

nation to slumber in isolation. At that point, dedicated men (*shijin*) recognized the principle of "the country is more important than the government," relied on the dignity of the Imperial Household, and toppled the old government to establish a new one. With this, public and the private sectors alike, everyone in our country accepted the modern Western civilization. Not only were we able to cast aside Japan's old conventions, but we also succeeded in creating a new axle toward progress in Asia. Our basic assumptions could be summarized in two words: "Good-bye Asia (*Datsu-a*)."

Japan is located in the eastern extremities of Asia, but the spirit of her people have already moved away from the old conventions of Asia to the Western civilization. Unfortunately for Japan, there are two neighboring countries. One is called China and another Korea. These two peoples, like the Japanese people, have been nurtured by Asiatic political thoughts and mores. It may be that we are different races of people, or it may be due to the differences in our heredity or education: significant differences mark the three peoples. The Chinese and Koreans are more like each other and together they do not show as much similarity to the Japanese. These two peoples do not know how to progress either personally or as a nation. In this day and age with transportation becoming so convenient, they cannot be blind to the manifestations of Western civilization. But they say that what is seen or heard cannot influence the disposition of their minds. Their love affairs with ancient ways and old customs remain as strong as they were centuries ago. In this new and vibrant theater of civilization when we speak of education, they only refer back to Confucianism. As for school education, they can only cite [Mencius's] precepts of humanity, righteousness, decorum, and knowledge.³ While professing their abhorrence to ostentation, in reality they show their ignorance of truth and principles. As for their morality, one only has to observe their unspeakable acts of cruelty and shamelessness. Yet they remain arrogant and show no sign of self-examination.

In my view, these two countries cannot survive as independent nations with the onslaught of Western civilization to the East. Their concerned citizens might yet find a way to engage in a massive reform, on the scale of our Meiji Restoration, and they could change their governments and bring about a renewal of spirit among their peoples. If that could happen they would indeed be fortunate. However, it is more likely that would never happen, and within a few short years they will be wiped out from the world with their lands divided among the civilized nations. Why is this so? Simply at a time when the spread of civilization and enlightenment (*hummei kaika*) has a force akin to that of measles, China and Korea violate the natural law of its spread. They forcibly try to avoid it by shutting off air from their rooms. Without air, they suffocate to death. It is said that neighbors must extend helping hands to one another because their relations are inseparable. Today's China and Korea have not done a thing for Japan. From

the perspectives of civilized Westerners, they may see what is happening in China and Korea and judge Japan accordingly, because of the three countries' geographical proximity. The governments of China and Korea still retain their autocratic manners and do not abide by the rule of law. Westerners may consider Japan likewise a lawless society. Natives of China and Korea are deep in their hocus pocus of nonscientific behavior. Western scholars may think that Japan still remains a country dedicated to the *yin* and *yang* and five elements. Chinese are mean-spirited and shameless, and the chivalry of the Japanese people is lost to the Westerners. Koreans punish their convicts in an atrocious manner, and that is imputed to the Japanese as heartless people. There are many more examples I can cite. It is not different from the case of a righteous man living in a neighborhood of a town known for foolishness, lawlessness, atrocity, and heartlessness. His action is so rare that it is always buried under the ugliness of his neighbors' activities. When these incidents are multiplied, that can affect our normal conduct of diplomatic affairs. How unfortunate it is for Japan.

What must we do today? We do not have time to wait for the enlightenment of our neighbors so that we can work together toward the development of Asia. It is better for us to leave the ranks of Asian nations and cast our lot with civilized nations of the West. As for the way of dealing with China and Korea, no special treatment is necessary just because they happen to be our neighbors. We simply follow the manner of the Westerners in knowing how to treat them. Any person who cherishes a bad friend cannot escape his bad notoriety. We simply erase from our minds our bad friends in Asia.

MEIJI ENTREPRENEURS

Japan's early industrialization was guided by a number of remarkable entrepreneurs. There were Shibuzawa Eiichi (1840–1931), who presided over one hundred companies, Iwasaki Yatarō (1834–85), who founded Mitsubishi, and Nakamigawa Hikojirō (1854–1901) who reformed and reorganized the Mitsui combine to give it strength for further growth. They were giants of Japanese industries who occupied positions comparable to Carnegie, Ford, and Rockefeller in American history.⁴

Were these Japanese entrepreneurs different from their Western counterparts when they stressed the goals of the state and of community first before their own profits? Did they have a different modus operandi? How strongly were they influenced by their feudal past? What role did the government play in Japan's industrial development? What about the factor of making right connections

³In Japanese, *jin, gi, rei, chi*, and in Chinese, *ren, yi, li, zhi*.

⁴For a convenient bibliography on early Japanese entrepreneurship, see Henry Rosovsky and Kozo Yamamura, "Entrepreneurial Studies in Japan: An Introduction," in *Business History Review* 44, no. 1 (Spring 1970): 1–12.

through the web of human relations? To what extent had they influenced the behavior of present-day Japanese industrialists? While no simple answer can be given to any of these questions, the following documents may give some inkling of how these Japanese entrepreneurs operated.

Document 3 comes from the autobiography of Shibuzawa Eiichi. This selection shows Shibuzawa's decision to resign from government services to become a businessman, and his view of the social position held by businessmen. Document 4 comes from the reminiscences of Iwasaki Yatarō. It is a letter of instruction issued by Iwasaki to his employees in 1876 when his company was engaged in a deadly struggle against the British Peninsula & Oriental Steam Navigation Company to regain the right to Japan's coastal trade. The government supported Mitsubishi by issuing regulations regarding the use of foreign ships. Meanwhile, Mitsubishi halved its fares to attract passengers and customers. The salaries of Mitsubishi employees were cut by one-third for the duration of this struggle. Document 5 again comes from Iwasaki's reminiscences. It was issued in 1878 when Mitsubishi gained more than 73 percent of the total tonnage in Japan with 35,464 tons (sixty-one ships), and began its development into other fields such as insurance, banking, mining and real estate. At that time the company had more than 2,000 employees. Iwasaki's injunctions show the strong power of control he personally wielded. Document 6 comes from a memoir of Mutō Sanji (1867-1934), who subsequently became president of the Kanebō Cotton Spinning Company, a Mitsui subsidiary. He worked under the supervision of Nakamigawa Hikojiro, and from this vantage point describes Nakamigawa's management style. Nakamigawa was a nephew of Fukuzawa Yukichi, the founder of Keiō University. Mutō was a graduate of Keiō, and his mention of the Mita (i.e., Keiō) group must not be overlooked.

3 Shibuzawa Eiichi's Reasons for Becoming a Businessman, 1873⁵ The business world around 1873, the year when I resigned my post at the Ministry of Finance, was one filled with inertia. That condition is hard to imagine from the standards we hold for the business world today [1937, when Shibuzawa dictated this autobiography]. There was a tradition of respecting officials and despising common people. All talented men looked to government services as the ultimate goal in their lives, and ordinary students followed the examples set by them. There was practically no one who was interested in business. When people met, they discussed only matters relating to the affairs of state and of the world. There was no such thing as practical business education.

⁵From Shibuzawa Eiichi *Jijoden* (Autobiography of Shibuzawa Eiichi), in *Zaikai Hyakunen* (One Hundred Years of Japan's Financial World), in *Gendai Nihon Kiroku Zenshū*, (A Series on Contemporary Japanese Documents), vol. 8 (Tokyo: Chikuma Shobō, 1969), pp. 94-96.

It was said that the Meiji Restoration was to bring about equality among the four classes of people. In practice, however, those who engaged in commerce and industry were regarded as plain townspeople as before, and were despised and had to remain subservient to government officials. I knew conditions such as this should not be allowed to persist. A rigid class structure should not be tolerated. We should be able to treat each other with respect and make no differentiation between government officials and townspeople. This was essential to our national welfare, as we looked forward to strengthening the country which required wealth to back it up. We needed commerce and industry to attain the goal of becoming a rich nation. Unworthy as I was, I thought of engaging in commerce and industry to help promote the prosperity of our nation. I might not have talent to become a good politician, but I was confident that I could make a difference in the fields of commerce and industry. . . .

As to the question of development of commerce and industry, I felt that to engage in an individually managed shop would be going against the tide of the times, and it was necessary for small business firms to join their forces together. In other words, they have to incorporate, and I decided to devote my energy to this endeavor. As to the laws governing incorporation, I thought about them while studying in France. After my return from France and before my entering into government service, I organized a chamber of commerce in Shizuoka to serve as a model for incorporation in this country. Since that time, I have consistently advocated the advantages of incorporation.

In organizing a company, the most important factor one ought to consider is to obtain the services of the right person to oversee its operation. In the early years of Meiji, the government also encouraged incorporation of companies and organized commercial firms and development companies. The government actively participated in these companies' affairs and saw to it that their various needs were met fully. However, most of these companies failed because their management was poor. To state it simply, the government failed to have the right men as their managers. I had no experience in commerce and industry, but I also prided myself on the fact that I had greater potential for success in these fields than most of the nongovernmental people at that time.

I also felt that it was necessary to raise the social standing of those who engaged in commerce and industry. By way of setting an example, I began studying and practicing the teachings of the *Analecets of Confucius*. It contains teachings first enunciated more than twenty-four hundred years ago. Yet it supplies the ultimate in practical ethics for all of us to follow in our daily living. It has many golden rules for businessmen. For example, there is a saying: "Wealth and respect are what men desire, but unless a right way is followed, they cannot be obtained; poverty and lowly position are what men despise, but unless a right way is found, one cannot leave that status once reaching it."* It shows very

⁶*Analecets*, IV. 5.

clearly how a businessman must act in this world. Thus, when I entered the business world, I engaged in commerce and industry in a way consistent with the teachings of the *Analekts* and practiced the doctrine of unity of knowledge and action [as taught by Wang Yangming].

4 Mitsubishi and Japanese Coastal Trade, 1876⁷ Many people have expressed differing opinions concerning the principles to be followed and advantages to be obtained in engaging foreigners or Japanese in the task of coastal trade. Granted, we may permit a dissenting voice, which suggests that in principle both foreigners and Japanese must be permitted to engage in coastal trade, but once we look into the question of advantages, we know that coastal trade is too important a matter to be given over to the control of foreigners. If we allow the right of coastal navigation to fall into the hands of foreigners in peacetime, it means a loss of business and employment opportunities for our own people, and in wartime it means yielding the vital right of gathering information to foreigners. In fact, this is not too different from abandoning the rights of our country as an independent nation.

Looking back into the past, at the time when we abandoned the policy of seclusion and entered into an era of friendly intercourse and commerce with foreign nations, we should have been prepared for this very task. However, due to the fact that our people lack knowledge and wealth, we have yet to assemble a fleet sufficient to engage in coastal navigation. Furthermore, we have neither the necessary skills for navigation nor a plan for developing a maritime transportation industry. This condition has attracted foreign shipping companies to occupy our maritime transport lines. Yet our people show not a sense of surprise at it. Some people say that our treaties with foreign powers contain an express provision allowing foreign ships to proceed from Harbor A to Harbor B, and others claim that such a provision must not be regarded as granting foreign ships the right to coastal navigation inasmuch as it is intended not to impose unduly heavy taxes on them. I am not qualified to discuss its legal merit, but the issue remains an important one.

I now propose to do my utmost, and along with my 35 million compatriots, perform my duty as a citizen of this country. That is to recover the right of coastal trade in our hands and not to delegate that task to foreigners. Unless we propose to do so, it is useless for our government to revise the unequal treaties or to change our entrenched customs. We need people who can respond, otherwise all the endeavors of the government will come to naught. This is the reason why the government protects our company, and I know that our responsibilities are even greater than the full weight of Mt. Fuji thrust upon our shoulders. There

⁷From Iwasaki Yatarō, *Kaiungyō o Okoshite (Promoting Maritime Industry..)*, in *Zaikai Hyakunen*, pp. 191–93.

have been many who wish to hinder our progress in fulfilling our obligations. However, we have been able to eliminate one of our worst enemies, the Pacific Mail Company of the United States, from contention by applying appropriate means available to us. Now another rival has emerged. It is the Peninsula & Oriental Steam Navigation Company of Great Britain which is setting up a new line between Yokohama and Shanghai and is attempting to claim its rights over the ports of Nagasaki, Kobe, and Yokohama. The P & O Company is backed by its massive capital, its large fleet of ships, and by its experiences of operating in Oriental countries. In competing against this giant, what methods can we employ?

I have thought about this problem very carefully and have come to one conclusion. There is no other alternative but to eliminate unnecessary positions and unnecessary expenditures. This is a time-worn solution and no new wisdom is involved. Even though it is a familiar saying, it is much easier said than done, and this indeed has been the root cause of difficulties in the past and present times. Therefore, starting immediately, I propose that we engage in this task. By eliminating unnecessary personnel from the payroll, eliminating unnecessary expenditures, and engaging in hard and arduous tasks, we shall be able to solidify the foundation of our company. If there is a will, there is a way. Through our own efforts, we shall be able to repay the government for its protection and answer our nation for its confidence shown in us. Let us work together in discharging our obligations and let us not be ashamed of ourselves. Whether we succeed or fail, whether we can gain profit or sustain loss, we cannot anticipate at this time. Hopefully, all of you will join me in a singleness of heart to attain this cherished goal, forbearing and undaunted by setbacks, to restore to our own hands the right to our own coastal trade. If we succeed it will not only be an accomplishment for our company but also a glorious event for our Japanese Empire, which shall let its light shine to all four corners of the earth. We may succeed and we may fail, and it depends on your effort or lack of it. Do your utmost in this endeavor!

5 Iwasaki Yatarō's Control of Mitsubishi, 1878⁸

ARTICLE 1. This company is named as a company and is organized as such. However, in reality it is a business enterprise of one family and is different from a group publicly subscribed and organized into a company. Therefore, anything relating to this company, including commendations and admonitions, and promotions and demotions, must be sanctioned personally by the president.

ARTICLE 2. Therefore the profit of the company shall belong to the president. Likewise, any loss sustained by the company shall be borne by the president.

ARTICLE 3. Notwithstanding the provisions of the preceding article, if the

⁸*Ibid.*, pp. 195–96.

company prospers and receives a large amount of profit, **there** may be times when the monthly salary may be increased across the board. On the other hand, if the company's enterprise suffers and there is a certain loss, then the monthly salary may be reduced across the board and employment may be terminated.

ARTICLE 4. The Tokyo company shall be the head office, and the companies located in **other** prefectures, China, and Okinawa shall be branch offices. As our enterprise prospers, we may establish additional offices in other places. They shall all be called branch offices.

ARTICLE 5. As to the officers of the company, and the order establishing their rank, there shall be a general manager who shall oversee general business affairs of each of the companies or branch offices. A manager is appointed to each of the sections, stores, and ships who shall be the head of his respective section, store or ship. There shall be an assistant manager appointed to assist the manager.

6 Mr. Nakamigawa and Kanebō's Development, 1889–1901⁹ The Kanebō Cotton Spinning Company was initially known as the Tokyo Cotton Company, which was established in November 1886 by a **number** of cotton wholesale merchants with the Mitsui Dry-Goods Store holding the major share of its stocks. At first it was a small company capitalized at 100,000 yen. In the following year, it expanded and was capitalized at one million yen and established its cotton spinning factory in **Sumida** village in Tokyo. The company was operated by wholesale merchants who had no prior experience in the cotton spinning industry and met failure after failure from which they could not extricate themselves. It was then decided that the company disband in the first half of 1888. . . . There was one Mr. Inanobe, who argued against the disbanding, saying that if the company were disbanded all the money invested in it would be lost, and it was far better to **find** someone who could rescue its operations. Mr. Inanobe sought a meeting with Marquis Inoue Kaoru (1835–1915), an adviser to the Mitsui family, and suggested the name of Mr. Nakamigawa **Hikojirō** for the task of reorganizing the company. Marquis Inoue agreed. Thus was begun the Mitsui family's direct involvement in the company. In August 1889, the company was reorganized to become the **Kanebō** Cotton Spinning Company.

In 1893, the company increased its capitalization to 2.5 million, and decided to establish a new factory in Kobe [in the prefecture of Hyogo] with 40,000 **spindles** for the purpose of exporting its products to China. I was hired by **Kanebō** to become manager of its Hyogo plant. At that time I was twenty-eight years old. The company was divided into two branches with another branch

located in Tokyo. The head of the Tokyo branch was Mr. **Wada** Toyoji, who was only two or three years older than I. In any event both of us were around thirty at that time. As I look back I am often amazed by the fact that a man of Mr. Nakamigawa's stature was willing to entrust to young men like us such responsible positions. Yet it was a time of reform in the business world. Mr. Nakamigawa himself was a middle-aged man barely forty years of age and was asked to reorganize the Mitsui Bank at the request of Marquis Inoue. It was a time of the old giving way to the new, and naturally he sought men of youthful ardor to serve under him in responsible positions. . . .

Around the time of the Boxer Rebellion in China [1900], the company suffered greatly. . . . After this shock I was determined to do my utmost to rebuild the financial condition of my company and to relieve it from the perils of heavy debts. . . . However, there were only two ways through which such financial reconstruction could be effected. One was a positive way by simply raising **the profit** of the company. The other was a negative way by enriching the assets of the company. To act positively to improve the company's financial records would take time. Thus I resorted to the other course by suspending dividends. For two consecutive periods, no dividend was paid. . . .

I was engaged in an arduous advertising campaign to sell more of our **products** domestically, which eventually resulted in a very substantial improvement in our profit picture. However, then a very sad event occurred.

It was the death of Mr. Nakamigawa on October 7, 1901. At that time he was forty-eight years of age. At the age of forty-eight a man is at his prime, and even though we all knew that he was ill, he was of strong constitution, and we never thought he would pass away. It was a great shock to those of us belonging to the Mita group [meaning **Keiō** graduates] who worked under Mr. Nakamigawa. We were quite apprehensive because we knew that the relationship between Mr. Nakamigawa and Marquis Inoue had been cold for some time. Mr. Nakamigawa was once a protege of Marquis Inoue, and it was **through** Marquis **Inoue's** recommendation that he became the man responsible for reorganizing the Mitsui Bank. In common parlance, their relationship was one of **oyabun-kobun** (patron and underling), and from the very beginning it was not one of equality. **Thus** there should have never been room for misunderstanding. However, as in a relationship between father and son, as the son grows older, there may be times when their feelings are not necessarily cordial, so was the relationship between the two. As the reorganization of the Mitsui bank progressed, and as Mr. Nakamigawa actively extended his business ventures, Marquis Inoue, who tended to be conservative and believed in entrenchment, found that the former's business activities were not in his style. At times like that, it was common to have slanders and malicious gossips. I was not in Tokyo and thus did not know what took place exactly. However, I could surmise that gradually there developed a misunderstanding between Mr. Nakamigawa and Marquis Inoue, and about a year before Mr. Nakamigawa's death it became intensified. It was **ru-**

⁹Mutō Sanji, *Kanebō Funtōki (Records of Kanebō's Endeavor)*, in *Zaikai Hyakunen*, pp. 206–7, 225–27. In places, a few sentences have been added from other parts of Mr. Mutō's reminiscences to make the necessary connection.

mored that Marquis Inoue's personality was such that he would take radical steps against all of us who belonged to the Mita group once Mr. Nakamigawa died. . . .

Fortunately, through the effort of Mr. Masuda Takashi [1848–1938, manager of the Mitsui combine after Nakamigawa's death] and others, no significant change in personnel was effected. However, the retrenchment policy of Marquis Inoue was implemented step by step, which resulted in abandoning many business activities planned and implemented by Mr. Nakamigawa. The first to fall victim to this retrenchment policy was our silk industry, and plants erected in different parts of the country were all sold. I recall Mr. Nakamigawa's intention to have the Industrial Division of the Mitsui family operate silk mills. Wealthy families did not look upon the silk industry favorably, and as a result its operations were left in the hands of minor entrepreneurs. Their lack of capital made them highly vulnerable in this fluctuating industry. He proposed that this important industry, with its high rate of fluctuation, be supported by men of wealth like the Mitsui family for the sake of the nation. This kind of thinking was diametrically opposed to that of Marquis Inoue. Shortly after the death of Mr. Nakamigawa, on strict orders from Marquis Inoue, everything connected with the silk industry was sold, and it was divorced from the Mitsui management. It was regrettable, but under the circumstances, we could not do otherwise.

The Kanebo company for which I was responsible was incorporated and was technically not directly controlled by the Mitsui family. However, Mr. Nakamigawa devoted much of his effort in this particular company, and it was almost regarded as a monopoly undertaken by the Mitsui family. I feared that the same fate suffered by the silk industry would soon be visited upon us. . . . One day Mr. Masuda Takashi said that he wanted to see me and I went to Tokyo. Mr. Masuda said: "I hear that you are advocating very enthusiastically mergers of cotton spinning industries. I agree with you and wish to give you my support." . . . With Mr. Masuda's encouragement in 1902, Kanebo effected a merger with the Kyushu, Nakatsu, and Hakata cotton spinning companies, and the cotton spinning industry around Kyushu came under the control of Kanebo. . . .

CHRISTIANITY AND THE NONCHURCH MOVEMENT

Uchimura Kanzō (1861–1930) was the son of a samurai, and after an agonizing period of conversion experience, transferred his fierce samurai spirit of devotion to his newly found faith. He was attracted to Christianity because of the purity of its faith and of its ethical teachings. However, as he witnessed Christianity in action with all of its imperfections, he sought a return to primitive Christianity. This he found through denunciation of sectarian practices. To him, foreign missionaries erred by insisting on the acceptance of their denominational doctrines, which were contrary to the concept of "One Lord, one faith, one baptism." Thus

his nonchurch movement assumed characteristics both of purifying the faith and of establishing a new brand of Japanese Christianity.

The anomaly that existed in Japan, according to Uchimura, was her inability to accept Christianity, on which Western civilization was deeply rooted. To him it was impossible to retain Oriental religions as the basis of one's own civilization and at the same time accept Western civilization in a superficial manner. For the sake of two Js, Jesus and Japan, he urged his compatriots to accept Christianity. Document 7, which follows, can also be considered as an attack on the uncritical acceptance of Western civilization prevalent in the Meiji period.

7 Great Difficulty Facing Japan, 1903¹⁰ Japan faces one great difficulty today. It does not stem from a lack of wealth or from a lack of scholarship. It is not found in the disorganized state of our laws, nor is it in the sluggishness of our agriculture, commerce, or industry. The difficulty is a much deeper and fundamental one. It is because of this difficulty that our society is showing such a strange state of affairs. Most Japanese do not attempt to investigate the difficulty at its source, but instead bemoan the lack of capital, grieve over the deterioration in morality, and show anger toward depravity and corruption in politicians and educators. This in itself is very much to be lamented.

What is this great difficulty, nay, the greatest difficulty that confronts Japan today? May I speak candidly? It is the fact that the Japanese adopted a civilization based on Christianity without accepting Christianity. This is at the root of all our difficulties today. It is because of this anomaly that many difficulties, hard to enumerate, besiege us today.

Christian civilization is a civilization that has its origin in Christianity. . . . In other words, no one can understand that civilization without studying Christianity. The Japanese people have adopted a Christian civilization, but refuse to accept Christianity which is its very base, origin, and the spirit and life-giver of that civilization. This is almost like a man who receives a gift from another and does not thank him for the gift because he does not wish to investigate the identity of the donor. The Japanese people are placing themselves in an unethical and ungrateful position. It is no wonder that they are now finding themselves in difficulties that know no bounds.

Let me illustrate with two or three examples. Many Japanese feel that the present-day arts and sciences are not the products of Christianity but developed in spite of the opposition by Christianity. This is the logic advanced by those who do not understand Western history. I shall not speak about the fact that many great scientists were also devout Christians. I shall not elaborate on the

¹⁰Kamei Katsuichirō, ed., *Uchimura Kanzō*, in *Gendai Nihon Shiso Taikei*, vol. 5, pp. 395–403. The original of this article, entitled "*Nihonkoku no Daikonnin*" was first published in *Seisho no Kenkyū* or *Studies of the Bible*, a journal founded by Uchimura to propagate his ideas.