works (2)	(3)=(1)+(2)	Planned Direct Employment, Man-years (4)=(3) × 2500	Direct and Indirect Primary Employment, Man-years (5)=(4) × 2	Total Primary and Secondary Employment, Man-years (6)=(5) × (1.5 or 2)
Dec.1920-Mar. 1922	26.6	13.5	40.1	100,250	200,500	300,750-400,100
Mar.1922-June 1923	15.9	10.8	26.7	66,750	133,500	200,250-267,000
July 1923-June 1924	24.2	5.1	29.3	73,250	146,500	219,750-293,000
July 1924-June 1925	20.6	4.7	25.3	63,250	126,500	189,750-253,000
July 1925-June 1926	17.6	3.7	21.3	53,250	106,500	159,750-213,000
July 1926-June 1927	0.8	3.7	4.5	11,250	22,500	33,750-45,000
July 1927-June 1928	0.3	2.7	3	7,500	15,000	22,500-30,000
July 1928-June 1929	6.2	2.9	9.1	22,750	45,500	68,250-91,000
June 1929-Aug. 1930	43.5	12.9	56.4	141,000	282,000	423,000-564,000
Aug.1930-Dec.1931	35.2	51.3	86.5	216,250	432,500	648,000-865,000
Dec.1931-June 1932	0.2	2.3	2.5	62,500	125,000	187,500-250,000

Extracted from Garside, W.R., *British Unemployment 1919-1939 - A Study in Public Policy* -, Cambridge University Press, 1990,p.316.

* 74 Garside,*op.cit.*,p.311.

* 75 Garside, W.R., 'The Failure of the 'Radical Alternative' : Public Works, Deficit Finance and British Interwar Unemployment' , *The Journal of European Economic History*, Volume 14, Number 3, Winter 1985.

* 76 Garside, W.R., *British Unemployment 1919-1939 - A Study in Public Policy* -,Cambridge University Press, 1990,p.306.

The table above shows that even maximum potential reduction of unemployment resulted from officially sponsored public works can be said to be fairly small in relation to recorded unemployment in interwar Britain. As the unemployment policy, government became more dependent to the unemployment insurance scheme. The Unemployment Insurance Act in 1930 liberalized the benefit scheme by the central government and increased the cost to the Exchequer of unemployment benefits from £ 20.4 million in 1929-1930 to £57.9 million in 1931-1932.^{*77} The British government had to wait for the reduction of unemployment rate until the British economy began to recover after the abandonment of gold standard in 1931. The government fiscal policy during the Great Depression remained inherently deflationary and the Treasury had no intention to relax its fiscal grip even when economic recovery began from 1933.^{*78}

(4) The unemployment relief works after 1935

By 1935, government's fiscal stance changed little since the depression years. The government remained as wedded to orthodoxy and refused to countenance deliberately unbalanced budgets.^{*79} It can be said that the government was keen to defend the 'status quo' during the years of economic recovery.

Unemployment related public works in Britain did not take enough role for economic recovery in Britain. It was rearmament which provided a stimulus to increased expenditure and employment for the unemployed.

Although Keynes continuously insisted on the increase of expenditure for the public works, he failed to persuade the orthodox view in the government circle. The avoidance of a fiscal stimulus by the unemployment related public works throughout 1930s was a missed opportunity for the economy. Britain remained in the world of 'laissez faire' in the 1930s.^{*80}

4 Conclusion

Unemployment relief works which had begun at local and central level as an administrative response to social unrest gradually developed into a welfare policy for the unemployed both in Britain and Japan. Both countries' unemployment relief works

*77 *Ibid.*, p.345.

*78 *Ibid.*, p.347.

*79 *Ibid.*, p.348.

*80 *Ibid.*, p.362.

seems to be alike because they followed the recommendation by the ILO. But there were several important differences between them as follows.

In Britain, unemployment relief works began to relieve the able-bodied unemployed outside the Poor Law, but the distinction between the unemployed and the poor was not clear and therefore, it is said that the unemployment relief works could not be effective enough as an ameliorative policy. But it was important to point out that people began to recognize that the government was responsible for the unemployment problems. The change of people's notion on unemployment problems lead to the establishment of the unemployment insurance scheme, which became the main response to the British unemployment problems. But after the World War I, unemployment relief works were considered to be necessary for the supplemental policy in Britain. But after the mid-1920s, it began to be considered less effective for that purpose. As the time went by to 1930s, existing compulsory unemployment insurance scheme was considered to be the main method for relieving the unemployed lives.

In Japan, the unemployment relief works remained central to the Japanese government's response in the absence of any compulsory unemployment insurance scheme or any substantial official scheme for the poor. The main reason why the government preferred public works to unemployment insurance was that the latter tended to encourage a belief amongst the out of work that they had a right to be relieved, a development the authorities were determined to avoid. However, until the abandonment of the gold standard budgetary policy constrained the extent to which even this limited response could develop. Public works activity on behalf of the unemployed was limited to winter months and to the six largest cities and also in accordance with strict regulations concerning the scale of government subsidy. Once the gold standard was abandoned, public works expenditure and activity increased beyond what had been evident in 1920s but the nature of the activity also shifted unlike British case. But because the Japanese authorities were anxious about the deleterious effects of temporary unemployment relief works on the skill and morale of workers, and moreover they did not have enough budget because of the prolonged economic depression. Japan's GNP in the 1920s was just around one-seventh of that of the United States and the British Empire. The income level per worker was one fourth of that of the United States and one-third of that of the Britain. *⁸¹ Although many Japanese believed that Japan was

*81 Hashimoto, J., *Gendai Nihon Keizaishi*, Tokyo, 2000, p.21.[Hashimoto, J.,*Modern Japanese Economic History*, Tokyo, 2000, p.21.]

one of the five leading countries, but in fact, Japan was still a poor developing country comparing with Britain or the United States and did not have a room to establish the stable unemployment policies.

Even after the abandonment of the gold standard system, the Japanese government sought to reduce the significance of relief work activity strictly defined in the mid-1930s and moved towards a broader policy of public works development for the improvement of the national infrastructure likewise in Britain. But in Britain, so-called 'Keynesian Revolution' did not happen and the compulsory unemployment insurance scheme remained as a main method for relieving unemployed lives which led the budgetary collapse.

In Japan, the lack of compulsory unemployment scheme forced the central government put the emphasis on the unemployment public works, but as contemporary observers or Kase showed, the effect of them should be seen as limited in comparison of the scale of unemployment in interwar Japan. Adding to it, the lack of any substantial relief schemes for the poor made the Japanese unemployment relief works take a role of the Poor Law. After Japan abandoned the gold standard, Japanese unemployment related public works became more like a normal public works, but the effect of them were very limited and not enough to be called a fiscal expansion. Both countries had to wait for the economic recovery from the 1930s.