

# Iwasaki Yataro: Diamond in The Rough

By Naoki Kojima

In any region, geographic and historical factors help to mold the character of the people who are born and raised there. Even with today's homogenizing mass media, there still seem to be particular traits characteristic of specific regions. This is particularly true of the Tosa domain (present-day Kochi Prefecture) which covers nearly 40% of the island of Shikoku. Open to the Pacific Ocean along its southern border, the Tosa region early developed a flourishing fishing industry which in turn contributed to the development of sophisticated navigation technology and know-how, and in time to a strong commercial shipping industry.

Mountains to the north, however, form a formidable barrier, and it was not until quite recently, in 1938, that full-fledged rail service was even available. Thus Tosa has been relatively isolated from the rest of Japan for many long years, a situation that has been conducive to the emergence of a number of strong individualists who were to play significant parts in Japan's opening to the West and subsequent modernization, not least among them Iwasaki Yataro, destined to become one of Japan's most powerful shipping magnates.

## Tosa bred

The Tosa region is famous for its long-tailed rooster, Japanese bantam and the fierce Tosa fighting dog. The long-tailed rooster is said to have been bred at the command of a Tosa lord, while the plucky Japanese bantam, with very little tail to speak of, is said to have been bred by Tosa commoners in deliberate defiance of the lord's preference for the elegant long-tailed rooster. The Tosa fighting dog is a massive creature, unafraid of anything and with a powerful attack instinct. The kind of perseverance, stubbornness and combative spirit epitomized by these Tosa breeds is also found in such Tosa heroes as revolutionary firebrand Sakamoto Ryoma (1835-1867), Meiji statesman Itagaki Taisuke (1837-1919), military leader

Tani Tateki (1837-1911), early 20th-century politician Hamaguchi Osachi (1870-1931) and postwar Prime Minister Yoshida Shigeru (1878-1967). Iwasaki Yataro, founder of the Mitsubishi empire, was of the same Tosa breed.

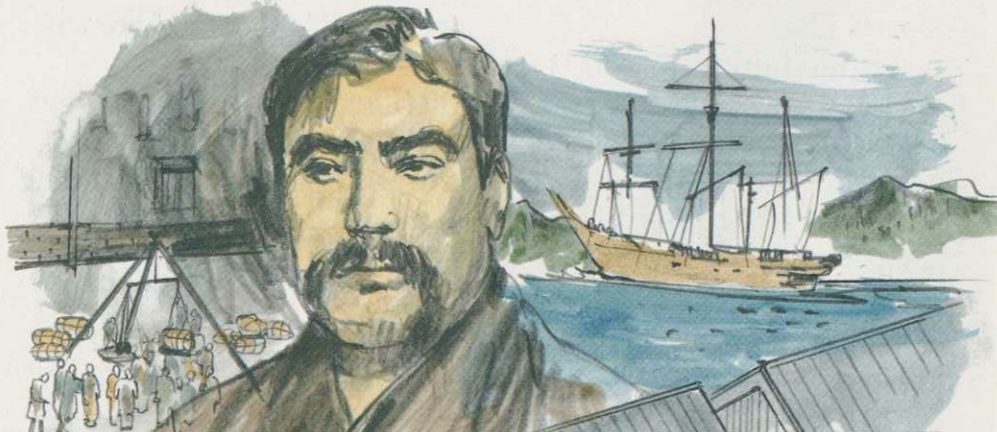
Iwasaki was born in December 1834 in rural Ichinomiya to a low-class samurai family. Although fiercely proud of his samurai status, low as it was, Iwasaki's father was a heavy drinker and the family was very poor. His mother Miwa was the daughter of a medical doctor, and even though his immediate family was desperately poor, Iwasaki was able to acquire some learning with the help of relatives on his mother's side who ensured that he got a solid grounding in the Chinese classics.

Of a highly competitive and feisty nature, Iwasaki was as arrogant as his father and was not at all humbled by his poverty. Under the rigid social hierarchy of the Edo period, Iwasaki's only chance of breaking away from his hereditary social status was to excel in something. He chose to take the academic path and at the first opportunity moved to the capital of Edo where he entered the Kenzanjuku School. The great Ansei earthquakes of 1854-1855 and news of his father's imprisonment, however, forced him to return to Tosa. Giving up his dream of studying in Edo, Iwasaki started a small *terakoya* tutorial in the village of Kamoda outside the Kochi Castle grounds and was just barely able to eke out a living teaching the village children.

## Political earthquakes

Meanwhile major events were taking place outside Tosa, including the June 1853 arrival of Commodore Matthew Perry's black ships that sparked a period of political turmoil that would not end for another 15 years. The shogunate reluctantly acceded to the American demand for trade, and the Treaty of Peace and Amity between the United States and the shogunate, better known as the Kanagawa Treaty, was signed in March 1854. This was quickly followed by similar treaties with Great Britain, Russia and the Netherlands. That was an especially bad year for the shogunate: the land was plagued by famine, the Tokugawa's grip on the government was weakening, and calls were being heard for the restoration of the imperial institution. Uncertain of the future, the various domains vied with each other to acquire Western-style ships and weapons, some for coastal defense, others to battle the shogunate and still others to support the shogunate. To finance their military build-up, the domains undertook to export local products through foreign traders.

Soon after having attained his first official Tosa government post in 1859, Iwasaki met Yoshida Toyo (1816-1862), a trusted confidant of Yamanouchi Toyoshige (1827-1872), the Tosa daimyo, and a fervent advocate of the need to open the nation to the West, to build a strong navy and to develop trade and local industries. Yoshida took a liking to Iwasaki and



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on his recommendation Iwasaki was dispatched to Nagasaki, where he came in contact with things Western for the first time in his life. Iwasaki was quite taken with the wonders he found. A visit aboard one of the Western ships at anchor in Nagasaki harbor awoke Iwasaki to the possibilities of shipping, and he was awed by the steam-powered ship and its elegant appointments.

In 1866 the Kaiseikan was founded to strengthen the economic base of the Tosa domain. Iwasaki was assigned to the Kaiseikan's financial department which was primarily involved in the trading activities of offices in Nagasaki, Osaka and Hyogo. In 1867, at the age of 34, Iwasaki was put in charge of the Nagasaki office, and he returned once again to the town that had captured his heart. His job was to buy weapons and ammunition, ships and machinery for the Tosa domain with money acquired primarily through the export of its main products, timber and camphor. While in Nagasaki, Iwasaki was to develop important contacts with samurai from other domains and with foreign traders. He was also to meet the famous Sakamoto Ryoma, a revolutionary with an unusually broad perspective of the world and a man whose activities extended beyond the political to commercial trade—Sakamoto had even organized his own fleet of ships to conduct regular commercial trade as well as trade in arms.

In compliance with the commercial treaties signed with the United States, Russia, Great Britain, the Netherlands and France, the shogunate had opened up the ports of Kanagawa, Nagasaki and Hakodate to foreign trade. Hyogo was also opened to foreign ships and foreigners were given permission to enter the cities of Edo and Osaka in June 1867, and it was only a matter of time before the shogunate was forced to open the port of Osaka to foreign ships. The focus of trade shifted from Nagasaki to the Osaka-Kobe area. The Kaiseikan's Nagasaki office was closed in April 1868 and Iwasaki was sent to Osaka to open a new office there in January 1869.

In June of that same year, the feudal domains officially relinquished authority over their land and people to the emperor and the first step was taken toward a new kind of centralized government. The domains continued to exist as geographical and political units, however, with the daimyo acquiring the new title of governor and the domain government continuing to function much as before. Still, the reclassification of the traditional social classes into nobility, samurai and com-

moners portended the major change that was soon to come. Just before the feudal domains were abolished altogether in July 1871, the Kaiseikan was restructured into a private shipping enterprise called Tsukumo Shokai with Iwasaki at its head. Tsukumo Shokai was given two of the Tosa domain's ships and later Iwasaki purchased the *Kaijun-maru*, at the same time opening up a branch office in Tokyo.

### Shipping magnate

As a prefecture, Tosa was renamed Kochi and Iwasaki was given Tsukumo Shokai outright to operate as his own personal business, with the understanding that he would provide employment for the former domain's samurai and contribute to the prefecture's revenues. The company changed its name in 1872 to Mikawa Shokai, a name derived from the names of its three directors at the time, Kawada, Ishikawa and Nakagawa. Iwasaki remained unobtrusively in the background, but firmly in control.

Around this time, Iwasaki lived with his wife, their three children, Haruji, Hisaya and Isoji, and his younger brother Yanosuke, 17 years his junior. The Iwasaki family lived in comfort and was waited upon by a number of servants. Iwasaki was not one to hide his feelings at any time. He did not hesitate to dress down his directors when problems arose, but could be equally flamboyant in celebrating successes. His relationship with those around him was more one of the leader and his pack than of corporate executive and employees, and he had a knack for imbuing other people with his own dreams and ambitions.

Iwasaki was very successful in applying what he had learned from his early mentors, Yoshida Toyo and Goto Shojiro (the first head of the Kaiseikan) and from the example of Sakamoto Ryoma, and his years managing the Kaiseikan's finances helped him immeasurably in operating his own shipping enterprise. One of his most innovative moves was to develop a system of diversified operations. Instead of purchasing products in one place and transporting them to another where they were sold and the money used to buy new products to bring back, Iwasaki sought to produce his own products. This approach was an early harbinger of Mitsubishi's later multifaceted operations.

### Nippon Yusen

As of 1870, the Japanese government owned 25 ships totaling 15,000 tons. The

lack of adequate overland routes compelled the new Meiji government to collect taxes in kind by sea transport, and with so few ships of its own the government was forced to depend on foreign shipping concerns. Fearing that this would lead to foreign interests' gaining complete control of Japanese coastal transport, the government formed the semipublic Steamship Mail Company with 13 ships to run regular service between Osaka and Tokyo.

This new company, financed in part by archrival Mitsui Bussan, was perceived by Iwasaki as a threat to his own growing shipping enterprise. Changing his company name to Mitsubishi Shokai in 1873 (a name taken from the three-diamond design that had been his trademark), Iwasaki went all out to eliminate the Steamship Mail Company. Bureaucratic management and poor service soon forced the government to dismantle the hapless enterprise, and in 1875 those ships that were still seaworthy and the company's warehouses went to Mitsubishi. Now with a fleet of 40 ships, Mitsubishi was the largest shipping company in Japan. In addition, Iwasaki won a government subsidy of ¥350,000 a year as well as exclusive rights to transport the mail and government cargo.

The Taiwan Expedition of 1874 proved a further boon to Iwasaki, who undertook the transport of troops and provisions. Although the expedition itself failed, Iwasaki proved his expertise in strategic transport and was commissioned once again by the government when the Satsuma rebellion broke out in 1876. While these exploits won Mitsubishi great wealth, they also attracted the attention of the older Mitsui Bussan. Determined to break up the Mitsubishi shipping monopoly, Mitsui founded the Kyodo Transport Company. The result was an embittered price war that threatened to destroy both companies. In the midst of this crucial period, Iwasaki was downed by cancer and his place was taken over by his younger brother Yanosuke. Educated in Britain and possessing the same native determination as his older brother, Yanosuke managed to buy a controlling interest in Kyodo Transport and to merge the two firms to form the Nippon Yusen Company.

Iwasaki Yataro, the Tosa firebrand, died on February 7, 1885, at the still-young age of 52. But his spirit lived on in his brother Yanosuke and son Hisaya, who went on to build the great Mitsubishi empire on the solid foundations he had established. ●