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Shibusawa Ei'ichi and the United States

Masato Kimura

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I. Introduction

In this paper, I would like to clarify the characteristics of Shibusawa Ei'ichi's view of the United States and his contributions to US-Japanese relations. In particular, I will focus on Shibusawa's understanding of the United States and how his understanding related to his Confucian philosophy. It was Shibusawa's enduring view that, "The United States is a young and prosperous country based on justice and humanity, but American people are more likely to go to extremes. It takes a fairly long time to modify their opinion." Based on it, he believed that business leaders should lead so-called "kokumin gaiko" (non-government diplomacy) and improve the relationships between the United States and Japan.

II. Overview of Shibusawa's life and philosophy

Before entering the main topic, I will first briefly summarize Shibusawa's life, which can be divided into three periods: 1) 1840 until 1873 (nation builder), 2) 1873 until 1901 (business leader), and 3) 1902 until his death in 1931 (statesman). It was the third period when Shibusawa focused on non-government diplomacy through his four visits to the United States, including his participation in the Panama-Pacific World Exposition, which was held in San Francisco in 1915.

Shibusawa Ei'ichi was born in 1840, coinciding with the occurrence of the Opium War in China. After a brief stint as an anti-establishment activist, Shibusawa's career took incredible turns, from serving the Tokugawa regime, followed by an unexpected assignment to travel to Europe, resulting in a year of work and study in Paris. Upon returning to Japan he performed a significant role in the Meiji government as a senior bureaucrat at the Ministry of Finance. He participated in crafting a number of important laws and rules that shaped the Japanese economy from the viewpoint of modern-state building. In 1873, he plunged into himself into the private sector to develop the Japanese economy as an entrepreneur. From his position of chief executive officer of the Daiichi Bank, Shibusawa was involved in funding as well as managing around 500 companies, which covered the entire spectrum of Japan's newly emerging modern economy. Most companies were established for the first time in the country, just as the Daiichi Bank itself was Japan's first Western-style banking institution. When the Meiji government introduced the new banking system to Japan, he had a chance to study both American and European examples.

Shibusawa was quite strategic in the way he introduced to Meiji Japan the key concepts around which Western civilization was organized. Abandoning the doctrine of "Joi" (expel the barbarians), he introduced and implanted various aspects of the Western world... its thought, modes of organization, technology, and the notion of capital... in order to modernize Japan. To do this, Shibusawa had to carry out a reformation of the economic thought, business habits, and consciousness prevalent since the Edo period. In other words, he initiated Japan's "modernization", which required reform of the Tokugawa system and establishment of new and better forms of government, and governance, in Meiji Japan. In order to realize a new and better social system for modernization of Japan, Shibusawa at first tried to change Japanese

leaders' consciousness regarding the concept of "public" and the nature of the economy. Shibusawa attached importance to Confucianism, which was the basic principle of the Samurai who had been the ruling class of the Tokugawa Era and the main actors responsible for inaugurating the Meiji Restoration. Shibusawa's thinking indicates that he felt strongly that it was absolutely necessary for Japanese leaders to understand the meaning and implication of the drastic reform needed to modernize the state.

Through his activities, Shibusawa continuously strived for harmony between economy and morality: He often said,

I want the people who are engaged in commerce not to misunderstand it's meaning, and to look for private gain in a way that also benefits the public. Before long this will not only bring about prosperity for oneself and one's family, but also at the same time it will enrich the nation and, therefore, will make possible a peaceful society.

He used the Analects as a philosophical basis for economic behavior. Shibusawa's economic thought is unique in two ways. First, although his economic thought is based on Confucianism, the value system of the Edo period, he broadened the Confucian ethical scope, which was limited to providing parents and children or lords and vassals with behavioral norms, to the level of the nation. Second, he indicated that the economic activities of those engaged in commerce and industry on the basis of the Confucian ethic are related to rendering services to the public and the state. In this way, Shibusawa made clear the ethical grounds for those involved in commerce and industry in a modern state. Astonished by the high economical level of the West, Shibusawa zealously embraced its rational form of organization and technology. Nevertheless, the Analects continued to form the basis of his thought, and this was rooted in the education he received since his childhood. Notwithstanding his contact with various systems of values during his later years, this never changed. In spite of fact that he made efforts to understand Western liberalism, democracy, and Christianity, and set a high value on them, his foundation was the Analects.

After retiring from the business world, he devoted himself to an active role in other important fields such as kokumin gaiko (non-government diplomacy), international exchange, social welfare and education, etc. I would now like to turn to

this final chapter of his life, from 1902 until his death in November 1931, coinciding with the Manchurian Incident, in the section to follow.

III. The characteristics of Ei'ichi Shibusawa's views on America

As a leader of the Japanese business world and society, Shibusawa well understood the impact of the United States on the modernization of Japan, beginning with their first encounter in the 1850s. Although there have been frictions between the United States and Japan, good relations have been maintained in the area of economy and business during almost all periods (with the exception, of course, of the Pacific War period). In particular, in the 19th century, both countries viewed each other positively. The US was Japan's biggest export market. The main export goods were silk, green tea, and pottery. Silk accounted for over 30%, and green tea accounted for 27-28% of the total exports from Japan in the second half of the 19th century. But for the United States, Japan's share in her trade was only 3-4% (an historical example of the asymmetrical structure of economic relations between two countries that has persisted over time, though the reasons for it have differed when comparing the periods before and after the mid century mark). From the beginning of the 20th century, Japan increased imports from the United States, such as cotton and oil. And Japan accepted direct investment from the United States. For example, General Electric (GE) and Toshiba (Tokyo Denki and Shibaura Denki) concluded technical tie-up agreements at that time. Standard Oil Company began to do research in Niigata Prefecture at the same time. The United States provided many examples for Japan as a large advanced country and important business partner.

In Shibusawa's view, a key insight into the United States was through study of the process of "Americanization". He found a number of interesting parallels between study of this process and his understanding of the Confucian view of governance. As I mentioned earlier, Shibusawa uniquely interpreted the Analects as a good guide for realization of a prosperous and peaceful modern society. In his interpretation, the Confucian view of governance was not static but dynamic and it could be adapted to organize diverse groups of people. In the early 1902, Shibusawa first visited the United States as a representative of the Tokyo Chamber of Commerce. His writings from that time indicate a keen fascination with America's energetic economic power

and social organization. This visit drastically changed Shibusawa's world view, shaped originally by his year in Paris as a young man; after returning to Japan, he became one of the important mediators between the US and Japan during the final three decades of his life.

Shibusawa was eager to know how America governed its heterogeneous society; indeed, it is possible to say that he saw such governance as an insight into the meaning of American power. That is, he thought "Americanization" was an important concept shaping the way the United States worked, smoothly organizing diverse peoples and allowing expression for the abilities of its citizens in various fields. From the early 20th century, then, one of his main intellectual tasks was to clarify the deep meaning of "Americanization." His fascination is illustrated by a number of questions he posed in his writings: Where was Americanization derived from? Was it based on Christianity?; Was it possible to introduce the concept of Americanization into Japan? He also held a deep interest in how to help the Japanese people adopt a less insular and more cosmopolitan nature; Could Americanization help Japanese people realize this goal? It was questions such as these that led Shibusawa to create a chair of American Studies at Tokyo University in 1918. One might say that his questions concerning how Japan could realize the goal of forming a "national character as cosmopolitan people," is remarkably similar to the contemporary academic interests in multi-cultural studies, important to Japan's and indeed all countries' place in the world,

Based on his study of Europe earlier in life, and his later interest in the US, Shibusawa was most effective at interpreting and explaining the complex positions of the United States and Japan in the global setting. As is well known, the US and Japan extended their territorial control in the realm of Pacific Asia from the late 19th century. The U.S. acquired the Hawaii Islands, Guam, and the Philippines, in the 1890s. Japan acquired Taiwan after the Sino-Japanese War (1894-1895). In these circumstances, Japan concluded Anglo-Japanese alliance treaty in 1902. During the Russo-Japanese War (1904-1905), the US supported Japan in order to prevent Russia's invasion to Manchuria thus maintaining the balance of power in East Asia, although Japan changed that same balance as a result of its annexation of the Korean Peninsula in 1910.

After the Russo-Japanese War there were three conflicts between Japan and the United States. First there was the Manchurian problem. Japan, in particular the Japanese army, intended to monopolize Manchuria, the northern part of China, as well

as Korea. At this time, the US foreign policy for the Far East was based on the so-called “Open—Door Policy.” That is, the US would oppose any activities that could monopolize Far Eastern markets, in particular the Chinese market, because every country, in principle, was to have an equal opportunity to enter the market and conduct economic and business activities in this region.

At that time, there were America-specific interests in the region. American businessmen were interested in the potential export market for textile goods and direct investment for constructing a rail network. These interests placed pressure on Japan to open the Manchurian market. This strong pressure from America ironically pushed Japan in the direction of making closer connections with Russia. Also emerging at this time was the competition between the United States and Japan in constructing battleships. Both countries began to recognize each other as a potential enemy. In particular, each Navy made concrete plans for the possibility of future wars. In 1907, the US Navy accomplished the plan of significantly modernizing its Navy, and consequently its ability to project power into the Pacific, the so-called “Orange Plan.” Japan also finished planning for potential military conflict in the same year. In Japan’s military planning, the US became the biggest potential rival country for the Japanese Navy, as did Russia for its Army.

A third issue was conflict over Japanese immigrants to California. After the segregation of Japanese students from public schools in San Francisco in 1906, many anti-Japanese movements and incidents took place on the West Coast. In 1924, the state of California finally prohibited Japanese immigration completely. Such exclusions were not focused exclusively only on Japanese immigrants and other newcomers had similar experiences in the US. But what is important to point out is the shock these actions gave to Japan, because up to that point the Japanese people had had a great deal of confidence about its new acceptance as a great nation after the Russo-Japanese War and WWI. Moreover, Japan’s victory made the Japanese government and people more arrogant about their unique position in Pacific Asia, much more than the previous generation of Japanese leaders who had led the successful Meiji Restoration in second half of the 19th century. Therefore, almost all Japanese people were angry with the anti-Japanese movement in California.

Shibusawa, deeply concerned about these developments, tried to harmonize the trilateral relations between the United States, China and Japan. He was convinced that

this three-way relationship would be absolutely necessary for the Pacific region to maintain its peace and prosperity and he took the initiative to improve their relationship through non-government diplomacy. He well understood the importance of the role of business networks for expanding Sino-US-Japanese trade and commerce as well as promoting mutual understanding among the three countries. Shibusawa also took the position that in the case of the US and Japan, business networks would prove to be indispensable for managing business and political relations bilaterally after World War I.

In order to realize positive relationships between all three countries, Shibusawa thought that the Japanese people should change their thinking about world affairs. As mentioned earlier in this paper, in explaining his thinking, he often suggested that Japan acquire a “national character as cosmopolitan people.” The words meant that Japanese people should broadly expand their study and understanding of different ideas and thoughts. Shibusawa was fond of reading the Analects of Confucius, but he was also interested in various thought and religion. He noticed that what we now call soft power was an indispensable capacity of leadership. I use the term here to mean ...a nation’s capacity, through its leadership, to articulate opinions, messages and even grand plans, in order to persuade others of an individual or national point of view. Edward H. Carr pointed out, in his well known book “The Twenty Years’ Crisis, 1919-1939”, that power over opinion is the third form of power. He also said that power over opinion is more essential for political purposes than military and economic power, even as public opinion has always been closely associated with them.

Generally speaking, Japanese people, in particular leaders in most fields, are still relatively weak at expressing their opinions, and Japanese information space is somewhat closed. Shibusawa noticed this and stressed the importance of transparent information networks. In particular, he often pointed out that lack of explanation caused foreign countries to misunderstand Japan and contributed to an incomplete image of her. As Walter Lippmann said in his highly regarded book “Public Opinion”, once a stereotype is formed, it is quite difficult for people to erase it and even modification can take a very long time. Shibusawa, to his credit, tackled the problem of improving Japan’s international image through the creation of information and opinion networks. For example, he was fond of discussing the role of Japan in the world after World War I, and expressed his opinions to the media. Foreign correspondents in Tokyo often visited his home in Asukayama, Oji, in the northern part of Tokyo. He also assisted Japanese news agencies in making networks for worldwide

news services in the 1920s. Parenthetically, I would like to observe that despite these efforts, even today, Japan has the almost the same problems as Shibusawa faced in the 1920s.

IV Shibusawa's four visits to the United States

In order to improve US-Japanese relations, Shibusawa worked tirelessly until his death in November, 1931. That was the same year that Manchurian Incident occurred. What I want to stress here is that Shibusawa thought that it was common people who had a major responsibility to improve the relationships between the United States and Japan, just as they had played a major role in accomplishing Japan's modernization, in cooperation with the government. In his mind, leadership in society was not the sole province of government but also includes the private sector. That is, non-Government diplomacy had to play a major role. He also realized, at the same time, that most Japanese people were reluctant to be involved in diplomacy; they were prone to depend on government, on the one hand, and were tentative about embracing an independent spirit based on cosmopolitan thinking, on the other hand. Eiichi Shibusawa sought to break such so-called "okami" (too much respect for government) consciousness. In the overview, Shibusawa thought the most important challenge facing Japan was that of stimulating people's spirit and cultivating new leaders. Therefore Shibusawa paid more attention to the reform of Japanese consciousness and how to cultivate young Japanese people to become more internationalized. The long life of Eiichi Shibusawa gives us many insights into these challenges.

In his efforts to improve US-Japanese relations, he tried, first of all, to encourage that Japanese leaders study the United States from various perspectives. Shibusawa confirmed that the United States would become the most important country for Japan in the 20th century and that it was absolutely necessary to grasp the meaning of American power. In order to do this, Shibusawa, despite his advanced age, encouraged many opportunities for study of the United States. He supported the chair of American studies at the Department of Law, Imperial University of Tokyo, in 1918. Takagi Yasaka who served as the first chair professor influenced many with his lectures on the United States. Shibusawa also supported the establishment of

non-governmental organizations for mutual exchange, such as Japan-America Society, and Japan Societies, in various cities in the US.

Second, Shibusawa led a large Japanese business mission to the United States in 1909. Over fifty members including major business leaders and their family members and some engineers participated in that three month long trip. They visited not only business facilities but also meet many distinguished American leaders such as President Taft and Thomas Edison. And they also visited several Universities, churches, and welfare facilities such as Gerald College in Philadelphia. Later, in a third visit to the United States in 1915, Shibusawa participated in the Panama-Pacific World Exposition, which was commemorating the opening of the Panama Canal in 1914. After many European countries cancelled their participation because of the outbreak of World War I, Japan's participation was significant meaning, making the exposition truly international.

Lastly, Shibusawa participated in the Washington Conference for disarmament in 1921-22 as observer for the Japanese government in support of concluding the naval disarmament treaty between major countries, such as the United States, Britain, France and Japan. At this time, several insightful and forward-looking leaders in both the US and Japan tried to improve the bilateral relations in the Pacific region from the context of a new international order, as President Wilson insisted on through the League of Nations. I think Shibusawa's efforts are representative of the essential response sought by Presidential Wilson's thinking.

In the overview, Shibusawa's three visits to the United States after the Russo-Japanese War are significant for the following reasons. First, Shibusawa facilitated opportunities for Japanese business leaders to study the American economy and society from various point of views. He believed that the goal of comprehensive understanding of the United States is essential for mutual exchange, true then as well as now. Shibusawa has been called the "Father of Japan's modern capitalism" but, at the same time, his activities, rooted in the private sector, are also a powerful symbol of non-government diplomacy. Second, such large and business-centered missions had a tremendous effect on public relations and public understanding in both countries. Third, consecutive business missions between the United State and Japan, triggered by the 1909 Shibusawa Mission, established a foundation for enduring human networks between the two countries.

V. Conclusion

In an effort to clarify and resolve the two country's' mutual misunderstanding of each other, Shibusawa not only visited the US four times in the early 20th century but also helped establish several associations such as Japan-America Society and Japan Society in New York. His purpose was to promote mutual understanding between the two countries by encouraging personal exchange between them; the amicable relations that resulted were intended to ward off the possibility, in the future, of war between Japan and the US. Shibusawa also anticipated that both countries could and should play important roles in global society after WWI through collaborative contributions to the development of the Third World, in places like China and other Asian regions, and to pursue and maintain enduring peace under the auspices of the League of Nations.

In the final analysis, Shibusawa made major contributions to the US-Japan relationship. His long life extended over *Meiji*, *Taisho*, and *Showa* and his efforts had the effect of 'cleaning the old blood' of Tokugawa Japan. When he introduced superior systems and rules into Japan in order to promote Japan's modernization, Shibusawa injected new blood into an artery that he had organized, an artery that connected to a new valve in Japan's heart. He played a similar role in US-Japanese relations through his non-governmental diplomacy. Shibusawa's efforts were not always successful, but his ideas and activities still hold great fascination and are profoundly instructive for students of his life and of the direction of relations between the US and Japan even today.