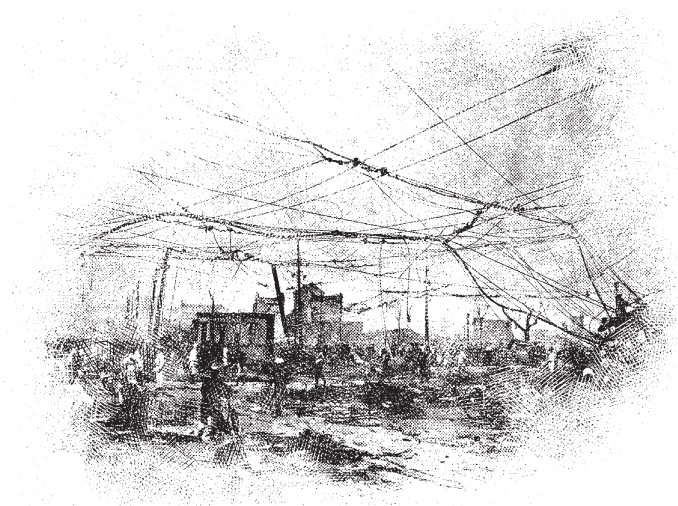


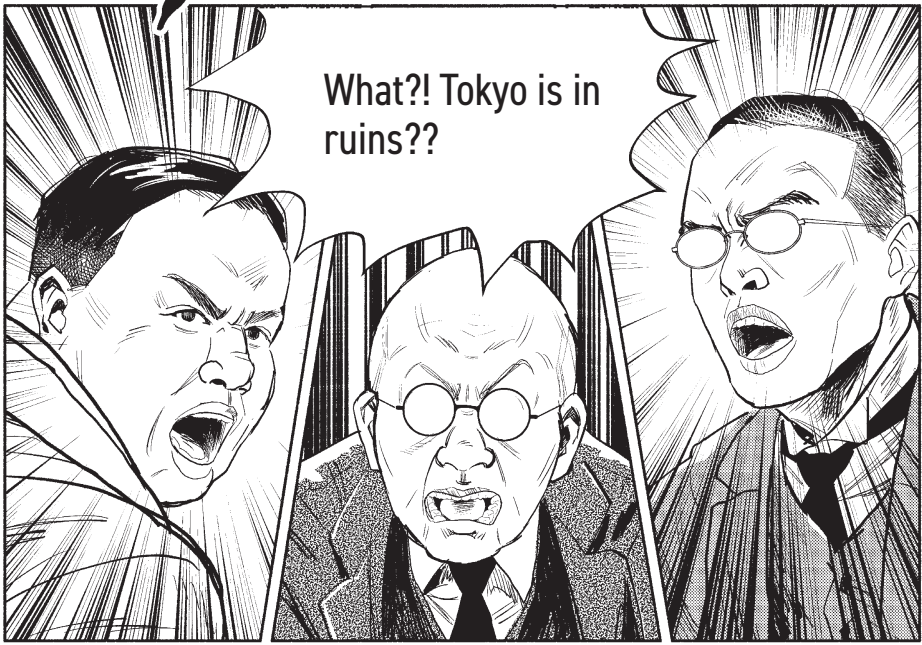
Chapter 3

The Great Kanto Earthquake Collapse of Suzuki & Co.

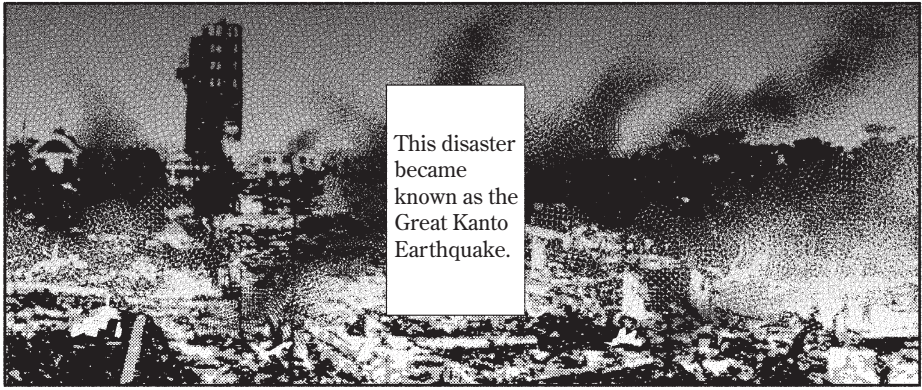




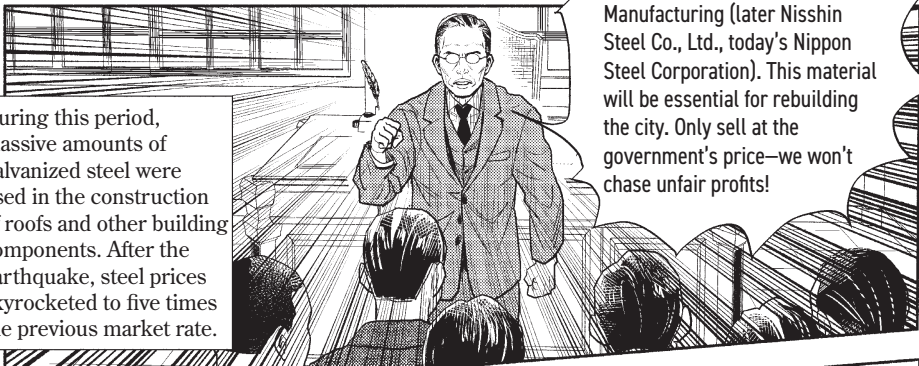
At 11:58 AM on September 1st, 1923, the Kanto region was struck by a colossal earthquake.



What?! Tokyo is in ruins??



This disaster became known as the Great Kanto Earthquake.



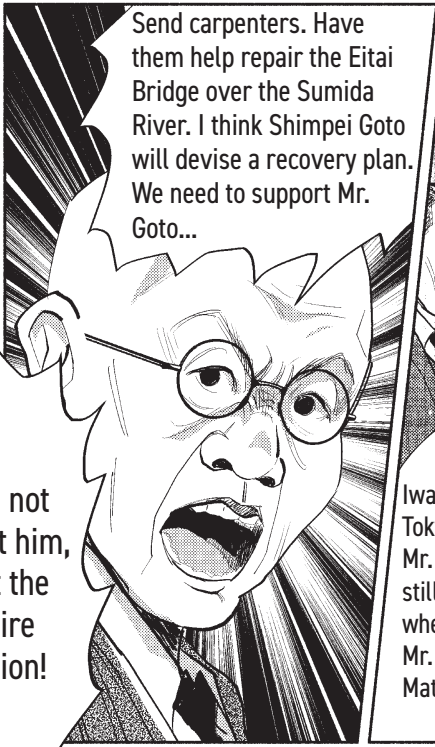
Listen—we produce galvanized steel at Osaka Iron Plate Manufacturing (later Nisshin Steel Co., Ltd., today's Nippon Steel Corporation). This material will be essential for rebuilding the city. Only sell at the government's price—we won't chase unfair profits!

During this period, massive amounts of galvanized steel were used in the construction of roofs and other building components. After the earthquake, steel prices skyrocketed to five times the previous market rate.




We need to make sure that employees from the foreign trading companies with Tokyo offices are safe. Go check on them and then report back to their headquarters overseas.

OK! Will do!



Send carpenters. Have them help repair the Eitai Bridge over the Sumida River. I think Shimpei Goto will devise a recovery plan. We need to support Mr. Goto...

No, not just him, but the entire nation!

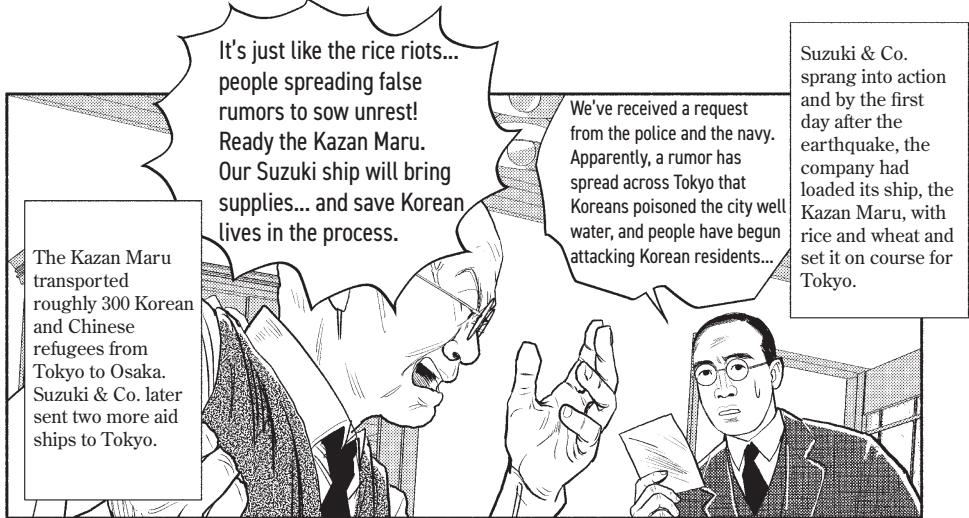


I will donate 1 million yen to the city.*

Donate all our lumber stored in the Kanto region to Tokyo City posthaste.

Iwajiro, travel to Tokyo by boat with Mr. Matsukata. We still haven't heard whether his father, Mr. Masayoshi Matsukata, is safe.

* This contribution was the largest amount donated by a single individual.



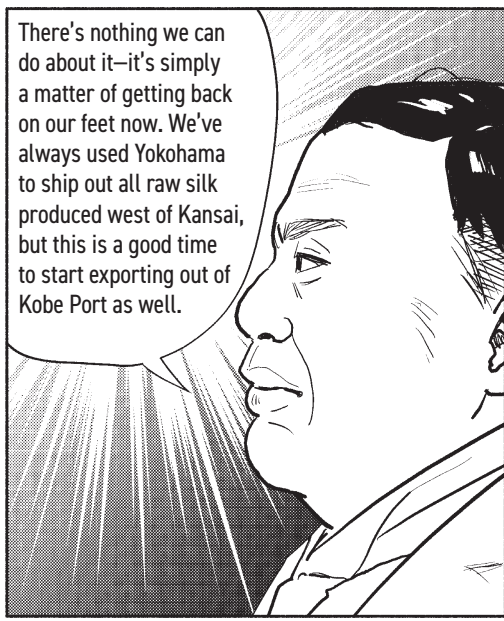
It's just like the rice riots... people spreading false rumors to sow unrest! Ready the Kazan Maru. Our Suzuki ship will bring supplies... and save Korean lives in the process.

We've received a request from the police and the navy. Apparently, a rumor has spread across Tokyo that Koreans poisoned the city well water, and people have begun attacking Korean residents...

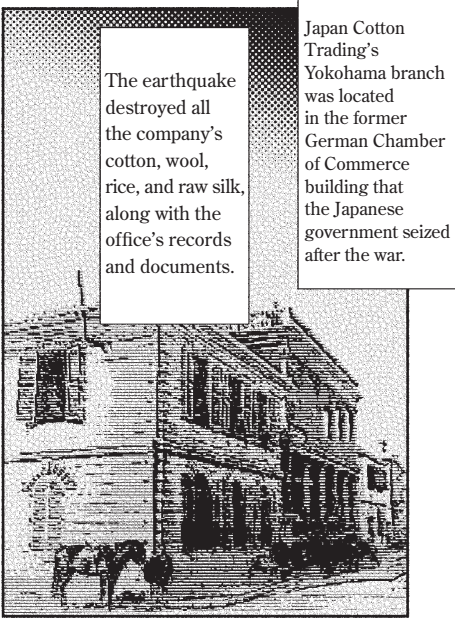
Suzuki & Co. sprang into action and by the first day after the earthquake, the company had loaded its ship, the Kazan Maru, with rice and wheat and set it on course for Tokyo.

The Kazan Maru transported roughly 300 Korean and Chinese refugees from Tokyo to Osaka. Suzuki & Co. later sent two more aid ships to Tokyo.

So, our Yokohama office saw damages as well...



There's nothing we can do about it—it's simply a matter of getting back on our feet now. We've always used Yokohama to ship out all raw silk produced west of Kansai, but this is a good time to start exporting out of Kobe Port as well.

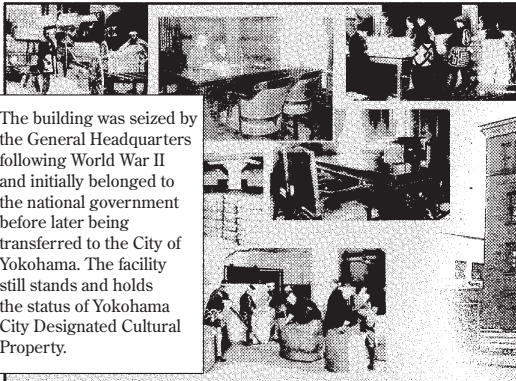


The earthquake destroyed all the company's cotton, wool, rice, and raw silk, along with the office's records and documents.

Japan Cotton Trading's Yokohama branch was located in the former German Chamber of Commerce building that the Japanese government seized after the war.



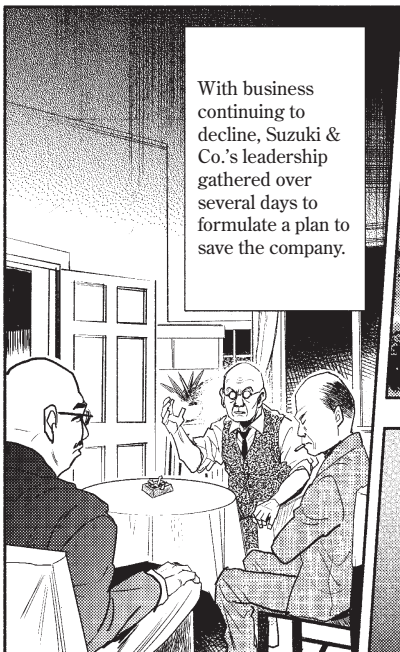
In 1923, raw silk was exported from Kobe Port to the U.S. for the first time, and Japan Cotton Trading had a hand in the process. The Kobe Raw Silk Testing Center*1 was established in 1927. At this time, one third of all raw silk exported from Japan left from Kobe Port.



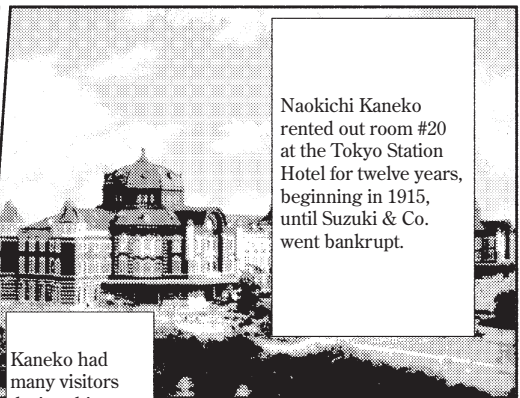
The building was seized by the General Headquarters following World War II and initially belonged to the national government before later being transferred to the City of Yokohama. The facility still stands and holds the status of Yokohama City Designated Cultural Property.



In 1924, Japan Cotton Trading opened a new Yokohama office*2 on Nihon Odori, the first Western style street built in Japan.



With business continuing to decline, Suzuki & Co.'s leadership gathered over several days to formulate a plan to save the company.



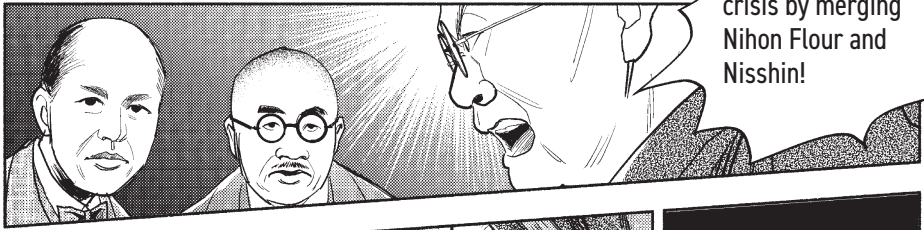
Naokichi Kaneko rented out room #20 at the Tokyo Station Hotel for twelve years, beginning in 1915, until Suzuki & Co. went bankrupt.

Kaneko had many visitors during this period, including Junnosuke Inoue (Governor of the Bank of Japan) and Kojiro Matsukata.



*1 Today's Design and Creative Center Kobe (KIITO).

*2 The building is now The Bays, a commercial complex operated by a pro baseball club. The branch's former storehouse is now the Naka Ward Office Annex.

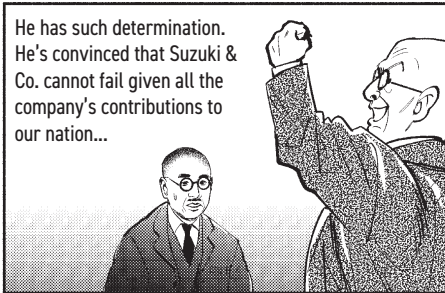


We can survive this crisis by merging Nihon Flour and Nisshin!



We must save Suzuki at all costs!!

Despite even being announced in the newspaper on October 3rd, 1926, the deal ultimately fell apart.



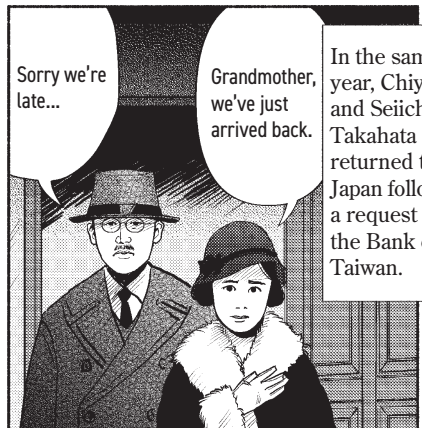
He has such determination. He's convinced that Suzuki & Co. cannot fail given all the company's contributions to our nation...

Kaneko secured the support of Minister of Finance Naoharu Kataoka and Governor Inoue and obtained additional loans from the Bank of Taiwan.



Yes, of course.

Takahata, please do what you can to help Naodon.



Sorry we're late...

Grandmother, we've just arrived back.

In the same year, Chiyo and Seiichi Takahata returned to Japan following a request from the Bank of Taiwan.

The Bank of Taiwan is essentially acting as Suzuki & Co.'s bailout fund!

In March 1927, the National Diet met to discuss proposed legislation meant to swiftly resolve the earthquake bonds issue, but the debate quickly turned contentious.

The government also allowed for deferred repayment of these special loans, and borrowers repeatedly postponed repayment.

After the earthquake, the Japanese government instructed the Bank of Japan to rediscount bonds and loans it had issued prior to the earthquake in an effort to support economic recovery in the affected regions. This strategy injected cash into the market.

However, when it comes to Suzuki & Co.'s future...

Unlike Japan's major conglomerates, Suzuki & Co. didn't have its own bank and was forced to rely on the Bank of Taiwan—a governmental bank.

By the end of 1926, there was 268 million yen of outstanding earthquake bond debt, and special governmental banks like the Bank of Taiwan were responsible for 121.8 million of that total. Most of these outstanding loans were associated with the Bank of Taiwan, and it was revealed that 92 million of that amount was linked to Suzuki & Co..

Loans to Suzuki & Co. make up 70% of the Bank of Taiwan's total lending! That's not right!

Hear, hear!

Bank of Taiwan

武藤山治

After the Diet debates, it became clear to the public that both the Bank of Taiwan and Suzuki & Co. were in dire financial straits. Many short-term lenders withdrew their money all at once, forcing the Bank of Taiwan to suspend operations. On March 26th, 1927, the Bank of Taiwan announced that it would issue no new loans to Suzuki & Co.

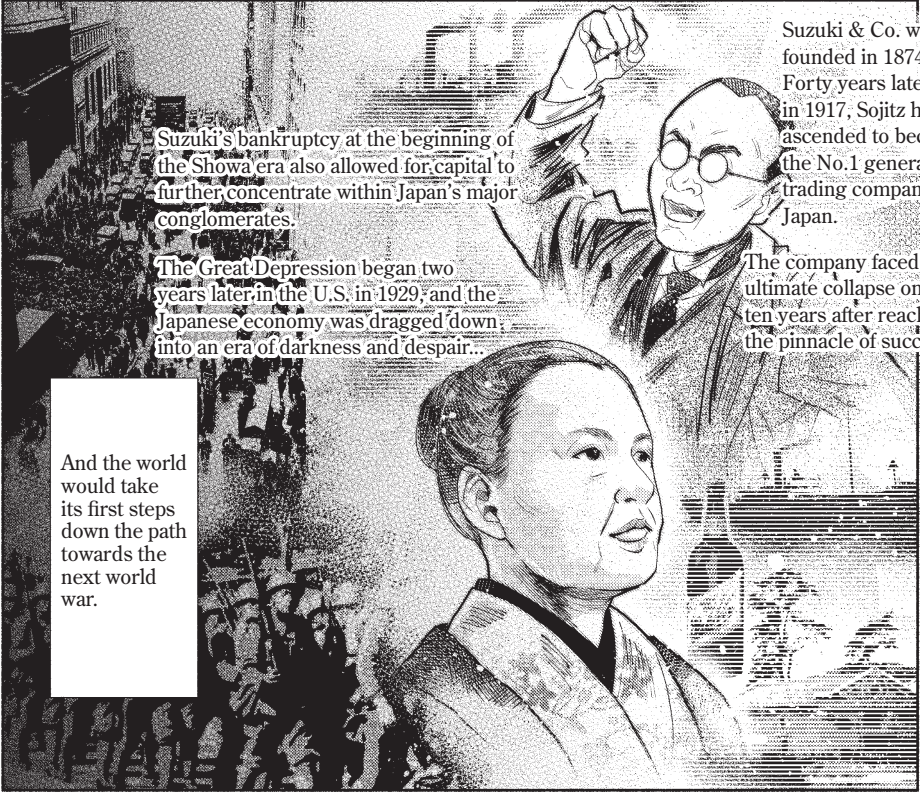
Issue government bonds to cover the earthquake bonds. However, our new policy must include radical measures to ensure a strong foundation for the Bank of Taiwan.

And on April 2nd, 1927, Suzuki & Co. succumbed to bankruptcy.



The failure of Suzuki & Co. only served to accelerate the Showa Financial Crisis.

In mid-March, just before Suzuki & Co.'s bankruptcy, Finance Minister Naoharu Kataoka falsely declared that Tokyo Watanabe Bank had failed during a meeting of the House of Representatives. His words triggered a massive bank run.



Suzuki's bankruptcy at the beginning of the Showa era also allowed for capital to further concentrate within Japan's major conglomerates.

The Great Depression began two years later in the U.S. in 1929, and the Japanese economy was dragged down into an era of darkness and despair...

Suzuki & Co. was founded in 1874. Forty years later in 1917, Sojitz had ascended to become the No.1 general trading company in Japan.

The company faced its ultimate collapse only ten years after reaching the pinnacle of success.

And the world would take its first steps down the path towards the next world war.