

# Shibusawa Eiichi and China in Early Taishō Period

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Shibusawa Eiichi associated with China for more than half a century, starting from the early Meiji period through the Taishō period to the early Showa period. He went to Shanghai as the president of Daiichi Bank, the First National Bank of Japan, for talks of loans to the Qing Dynasty in January 1877. This was the first time that he came into contact with China. In July 1931, Shibusawa Eiichi, 91 and lying sick in bed, wrote a one-thousand-word prologue to *Politics and Economy of Modern China* (《支那近代的政治经济》), a book compiled by Ri Hua Shi Ye Xie Hui (Jih Hua Shih Yeh Hsieh Hui, 日华实业协会), which he had established in person and for which he had been president. This prologue was the last words he said for the China that had been his greatest concern throughout his life. Over the five decades from the 1880's to the early 1930's, Eiichi took the lead in efforts for promoting ties between the financial circles of Japan and China, which also prompted the healthy growth of Sino-Japanese relations.

This paper is an attempt at elaborating the relationship of Shibusawa Eiichi to China in the early Taishō period, exploring the role he played in Japan's financial expansion in China while analyzing the formation and evolution of his view of China.

## I. Japan's Financial Expansion in China and Shibusawa Eiichi's Role

In terms continuity, the China policy of the Japanese financial sector in the early Taishō period retained much content of that of the Meiji period. After the Japanese-Russian war, Japan was faced with two challenges in its financial expansion in China. One is the cutthroat contention between Japan and the Western powers for the China market. The other is the upsurge of anti-Japanese emotion in China. In these circumstances, Shibusawa Eiichi was actively engaged in private-sector economic diplomacy with the U.S. and

China in order for the Japanese financial sector to get out of the above-mentioned difficult situation. This paper makes a study of three cases, namely, the 1909 visit to China by Japanese industrialists, the 1912 conception of a central bank of the Republic of China and the 1913 establishment of the China Xing Ye Company (中国兴业会社). By analysing the inner relationship between the three cases, this paper tries to sort out the relations between the Japanese financial sector and China from the end of the Meiji period to the early Taishō period as well as the role that Shibusawa Eiichi played.

## 1. The China Policy of the Japanese Financial Sector Late in the Meiji Period

Late in the Meiji period, it was a question of the greatest importance in the China policy of the Japanese financial circles to strengthen ties with China's industrial sector. A major move towards this purpose was the visit to China by Japanese industrialists for nearly two months starting from June in 1909. So far all the previous research relevant to this has been conducted from the perspective of the Chinese Revolution of 1911 and industrial revolution and from the approach of Japanese private-sector economic diplomacy.<sup>1</sup> And the research was focused on the composition of the mission and the process of its visit to China. The researchers paid attention to the role that the Japanese industrial sector played, providing an important approach to understanding the multi-structural Sino-Japanese relations. This paper, by making use of newly discovered historic data, discloses a secret agreement signed by the Japanese mission and the Chinese side during its visit to China, bringing into light a new fact that the Japanese financial sector planned late in the Meiji period to set up a liaison organization of Japanese and Qing Dynasty industrialists. Furthermore, this paper attempts, from the

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<sup>1</sup> Important research results include Kimura Masato's Shibusawa Eiichi—Founder of Private-Sector Economic Diplomacy (《涩泽荣一—民间经济外交的创始者》), 中公新书, 1991. akamuraTadashi's *About the Industrial Mission to Qing* (《关于赴清实业团》), Waseda University Asia-Pacific Center *Social Sciences Studies* (《社会科学讨论》) 126 Vol. 43, No.2, 1997, etc.

point of view of the China policy of the Japanese financial sector, to explain the relationship between Shibusawa Eiichi and the Japanese industrial mission to China, exploring the mission's importance to the China policy of the Japanese financial sector.

The mission was organized and dispatched by the Japanese government at the suggestion of Shibusawa Eiichi<sup>2</sup>, the financial guru of Japan, which is a very important fact that has been long overlooked. Previous research has failed to take note of Shibusawa Eiichi's relationship to the formation of the mission, which in turn fails to associate the mission's China visit with the China policy of the Japanese financial sector. There was a huge upsurge of resistance to Japanese credits in southern China in 1908. The Japanese financial sector was divided as to how to respond to this upsurge, with some favouring an unyielding hard-line approach. Shibusawa, however, argued that "industrial prosperity lies in the exchange of information between countries in business and the removal of barriers. Moreover, it also needed mutual contacts, which must not be limited to exchanges between individuals, but a sort of organization needed to be established for the purpose of removing misunderstandings and entering into cooperation for an undertaking, which was deemed necessary by the times of the 20<sup>th</sup> century."<sup>3</sup> That is why he proposed economic exchanges first with China and the United States. Initially, Shibusawa had planned to visit China before the U.S.<sup>4</sup> But the plan had to be changed due to ineffective communication with China and he went to the U.S. first. Shibusawa Eiichi led a large mission of Japanese industrialists to the U.S. for a visit from 1 September to 30 November 1909. In June 1910, Japan sent a mission of industrialists to China for a visit that lasted nearly two months in the name of participating the Nanyang Expo held in Nanjing. The mission was originally to have been led by Shibusawa Eiichi, who however had been overtired by his U.S. trip and was suggested to take a rest by doctors. So he was eventually taken over by Rempei Kondo,

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<sup>2</sup> NozhaowaYutaka, *The Chinese Revolution of 1911 and Industrial Issues—The 1910 Nan Yang Quanye Expo and the China Visit of Japanese and American Industrial Missions*, p.129.

<sup>3</sup> *Tokyo Chamber of Commerce and Industry Daily*, Vol.3 Number 7, 19 July 1910.

<sup>4</sup> Kimura Masato, *Ibid.*, p.175.

then president of Nippon Yusen Kaisha (Japan Mail Shipping Company).<sup>5</sup>

The mission had three major tasks on its China visit: To strengthen ties between Japanese and Qing Dynasty industrialists, to invite leading Chinese industrialists to visit Japan, and to prepare for cooperation between Japan and the Qing Dynasty of China.<sup>6</sup> In Shanghai, the last leg of the mission's China visit, Kondo and Zhou Jinzhen, General Manager of Shanghai General Chamber of Commerce (上海商务总会总理), discussed a plan to establish Tong Fang Hui (同方会), a sort of liaison organization for Japanese and Qing Dynasty industrialists, and they also reached a secret agreement. For confidentiality, the notes of the mission's China visit, edited and published after the visit, recorded intentionally that the program on that day was for free activities.<sup>7</sup> That could be the reason that the plan has been kept in secrecy until now, couldn't it? However, it was the most important achievement of the mission's China visit to work out a plan for Tong Fang Hui. It was a major step forward, too, toward cooperation between the industrial sectors of Japan and China, which had been long envisioned by Shibusawa Eiichi.<sup>8</sup>

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<sup>5</sup> The mission consisted of officers of the chambers of commerce and industry. They are: Rempei Kondo, head of mission, president of Nippon Yusen Kaisha (Japan Mail Shipping Company); 土居通夫, president of Osaka Chamber of Commerce and Industry; 大谷嘉兵卫, president of Yokohama Chamber of Commerce and Industry; 松方幸次郎, president of Kawasaki Shipbuilding; 大桥新太郎, president of Tokyo Chamber of Commerce and Industry; 龙川办三, president of Kobe Chamber of Commerce and Industry; 铃木总兵卫, president of Nagoya Chamber of Commerce and Industry; 永井久一郎, special councillor of Yokohama Chamber of Commerce and Industry; 福井菊三郎, director of Mitsui & Co., Ltd; 白岩龙平, director of Ri Qing Steamboat Co., Ltd; 岛津源藏, of Kyoto Chamber of Commerce and Industry; 白石重太郎, chief clerk of Tokyo Chamber of Commerce and Industry; 西乡午次郎, attaché to mission head from Nippon Yusen Kaisha (Japan Mail Shipping Company); 川村景敏, attaché to the mission. *Records of the Industrial Mission to Qing*, its Compiling Committee, 1914, pp.2-4.

<sup>6</sup> The Diplomatic Record Office of the Ministry of Foreign Affairs of Japan, Record N03-1312, Exchanges of Ri Qing Industrial Mission, 野泽 thesis, p.120. In a telegram sent on 16 June by 井原, Japanese consul in Nanjing, to 小村, Japanese Foreign Minister (Results of the industrial mission's visit to Qing, plan of a liaison body between Japanese and Chinese industrialists likely to be organized), it was pointed out, "By hosting a Ri Qing Expo in the future, it is likely that the plan will succeed in setting up a liaison body between Japanese and Chinese industrialists." Diplomatic Documents of Japan, Vol.43, Book 2, p.417.

<sup>7</sup> That day's agenda for the Mission was for free activities, Kondo etc went to Suzhou for sightseeing. *Records of the Industrial Mission to Qing*, Ibid., p.177.

<sup>8</sup> On the night of 17 June, the Japanese Consul General in Shanghai hosted a welcoming dinner for the Mission and said, "It is necessary for Japan and China to strengthen their commercial ties and liaison method." On 20 June, Kondo, 松方幸次郎 and 白岩龙平 went to the residence of Ye Ziheng (叶子衡), officer of 义昌成 Chamber of Commerce, where they had secret talks with Zhou Jinzhen, General Manager of Shanghai General Chamber of Commerce, Li Pingshu and Wang Yiting. In July 1912 during 白岩龙平's visit to Shanghai, talks were held again with Chinese delegates and it was decided to jointly establish China Five-Star Industrial Co., Ltd. The Japanese representative

There are several points in the plan that merit our attention. First of all, the plan was proposed to China by Japan and had the full support of the Consul-General of Japan in Shanghai.<sup>9</sup> The second point was the name of the organization—Tong Fang Hui. The two Chinese characters of Tong Fang (同方) meant “in the same community of East Asia, which was also the origin of exchanges between Japanese and Chinese industrialists. These two Chinese words were taken from *Ruxing in Liji (The Conduct of the Scholar in The Book of Rites)*, meaning “people of the same mind and devoted to the same cause”. Thirdly, the charter of Tong Fang Hui carried a clause that explicitly prescribed for the exclusion of any third country. Fourthly, this organization would cooperate in the industries in the future.<sup>10</sup> In short, the purpose of Tong Fang Hui was firstly to contain contacts between Chinese and U.S. industrial sectors and secondly to lay a foundation for the content and field of cooperation between Chinese and Japanese industrial sectors. On July 19, at the occasion to welcome the return of the mission, Shibusawa Eiichi delivered an address, in which he did not mention the Tong Fang Hui plan, but highly praised the fruit of the mission’s China visit, reminding the members again and again that they should now consider “how to turn the cake drawn on paper into a real entity, for only when food comes inside the stomach can it become nutrition for strength.”<sup>11</sup> It was obvious that Shibusawa was giving a hint that the mission members should put the plan into effect as soon as possible.

Later the plan was interrupted by changes in the domestic situation of China. In July 1912, with the efforts of Shiraiwa, “Charter of Tong Fang Hui (Draft)” was formulated with the above plan as the blue print, which was to establish “China Five Star Industrial Company Limited” (中华五星有限实业公司)

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was Kondo of the Japanese industrial mission and the Chinese representative was Zhou Jinzhen, delegate of the Chinese industrial mission. There were a total of 12 articles in the agreement written in the two languages of Japanese and Chinese.

<sup>9</sup> A telegram sent by Ariyoshi Akira, Japanese Consul General in Shanghai, to 小林, Japanese Foreign Minister, on 21 June 1910, The Diplomatic Record Office of the Ministry of Foreign Affairs of Japan, Documents Concerning the Establishment of Japan-Qing Ddynasty Industrialist Liaison Organ.

<sup>10</sup> A telegram sent by Ariyoshi Akira, Japanese Consul General in Shanghai, to 小林, Japanese Foreign Minister, on 21 June 1910, Ibid.

<sup>11</sup> Shibusawa Eiichi’s Biographical Data. Compiled by 涩泽青渊纪念财团龙门社, Vol. 56, p.13.

in the form of a Sino-Japanese joint venture. The inception of the Sino-Japanese industrialist liaison organization reflected, in terms of its name, its organizational form and the rules of its Charter, what the Japanese financial sector was thinking about China. In addition, Ariyoshi Akira, the Consul-General of Japan in Shanghai, reported to Uchida Yasuya, the Japanese foreign minister, that the Mitsui Financial Group was also doing a similar scheme at the same time. This means that it was a most urgent matter for the Japanese financial sector to get the help of the Chinese industrial circles and set up, for the Chinese and Japanese industries, a liaison entity different from those of European powers, with which Japan was competing for the Chinese market.<sup>12</sup> Such schemes as these reflected the basic guiding principle of Japanese financial leaders like Shibusawa Eiichi for opening the Chinese market.

During the Meiji period, the Shibusawa-led Japanese financial sector formulated a triplicity policy of expansion in China: **Adopting the idea of the Economic Staff Headquarters** at the strategic level, setting up joint-ventures on the tactical level and propagating the concept of economic Asianism. However, from the Sino-Japanese War of 1894-1895 to the eve of the 1911 Revolution of China, war was the main media of the Japanese financial sector's China policy and expansion, politically depending on the government with the financial magnates leading the way. And this didn't provide the premises or basic conditions for realizing the above policy of triplicity advocated by Shibusawa Eiichi. The uprising in Wuchang on 10 October 1911 posed a new topic for the Japanese financial sector's China policy and a great possibility for Shibusawa to carry out his China policy.

## 2. Japanese Financial Sector's China Policy in the Chinese Revolution Of 1911

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<sup>12</sup> Telegram from Ariyoshi Akira, Japanese Consul General in Shanghai, to Uchida Yasuya, Japanese Foreign Minister, "On Japan-China Joint Venture". Mitsui Financial Group has already set up Zhao Ri Chamber of Commerce among the Chinese interested parties with the same purpose as mentioned above. Therefore, in consideration of other ties and relationships, it is hoped that cooperation will be with parties other than Mitsui Financial Group.

The outbreak of the 1911 Revolution of China constituted a new turning point for the Japanese financial sector's China policy. Many Japanese financiers paid attention to the changes in China's economy and society brought about by the Revolution, to the Sino-Japanese relations after the Revolution as well as to the influence of the changes in China on Japan. On 25 October 1911, the *Japanese Economic Review* carried an editorial entitled "The Qing Dynasty Revolution and Japan's Attitude" "The Economic Influence of Profound Upheavals", which pointed out that "the economic influence both good and bad of this Revolution will be the greatest on Japan"<sup>13</sup>, which reflected how the Japanese financial mainstream looked at the Chinese situation. Shibusawa Eiichi also thought that the Chinese Revolution was "a once-in-a-thousand-year good opportunity" for Japanese financial expansion in China, calling "China the battle ground of the current business war".

The changes and subrogation of the old and the new in China had also brought changes in Japan's relationship with China. On the other hand, before and after the birth of the Republic of China, the China policy of the Western powers directly influenced the political changes in China. With most of the countries remaining neutral and riding the fence, the attitude of the Japanese government appeared to be particularly important and Japan was considered as the only country likely to supply aid. The Qing Dynasty government and the revolutionary forces both cherished great expectations of Japan for overcoming their respective political and financial crises. At the end of December 1911, Sun Zhongshan (Dr. Sun Yat-sen) sent a special representative to visit Japanese political and financial VIP's such as Shibusawa Eiichi, Sakatani Yoshiro, Matsukata as well as Inoue Kaoru, eager to obtain financial aid from the Japanese government and financial sector.

The late Japanese financial minister, **Sakatani Yoshiro** was the son in law of Shibusawa and was also a heavy-weight in the Japanese financial sector, wielding great power and influence on modern Japan's China policy. In

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<sup>13</sup> This editorial pointed out, "Nothing is more resources consuming than war. In other words, war means additional demand for resources. Here on this occasion, our country is in a most favourable position."

response to Sun Zhongshan's request, Sakatani and Shibusawa proposed establishing the central bank of the Republic of China. Sun Zhongshan accepted the proposal, through which he hoped to receive huge amount of aid from Japan. This was the greatest event in the Sino-Japanese relations of this period, concerning the survival of Sun Zhongshan's provisional government at Nanjing. The significance of the relationship that Shibusawa established with Sun Zhongshan in the inception and implementation of this scheme lied in the fact that first of all it brought the Japanese financial sector to the very forefront on the stage of Sino-Japanese diplomacy. In addition, Shibusawa's direct contact with Sun Zhongshan, President of the provisional government of the Republic of China, established ties and trust for the first time between the Japanese financial sector and the top leader of China. As to Shibusawa, Sun Zhongshan's trust in him became important political resources in his China diplomacy later. It was proved in reality that the personal relationship between Shibusawa and Sun Zhongshan helped the establishment of the China Industrial Corporation (中国实业会社) in 1914 as well as paved the way for Japan's financial expansion in China following the early Taisho period.

### 3. Japanese Financial Sector's China Policy in the Early Years of the Republic of China

The outbreak of the 1911 Revolution of China opened a new era of Japanese financial expansion in China. The several major Sino-Japanese negotiations in this period, such as the scheme of establishing the central bank, the loan talks of Tong Guanshan (铜管山), China Merchants (招商局) and Han Yeping (汉冶萍), all came to nothing. The same also happened to the talks between Sun Zhongshan and Japan on the "Leasing of Manchuria". In spite of the failure of all these negotiations, the ties established between China and Japan offered significant opportunities and political guarantee for Japanese financial expansion in China, which put Japan in an advantage in its competition with the other powers for the Chinese market. Meanwhile,



China's economic development since 1912 also brought Japan "a once-in-a-thousand-year opportunity" for financial expansion in China<sup>14</sup>.

The China Industrial Corporation established in 1914 by China and Japan was the greatest achievement of the Japanese financial sector in its expansion in China. This Corporation was proposed by the Japanese side in 1913 around Sun Zhongshan's visit to Japan and was established as a Sino-Japanese joint venture with Sun Zhongshan representing China and Shibusawa Japan. The conception, establishment and restructuring of the Corporation was a reflection of the changes in the China policy of the Japanese financial sector.<sup>15</sup>

The Japanese government gave full support to the establishment of the China Industrial Corporation. Shibusawa, according to his consultations with Japanese Vice Minister of Finance Shôda, had one talk after another with Sun Zhongshan. In the letters and documents that Shôda gave Shibusawa, it was clearly stated that "the Japanese government will not surface in the scheme, but will give full support from behind the scenes", saying that "Shibusawa is in full charge of the scheme." However, Sun Zhongshan was totally unaware of the secret relationship between the Japanese government and Shibusawa, nor the orientation of the China Industrial Corporation. The scheme of the Corporation had been revised several times according to Shôda's suggestions in order to keep Sun Zhongshan in the dark about the behind-the-scenes manoeuvring of the Japanese government.

In 1913, Sun Zhongshan went to Japan for a close-to-one-month visit, where he was very well received by all circles of the Japanese society, with the financial sector being particularly attentive. Shibusawa went out of his way to attend all of Sun Zhongshan's meetings and gatherings. Sakatani Yoshiro gave Sun an extravagant dinner in the capacity of the mayor of Tokyo. Sun was deeply touched by such warm reception for he had already resigned from the presidency. Shibusawa touched a chord in the depth of Sun's heart by preaching Sino-Japanese industrial cooperation and friendship. The

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<sup>14</sup> Refer to my work *The Xin Hai Revolution and Modern China*, 御茶水书房, 2003.

<sup>15</sup> *Ibid.*, p.239.

Corporation was established at a time of political unrest in China. It was the trust between Sun and Shibusawa that enabled the biggest Sino-Japanese joint venture though not without setbacks.

An analysis of the Corporation's constitution will reveal that it inherited the guidelines of the 1907 "East Asia Xing Ye Company" and the 1910 Tong Fang Hui, in terms of the organizational form, operations and business scopes. The Corporation encompassed all the economic activities of Japan in China and therefore was a window to the Japanese economic expansion in China.

The above three cases show that Shibusawa played an extremely important role in the Japanese economic expansion in China early in the Taisho period. He had both concepts and policies, always maintaining a long-term view of the whole situation regarding how to deal with China. The ten years around the outbreak of the 1911 Revolution witnessed the most active association of Shibusawa with China. This was also a period when the Japanese financial sector played an important role in the development of Sino-Japanese relations. To effectively promote Japanese financial expansion in China, Shibusawa took out of the earlier Tong Fang Hui the content on Sino-Japanese cooperation and that on exchanges between Sino-Japanese industrialists and put them into China Industrial Corporation and Ri Hua Shi Ye Xie Hui (Jih Hua Shih Yeh Hsieh Hui 日华实业协会), respectively, giving the two different content and emphasis. Besides, Shibusawa also paid serious attention to Japan-China interpersonal resources. In every sense, all of the progress in the China policy of the Japanese financial sector early in the Taisho period had to do with Shibusawa's leadership and efforts.

## II. Shibusawa Eiichi and China and His View of China

Shibusawa Eiichi was Japan's most famous industrialist and also its most famous preacher of Confucianism, which was a very rare case in modern Japan. Shibusawa Eiichi was acclaimed the father of Japanese capitalism. He was born in a wealthy peasant family and had been an aid to Tokugawa

Yoshinobu when he was young. Later he went to France to pursue his studies, where he was influenced by the thought of freedom and civil rights. During the Meiji period, he was **financial minister**, from which he later resigned to become a business man in reverse to the social current of “officials are more important than private citizens.” Shibusawa Eiichi participated in the establishment and management of some 500 enterprises and some 600 social public organizations. He was truly an icon of modern Japan.<sup>16</sup> Shibusawa Eiichi was the first generation of Japanese financial leaders, who had advocated Sino-Japanese friendship. In particular after the 1911 Revolution of China, he worked even harder to promote exchanges between the industrial circles of the two countries, which has left a historic heritage in the history of Sino-Japanese bilateral relations.

### 1. Shibusawa Eiichi and the Chinese Revolution

During the Chinese Revolution of 1911 period, the friendship between Shibusawa and Sun Zhongshan had a huge impact on the whole life of Shibusawa. Back in his childhood years, he was influenced by his father, who was a master Sinologist and had a mastery of Japanese haiku. At the age of 6, Shibusawa took one year in which he read *Shi Jing (The Book of Songs)*, *Xiao Xue (Small Learning)*, *Zhong Yong (The Doctrine of the Mean)* and *The Analects of Confucius*. At 7, not satisfied with his family education, he went every day to his cousin in a neighbouring village for two hours of study and read through the Four Books, Five Classics, *Shi Ji (Historical Records)* and *Shi Ba Shi Lue (The Summary of Eighteen Histories)*, all Chinese classics.<sup>17</sup> This experience left a deep mark in his mind. Later in his life, he often said that he grew up with an education in Confucianism. In 1877, at the age of 37, Shibusawa went to Shanghai as a special envoy of his government for talks with the Qing Dynasty. Two years later he invited He Ruzhang, Ambassador Extraordinary and Plenipotentiary of the Qing Dynasty,

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<sup>16</sup> Tsuchiya takao, Shibusawa Eiichi, 吉川弘文館, 1989.

<sup>17</sup> Ibid., pp.12-239

to his residence as his guest. He was active in association with Chinese diplomats in Tokyo. He often invited visiting Chinese VIP's to his house and participated in gatherings concerning China whenever he could spare the time. He was an industrial leader who was enthusiastic in promoting Sino-Japanese exchanges. Yet, it was when he was over seventy that he met Sun Zhongshan.

At the end of 1911, He Tianjiong visited Shibusawa Eiichi, becoming the link between Shibusawa and Sun Zhongshan. On 11 January 1912, when the provisional government of the Republic of China was at the most critical moment, Sun Zhongshan sent a telegram to Shibusawa, in which, besides inviting him to visit China, Sun hoped that he could supply aid in establishing the bank and providing weapons. Receiving Sun's telegram, Shibusawa started on the run and approached the financial circles and the government seeking funds. Though his efforts failed to get anywhere, they laid a solid foundation for the friendship between the two leaders.

Sun Zhongshan had a great respect for Shibusawa Eiichi, cherishing him as a true friend until Sun's death in 1925. The revolutionists around Sun Zhongshan also had a great respect for Shibusawa, regarding him as one of the seniors in the Japanese financial sector who gave support to the Chinese Revolution. Dai Jitao, Li Junlie, Jiang Jieshi (Chiang Kai-shek), Zhang Qun and others would visit Shibusawa on their visit to Japan however tight their schedule was, showing respect and friendliness. This was a very rare phenomenon in the Sino-Japanese relations at that time. According to the recollection of Shibusawa late in his life, it was all due to Shibusawa's persuasion that Sun Zhongshan agreed to the establishment of the China Industrial Corporation. Shibusawa said to Sun Zhongshan, "Political struggle is just like hide-and-seek with weasels, meaningless. It is much better to be dedicated to industry, whether mining or railway. As long as it is a civilized undertaking, it will definitely succeed. Sun agreed and our minds drew nearer and nearer toward each other."<sup>18</sup> Of course, there was a premise to his friendship with Sun Zhongshan. He could not give support to

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<sup>18</sup> Akeishi akio (Compiler), Shibusawa Eiichi—Thought and Deed, 龙门社版, 1952, p.179.

Sun's revolutionary cause without reserve. As a Japanese financial leader, Shibusawa's topmost priority was Japan's national interests, and his personal friendship came second. What's more, as a leading figure in Japanese finance, he devoted his attention to economic development and did not approve of revolutions. Talking of China's leaders, his applause went to Yuan Shikai, whom he regarded as having drive and determination as well as strength and power. In deciding on the Chinese share holders in the China Industrial Corporation, he instructed Shirai Iuhee to look for those who were not involved in politics. Considering the turbulent political situation in China, he thought it was more assuring to cooperate with pure industrialists.<sup>19</sup>

In spite of this, his meeting with Sun Zhongshan was of difficult-to-size-up significance for him, a major event that changed his later years of life. Shibusawa organized Ri Hua Shi Ye Xie Hui, in 1916 after his retirement from industry and was its president until his death in 1931, dedicating his time and energy to promote exchanges between Chinese and Japanese industrial circles.

## 2. Shibusawa's View of China

Shibusawa's view of China underwent three changes, from "China is leader of East Asia" through "preserve China" to "Japan is leader of East Asia".

At about 1880, Shibusawa's idea that "China is leader of East Asia" aroused strong reaction in Japan, giving rise to a short but widespread argument in the economic circles. It was like this: In February 1880, Shibusawa wrote to Li Hongzhang on behalf of Japanese Economics Association (日本经济学协会), suggesting that the Qing Dynasty integrate its currency standard into that of the Japanese. Shibusawa mentioned in the letter, "Your country, large in size and population and rich in resources, is the

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<sup>19</sup> Letters to Shirai Iuhee, 5 September 1913, Shibusawa Eiichi's Biographical Data, Collected Works Vol. Three, Letter One, pp.595-596.

leader of Asia and stands in its centre. Therefore, you issue currency for benefits and trade for wider sources of wealth.”<sup>20</sup> The reference to China as leader of East Asia met with immediate opposition and criticism in the Association. Periodicals played it up and made it a general concern in the Japanese society. Shibusawa felt very awkward and embarrassed about this. So much so that at the routine meeting the next month, Sakatani Yoshiro made the following remarks in explanation on behalf of Shibusawa: Talking of the suggestion to Li Hongzhang to change their currency, I have given the letter and its translation a careful reading. Recently there are articles criticizing the reference to “leader”, saying that it is something concerning the dignity of a nation. Actually, it is not the author’s intention to let China be the leader but something like younger brother of the leader. So it does not matter to the dignity of our nation. After this incident was over, Shibusawa became very careful with this kind of references.<sup>21</sup>

Shibusawa was typical of those in the Japanese financial sector who would like to preserve China. During the Yi He Tuan incident, Shibusawa said, “Whatever the result of the Bei Qing Incident (北清事件) will be, I hope that China could be preserved from the business point of view. No talk about dividing China like a watermelon, let us encourage commerce and industry. This is not only my personal desire but also that of the commercial and industrial people.”<sup>22</sup> From the perspective of Japan’s economic interests, he thought that once China was divided among the powers, they would accelerate their speed in entering the China market, which would directly threaten Japan’s trade with China. In addition, for his feelings and mentality as a Confucian scholar, it was difficult for him to accept the division of China.

After the Japanese-Russian war, Shibusawa was also an advocator of “Japan is the leader of East Asia”. He argued that to ensure Japan’s position as leader of East Asia, three things had to be done: Expansion of overseas market, acquisition of overseas resources and establishment of overseas bases.

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<sup>20</sup> Shibusawa Eiichi’s Biographical Data, Vol. 27, p.295.

<sup>21</sup> Ibid., p.299.

<sup>22</sup> Viscount Shibusawa Eiichi The Coming of Imbalanced Economy, Bank Correspondence Number 177, August 1900 Shibusawa Eiichi’s Biographical Data Collected Works Vol. Sixth, Address Two, 1968, p.290.

It was Shibusawa's argument that for Japan to be the leader of East Asia first of all they had to develop the rich resources of China and Korea, for which they must boost the progress of civilization in China and Korea. Meanwhile, they should not be content with the possession of Jing-Fu railway, Jing-Yi railway and the Yangzi River navigation. Particularly in the post-war years, European powers were concerned with East Asia and expanding their right to commerce everywhere. So Japan must not be satisfied with contending with them for equal rights but should be prepared to do better.<sup>23</sup> For this purpose, Shibusawa maintained that the trading system of East Asia had to be restructured so as to let Japan be the centre of East Asia.

Entering into the 20<sup>th</sup> century, a wind of despising China swept over Japan. More contacts with China had made Shibusawa realize how backward China's economy was and how degenerated China's social morals were. After the outbreak of Chinese Revolution of 1911 (the 1911 Revolution), he said, "I heard Dr. Inoue say yesterday that China's morals are markedly degenerated compared with before. I share this view with him."<sup>24</sup> On 16 May 1914, on his journey in China, Shibusawa frankly expressed his further understanding of China in a letter he wrote to Sakatani Yoshiro from Han Kou (汉口). "The conditions and customs, the fertility and barrenness of land, the material wealth and poverty in different areas of China are clear at a glance. In a word, it has a rich natural gift by poor human power. This situation of poor manpower is where our attention and efforts should be directed."<sup>25</sup>

After that, Shibusawa also agreed that Japan should help China, but he highlighted exchanges between ancient China and Japan, emphasized the influence of Chinese culture on Japan, and stressed that China and Japan should value and cherish the tradition of friendly exchanges between the two

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<sup>23</sup> From 1895 to 1911, Shibusawa Eiichi created and managed 14 enterprises and organizations that were related to China. 1, DongHua Spinning Co., Ltd. 2, Shanghai Spinning Co., Ltd. 3, Ri Qing Bank 4, Dong Yang International Co., Ltd. 5, Qing Zhao Association 6, Hunan Steamboat Co., Ltd. 7, Southern Manchuria Co., Ltd. 8, East Asia Flour Milling Co., Ltd. 9, Yingkou Water Way Electric Co., Ltd. 10, Ri Qing Steamboat Co., Ltd. 11, Manchuria Xing Ye Co., Ltd. 12, Toyo Takushoku Shaika 13, Ri Qing Enterprise Investigation Society 14, East Asia Xing Ye Co., Ltd.

<sup>24</sup> Shibusawa Eiichi's Biographical Data, Collected Works Vol. Sixth, Address Two, p.325.

<sup>25</sup> Ibid.

countries. And this is where Shibusawa's view of China differed from that of the majority of the Japanese.

### 3. Shibusawa as a Confucianist

In the Meiji period, many Japanese people wanted to break off from underdeveloped Asia for the purpose of achieving its modernization sooner. In response to this, Shibusawa pointed out that it was wrong to break away from Asia and negate the East Asian civilization for the sake of modernization. He believed that *The Analects of Confucius* pointed out how a society should do trade and increase wealth. He criticized some Japanese people for reading without understanding *The Analects of Confucius*. He said that *The Analects of Confucius* should be read again from the industrialist point of view, so as to explore its pertinence to economy. He elaborated on the relationship between benevolence, virtue, the kingly way and trade and wealth, arguing that the fundamental proposition of Confucius was that “knowledge comes from the study of the physical world”, as laid out in *The Great Learning*. He also believed that trade was the root and source of economy. In Japan at that time, which was overwhelmingly in favour of the European and American way, Shibusawa attempted to establish and consolidate the position of East Asian civilization by advocating and spreading the teachings of *The Analects*. He didn't think that Confucianism was the leftover of the times, nor the remains of old morals, but the true essence of East Asian civilization. He maintained that industrialists should put Confucianism into practice.

During the whole of the Taisho period, Shibusawa devoted a lot of his energy and time to the spreading of Confucianism, organizing many an organization to improve public awareness of Confucius and Confucianism.

Confucian Organizations Set up by Shibusawa and their Activities

S/N	Name	Time Established
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1	Confucian Memorial Society	1907
2	Wang Yangming Society	1908
3	Confucian Association	1909
4	Society for Conservation of Holy Places of Confucianism	1909
5	Society of Confucius' Birthday	1912
6	Visit Temple of Confucius in Qufu	1914
7	Compiling of Chronology of <i>The Analects</i>	1916
8	Confucian Society of Legal Persons of Financial Groups	1918
9	Duplicating <i>The Analects of Confucius</i>	1919
10	<i>The Analects of Confucius</i>	1922
11	Collection of <i>The Analects of Confucius</i>	1922
12	Copying <i>The Book of Filial Piety</i> by hand	1922
13	Society of Reviving Holy Places	1926
14	Copying <i>The Analects of Confucius</i> by Hand	1926
15	Translating <i>The Analects of Confucius</i>	1926
16	Shinano Society for Honouring Confucius	1926
17	Copying <i>The Great Learning</i> by Hand	1929
18	Duplicating The Song Dynasty <i>Annotated Analects of Confucius</i>	1930
19	<i>The Analects of Confucius</i> and the Abacus	1916
20	Viscount Shibusawa on <i>The Analects of Confucius</i>	1922
21	Practicing <i>The Analects of Confucius</i> in Life	1922
22	Materials for Teaching <i>The Analects of Confucius</i>	1925
23	The Great Way of Life	1928

## Conclusion

When we think about the relationship between Shibusawa Eiichi and China in the early Taisho period, we should keep in mind how he viewed the

21 Articles (21 条) as well as his efforts for setting up the Ri Hua Shi Ye Xie Hui.

On 3 May 1915, the cabinet of Okuma Shigenobu issued an ultimatum on the 21 Articles of requirements for China. The next day, the New Sino-Foreign Commerce newspaper (《中外商业新报》, now the Japanese Economic News) carried Shibusawa's remarks.

“If resort to arms, the Sino-Japanese industrial relations will suffer unprecedented damage and the China-Japan Industrial Company (中日实业公司) will have to stop its operations.”<sup>26</sup> Shibusawa was very much worried that the hard-earned Sino-Japanese economic ties would be destroyed once the two countries went into confrontation. However, Shibusawa changed his mind merely three days later. On the 7<sup>th</sup>, Prime Minister Okuma gathered together banking representatives including Shibusawa and informed them of the tension between China and Japan, asking them to help with the collection of military materials. Okuma also gave an account of the financial situation in time of war. When the attendees were asked to express their opinions, Shibusawa expressed agreement to the government's decision on behalf of the attendees.

Since the Sino-Japanese War of 1894-1895, the Japanese financial sector had stuck together with the government in terms of their China policy, and it was true of the 21 Articles. Shibusawa, as leader of the financial sector, had no choice. However, Shibusawa mentioned quite a few times in his interview with the New Current Affairs (《时事新报》) that Japan should draw on this negotiation and reflect on the attitude of the Japanese people toward the Chinese.<sup>27</sup>

This indicated the embarrassment and depression of Shibusawa, as a leading figure of the Japanese financial sector, when Sino-Japanese relations were in deterioration and war was imminent with the two countries both

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<sup>26</sup> Shibusawa Eiichi's Biographical Data Vol. 55, p.108.

<sup>27</sup> Besides Shibusawa Eiichi, attendees at Prime Minister Okuma's urgent reception also included 早川千吉郎, executive director of Mitsui Bank; 方严, president of the Fifteenth Bank (十五银行); 串田万截, 部长 of Mitsubishi Bank; 池田谦三, president of The Hundredth Bank (第一百银行); Yasuda Zenjiro of Yasuda Bank; 美津岛日银总裁; 志村劝业银行总裁; 志立兴银总裁, etc. 《龙门杂志》Number 324, p.61, May 1915.

rattling their sabres. Shibusawa had little choice when the decision had been made. However, as an individual, Shibusawa had done his best. That he created the Ri Hua Shi Ye Xie Hui was an effort to avoid misunderstanding and confrontation between China and Japan.

Yet, part of Shibusawa's view of China was very similar to that of his contemporaries. But due to his profound understanding and background of Chinese history, Chinese culture and Confucianism, his view of China is one that has transcended national boundaries and time. Over half a century, Shibusawa played an important leading role in Japan's financial expansion in China by actively promoting Sino-Japanese industrial exchanges and devoting himself to improving the deteriorating Sino-Japanese relations. At that time, it took some courage for him to stand out and promote Confucianism. It was to his credit and commendable that he called for more intellectual and cultural exchanges between China and Japan. Shibusawa Eiichi was a great man who has transcended time as he adhered to peace and justice, deepened mutual understanding and promoted Sino-Japanese relations. His activities and ideas are a rich source for us to draw on in our consideration of Sino-Japanese relations today.