

up priorities and take appropriate measures. In our opinion Russia has been acting very arrogantly. Previously, contrary to the provisions of the Treaty of Sevastopol,⁵ she placed her warships in the Black Sea. Southward, she has shown her aggressive intent toward Muslim countries and toward India. Westward, she has crossed the borders of Manchuria and has been navigating the Amur River. Her intents being thus, it is inevitable that she will move eastward sooner or later by sending troops to Hokkaido,⁶ and then taking advantage of the seasonal wind move to the warmer areas.

At a time like this it is very clear where the priority of this country must lie. We must now have a well-trained standing army supplemented by a large number of reservists. We must build warships and construct batteries. We must train officers and soldiers. We must manufacture and store weapons and ammunition. The nation may consider that it cannot bear the expenses. However, even if we wish to ignore it, this important matter cannot disappear from us. Even if we prefer to enter into this type of defense undertaking, we cannot do without our defense for a single day.

Patriotic Duty and Business Success



87 ▼ Iwasaki Yataro,

LETTER TO MITSUBISHI EMPLOYEES

After military modernization the next priority for the Meiji reformers was to establish a strong industrial economy, both to support the army and navy and to protect the country from foreign exploitation. After a rocky start in the 1870s Japanese industrialization proceeded rapidly, and by 1900 the nation had become a major economic power through a combination of government subsidies and individual entrepreneurship — and, significantly, without foreign investment.

The greatest success story in Japan's industrialization was Iwasaki Yataro (1835–1885), the founder of one of the nation's most powerful business conglomerates, Mitsubishi. The son of a poor farmer, Iwasaki gained a rudimentary education and held several low-level business jobs before he found employment as an administrator in the domain of the aristocratic Tosa family in the mid 1860s. He was given the daunting task of managing and reducing the domain's huge debt, the result of its recent massive purchases of firearms and artillery. His policies, which included paying some debtors with counterfeit money, quickly eliminated the domain's deficit. In 1871, when the domain abandoned its direct ownership of business enterprises, it gave Iwasaki eleven steamships and all the assets connected with its business in silk, coal mining, tea, and

⁵Yamagata seems to have in mind the 1856 Treaty of Paris, which ended the Crimean War; it stipulated that the defeated Russians could send no warships into the Black Sea. Sevastopol is a city on the Black Sea.

⁶One of the islands of Japan north of Honshu.

lumber. In return, Iwasaki was expected to make payments to reduce some new Tosa debts and provide employment for former samurai. With this to build on, he systematically wiped out foreign and domestic competition and, through a series of successful (and frequently cutthroat) business moves, turned Mitsubishi into Japan's second largest conglomerate, with interests in shipbuilding, mining, banking, insurance, and manufacturing.

Iwasaki wrote the following letter to his employees in 1876 during Mitsubishi's battle with the British Peninsula and Oriental Steam Navigation Company over control of Japanese coastal trade. He had just cut fares in half but had also reduced wages by a third.

QUESTIONS FOR ANALYSIS

1. Why does Iwasaki believe that the Japanese must prevent foreigners from becoming involved in the coastal trade?
2. According to Iwasaki, what is at stake in the competition for control of Japan's coastal trade?
3. What advantages and disadvantages does Iwasaki's company have in its rivalry with the Peninsula and Oriental Steamship Company?
4. How does Iwasaki attempt to inspire greater dedication and effort from his workers?
5. To what extent is Iwasaki's letter similar in spirit to Sakuma Shozan's *Reflections on my Errors* and Yamagata's *Opinion on Military Affairs and Conscriptio*n (Sources 85 and 86)?

Many people have expressed differing opinions concerning the principles and advantages of engaging foreigners or Japanese in the task of coastal trade. Granted, we may permit a dissenting opinion 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 loss of business opportunities and employment for our own people, and in wartime it means yielding the vital right of 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, in Japan 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 maritime transportation industry. This condition is the cause of attracting foreign shipping companies to occupy our major 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 provi-

sion 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. While I am not qualified to discuss it, 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 treaties¹ 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. Fuji² thrust upon our shoulders. There 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 application of appropriate means.³ 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 right over the ports of Nagasaki, Kobe, and Yokohama. The P & O Company comes to compete for the right of coastal navigation with us. How can we decline the challenge? Heretofore, our company has received protection from the government, support from the nation, and hard work from its employees through which it has done its duty. However, our company is young and not every phase of its operation is well conducted.

In contrast, the P & O Company is backed by its massive capital, its large fleet of ships, and by its experiences of operations 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 work, we shall be able to solidify the foundation of our company. If there is a will there is a way. Through our own effort, 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 responsibilities and 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, forebearing 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 alone but also a glorious event for our Japanese Empire, which shall let its light shine to all four corners of earth. We can succeed or fail, and it depends on your effort or lack of effort. Do your utmost in this endeavor!

¹The various commercial treaties the shogunate signed after Admiral Perry's mission.

²The highest mountain in Japan, near Tokyo.

³The American firm abandoned its effort to crack the Japanese market when it found it could not compete with Mitsubishi's price slashing, made possible largely by hefty government subsidies.