# A Rise of New Elites? The Role of Secondary Schools in Early Development

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### This paper

- Individuals holding top positions in companies and governments (i.e. elites) greatly influence society and economy.
- How does improving access to education affect the rise of elites from different social backgrounds?

E.g.

- Children of non-elite families → elites? (upward mobility)
- ► Children of public servants → business elites? (occupational mobility)
- ► Children of business families → government elites? (occupational mobility)
- We examine the role of secondary education in mobilizing the elite formation during an early development stage in Japan (1890s-).
  - ► Enrollment rate at secondary education ~ 2%.

#### Literature

- Role of education on elite formation & intergenerational mobility
  - <u>Elites</u>: Zimmerman (2019); Michelman, Price, and Zimmerman (2022);
     Barrios Fernández, Neilson, and Zimmerman (2023); Doxey, Karger, and Nencka (2022)
  - Intergenerational mobility: Chetty, Hendren, Kline, and Saez (2014); Acciari, Polo, and Violante (2019); Fairbrother and Mahadevan (2016)
  - Contribution: Causal impact of secondary education in a developing economy & exploring occupational mobility aspect
- Impacts of secondary education
  - Angrist, Bettinger, and Kremer (2006); Blimpo, Gajigo, and Pugatch (2019); Brandt and Mkenda (2020); Spohr (2003); Ozier (2015); Duflo, Dupas, and Kremer (2021); Sakai and Masuda (2020); Masuda and Shigeoka (2023)
  - Contribution: Impact on long-run career outcomes and intergenerational mobility
- History/sociology, education and elites in Japan
  - Sonoda, Hamana, and Hirota (1995); Aso (1978); Takane (1976); Takeuchi (1981);
     Matsumoto and Okazaki (2023); Clark and Ishii (2012); Clark (2015)
  - Contribution: Quantifying causal impacts of schools on elite formation



# From Tokugawa Period to Meiji Period

- In Tokugawa period (1603-1868), the Tokugawa family and local lords (大名) ruled Japan.
- Hereditary status system that strictly separated social classes and occupations.

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► Public sector: samurai (武士)
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Private sector: commoners

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= \{ \text{ merchants } (f eta), \text{ artisans } (oldsymbol{oldsymbol{oldsymbol{\Xi}}}), \text{ farmers } (oldsymbol{oldsymbol{B}}) \}
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The new Meiji government was established in 1868 (Meiji Restoration).

#### Depriving privileges of samurai

- ► Return of the land and people to the Emperor (版籍奉還) (1869)
- ► Conscription Law (徴兵令) (1873)
- ► Abolition Measure of Hereditary Stipend (秩禄処分) (1875)

# **Education system and secondary schools in Meiji** period

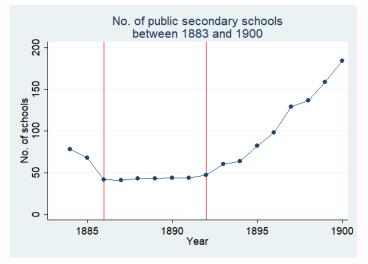
- Education System Order (1872, 学制) set the blueprint for educational institutions.
  - ► Elementary, secondary, and universities.
- Before 1879, around 800 secondary schools existed.
  - ► Former fief schools (藩校) and European-style institutions

Challenges in meeting government standards.

- e.g. Shortage of qualified teachers: 70% of schools had only one.
- <u>Standardization</u>: Closure of 630 private schools, leaving 188 approved secondary schools.
- <u>Concentration of resource</u>: Secondary School Order (1886) limited publicly-funded secondary schools (尋常中学校) to one per prefecture.

### Relaxation of One School One Prefecture Rule in 1891

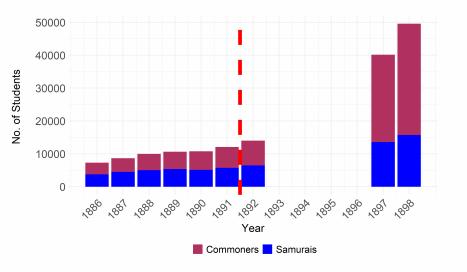
In 1891, the government permitted each prefecture to establish **more than one** public secondary school.







# Number of secondary school students by nobility



# Institutional backgrounds of secondary schools

- Enrollment rate
  - Not compulsory.
  - ▶ 0.4% (1886) ~ 2% (1898) of incoming male cohorts.
- Tuition:
  - ▶ 7.2 yen/year (~ 20% of average income per capita in 1980)
- Eligibility:
  - Male, at least 12 years old.
  - Finishing a primary school (ordinary 4-years course)
    - ★ + advanced primary education (2-4 years).
- Age at entrance
  - Statistics about average age of first-year students suggest age at entry was about 13. Average age distribution
  - Use 13 as the threshold for baseline empirical RDD specification (+ robustness checks).





# Data for long-run outcomes

We digitized Japanese Personnel Inquiry Records (PIR) in 1903, 1915. 1928, 1934, and 1939.

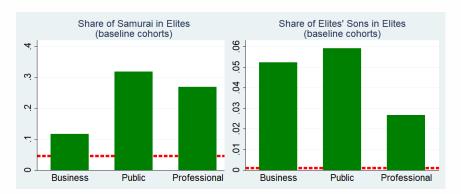
- Who's Who.
- A selective list of socially distinguished individuals encompassing economic, political, and cultural elites.
  - ► 77,478 unique individuals, representing about **0.1%** of population.
- Biographical information for each person listed
  - ► Birth year, birthplace, nobility (samurai/commoner), final education institution, career history, etc.
- By birth year, birth prefecture, and nobility, we count the number def(en)



- High-income business managers
- Public servants (central gov. bureaucrats and politicians)
- Professionals elites (physicians, lawyers, scholars)
- We link sons and fathers among elites: identifying 6,869 pairs where both an elite and his father are listed in the PIRs.

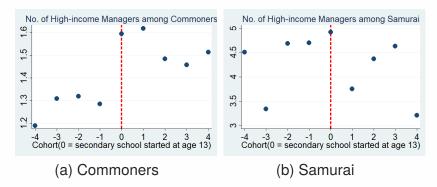
# Over-representation of samurai and sons of elites

- Samurai (5% of pop.) represented 12-32% of occupational elites.
- Individuals from elite families (0.1% of pop.) represented 3–6% of occupational elites.



# No. of elite managers per 1000 persons

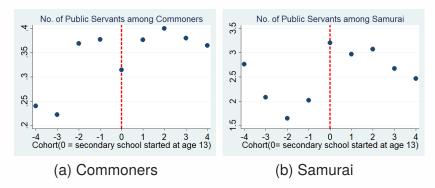
No. of elites per 1000 male birth population in the prefecture.



Note: The cohort in the figure is defined by "the year when the cohort turned age 13 - the year when the 2nd secondary school was established in the prefecture" prof. public servant

# No. of elite public servants per 1000 persons

No. of elites per 1000 male birth population in the prefecture.



Note: The cohort in the figure is defined by "the year when the cohort turned age 13 - the year when the 2nd secondary school was established in the prefecture" Back

## **Empirical specification: RD approach**

$$\frac{N_{j,c}^{k,n}}{pop_{j}^{n}} = \beta^{k,n} A \textit{fter}_{j,c} + \textit{Trend}_{c}^{k,n} + \delta_{j}^{k,n} + u_{j,c}^{k,n},$$

#### Variables

- ► prefecture *j*; cohort *c*; occupation *k*; social group (e.g. nobility) *n*.
- $\frac{N_{j,c}^{k,n}}{pop_j^n}$  is no. of elites per 1000 male birth population in prefecture j cohort c.
- After<sub>j,c</sub> takes 1 if cohort c was age 13 or younger at the time the 2nd secondary school was established in prefecture j

#### Sample

- We focus on 37 prefectures where 2nd school was established in early period (1892–1901).
- For each prefecture, we include 9 cohorts around the establishment of 2nd school.
  - 4 cohorts before + 5 cohorts after





### Impacts by samurai & commoners

	All occupational Elites (1)	High-income Managers (2)	Public Servants (3)	Professional Elites (4)
Panel A: Samurai				
After	2.12	0.34	1.68**	0.75
	(1.50)	(0.87)	(0.63)	(1.11)
No. Obs.	333	333	333	333
Mean Dep. Before	8.97	4.31	2.13	3.84
Percent Effect(%)	24	8	79	20
Panel B: Commone	rs			
After	0.36***	0.31***	-0.05	0.16*
	(0.13)	(0.10)	(80.0)	(80.0)
No. Obs.	333	333	333	333
Mean Dep. Before	2.08	1.28	0.30	0.68
Percent Effect(%)	17	24	-17	23

Note: We control for linear cohort trend, and prefecture fixed effect. Standard errors reported in parentheses are clustered at the prefecture level.















# Impacts by elite status of fathers

	Individuals from elite families				Individuals from non-elite families				
	All Occupational Elites	High-income Managers	Public Servants	Professional Elites	All Occupational Elites	High-income Managers	Public Servants	Professional Elites	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Panel A: Samurai									
After	48.75	65.39	-11.55	2.72	1.76	-0.02	1.65***	0.70	
	(55.64)	(45.16)	(30.27)	(22.07)	(1.38)	(0.81)	(0.60)	(1.07)	
No. Obs.	333	333	333	333	333	333	333	333	
Mean Dep. Before	74.70	37.07	25.44	20.69	8.52	4.09	1.98	3.72	
Percent Effect(%)	65	176	-45	13	21	-1	84	19	
Panel B: Commone	rs								
After	6.95	4.08	9.32	-1.27	0.34***	0.30***	-0.06	0.15*	
	(31.86)	(25.19)	(13.66)	(14.31)	(0.12)	(0.09)	(0.07)	(0.09)	
No. Obs.	333	333	333	333	333	333	333	333	
Mean Dep. Before	93.24	69.21	14.71	24.42	1.97	1.19	0.29	0.66	
Percent Effect(%)	7	6	63	-5	17	25	-21	23	

Note: We control for linear cohort trend, and prefecture fixed effect. Standard errors reported in parentheses are clustered at the prefecture level.

#### **Robustness checks**

Results are robust to various other specifications.

- Staggered DiD: staggered did
- Event study: event study
- Squared cohort trend: squared trend
- Cohort fixed effects: cohort fe
- Focusing on 2 years before and after: 2 years
- Excluding Kazoku (華族) from samurai no kazoku
- Excluding cohort -1 result
- Excluding cohort +1 result

#### Heterogeneity Effect

- Early vs. Later: early vs later
- Two more secondary schools: Result



#### Possible channels

#### We explore the following three channels

- Human capital accumulation: Important for professional and gov. elites, but less for business elites
  - Schools with higher teacher/student ratio: + professional elites teacher



- Progression to Imperial Univ.: professional and gov. elites
- Peer effects: Some influence
  - Schools built on former fief schools or castles: + samurai gov. elites &
  - Having sons of business elites in the cohort-location: + commoner
- Family's expectation and endowments (among commoners)
  - Eldest sons are expected to succeed the family business.
  - Younger sons are mostly free from such pressures but have shared



# Human capital accumulation: progression to higher education

	Imp	erial Univer	rsity	No Higher Education			
	High-income Managres	Public Servants	Professional Elites	High-income Managres	Public Servants	Professional Elites	
	(1)	(2)	(3)	(4)	(5)	(6)	
Panel A: Samurai							
After	0.74	1.71***	1.19	0.30	0.06	-0.41	
	(0.62)	(0.51)	(0.74)	(0.58)	(0.17)	(0.25)	
No. Obs.	333	333	333	333	333	333	
Mean Dep. Before	1.34	1.46	2.21	1.55	0.24	0.67	
Percent Effect(%)	55	117	54	20	23	-62	
Panel B: Commone	rs						
After	0.02	-0.00	0.11**	0.23***	-0.02	0.05*	
	(0.04)	(0.05)	(0.05)	(80.0)	(0.03)	(0.03)	
No. Obs.	333	333	333	333	333	333	
Mean Dep. Before	0.17	0.16	0.33	0.86	0.07	0.14	
Percent Effect(%)	14	-1	33	26	-27	37	

Note: we divide our sample by final education institutions.

#### Possible channels

- Human capital accumulation: Important for professional and gov. elites, but less for business elites
  - Schools with higher teacher/student ratio: + professional elites
  - Progression to Imperial Univ.: professional and gov. elites
- Peer effects: Some influence
  - Schools built on former fief schools or castles: + samurai gov. elites & commoner professional elites.
  - Having sons of business elites in the cohort-location: + commoner business elites.
- Family's expectation and endowments (among commoners)
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# Family's expectation and endowments

- Eldest sons upgraded traditional firms they inherited to modern firms?
- Even younger sons became business elites instead of gov. elites (suggesting importance of family endowments).

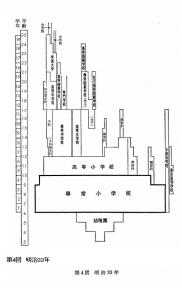
		Hiç	Public Servants	Professional Elites				
		Modern& Modern Traditional Traditional Business Business Business						
	All	Managers	Managers	Managers	Executives	All	All	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Panel A: Eldest sons (commoners)								
After	0.36**	0.23*	0.24**	-0.11**	0.33**	-0.04	0.33**	
	(0.15)	(0.12)	(0.09)	(0.04)	(0.13)	(0.07)	(0.12)	
No. Obs.	333	333	333	333	333	333	333	
Mean Dep. Before	1.43	0.67	0.51	0.24	0.97	0.30	0.67	
Percent Effect(%)	25	35	47	-46	34	-14	49	
Panel B: Younger sons (commoners)								
After	0.26**	0.16	0.05	0.06	0.13	-0.05	0.01	
	(0.11)	(0.09)	(0.07)	(0.05)	(0.11)	(0.10)	(0.10)	
No. Obs.	333	333	333	333	333	333	333	
Mean Dep. Before	1.05	0.57	0.33	0.14	0.72	0.27	0.65	
Percent Effect(%)	25	27	14	41	18	-20	2	

#### **Conclusion**

- We examine the role of secondary education in the elite formation during an early development stage in Japan.
- Secondary school expansion helped both samural and commoners to become elites.
- The new elites mostly came from **non-elite families** (upward mobility).
- They became elites in occupations in which they historically had comparative advantages (possibly due to family endowments transferred over generations).

# **Appendix**

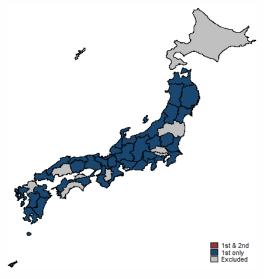
#### **Educational Ladder**



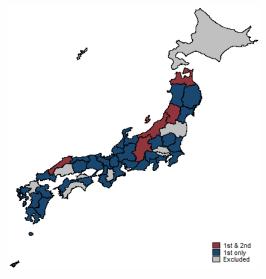
- Educational ladder in 1900
  - Elementary school: 4 years (6-10 y/o)
  - Advanced elementary school: 2–4 years (10–14 y/o)
  - Secondary school: 5 years (12–17 y/o)
- After graduating from secondary school, students could take the entrance exam for higher educational institutions

Source: Ministry of Education

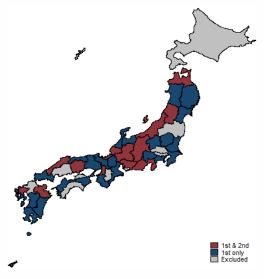




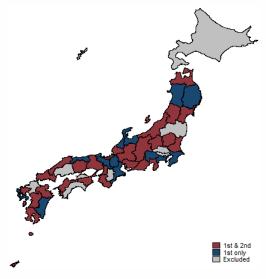
**Figure:** 1892



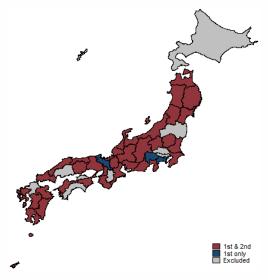
**Figure: 1893** 



**Figure: 1895** 



**Figure:** 1897



**Figure: 1899** 

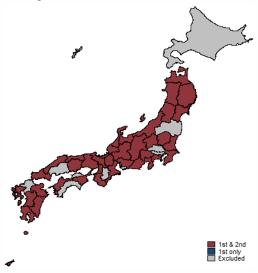
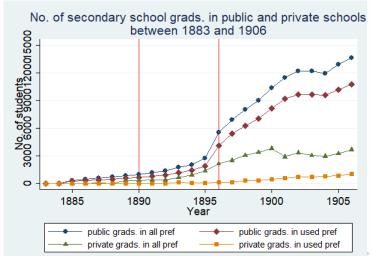


Figure: 1901

#### Relaxation of One School One Prefecture Rule in 1891

#### 1891 Revision of the 1886 Secondary School Order

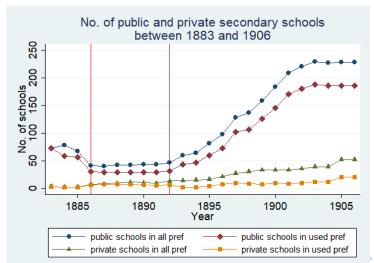
 Permitted each prefecture to establish more than one public secondary school.



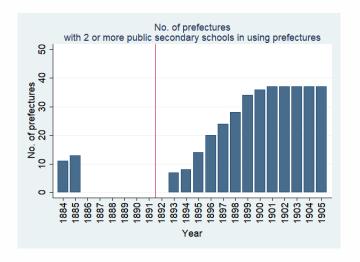
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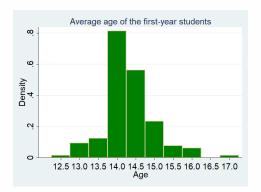
# No. of prefectures with 2 or more schools





# Average ages of first-year students by secondary schools

- The average age of first-year students in each secondary school is observed in Public Secondary School Statistics (1898).
- Statistics are measured several months after entrance.



# More institutional backgrounds of secondary schools

- Education contents (hours/week)
  - Japanese (7), Foreign Language (7), History (3), Geography (3), Math
     (3)
- Qualification for teachers standardized
  - Grads. from Imperial U, teacher schools, or passing national qualification exam
- Admission: educational background and exam.
- Entrants/applicants
  - 0.5 for schools established before 1891, 0.75 for schools established after 1892.
- Fraction of commoners: Around 70%



### Stats among JPIR listed individuals

	Samurai	Commoners	All	Share of Samurai
Panel A: 1903				
All Occupational Elites	909.00	703.00	1612.00	0.56
High-income managers	60.00	42.00	102.00	0.59
Professional Elites	336.00	333.00	669.00	0.50
Public Servants	690.00	418.00	1108.00	0.62
Panel B: 1915				
All Occupational Elites	1895.00	2596.00	4491.00	0.42
High-income managers	372.00	1204.00	1576.00	0.24
Professional Elites	919.00	941.00	1860.00	0.49
Public Servants	1006.00	854.00	1860.00	0.54
Panel C: 1928				
All Occupational Elites	3028.00	8430.00	11458.00	0.26
High-income managers	1162.00	5618.00	6780.00	0.17
Professional Elites	1306.00	2238.00	3544.00	0.37
Public Servants	1216.00	1655.00	2871.00	0.42
Panel D: 1934				
All Occupational Elites	3560.00	14165.00	17725.00	0.20
High-income managers	1665.00	10138.00	11803.00	0.14
Professional Elites	1449.00	3338.00	4787.00	0.30
Public Servants	1196.00	2152.00	3348.00	0.36
Panel E: 1939				
All Occupational Elites	4525.00	27413.00	31938.00	0.14
High-income managers	2291.00	18750.00	21041.00	0.11
Professional Elites	1752.00	7040.00	8792.00	0.20
Public Servants	1251.00	3608.00	4859.00	0.26

source: JPIR(1903, 1915, 1928, 1934, 1939)





# Define and count elites by type

For each occupation category, we count the number of persons who appear in at least one of three years of JPIRs as a person satisfying the following criteria.

- High-income managers, who are either
  - (Modern) business managers, holding formal titles as top business managers
  - (Pre-modern type) family business managers, identified by family-business type firm names, excluding above business managers
  - ► *Note*: both of the above are limited to ones who pay tax, implying that their incomes were high enough to be above the threshold to start paying the tax (1000 yen/year = 3-4 times of GDP per capita.)
- Professional elites
  - Judges/Lawyer, doctor, scholar
- High-ranking public officers
  - Central government officers, politicians, prefectural governors
- Above elites by education groups
  - Imperial university grads, vocational and military school grads, no higher education

## **JPIR Elite definitions (Japanese)**

#### Manager

- business manager: 取締役, 監査役, 社長, 会長, 頭取, 理事, 企業家, 店長, 支配人, 乗務, 部長, 次長, 課長
- ► family business manager: 商, 店, 業, 屋

#### Professionals

- ▶ lawyer: 弁護士, 判事, 検事, 裁判官
- ► doctor: 医, 院長
- ▶ scholar: 教師, 講師, 研究員, 研究家, 博士, 学校長, 学長

#### Public Officer

- 長官, 次官, 局長, 局理事, 大使, 公使, 領事, 総監, 総督, 参事官, 参興館, 書記官, 秘書官, 法務官, 事務官, 理事官, 知事, 省, 庁, 局, 会計検査員, 大使館, 領事館, 議員, 議長, 大臣, 内閣
- ▶ 郵便局, 放送局, 電気局, 水道局, 土木局, 印刷局, 薬局, 新聞, 新報, 放送, 軍を除く



#### **PIR**

We aggregate the no. of all elites (1903–1939) by cohort level.

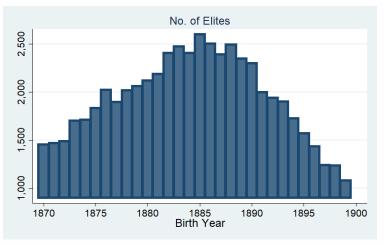
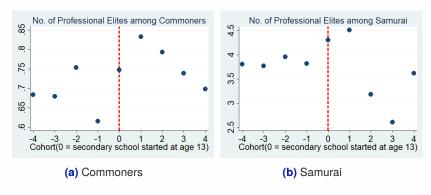


Figure: Cohorts used in PIR

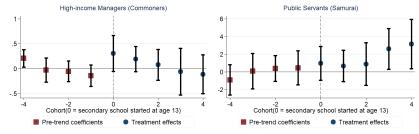
# No. of professional elites per 1000 persons

No. of elites per 1000 male birth population in the prefecture.



Note: The cohort in the figure is defined by "the year when the cohort turned age 13 - the year when the 2nd secondary school was established in the prefecture" Back

#### Staggered DiD

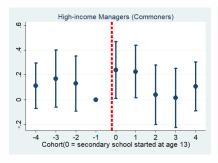


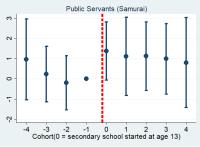
Note: Staggered DiD based on Callaway and Sant'Anna (2021) method (Stata csdid command). We use only not-yet-treated units as comparisons.

	$\chi^2(df)$					
	High-income Managers	Professional Elites	Public Servants			
All	3183.39(32)	697.93(32)	12262.40(32)			
Samurai	184.37(32)	788.51(32)	472.83(32)			
Commoners	1184.40(32)	2498.18(32)	4825.10(32)			

Note: We test the hypothesis  $H_0$ : pre-treatment within window(from -4 to -1) are equal to 0.  $\chi^2$ (df) are reported in each cell.

# **Event Study(birth year fe)**

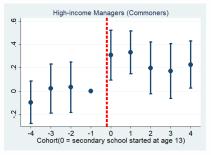


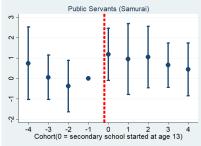


Note: Event study method. We include cohort fixed effect and prefecture fixed effect.



## **Event Study (cohort linear trend controlled)**





Note: Event study method. We include cohort trend term and prefecture fixed effect.



# Impact on no. of secondary schools, grads, and teachers

(a) Secondary School

	No. of Middle Schools		No. of Middle School Grads		No. of Teacher	
	(1) Public	(2) Private	(3) Public	(4) Private	(5) No.	(6) per Graduates
After	1.64***	-0.16*	4.31***	0.07	4.75***	-0.06*
	(0.22)	(0.09)	(1.14)	(0.15)	(1.63)	(0.03)
No. Obs.	333	333	333	333	297	297
Mean Dep. Before	0.96	0.20	4.63	0.12	16.44	0.45
Percent Effect(%)	170	-77	93	57	29	-14

Source: Ministry of Education Yearbook 1892-1901





# **Managers**

	High-income managers					
	All (1)	Modern Business Managers (2)	Modern& Traditional Business Managers (3)	Traditional Business Managers (4)	Executive Managers (5)	
Panel A: Samurai						
After	0.34	0.20	0.16	-0.02	0.84	
	(0.87)	(0.76)	(0.30)	(0.10)	(0.79)	
No. Obs.	333	333	333	333	333	
Mean Dep. Before	4.31	3.14	0.97	0.21	2.99	
Percent Effect(%)	8	6	16	-10	28	
Panel B: Commone	rs					
After	0.31***	0.19**	0.15**	-0.03	0.22**	
	(0.10)	(80.0)	(0.06)	(0.03)	(0.09)	
No. Obs.	333	333	333	333	333	
Mean Dep. Before	1.28	0.64	0.43	0.21	0.85	
Percent Effect(%)	24	29	35	-12	26	

#### **Public servants**

		Central public servants				Local public servants			
		Prefecture					Administrative		
	All	Governors	Bureaucrats	Politicians	All	Mayors	Officers	Politicians	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Panel A: Samurai									
After	1.68**	-0.06	1.48***	0.60*	0.55	0.53**	0.45	0.42**	
	(0.63)	(0.10)	(0.54)	(0.30)	(0.56)	(0.22)	(0.53)	(0.19)	
No. Obs.	333	333	333	333	333	333	333	333	
Mean Dep. Before	2.13	0.13	1.68	0.57	1.69	0.19	1.58	0.18	
Percent Effect(%)	79	-45	88	105	32	283	29	241	
Panel B: Commone	rs								
After	-0.05	0.02**	-0.05	-0.01	-0.00	0.00	-0.01	0.00	
	(80.0)	(0.01)	(0.06)	(0.02)	(0.07)	(0.02)	(0.07)	(0.05)	
No. Obs.	333	333	333	333	333	333	333	333	
Mean Dep. Before	0.30	0.01	0.22	0.10	0.36	0.09	0.32	0.11	
Percent Effect(%)	-17	473	-23	-14	-0	1	-3	3	

#### **Professional elites**

	Professional Elites (1)	Scholars (2)	Judges& Lawyers (3)	Physicians (4)
Panel A: Samurai				
After	0.75 (1.11)	0.57 (0.88)	0.27 (0.54)	-0.11 (0.42)
No. Obs.	333	333	333	333
Mean Dep. Before	3.84	2.56	1.04	0.88
Percent Effect(%)	20	22	26	-13
Panel B: Commone	rs			
After	0.16*	0.06	0.09**	-0.03
	(80.0)	(0.06)	(0.03)	(0.05)
No. Obs.	333	333	333	333
Mean Dep. Before	0.68	0.43	0.15	0.28
Percent Effect(%)	23	13	61	-11



#### Top income earners

		High-income earners					
	All	Top 0.1%	Top 0.05%	Top 0.01%	Top 0.005%		
	(1)	(2)	(3)	(4)	(5)		
Panel A: Samurai							
After	0.29	-0.13	0.10	0.46	0.32		
	(1.43)	(88.0)	(0.77)	(0.31)	(0.21)		
No. Obs.	333	333	333	333	333		
Mean Dep. Before	6.94	4.19	2.09	0.51	0.19		
Percent Effect(%)	4	-3	5	91	169		
Panel B: Commone	rs						
After	0.31***	0.15*	0.12	-0.00	0.02		
	(0.10)	(80.0)	(80.0)	(0.04)	(0.03)		
No. Obs.	333	333	333	333	333		
Mean Dep. Before	1.78	1.06	0.61	0.19	0.09		
Percent Effect(%)	17	14	20	-2	17		



# **High-income managers**

		High-income managers					
	All	Top 0.1%	Top 0.05%	•	Top 0.005%		
	(1)	(2)	(3)	(4)	(5)		
Panel A: Samurai							
After	0.34	0.55	0.53	0.45	0.32		
	(0.87)	(0.78)	(0.56)	(0.28)	(0.21)		
No. Obs.	333	333	333	333	333		
Mean Dep. Before	4.31	2.82	1.60	0.46	0.19		
Percent Effect(%)	8	19	33	99	169		
Panel B: Commone	rs						
After	0.31***	0.18**	0.11	-0.01	0.02		
	(0.10)	(80.0)	(0.07)	(0.04)	(0.03)		
No. Obs.	333	333	333	333	333		
Mean Dep. Before	1.28	0.85	0.54	0.18	0.09		
Percent Effect(%)	24	21	19	-4	23		

# Impact on no. of elites by education

	Imperial	Other Higher	No Higher
	Univ.	Education	Education
	(1)	(2)	(3)
Panel A: Samurai			
After	2.68***	-0.53	-0.02
	(0.95)	(0.68)	(0.64)
No. Obs.	333	333	333
Mean Dep. Before	4.30	2.41	2.25
Percent Effect(%)	62	-22	-1
Panel B: Commone	rs		
After	0.06	0.05	0.25***
	(0.09)	(0.06)	(80.0)
No. Obs.	333	333	333
Mean Dep. Before	0.56	0.49	1.03
Percent Effect(%)	11	10	24



## **Robustness Check: Squared Trend Term**

	All occupational Elites (1)	High-income Managers (2)	Public Servants (3)	Professional Elites (4)
Panel A: Samurai	(1)	(2)	(3)	(4)
After	1.77	0.07	1.75**	0.58
No. Obs.	(1.59) 333	(0.88) 333	(0.70) 333	(1.16) 333
Mean Dep. Before	8.97	4.31	2.13	3.84
Percent Effect(%)	20	2	82	15
Panel B: Commone	rs			
After	0.30**	0.27**	-0.08	0.14*
	(0.13)	(0.10)	(0.07)	(80.0)
No. Obs.	333	333	333	333
Mean Dep. Before	2.08	1.28	0.30	0.68
Percent Effect(%)	14	21	-27	21

#### **Robustness Check: Cohort Fixed Effect**

	All occupational Elites (1)	High-income Managers (2)	Public Servants (3)	Professional Elites (4)
Panel A: Samurai				
After	1.91	0.09	1.73**	0.55
	(1.47)	(0.99)	(0.68)	(1.13)
No. Obs.	333	333	333	333
Mean Dep. Before	8.97	4.31	2.13	3.84
Percent Effect(%)	21	2	81	14
Panel B: Commone	rs			
After	0.22*	0.23**	-0.09	0.13
	(0.12)	(0.10)	(80.0)	(0.09)
No. Obs.	333	333	333	333
Mean Dep. Before	2.08	1.28	0.30	0.68
Percent Effect(%)	11	18	-29	18

# **Robustness Check: 2 years Before After**

	All occupational Elites	High-income Managers	Public Servants	Professional Elites
	(1)	(2)	(3)	(4)
Panel A: Samurai				
After	2.00	0.20	1.19	1.30
	(2.21)	(1.32)	(0.93)	(1.59)
No. Obs.	185	185	185	185
Mean Dep. Before	9.09	4.70	1.83	3.89
Percent Effect(%)	22	4	65	34
Panel B: Commone	rs			
After	0.37*	0.39**	-0.10	0.13
	(0.19)	(0.15)	(0.09)	(0.14)
No. Obs.	185	185	185	185
Mean Dep. Before	2.15	1.30	0.37	0.68
Percent Effect(%)	17	30	-26	19

#### Robustness Check: Kazoku Excluded

	All occupational Elites (1)	High-income Managers (2)	Public Servants (3)	Professional Elites (4)
Panel A: Samurai				
After	1.70	0.03	1.49**	0.65
	(1.46)	(0.84)	(0.58)	(1.10)
No. Obs.	333	333	333	333
Mean Dep. Before	8.84	4.30	2.01	3.82
Percent Effect(%)	19	1	74	17
Panel B: Commoner	rs			
After	0.36***	0.31***	-0.05	0.16*
	(0.13)	(0.10)	(80.0)	(0.08)
No. Obs.	333	333	333	333
Mean Dep. Before	2.08	1.28	0.30	0.68
Percent Effect(%)	17	24	-17	23

#### Robustness Check: Cohort -1 Excluded

	All occupational Elites (1)	High-income Managers (2)	Public Servants (3)	Professional Elites (4)
Panel A: Samurai				
After	2.99*	0.98	1.92***	1.10
	(1.74)	(1.29)	(0.70)	(1.17)
No. Obs.	296	296	296	296
Mean Dep. Before	8.91	4.18	2.16	3.85
Percent Effect(%)	34	24	89	29
Panel B: Commone	rs			
After	0.36**	0.34**	-0.01	0.11
	(0.16)	(0.14)	(80.0)	(0.11)
No. Obs.	296	296	296	296
Mean Dep. Before	2.07	1.27	0.28	0.71
Percent Effect(%)	17	27	-3	15

#### Robustness Check: Cohort +1 Excluded

	All occupational Elites (1)	High-income Managers (2)	Public Servants (3)	Professional Elites (4)
Panel A: Samurai				
After	1.96	0.70	1.76**	0.31
	(1.50)	(0.93)	(0.67)	(1.18)
No. Obs.	296	296	296	296
Mean Dep. Before	8.97	4.31	2.13	3.84
Percent Effect(%)	22	16	83	8
Panel B: Commone	rs			
After	0.27*	0.26**	-0.07	0.12
	(0.15)	(0.11)	(80.0)	(0.09)
No. Obs.	296	296	296	296
Mean Dep. Before	2.08	1.28	0.30	0.68
Percent Effect(%)	13	20	-24	18

#### Two or more schools built with 2nd school

	All Occupational	High-income	Public	Professional
	Elites	Managers	Servants	Elites
	(1)	(2)	(3)	(4)
Panel A: Samurai				
After	3.33*	1.46	1.83**	0.93
	(1.71)	(1.14)	(0.69)	(1.15)
2 or more schools $\times$ After	-2.36	-2.19*	-0.30	-0.35
	(1.71)	(1.14)	(0.64)	(0.91)
No. Obs.	333	333	333	333
Mean Dep. Before	8.97	4.31	2.13	3.84
Panel B: Commoners				
After	0.24	0.31**	-0.08	0.04
	(0.16)	(0.13)	(80.0)	(0.11)
2 or more schools × After	0.22	0.00	0.06	0.22**
	(0.15)	(0.12)	(0.05)	(0.10)
No. Obs.	333	333	333	333
Mean Dep. Before	2.08	1.28	0.30	0.68

## **Robustness Check: Post Dummy Interaction**

	All Occupational Elites (1)	High-income Managers (2)	Public Servants (3)	Professional Elites (4)
Panel A: Samurai				
After	3.19* (1.73)	0.85 (1.06)	2.38*** (0.69)	1.09 (1.11)
$Post \times After$	-2.32 (1.71)	-1.10 (1.21)	-1.53** (0.58)	-0.73 (0.92)
No. of Obs.	333	333	333	333
Mean Dep. Before	8.97	4.31	2.13	3.84
Panel B: Commone	rs			
After	0.52*** (0.16)	0.39*** (0.12)	-0.01 (0.08)	0.25** (0.09)
$Post \times After$	-0.37*** (0.13)	-0.17 (0.12)	-0.09* (0.05)	-0.20** (0.10)
No. Obs.	333	333	333	333
Mean Dep. Before	2.08	1.28	0.30	0.68

# **Military & Non-Military Managers**

	High-income managers			
	All Military Non-milita			
	(1)	(2)	(3)	
Panel A: Samurai				
After	0.34	-0.22	0.56	
	(0.87)	(0.16)	(0.84)	
No. Obs.	333	333	333	
Mean Dep. Before	4.31	0.39	3.93	
Percent Effect(%)	8	-57	14	
Panel B: Commone	rs			
After	0.31***	0.00	0.31***	
	(0.10)	(0.02)	(0.10)	
No. Obs.	333	333	333	
Mean Dep. Before	1.28	0.05	1.22	
Percent Effect(%)	24	4	25	

#### Possible channels

- Human capital accumulation: Important for professional and gov. elites, but not for business elites
  - Schools with higher teacher/student ratio: + professional elites
  - ▶ Progression to Imperial Univ.: professional and gov. elites school
- Peer effects: Some influence
  - Schools built on former fief schools or castles: + samurai gov. elites & commoner professional elites.
  - Having sons of business elites in the cohort-location: + commoner business elites. classmate
- Family's expectation and endowments (among commoners)
  - / C....
  - Eldest sons upgrade the traditional firms they inherited to modern firms.
  - Even 2nd/higher-order sons became business elites instead of gov. elites.
    - suggesting influence of family endowments shared within family members (e.g. knowledge, networks, and norms forming aspirations).



## Human capital accumulation: no. of teachers

	All Occupational Elites	High-income Managers	Public Servants	Professional Elites
	(1)	(2)	(3)	(4)
Panel A: Samurai				
After	-0.18	-1.09	1.41	-1.11
	(2.09)	(1.42)	(1.21)	(1.45)
No. of Teachers	7.01	3.94	1.01	5.93**
No. of Graduates	(5.22)	(3.96)	(2.81)	(2.48)
No. Obs.	297	297	297	297
Mean Dep. Before	8.70	4.33	2.01	3.63
Panel B: Commoners				
After	0.35	0.37**	0.08	0.05
	(0.25)	(0.16)	(0.13)	(0.15)
No. of Teachers	0.07	-0.09	-0.38	0.28
No. of Graduates	(0.55)	(0.35)	(0.24)	(0.37)
No. Obs.	297	297	297	297
Mean Dep. Before	2.13	1.33	0.30	0.69

Note: we include the ratio of secondary school teachers to graduates (measured for each prefecture and year) and its interaction term with "After".

#### Schools in Samurai Town vs Merchant Town

	All Occupational Elites	High-income Managers	Public Servants	Professional Elites
	(1)	(2)	(3)	(4)
Panel A: Samurai				
Samurai Town × After	2.317	0.406	2.213**	0.365
	(1.931)	(1.054)	(0.850)	(1.217)
Merchant Town × After	1.972	0.291	1.274**	1.052
	(1.578)	(1.040)	(0.538)	(1.173)
No. Obs.	333	333	333	333
Mean Dep. Before	8.97	4.31	2.13	3.84
p-value (Samurai Town $\times$ After = Merchant Town $\times$ After)	0.848	0.923	0.149	0.455
Panel B: Commoners				
Samurai Town × After	0.413**	0.299**	-0.047	0.241**
	(0.156)	(0.134)	(0.073)	(0.102)
Merchant Town × After	0.312**	0.319***	-0.052	0.092
	(0.141)	(0.104)	(0.083)	(0.093)
No. Obs.	333	333	333	333
Mean Dep. Before	2.08	1.28	0.30	0.68
$ \begin{array}{l} \text{p-value (Samurai Town} \times \text{After} \\ = \text{Merchant Town} \times \text{After}) \end{array} $	0.489	0.868	0.925	0.155

Note: We control for linear cohort trend, and prefecture fixed effect.



# Classmates network with individuals who have elite business fathers

 Sons of business elites in classmates may help upgrade the traditional business style to modern firms or find new job prospects.

High-income managers				
Modern & Modern Traditional Business Business Business All Managers Managers Managers Execut				
(1)	(2)	(3)	(4)	(5)
0.23 0.15)	0.28** (0.12)	0.01 (0.07)	-0.05 (0.03)	0.19* (0.11)
0.16 0.26)	-0.14 (0.20)	0.29** (0.13)	0.01 (0.06)	0.07 (0.17)
333 1.19	333 0.60	333 0.39	333 0.20	333 0.78
	0.23 0.15) 0.16 0.26) 333	Business Managers (2)  0.23	Modern Business Managers (1) (2) (3)  0.23 0.28** 0.01 0.15) (0.12) (0.07) 0.16 -0.14 0.29** 0.26) (0.20) (0.13) 333 333 333	Modern Business Managers (1) (2) (2) (3) Traditional Business Managers (2) (3) (4) (4) (1) (1) (2) (0.23 0.28** 0.01 -0.05 0.15) (0.12) (0.07) (0.03) (0.16 -0.14 0.29** 0.01 0.26) (0.20) (0.13) (0.06) 333 333 333 333

Note: We control for linear cohort trend, and prefecture fixed effect. back



#### **PIR**



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