

# Aikawa Yoshisuke: The Man Who Built Nissan

By Naoki Kojima

**B**orn in Choshu (now Yamaguchi Prefecture) in 1880, Aikawa Yoshisuke left a rich legacy of accomplishments in a variety of Japanese industrial fields when he died in Tokyo in 1967 at the ripe old age of 87.

Located in southern Japan well away from the conformist influence of the Osaka/Kyoto Kansai area, Choshu was birthplace to such great thinkers, statesmen and warriors as Yoshida Shoin, Takasugi Shinsaku and Katsura Kogoro. At the risk of over-simplification, the Choshu spirit may be termed one of rebellion against the ruling authorities (then the Tokugawa shogunate). And it was this spirit that made Choshu one of the leading powers in restoring the Emperor to supremacy in the mid-19th century and pushing Japan toward becoming a modern industrial nation. This rebellious spirit was instilled into Aikawa Yoshisuke, first son of the Choshu samurai Aikawa Yahachi.

Looking back at the age of 60, Aikawa said, "Death, of course, is the final reckoning—the final closing of the books on a person's life—but the person who has had an adventurous life and lived life to the fullest may be said to have lived long, even if he dies young. Takasugi and Yoshida died in their 20s, but in subjective terms they may be said to have lived longer than any of the rest of us."

This natural rebelliousness and disdain for the run-of-the-mill was further nurtured by the plight of the displaced samurai families that sank into poverty following the Meiji Restoration and the dissolution of the samurai class. Unskilled in the intrigues needed to win promotion, his father, Yahachi, was sucked under by the turmoil of the restoration and left in the social backwaters. While other former samurai from Choshu were rising to leadership positions within the new Meiji government, Yahachi eked out a meager living for his wife, his seven children and himself as proofreader and bookkeeper at the *Bocho Shimbun*. His wife, Nakako, was from a very good family, being the niece of the Meiji-era

statesman Inoue Kaoru, but her fortunes plummeted when she married into the Aikawa family. In later years, Yoshisuke said, "Wanting to do something for my parents and to help them escape poverty, I was single-mindedly determined to succeed and to get ahead.

"The sense of rebellion and dissatisfaction is very important for a person. It does wonders for society that the poor do not always have to be poor if only they will rebel against their position and seek to better themselves."

## Carnegie's influence

Aikawa decided to become an engineer, and he gained admission to Tokyo Imperial University's School of Engineering. In 1903, while doing post-graduate work, he went to work for Shibaura Seisakusho (now Toshiba) as an ordinary laborer. At the time, Aikawa was staying with his great-uncle Inoue Kaoru in Tokyo. Although Inoue, a politician with very good connections in the world of business, urged Aikawa to go to work for Mitsui, Aikawa firmly rejected this advice.

One of the books that Aikawa had read and reread as a student was Andrew Carnegie's *The Empire of Business*. In that book, Carnegie wrote that a person who cannot respect his boss should have the courage to quit the job and to go to work somewhere else, even if the move meant a temporary financial penalty, and that

people should continue job-hopping until they found work they were happy with and could grow in doing.

It may be that Aikawa did not see anyone he could respect among the many people who were constantly in and out of the Inoue house. Instead, he set out on life as an ordinary laborer at a salary of 48 sen a day (a sen being one-hundredth of a yen). This was less than one-third of the starting salary paid an engineer, but Aikawa had made his choice.

Once at the plant, Aikawa kept the fact that he was a relative of Inoue's, and a Tokyo Imperial University engineering graduate to boot, secret—even though this was clearly inconsistent with his declared determination to become rich as quickly as possible. While still a student, Aikawa had gotten together with some friends and gone on Sunday picnic tours of the different factories in the Tokyo area. Because public transport was very unreliable at the time, they always had to walk long distances. As a result, friends stopped going and the number of participants dwindled until only Aikawa was left. Yet even when he was the only one left, he still kept it up for two years. As a result of these plant tours, Aikawa concluded that the companies that were succeeding in Japan were those that were employing Western technology, and that no companies were succeeding by using purely Japanese technology. He was very disheartened by this discovery, especially when he found that it was also true in his



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own field of foundry work. Thus it was that, acutely aware of the limitations on what he could learn in Japan, he decided to study overseas.

## Learning by doing

In 1905, at the age of 25, he went to America. Here, too, he concealed his identity and qualifications, even though he could have had a much easier time if he had been willing to use his uncle's name or his engineering degree to open doors. But Aikawa wanted to do things his way and get ahead on his own, so he got a job as an apprentice at a foundry plant and pitched in to learn by doing. His job, running from one place to another with an 8kg ladle, was hard work even for the husky Americans, but Aikawa did it uncomplainingly, even though he was small for a Japanese. It was this learning by doing that enabled Aikawa to build a great industrial empire in later life on a foundation of creativity and hard work.

After his return to Japan, Aikawa made his business debut by founding the Tobata Foundry in June 1910. In part because he embarked on the new field of malleable cast iron, the company had very little work in the early years and was constantly in the red. It was almost as though Aikawa were determined to make things hard for himself. But things took a sudden change for the better in early 1928 when—at the age of 48—he took over Kuhara Mining from his brother-in-law Kuhara Fusanosuke and in only 17 years built it into a major corporate power rivaling Mitsui and Mitsubishi.

Kuhara was born to a leading family in Hagi, Yamaguchi Prefecture and was a graduate of Keio University who, after graduation, went to work for the Morimura-gumi company in trade with the United States. Yet soon afterward, Kosaka Mining run by his uncle Fujita Denzaburo in Akita ran into trouble and he was called to the rescue. After he got Kosaka Mining back on its feet, he took over the ailing Hitachi Mining in Ibaraki Prefecture and renamed it Kuhara Mining. Yet when Aikawa took over Kuhara Mining it was virtually bankrupt because of the recession following World War I and the Great Kanto Earthquake. At the time, the mine was ¥25 million in debt.

Aikawa moved quickly to implement his ideas and to get the company back on its feet. Realizing that there would be no financial help forthcoming from his family and that the banks could not be relied on to give him the backing he needed to go one-on-one against the Mitsui and Mitsubishi *zaibatsu*, Aikawa decided he

would have to take the company public and gain direct access to the public's money. This also meant the company would have to grow. Thus was born the public holding company Nihon Sangyo (later Nissan). This was an Aikawa invention, and the first company of its kind in Japan.

First he spun off Nihon Mining (formerly Kuhara Mining), brought it under the Nissan umbrella, and started selling Nihon Mining stock at a mark-up. Nihon Mining quickly became a market star, and it even pushed the parent-company Nissan stock up to 10 times par value. As a result, companies weakened by the recession lined up to petition for membership in the Nissan group. Following that, Aikawa funded an automobile company with the (interest-free) money he had raised from the public. This was Jidosha Seizo (its name was changed to Nissan Motor Company in 1934).

Growing quickly, the Nissan holding company soon controlled 18 subsidiaries and 130 sub-subsidiaries and had a total capital of ¥220 million. Later, Aikawa said, "Unlike Mitsui, Mitsubishi or the other *zaibatsu*, we had no need to have the founding family retain a controlling majority interest. I thought it would be best to sell as much of our stock to the public as we could. That was one of the things that set us apart from the *zaibatsu*. I had no compulsion to pile up wealth, and so we were able to form the prototype of a free-economy company."

## Clouds of war

In December 1937, Manchuria Heavy Industry Company was established at the joint resolutions of the Japanese and Manchurian governments. This company was part of an effort by the military to establish heavy industry in Manchuria to take advantage of the wealth of resources there, and its management was entrusted to Aikawa in light of his record of success with Nissan. When Aikawa assumed the presidency of Manchuria Heavy Industry, he did so in a spirit of idealism. Drawing up a plan to get Manchuria Heavy Industry up and running in five years at a total cost of ¥3 billion, Aikawa planned to raise half of this capital in foreign exchange (primarily US\$) and thus to draw on foreign markets to supplement Japan's lack of capital and technology. At the same time, Aikawa hoped that having shareholders overseas would bring the two countries closer together and help to deter war. Having gained the military's acquiescence to this plan, Aikawa moved Nissan whole to Manchuria and went to work developing the new territories.

However, things did not go as planned. For one thing, the approaching clouds of war between Japan and the United States put a damper on his plans to issue stock for foreign subscribers and to use foreign exchange capital. And for another, he quickly found himself isolated against the entrenched interests of the South Manchuria Railway and the Manchurian Coal Mine. Giving up on developing heavy industry in Manchuria because surveys had shown that it did not have the resources to support such industry, Aikawa decided to introduce mechanized agriculture from the United States and to turn Manchuria into a major food-producing region. Yet the military opposed this, and Aikawa was left unable to realize any of his dreams. Losing hope for the development of Manchuria, Aikawa resigned as president of Manchuria Heavy Industry.

## Secret of long life

The end of the war found Aikawa imprisoned in Tokyo's Sugamo Prison as a suspected war criminal. Having realized during his imprisonment that Japan would need roads, hydropower and a vigorous small-business sector for its redevelopment, Aikawa concentrated after his release on developing Japanese small business. As early as 1947, he was active in arranging funding for small-business people, and he later formed a political-action group to ensure that small business had the clout it needed. Although he was elected to the House of Councillors in 1953, where he worked to reduce corporate taxes and was instrumental in enacting the Small and Medium Enterprise Basic Law, he later resigned his seat in the wake of alleged campaign illegalities by his second son Kinjiro.

Given Aikawa's deep-seated aversion to politics and intrigue, what led him to become a politician? His eldest son Yaichi explained that it was out of frustration at the fact that everything seemed to be going wrong, but Aikawa himself has written that, "It has been said that a man's lifespan is predestined and that there is nothing he can do to change it. Yet if you follow my prescription, it is possible to prolong your life considerably. The secret to long life is to ambitiously tackle the hard jobs and to live as full a life as possible. The path of life is akin to a hiking trail. The well-trod path has little of interest to recommend it, and it leads to an uneventful and short life. It is only when you choose the arduous and perilous path that you can hope to gain the peaks of a rich and long life. Living is easy, but living well is difficult." ●