



# DLP

Policy and Practice for Developmental  
Leaders, Elites and Coalitions

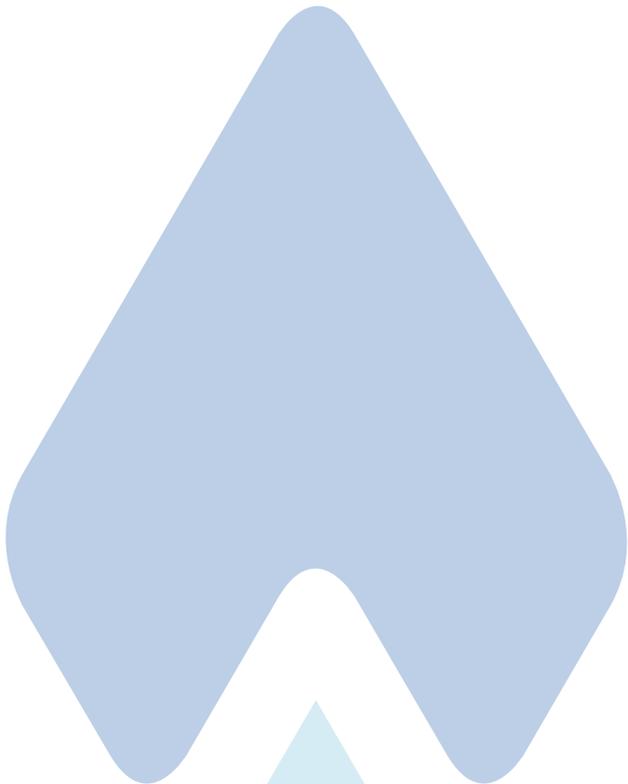
DEVELOPMENTAL LEADERSHIP PROGRAM

Research Paper 07

## The Flexible Structure of Politics in Meiji Japan

Junji Banno, Professor Emeritus, The University of Tokyo and  
Kenichi Ohno, Professor Emeritus, The University of Tokyo

April 2010





The Developmental Leadership Program (DLP) addresses an important gap in international thinking and policy about the critical role played by leaders, elites and coalitions in the politics of development. This growing program brings together business, academic and civil society partners from around the world to explore the role of human agency in the processes of development. DLP will address the policy, strategic, and operational implications about 'thinking and working politically' - for example, about how to help key players solve collective action problems, negotiate effective institutions and build stable states.

The Developmental Leadership Program

E: [info@dlprog.org](mailto:info@dlprog.org)

W: [www.dlprog.org](http://www.dlprog.org)

## Abstract

Japan's transformation period following the encounter with the powerful West, in which the political regime was revised and new national goals and strategies were agreed, started with the signing of commercial treaties with the West in 1858 and ended with the settlement on the basic directions of political and economic reforms in 1881. In the intervening years, two goals of establishing a public deliberation mechanism (*kogi yoron*) and raising economic and military capability (*fukoku kyohei*) were set, which later split into four policy groups of a constitution, a national assembly, industrialization, and foreign expedition. The simultaneous pursuit and eventual achievement of multiple goals was supported by *the flexible structure of politics* in which goals, alliances, and leaders and leading groups evolved dynamically without solidifying into a simple hard structure or falling into uncontrollable crisis. This mechanism, which was unique to Meiji Japan, is rarely seen in other countries or other times in Japanese history. It was also different from authoritarian developmental states of East Asia in the post WW2 period. Chronological details of this political process, initiated by the former warrior (*samurai*) class, are given and how political leaders emerged and contested among themselves is analyzed.

# 1.0

## Introduction

In the second half of the 19th century Japanese society underwent a great transformation in response to foreign pressure. The Tokugawa shogunate, established in the early 17th century by ending a long internal war, brought two-and-half centuries of political stability and socio-economic development under a rigid class system with *samurai* (swordsmen) at the top, a feudal order that demanded absolute loyalty of *daimyo* (han or provincial lords) to the *Bakufu* (the central military government headed by the shogun), and severely restricted foreign contact and trade. However, in the middle of the 19th century gradual internal evolution was suddenly terminated by the arrival of the Western powers with superior economic and military might. In 1853, the American military fleet (the “Four Black Ships”) appeared in the Bay of Edo<sup>1</sup> to demand the opening of Japanese ports with military threat. Since then, the Japanese national goals had turned highly outward oriented and included withstanding pressure from the powerful West, maintaining political independence, accelerating westernization and modernization of Japanese society, and ultimately catching up with the West.<sup>2</sup>

This paper analyzes the Japanese political process in the “transformation period” which spanned from the late Edo period to the early Meiji period. The characteristic pattern which we shall call the “flexible structure” will be highlighted as a historically very unique political process in a latecomer country that faced the enormous challenge of global integration. We present this model not only for re-examining the significance of the Meiji Restoration in Japanese history but also for comparing it with the steps that Japan took after the Meiji period as well as the development processes of latecomer countries in our time. The period from Late Edo to early Meiji is a period that has attracted much academic attention. Our interest in this dynamic period is mainly in the nature and movement of politics that enabled Japan to accomplish a holistic social transformation.

More precisely, the transformation period we study in this paper covers the 23 years from 1858 to 1881. By transformation we mean the process, in response to the Western impact, of re-organizing the political regime, re-defining national goals, and agreeing and deciding on the contents, priorities, roadmaps, and implementers of these goals. The year 1858 was the year in which five commercial treaties with the West, namely Americans, Dutch, Russians, British and French, were concluded, and trade with these countries began in the following year. It was also the year that saw an embryonic formation of political and economic strategies to cope with the Western impact, which we will call *kogi yoron* (government by public deliberation) and *fukoku kyohei* (enrich the country, strengthen the military).<sup>3</sup> Thus, the year 1858

<sup>1</sup> Edo is the former name of the city of Tokyo. During the Edo period, the official capital of Japan where the emperor resided was Kyoto, while the Bakufu which held real power was located in Edo, a city developed by the first shogun, Tokugawa Ieyasu. Immediately after the Bakufu was replaced by the Meiji government, Edo was renamed Tokyo in July 1868 and the capital was moved from Kyoto to Tokyo in February 1869.

<sup>2</sup> This paper was prepared for The Developmental Leadership Program (DLP), along with the authors' parallel study on the Meiji restoration with extended chapters in the Japanese language. The names of historical characters are presented in the traditional Japanese style with family names first.

<sup>3</sup> The plan entertained by Satsuma Han Lord Shimazu Nariakira (1809-1858) was the earliest endeavor of this kind. He had the

was the starting point of transformation from the viewpoint of global integration as well as the initiation of domestic response to it.

On the other hand, the year 1881 was the year of the “Political Incident of the 14th Year of Meiji” (the ousting of Okuma Shigenobu, who proposed a radical plan to introduce a constitution and parliament, from the government—see section 4.6) which resulted in the imperial edict that promised to establish a (conservative) constitution and a national assembly within nine years. It was also the year in which the policy of privatizing state-run enterprises was announced, finally abandoning the idea of direct official management of business enterprises. Moreover, these events were followed immediately by Matsukata Deflation in which Finance Minister Matsukata Masayoshi launched fiscal austerity measures to end inflation and began a series of monetary and fiscal reforms that established the Bank of Japan in 1882, which provided the necessary conditions for the private sector to grow. Thus, it can be said that the long period of transformation ended in 1881, as the deadline for establishing a constitutional monarchy was set and industrialization based on state-run industries was replaced by private sector driven one. From then on, Japan entered the period of implementation toward these agreed goals, and indeed succeeded, within a decade or so, in promulgating the Meiji Constitution and founding a Western style parliament as well as stimulating the emergence of private joint stock companies and initiating an industrial revolution.

According to the textbook account of Japanese history, *Taisei Hokan* (the return of governing authority from the Bakufu to the emperor) or *Ousei Fukko* (the restoration of the emperor’s direct rule) in late 1867 divides the Meiji period from the previous Edo period.<sup>4</sup> However, this is not a very meaningful period demarcation for our purpose. What happened from late 1867 to early 1868 was the exit of the Bakufu (the Tokugawa family) as a major political player. This was a big event from the viewpoint of who took the power, but not from the viewpoint of the characteristics of the political process at that time. As will be demonstrated later in detail, the content and pattern of political competition did not change appreciably before and after the Meiji Restoration. Political players other than the Bakufu also remained basically unchanged. For this reason, from the perspective of the history of a latecomer country facing the pressure of globalization, it is more logical and convincing to regard the pre-1858 period as the pre-opening period, the period of 1858-1881 as the transformation period in response to the Western impact, and the subsequent period as the implementation period.

According to the popular view, the Meiji period is regarded as the period of a despotic government monopolized by the samurai of former strong han (feudal provinces) which, elevating the emperor as the national symbol, engaged in an all-out effort in economic and military modernization while delaying the arrival of constitutional politics as much as possible. Some even argue that the Meiji regime was the first model of authoritarian developmentalism which was later adopted by other East Asian countries in the post WW2 period. According to these proponents, this is because the Meiji government was installed by two military coups, the one to expel the Bakufu in 1867-1868 and the other to wipe out feudal lords and provinces in 1871, and also because it engaged in aggressive industrial promotion after the return of the Iwakura Mission from the West and the ousting of the advocates of Korean expedition from the government in 1875 (see section 4). However, we will prove that this view is at odds with the facts.

In the post WW2 period, an authoritarian state guided by a strong leader emerged in many East Asian economies to propel industrialization and bring the population out of poverty. A series of developmental policies were designed and executed by the directives of top leaders to accelerate import

---

vision of han-based *fukoku kyohei* as well as the conference of several powerful han lords as a national decision making organ, which we will explain in detail later; although he did not reach the idea of institutionalizing a feudal assembly. His plan began to be implemented in Satsuma Han from around 1862.

4 According to the Western calendar, *Taisei Hokan* took place on November 9, 1867 and *Ousei Fukko* on January 3, 1868. According to the Japanese lunar calendar, both occurred in the third year of Keio (October 14 and December 9).

substitution, export promotion, heavy industrialization, technology transfer, education and training, and the construction of infrastructure. Meanwhile the introduction of democracy was significantly delayed or even denied. The most salient cases were the Park Chung-hee Government in South Korea (1961-1979) and the Chiang Kai-shek Government in Taiwan (1949-1975). Additionally, the Deng Xiaoping Government in China (1976-1997), the Lee Kwan Yew Government in Singapore (1965-1990), the Mahathir Government in Malaysia (1981-2003), and the Sarit and Thanom Governments in Thailand (1958-1973) can be cited as similar political regimes (Watanabe 1998, Ohno and Sakurai 1997).

These authoritarian developmental states of East Asia exhibited the following features: (i) internal or external crisis as a catalyst to set up the regime; (ii) a powerful and often charismatic leader; (iii) a loyal and capable technocrat group to support him; (iv) prioritization of developmental ideology and postponement of political reform; (v) legitimization through economic performance and not by democratic procedure; and (vi) continuation of the same regime for a few decades and internal social transformation caused by the success of its economic policies. However, the Meiji Revolution had only one common feature with these, namely, crisis as a catalyst for initiating the regime, and shared no other. As our study will reveal, the early Meiji period was not a period when a dictatorial regime with a simple, solid and oppressive political structure lasted for decades. It did not have a charismatic leader who gave orders unilaterally, nor did it pursue economic modernization at the cost of all other goals. The legitimacy of the Meiji government was not derived solely from the authority of the emperor or economic performance. Surely, Emperor Meiji had an important political role as the symbol of national unity, and all Meiji leaders admired and respected him as one important source of political legitimacy, but he was not a political player with real power. For this reason, he is not included in our list of political leaders in Table I below.

The Meiji Revolution was achieved by the flexible structure of politics, which permitted the competition of multiple goals (two goals of *fukoku kyohei* and *kogi yoron* in the late Edo period, or four goals of industrialization, foreign expedition, drafting a constitution, and establishing a national assembly in the early Meiji period) and continuous re-grouping of political leaders around these goals (Banno, 2006, 2007, 2008). Policy priorities shifted over the years, and neither winning coalitions nor losing ones stayed long in these positions. Political goals were not sacrificed for promoting economic goals. Despite occasional setbacks, dynamics derived from the flexible structure of politics resulted in the steady achievement of political and economic reforms in the long run without falling into chaos or national division. This was a very complex process with many phase shifts, far from the image of an authoritarian developmental state that single-mindedly pursued economic growth under a simple political structure and its linear evolution.

## 2.0

### Three Aspects of Flexible Structure

The flexible structure of the Meiji Revolution can be decomposed into three aspects: (i) multiplicity and dynamism of national goals; (ii) constant re-formation of alliances; and (iii) variability and resilience of leaders and leader groups. These aspects are discussed one by one below whereas the chronological development of the flexible structure, with concrete figures and events, will be presented in section 4.

The first aspect of the flexible structure was the multiplicity and dynamism of national goals. Japan's national goals continued to evolve throughout the transformation period. The earliest reform goals which gathered support among influential han after the opening of ports were the political goal of *kogi yoron* (government by public deliberation) and the economic and military goals of *fukoku kyohei* (enriching the country, strengthening the military). Of these, *kogi yoron*, which started as the proposal of alliance among four or five intelligent daimyo (han lords), evolved into the idea of a conference of all han totaling approximately 300, and even into the creation of the bicameral system consisting of the Upper House of han lords and the Lower House of lower-level samurai. As it turned out, the last plan among these which intended a peaceful power transition was overturned by the Boshin War that erupted in 1868-1869. This military conflict was caused by the refusal of the Bakufu to be downgraded to a minor power in the proposed political scheme, partly as a result of the provocation by the opponents of the Bakufu.

After the Meiji government was established in 1868, Kido Takayoshi (1833-1877), a former samurai from Tosa Han, together with the students of Fukuzawa Yukichi (1834-1901), a renowned academic leader who established Keio University, upgraded the feudal assembly model based on the class society to the idea of establishing a modern constitution and a Western style parliament. Political reformers were then split into the progressive group promoting a British style party cabinet government and the conservative group advocating a German style constitutional monarchy. Despite these differences in form or orientation, the installation of a government by public deliberation of one sort or another was regarded as the key political requirement that would confer legitimacy to the Meiji Revolution and the new government established by it.

On the other hand, the goal of *fukoku kyohei* in the late Edo period was the idea that each han should set up a trading firm, procure highly demanded products from all over Japan for export, with proceeds purchase cannons, guns and military ships from the West, and bolster its military capability to compete effectively with other han and the Bakufu. In reality, those han that successfully achieved this feat became the major powers that eventually toppled the Bakufu and occupied central places in the new government. However, after the Meiji Restoration (1868) and especially after the Iwakura Mission to the West by high officials to study Western systems and technology (1871-73), Okubo Toshimichi (1830-1878), a former Satsuma samurai and the top official in the Meiji government, became convinced that *fukoku*

should not mean merely the mercantilist principle of buying and selling of local products for the profit of han but should be the developmental notion of *industrialization*, namely, building factories equipped with imported modern machinery under the central government's guidance to dramatically raise national output. As to *kyohei*, the revolutionary army (called, perhaps unjustly, *fuhei shizoku* or former samurai with gripes), which had nothing to do domestically after achieving the revolution, began to demand foreign campaigns and the budget for their execution. Because of this development, *fukoku* and *kyohei* became two separate goals that competed for the same budgetary resource. In this context, what Okubo, the leader of the industrialization group, tried to do was to avoid external conflicts by appeasing the foreign expedition group, and secure as much fiscal resource as possible to build factories.

The second aspect of the flexible structure of politics was the constant regrouping of political coalitions. As noted above, the two goals of *kogi yoron* and *fukoku kyohei* in the late Edo period split into the four goals of industrialization (led by Okubo Toshimichi), foreign expedition (led by Saigo Takamori, 1827-1877), establishment of a parliament (led by Itagaki Taisuke, 1837-1919), and drafting of a constitution (led by Kido Takayoshi), and supporters gathered around these leaders (Figure 1). What is important here is the fact that no one group yielded sufficient political power to carry out desired policies, and could pursue them only by forming a coalition with one or two other groups which entertained other policy objectives. Whether advocacy of a foreign expedition, demand for a popularly elected parliament, or industrial promotion, the dominance of one group invited intervention from other groups, and the defeat of another group was compensated by assistance from others. Furthermore, this coalition re-formation with checks and balances hardly resulted in permanent grudges or vengeance against each other. Depending on circumstances, they could alternately become friends and enemies without generating irreconcilable hatred for mutual destruction. This process, which seemed like an endless political battle, was surprisingly successful in avoiding chaos and achieving multiple national goals in the long run, albeit with many setbacks and through trial-and-error. It is as if the accumulation of many small earthquakes would prevent the occurrence of a catastrophic one, or a fairly broad currency band would allow daily fluctuations of the exchange rate while securing its long-term stability.

Why did such flexible re-formation of coalitions continue for decades? One reason was that, during the decade leading up to *Ousei Fukko* (restoration of the emperor's direct rule, 1867), interaction among influential han for pursuing commercial profits through feudal trading firms and contriving the plan to establish a feudal assembly became very active. This interaction generated mutual trust across different han and different policy lines, which naturally carried over to the post-Meiji Restoration period as continued coalition building based on former han groups. The four goals mentioned above can roughly be associated with the following former han groups: industrialization (one part of the Satsuma group), foreign expedition (another part of the Satsuma group), establishment of a parliament (the Tosa group), and drafting of a constitution (the Choshu group). Another reason was shared ideologies, such as nationalism and the Respect for the Emperor, among leaders in the late Edo period. These ideologies were suddenly and greatly activated at the contact with the West. Such centripetal social ethos kept political fights within certain bounds without exploding into unstoppable destruction. We will come back to this important point in the final section.

The third aspect of the flexible structure of politics was the variability and resilience of leaders and leader groups. In the eyes of the posterity, Saigo is remembered as a military leader and a rebel, Okubo as a developmental bureaucrat *par excellence*, and Itagaki as a campaigner for political freedom, people's rights, and the establishment of a parliament. However, none of these leaders pursued their respective goals single-mindedly from the outset. On the contrary, sharing goals and shifting allegiance were common among leaders in the late Edo to the early Meiji period. It could be even said that they all understood the importance of the two goals in the late Edo period or the four goals in the early Meiji

period. It was through external stimuli, new inspiration or the force of circumstance that they ended up specializing in one of them.

From this perspective, the fact that Saigo continued to be extremely popular among the revolution army even after he was expelled from the government in 1873, the fact that Okubo's eyes were opened to modern industry during the official mission to the West (1871-1873), and the unexpectedly great success of the Petition for the Establishment of the Popular Parliament (1874) which Itagaki co-authored after leaving the government, were crucial in deciding the path of each leader. Had they not shared the multiple goals at the root, it would have been unthinkable that Okubo would write a letter to convey his shock and excitement in visiting British factories to Saigo waiting in Japan (section 4.3), and it would be difficult to explain why Itagaki vacillated between demanding a parliament and proposing a foreign expedition while he was in the caretaker government waiting for the return of other ministers from the West. For the same reason, Meiji politics required no charismatic leader, and the death or the downfall of one leader (such as the assassination of Okubo in 1878) did not result in the extinction of the group which he had led.

One exception, however, was Okuma Shigenobu (1838-1922), a statesman without solid group affiliation. In economics, Okuma switched from a believer in the principle of a balanced budget to a supporter of fiscal activism. In political reform, he was long considered to be a conservative but suddenly presented to the Meiji government a radical plan to immediately install a constitution and establish a parliament, which caused him to be expelled from the government (the Political Incident of the 14th Year of Meiji, 1881, see section 4.6). Leaders from Saga (Hizen) Han<sup>5</sup>, which included not only Okuma but also Eto Shimpei (1834-1905), Oki Takato (1832-1899), and Soejima Taneomi (1828-1905), were all loners who did not act collectively with other Saga samurai. Saga Han, led by its intelligent lord Nabeshima Naomasa (1814-1871), was highly successful in *fukoku kyohei* in the late Edo period, so much so that it did not feel the need to cooperate with other han. Consequently, samurai from Saga Han had little experience of external cooperation or coalition building as the han did not offer a platform for such activities. For this reason, Saga leaders often had to resort to radicalism or a solo stunt to make themselves visible. This is why Saga was the least influential among *Sat-Cho-Do-Hi* (Satsuma, Choshu, Tosa, Hizen (or Saga)), the four former han that dominated the top positions of the Meiji government. This also explains why former Saga samurai could not participate in the flexible structure of politics.

The flexible structure of politics exhibited by the Meiji leaders proved effective in the simultaneous pursuit of multiple goals, resilience to internal and external shocks, and the durability of the political regime in comparison with the simple hard structure of politics which was the hallmark of developmental dictatorship in East Asia in the post WW2 period. Although political institutions were in the early stage of development in early Meiji, the substance of politics, such as the content of policy competition and the process of consensus building, were already highly mature.

<sup>5</sup> Each han had at least two names, the one indicating the traditional feudal domain and the other indicating a main city or an alternative name which sometimes became the name of the prefecture after the Meiji Restoration. For example, *Satsuma* was also called Kagoshima, *Choshu* also called Yamaguchi, *Tosa* also called Kochi, Hizen also called *Saga*, and Echizen also called *Fukui*. These names were often used interchangeably—also see Appendix Map. In this paper, han are in principle called by the italicized names above which seem to be the most commonly used.

## 3.0

### The Source of Political Leaders and the Role of Han

Who were the people who led and executed the Meiji Revolution? In the late Edo and the early Meiji period which is the focus of our study, the answer is that political leaders predominantly came from the samurai (swordsman) class. The Meiji Revolution was a revolution staged by samurai, and the social transformation triggered by the Western contact was carried out by the hands of samurai who had been the political leaders and the privileged class in the Bakufu-Han System of the preceding Edo period.

Table 1 shows the dates, the field of achievement, and the original class of prominent leaders in the late Edo and the early Meiji period, some of whom are discussed in section 4 below. They are listed in the order of birth year. Among the 55 leaders tabulated here, there are 44 han vassals (low-ranking samurai), 6 han lords, 2 *hatamoto* (samurai belonging to the Bakufu), 2 court nobles, and 1 merchant.<sup>6</sup> Han vassals, which accounted for 80 percent, were the dominant group. Among them, the four most powerful han of Satsuma, Choshu, Tosa, and Saga produced 35 leaders. The collective samurai class, which included han lords, han vassals, and hatamoto, counted 52, or 95 percent of all leaders of this period.

It may be argued, theoretically, that leaders selected by the authors interested in the role of samurai and han are biased. As a practical matter, however, it would hardly be possible to construct a list of prominent leaders of this period which excludes the people we have selected or which do not largely coincide with them. A minor re-shuffling of candidates would not change the conclusion that the samurai class was the main source of leaders.

Needless to say, the number of leaders was miniscule relative to the total population. Their precise number is impossible to pin down because of the ambiguity of the definition of leaders. One suggestion comes from the *Who's Who of the Meiji Restoration*, compiled in 1981 by mobilizing 800 historians all over Japan to enumerate all VIPs in the period with which we are concerned, whether they were politically conservative, gradualist, or radical (Japan Historical Academy, 1981). The leaders contained in this book are approximately 4,300 in number which are again dominated by the samurai class. If we tentatively assume this to be the number of active leaders in the late Edo and the early Meiji period, the leaders occupied about 1 percent of the samurai population (about 450,000) or 0.012 percent of the total population (about 35 million).

A question may arise as to why the samurai class forced a revolution which would destroy the feudal system and the class system on which their privileged position depended. The answer is that their initial intention was merely to reorganize the polity within the old regime to cope effectively with the foreign

<sup>6</sup> We regard Shimazu Hisamitsu (1817-1887), the *de facto* leader of Satsuma Han, as a han lord. Iwasaki Yataro (the founder of Mitsubishi group, 1834-1885) who was a low-level samurai close to peasantry, and Ito Hirobumi (the first prime minister, 1841-1909), a peasant's son who was given the title of lowest samurai together with his father, are counted as samurai, and similarly with Sakamoto Ryoma (1835-1867) and Nakaoka Shintaro (1838-1867) who abandoned the position of a han retainer of Tosa. Sons of han retainers who were still young at the time of the Meiji Restoration are also classified as samurai.

pressure rather than a radical transformation of the regime itself. For this purpose, samurai performed the assigned role of leadership with a sense of duty and pride. However, the movement unexpectedly proceeded to the denial of the old system because the establishment and defense of the new government required an action far beyond the original plan. This came about because of enlightenment by Western thoughts, political conflict with the Bakufu, the necessity of a strong central authority, and resistance from the conservative forces (court nobility and han lords) in the early years of Meiji. Thus, the movement that started as a political reform ended up in a political revolution.

In the late Edo to the early Meiji period, political contribution of the groups belonging to the old regime, such as court nobility, Bakufu scholars, private scholars, rich merchants, and wealthy farmers, was limited although there were some exceptions.<sup>7</sup> Similarly, the newly emerging groups in the period following the opening of ports (1859) or the Meiji Restoration (1867), such as farmers and landlords enriched by the export of silk and tea, the Yokohama merchants,<sup>8</sup> *seisho* (politically connected businessmen) and *zaibatsu* (business conglomerates), and intellectuals of the *meirokeisha* (the Society of the Sixth Year of Meiji) or Fukuzawa's Keio Academy, were not the main political players although some had close contacts with government officials. As to the political participation of the general mass, we can hardly detect anything in this period. Apart from farmers' uprisings which carried little political message and had been observed since the Edo period, it can be said that political participation of the general mass began with the Hibiya Riot in 1905, in which the urban mass protested against the small size of war compensation paid by Russia following Japanese victory in the Japan-Russia War (1904-1905). Modern popular movements and demonstrations demanding (male) universal suffrage, women's rights, and the liberation of the underclass, arose in the Taisho Democracy period (from the mid 1900s to the end of the 1920s), far beyond the early Meiji period with which we are currently concerned.

Three additional remarks are in order to supplement the discussion of the Meiji Restoration.

First, the Meiji Revolution was not a revolution by low-ranking samurai alone. The lords of the influential han were equal or even superior to their most capable vassals in knowledge, leadership and agility. For example, Satsuma Han Lord Shimazu Nariakira (1809-1858), and his younger brother and successor Shimazu Hisamitsu (1817-1887), ordered Saigo Takamori, Okubo Toshimichi, Komatsu Tatewaki (1835-1870), Godai Tomoatsu (1835-1885), and other vassals to manage the feudal trading firm of the han, push the idea of a feudal assembly, and build coalitions with other han. In turn, these lower samurai frequently reported to the han leader. Thus, the revolutionary movement of Satsuma Han was a joint product of the han leader and his samurai. The contribution and influence of han lords, who were naturally fewer than han vassals in number (Table 1), should not be underestimated. From another angle, it can also be stated that one peculiar feature of the Meiji Revolution was active participation of low-ranking samurai, who in normal times should be less visible than their lords.

The second point, related to the first, was that a clear division of labor between a handful of top leaders and a much greater number of supporting elites was not observable in the Meiji Revolution. Many countries in East Asia, such as Korea, Taiwan, Singapore and Malaysia, in the post WW2 period had a strong president or prime minister who led development effort on the one hand, and a cohort of elite technocrats, often with PhDs from the West, who were mobilized to concretize the leader's vision on the other. However, Japan in the late Edo to the early Meiji period did not have such a demarcation. While samurai supplied most leaders, who would occupy the top position and who would serve him as

<sup>7</sup> Shibusawa Eiichi (1840-1931), one of the first officials of the Ministry of Finance and later a powerful business coordinator who helped to establish hundreds of joint stock companies and economic and social institutions, came from a rich farming family in Saitama.

<sup>8</sup> Foreigners were confined to limited areas around the designated foreign settlements and could not travel beyond these boundaries without an official permit. For this reason, independent Japanese merchants emerged to work with foreigners to collect local products for export and distribute imported products in domestic markets. The largest among the designated foreign settlements was Yokohama, a newly reclaimed port city, and such merchants were called Yokohama merchants.

supporters was not pre-determined. Had the “Upper House” of the feudal assembly come into being in a peaceful manner, intelligent han lords could have played an important role in the new political arrangement. But in reality top leaders of the Meiji government who emerged from the military conflict were former low-ranking samurai and not han lords. Moreover, leaders in the early Meiji period did not have to rely on a large number of technocrats or voter support to run the government, because the parliament and the election system had not yet been installed. In this sense, leaders and elites were undifferentiated and political support base for the government was neither present nor necessary.

Third, the role of han was vital as a unit that prepared the conditions for the flexible structure of politics to emerge among the samurai class. Vassals in powerful han accumulated domestic and foreign knowledge, negotiation skills, and commercial experience through contacts with similar samurai from other han and Bakufu officials as well as exposure to foreigners and information from Europe and America. This in turn led to the sharing of the national sense of crisis and nationalism among them. Low-ranking samurai of the influential han, trained in both theory and practice, continued to form and re-form groups with the former han as the basic unit into the early Meiji period. In this way, han in the late Edo period served as an incubator of human resource and network formation that enabled Japan to cast off the class-based feudal system and face squarely with the Western powers.

This concludes the presentation of viewpoints to analyze the transformation period. The next section will give a detailed chronological account of the political development from the late Edo to the early Meiji period.

## 4.0

### Dynamic Evolutions of Policies and Politics

#### 4.1 Feudal trading firms and plans for a feudal assembly (1858–1868)

The standard textbook interpretation of the Meiji Restoration has been that the centralized government was established with the military forces of Satsuma, Choshu, Tosa, and Saga Han and that Japan's modernization was achieved through the policy of *fukoku kyohei* ("enrich the country, strengthen the military") of this government.

At a glance, this popular interpretation appears to hold true. It was indeed military forces mainly composed of the armies of Satsuma, Tosa, Choshu, and Saga that defeated the Bakufu's forces in 1868 in the civil war. In addition, without the soldiers from Satsuma, Choshu, and Tosa, who were then called *goshinpei* (imperial guards), it would not have been possible to abolish the approximately three hundred han and centralize taxes and armed forces in the entire country three years later in 1871.

However, these three or four han collectively possessed only a few percent of Japan's territory. No matter how industriously they might have tried to enrich their domains and strengthen their military power under the mounting pressure from abroad, it would have been impossible for their military forces alone to dominate the entire country and garner national support for industrialization with the slogan of *shokusan kogyo* or "increase production, encourage industry." For this, even the traditional authority attributed to the Japanese emperor would not have sufficed.

What we propose, instead of regarding the Meiji Restoration as one kind of authoritarian developmentalism, is the model that combines commercial activities of "feudal trading firms" and the political proposal to establish "a feudal assembly." This model, which was vigorously pursued by powerful han in the late Edo period, provided the theoretical background that later legitimized the political and economic policy orientation of the Meiji government and trained its leaders to acquire practical skills and experience.

After the arrival of the American Fleet in 1853, and particularly after commercial treaties were signed between Japan and the Western powers in 1858, each of the four aforementioned han and other powerful han established their trading firms at newly opened ports such as Nagasaki, Yokohama, and Osaka, to collect any products that were highly demanded by the West from all over Japan for export.

These han hired private merchants at each port to run their trading firms, but the ultimate control was in the hands of samurai directly dispatched from the han or other samurai formerly associated with the han. Particularly famous among them were Godai Tomoatsu of Satsuma Han and Iwasaki Yataro of Tosa Han, both of whom subsequently became *seisho* (politically-connected businessmen) and were instru-

mental in forming zaibatsu (business conglomerates); and Yuri Kimimasa (1829–1909) of Fukui (Echizen) Han, who took charge of fiscal matters in the new government immediately after the Restoration. Thus, the samurai of these powerful han who were running trading firms in the late Edo period later played significant roles in public policy and private commerce and industry in the Meiji period. The fact that these low-ranking han samurai were engaged in commercial activities that crossed han borders allowed them to gain economic knowledge and information about domestic and international situations which were beyond their domains.

At the same time, some colleagues of these samurai were building networks with the representatives of other han and the reformist officials of the Bakufu for the political purpose of establishing a feudal assembly. In the lunar month of September 1864, which was three and a half years before the Meiji Restoration (January 1868), Saigo Takamori of Satsuma Han and Katsu Kaishu (1823–1899), a progressive official in the Bakufu, met in Osaka for the first time. At this meeting, they came to an agreement that the best way to cope with the Western powers that had gathered military ships to demand the opening of the Port of Kobe was to create a political alliance of “four or five han lords of clear wisdom.” In practical terms, the “four or five han lords” meant the lords or the *de facto* rulers of Satsuma (Kagoshima), Tosa (Kochi), Echizen (Fukui), and Hizen (Saga)<sup>9</sup>.

After discussing with Katsu, Saigo wrote to Okubo Toshimichi, who was in Kagoshima at the time and would later become one of the highest officials in the Meiji government, to propose a deliberation mechanism among these several han lords to negotiate effectively with the Western powers on various issues through soft and hard bargaining tactics. In the same letter, Saigo continued to write that if the Bakufu did not accept this idea, “I believe we will have no choice but for each han to act independently and take measures to accumulate wealth within each domain” (Rikkyo University, 1968: 312). However, in reality his logic was the reverse of what happened; because these four han had already acted independently and striven to make trade profits to build military capability, they were placed at the centre of the proposed deliberation mechanism.

Two years later, in 1866, Komatsu Tatewaki, the *Karo* (the highest ranking samurai to assist the han lord) of Satsuma Han, at the age of 31, paid a visit to Nakane Yukie (1807–1877), one of the chief vassals of Fukui Han, and reached an agreement on the desirability of a feudal assembly. By that time, official policy had already been formulated within Fukui Han in support of the “Argument for a Public Assembly,” an idea advocated by Okubo Tadahiro (1817–1888), a samurai belonging to the Bakufu and Katsu Kaishu’s senior, which was conveyed to Fukui Han by Yokoi Shonan (1809–1869), a philosopher and advisor to the han.

Similarly, the argument for a feudal assembly had also become a consensus in Tosa Han. The key persons to promote this argument were Goto Shojiro (1838–1897), the han’s chief vassal, and Sakamoto Ryoma, a samurai who left the han to act individually as a political coordinator.

Moreover, in the lunar month of June 1867, just a half-year prior to the Meiji Restoration, Okubo, Saigo, and Komatsu of Satsuma Han and Goto and Fukuoka Takachika (1835–1919) of Tosa Han signed the Satsuma-Tosa Compact. This official compact aimed to establish a bicameral system consisting of an assembly of han lords and an assembly of han vassals, and consequently denied the shogun’s power. It is important to note that this compact between the two influential han did not attempt to overthrow the Bakufu simply by force but tried to gain legitimacy from a deliberation mechanism that encompassed both feudal lords and their vassals.

<sup>9</sup> The four powerful han before the fall of the Bakufu were Satsuma, Tosa, Fukui, and Saga. Choshu Han, which would replace Fukui and become another powerful group after the Meiji Restoration, was at war with the Bakufu at this time. It is commonly said that, after 1868, leadership of the new government was dominated by the former low-ranking samurai of Sat-Cho-Do-Hi, a shorthand for Satsuma, Choshu, Tosa, and Hizen (Saga).

In the famous Charter Oath promulgated in the lunar month of March 1868, during the Boshin War, Emperor Meiji declared that “an assembly representing a wide constituency be established and all important issues be settled by public discussions.” This was another evidence that the intention of the anti-Bakufu groups was to view the overthrow of the shogunate government not as a private fight involving only Satsuma and Choshu or the emperor’s personal decision, but as an action based on the “collective opinions of the people (i.e., the han).” The emperor’s authority was thus supplemented and even reinforced by the argument for a feudal assembly.

Simultaneous promotion of commercial interest through feudal trading firms and the proposal for a feudal assembly owed much to the intelligence of the han lords (or the *de facto* rulers<sup>10</sup>) of Satsuma, Fukui, and Tosa. Shimazu Hisamitsu of Satsuma, Matsudaira Yoshinaga (1828–1890) of Fukui, and Yamanouchi Toyoshige (1827–1872) of Tosa exhibited strong leadership in the establishment of feudal trading firms as well as preparation for a feudal assembly. The way to the Meiji Restoration was laid not only by the hard work of low-ranking samurai such as Saigo Takamori, Okubo Toshimichi, Kido Takayoshi, and Ito Hirobumi but also by the effective leadership of their lords.

However, if a han lord was too powerful or if a han succeeded too brilliantly in running feudal trading firms, there was a risk that cross-border cooperation with lords and vassals of other powerful han was not promoted. Any han that refused to collaborate with others inevitably found themselves excluded from the historical transformation as it was impossible for any single han to overthrow the Bakufu and establish a centralized government. A typical case was Saga Han.

Saga, led by the wise and far-seeing lord, Nabeshima Naomasa (1814–1871), succeeded in the local production of iron artillery guns as early as in 1852, before the Bakufu or any other han. It exported local products such as ceramic ware and raw wax through the Nagasaki Trading Post and purchased steamboats from the West. Saga Han also promoted the local production of tea to take advantage of the high demand for this commodity in Western countries, and bought battleships with its receipts. It allocated 20% of the han’s rice tax revenue to pay for the import of battleships and guns. As a result, Saga could purchase four battleships in 1858, 1864, 1866, and 1868 as well as sixteen Armstrong guns and 1,000 Spencer rifles. Thus, Saga Han was an exemplar of the doctrine of *fukoku kyohei* (“enrich the country, strengthen the military”) towards the end of the Edo period (Fujino, 1987: 706-732, 936-940).

Nevertheless, Saga was unable to rise as one of the powerful han. It contributed little to the demise of the Bakufu, the establishment of the new government or the reforms it carried out. Samurai from Saga, such as Soejima Taneomi, Eto Shinpei, and Okuma Shigenobu, participated in political movements in personal capacity and not as agents dispatched by the lord or chief vassals of the han. They were offered important positions in the new government only because Choshu Han, the most adamant follower of the doctrine of *sonno joi* (“revere the emperor, expel the barbarians”), supported their entry for the merits they accumulated in fighting foreigners or undermining the shogunate. It is commonly said that the Meiji government was monopolized by the former samurai from Sat-Cho-Do-Hi (Satsuma, Choshu, Tosa, and Hizen). But in reality the power yielded by “Hi” (Saga) leaders was far smaller than the influences of the other three han groups.

In sharp contrast, Satsuma (Kagoshima) Han not only recognized the importance of cooperation with other han, but also clearly perceived the necessity of establishing legitimacy for its political maneuvers. It went the extra mile to show that the formation of political alliance was intended to serve public purposes and not an arbitrary affair among the participating han.

<sup>10</sup> De facto rulers mattered because there were some rulers who could not remain as han lords, or who could not assume the position in the first place, due to the shogunate’s suspicion or as a result of power struggle within the han.

One of the strong points of Satsuma Han was the clear division of labor among its samurai under the direction of the wise lord, Shimazu Hisamitsu, who was the younger brother of the previous lord. The assignment for Okubo Toshimichi, who later became famous as *genkun*, or an instrumental statesman in the Meiji Restoration, was to mainly remain in Kagoshima to support Hisamitsu. Saigo Takamori, whose name is known to all Japanese, was given the role of traveling to Kyoto, Osaka, and Edo to build partnership with important figures of other han and progressive officials of the Bakufu who were knowledgeable in Western affairs. Godai Tomoatsu, who emerged as one of the notorious *seisho* (politically connected businessmen) in the Meiji period, was at the Nagasaki Trading Post working vigorously as the representative of Satsuma's trading firm. The trading firm of Satsuma under Godai's management was as successful as Saga's in importing steamboats, artillery guns, and rifles. Thus, even with similar achievements in *fukoku kyohei*, Satsuma was way ahead of Saga because domestic reforms carried out by Okubo and political partnership created by Saigo were largely absent in the latter.

#### 4.2 Groping for concrete reform strategies (1871–1873)

Despite the popularity and strong support for the idea of a feudal assembly towards the end of the Edo period, the Meiji Restoration was actually accomplished by an internal war between the imperial army, consisting mainly of the military forces of four han (Satsuma, Choshu, Tosa, and Saga), and the shogunate government supported by the military forces of a number of pro-Bakufu han in Northeastern Japan. However, the victory of the Sat-Cho-Do-Hi forces and the establishment of a new central government in 1868 did not mean an immediately start of Meiji Japan's *fukoku kyohei* ("enrich the country, strengthen the military") policy. Roughly three hundred han of all sizes governed by feudal lords continued to exist and maintained their tax revenues and military forces as before for three and a half years until *haihan chiken*, or the abolition of han and establishment of prefectures headed by centrally appointed governors, was implemented in the lunar month of July 1871. These han collectively possessed the officially recognized rice production volume of 32 million *koku* per year, while the Meiji government only inherited the tax revenues of the Bakufu arising from an officially recognized rice production of 8 million *koku* per year<sup>11</sup>.

*Haihan chiken* finally ended the feudal territorial order of the Bakufu and han through the emperor's authority and the military prowess of Satsuma, Choshu, and Tosa Han. Whether and how this reform, carried out by crude force, would be accepted by the lords and vassals of three hundred or so han depended on the legitimacy and effectiveness of the new government's rule. Samurai who were running feudal trading firms of various han could understand the necessity of increasing production and encouraging industry at the national level by uniting their firms into something like a "Great Japan Trading Company." But this scheme was supposed to be agreed and implemented by a deliberation mechanism consisting of lords and vassals of all han. How to fulfill this promise became the biggest question of the Meiji government after *haihan chiken*.

The leaders of the new government were not ready to answer this question immediately. Before convincing others, they had to convince themselves of consistency between the previous promises for political and economic reforms and the policy directions of the new government to be launched. Merely three months after *haihan chiken*, a total of 48 ministers and high officials of the central government left Japan to inspect Western countries led by Iwakura Tomomi (1825–1883), the Minister of the Right (the head of the administrative branch, equivalent to the prime minister) and a former court noble serving the emperor. Iwakura, ambassador extraordinary and plenipotentiary of this mission, was supported by

<sup>11</sup> Koku is a unit of volume used in the Edo period equivalent to about 180 litres of grain. The economic size of han as well as rice tax obligations and samurai's salaries were expressed in koku. However, since the koku size of han was rarely revised while actual production of rice and other commodities rose over the years, the official koku generally understated the economic size of han in the late Edo period.

Okubo Toshimichi and Kido Takayoshi, top leaders of former Satsuma and Choshu Han, respectively, as vice-ambassadors. This high-level large-scale official mission to the US and Europe sought inspiration for concretizing strategies for economic development and political reform.

While the Iwakura Mission toured the West for more than a year and half, receiving enthusiastic welcome everywhere it went, the Japanese government at home was managed by Saigo Takamori, Itagaki Taisuke, and other councilors (equivalent to ministers) in charge of the caretaker government. Saigo and Itagaki were military leaders who brought their respective armies of Satsuma and Tosa to Tokyo at the time of *haihan chiken*, and had become central figures with the newly organized imperial guards. As for former Choshu Han, Yamagata Aritomo (1838–1922) and Inoue Kaoru (1835–1915) held key positions in the army and in the Ministry of Finance, respectively, while Kido Takayoshi and Ito Hirobumi toured abroad. From former Saga Han, Okuma Shigenobu became a councilor, while Eto Shinpei and Oki Takato rose to the tops of the Ministry of Justice and the Ministry of Education, respectively. Goto Shojiro of former Tosa Han, who had been one of the key proponents of a feudal assembly, was appointed to the Deputy Speaker of the Ministry of the Left (the legislative branch of the new government). All of them who remained at home strove to modernize Japan in their respective roles. Bold programs undertaken by the caretaker government included establishing the universal conscription system and the universal education system, modernizing the judicial system, and centralizing the fiscal system.

However, the leaders of the caretaker government generally lacked the practical experience in *fukoku kyohei* unlike their colleagues who managed feudal trading firms towards the end of the Edo period. Yamagata and Inoue, from former Choshu Han, had devoted all their efforts at the han to the *sonno joi* (“revere the emperor, expel the barbarians”) movement and restoration of the emperor to central power, and thus had virtually no experience in *shokusan kogyo* (“increase production, encourage industry”) in comparison with leaders from the other three han. Okuma, Eto, and Oki were recruited from former Saga Han to the high positions of the caretaker government thanks to the support of former Choshu Han. All of them left (or were expelled from) Saga to join the *sonno joi* movement of Choshu where their contributions were highly appreciated.

In the case of Inoue Kaoru, who assumed power at the Ministry of Finance, his past records had both positive and negative aspects. His predecessor, Yuri Kimimasa, who had the previous experience of *shokusan kogyo* through printing paper notes in Fukui Han, repeated the same policy at the central level by issuing too many *dajokansatsu* (inconvertible government notes) and caused chaos in public finance. In contrast, Inoue had no such experience. On the contrary, he believed that the mission of central fiscal authority was to keep annual expenditures and revenues balanced. As a vice-minister of finance in charge of fiscal revenue collection, he was determined to slash the budget for modernization policies proposed by the Ministry of Education, the Ministry of Justice, and other ministries for the sake of maintaining the soundness of public finance.

The Ministry of Finance of the caretaker government, led by Inoue, should be credited for avoiding the risk of budget crisis by refraining to issue inconvertible notes or government bonds. However, Meiji Japan was a developing country that craved for large public investment and strong industrial support, and could not grow solely on the basis of fiscal stability. This was self-evident to all, given the fact that the most popular national slogan in the late Edo to the early Meiji period was *fukoku kyohei* (“enrich the country, strengthen the military”). As stated above, powerful han made utmost effort to strengthen their military capability through the profits obtained by export promotion. However, there were limits to *fukoku kyohei* at the han level. Han were able to gather products of high Western demand from their own domain or even nationally, but it was difficult to increase production or import modern technology on a large scale under the Bakufu-Han System in which each han was economically autonomous. This

is why we call the *fukoku kyohei* policy of powerful han in the late Edo period the “establishment of feudal trading firms.” In more general terms, it was a pursuit of mercantilism under a decentralized feudal system.

Activities of feudal trading firms alone, unaccompanied by large production increase, may be able to create a strong army and navy but not a rich country. The policies vigorously implemented by the caretaker government such as the modernization of the education and judiciary systems and fiscal balance of the central government would not even do much to strengthen the military, let alone enrich the country. To break through the limits of mercantilism in a decentralized system, there was no choice but to engage in export promotion and modernization of domestic industries, which were threatened by Western imports, under a strong and decisive hand of the central government. In the terminology of development economics, what was needed was a simultaneous pursuit of export-oriented industrialization and import-substituting industrialization.

This was very much in the mind of Okubo Toshimichi, who returned home from his long study tour of the US and Europe as vice-ambassador plenipotentiary of the Iwakura Mission, in May 1873. In November 1873 he established the Ministry of Home Affairs, whose main missions included increasing production and encouraging industry, and became its first minister.

#### **4.3 Conflict between industrialization and a “continued revolution” (1873–1875)**

Another reason that prevented the realization of the idea of combining feudal trading firms with a feudal assembly up to the return of the Iwakura Mission was the existence of the “revolutionary army” comprising the military forces of former Satsuma, Choshu, and Tosa. The Meiji Restoration of 1868 was carried out not as a peaceful re-organization of the shogunate system by adding a deliberation mechanism of han, but through a violent clash between the pro-Bakufu forces and the armies of powerful han. Three and a half years later, *haihan chiken* was also forcibly carried out, again backed by the military power of the revolutionary army. But, as stated above, these two coups d'état were not sufficient to establish the legitimacy of the new Meiji government as a national ruler.

Having succeeded in ousting the Tokugawa family and abolishing the Bakufu-Han system between 1868 and 1871, the Meiji government now faced the question of how to deal with the remaining revolutionary army. A series of conflicts with neighboring countries, such as the debate inside the government over an invasion of Korea in 1873, the Taiwan Expedition in 1874, and the Ganghwa Island Incident in 1875 in which a Japanese battleship provoked Korean artillery attack, all arose from the need to appease the revolutionary army which had finished its job.

Okubo Toshimichi and Kido Takayoshi, who were prominent leaders from former Satsuma and Choshu, respectively, had clear objectives in mind as they set sail for the inspection of the Western countries as vice-ministers of the Iwakura Mission.

When the mission arrived in Washington, DC in early 1872, Kido made it clear that his purpose was to study the constitutions of Western countries. Choshu matched Kagoshima in military contribution to the overthrow of the Bakufu, but in the agenda of establishment of feudal trading firms and argument for a feudal assembly, it fell behind the other han. Its weakness in economic policy was made up for by Inoue Kaoru's control of central government finance. Kido's approach was to compensate for the weakness in political reform by replacing the old idea of a feudal assembly with the proposal of installing a Western style political system. He was eager to take the leadership in drafting Japan's first constitution as the basic law for governing the nation, of which the establishment of a national assembly was one component.

During his trip to the West for about a year and half, Kido studied the German constitution, which stipulated a strong power of the emperor, most closely. Upon his return to Japan in July 1873, he proposed to the government to promulgate “an authoritarian constitution” prior to convening a national assembly (Inada, 1960, p.198). His proposal can be interpreted as the separation of *kogi* (national law) from *yoron* (public deliberation), just as *fukoku* (enriching the country) was divorced from *kyohei* (strengthening the military). In the Edo period the word *kogi* was used when the shogunate’s rule was applied above and beyond the power of local domains (Nakai, 1988:129-135). If so, it can be said that Kido, who sought to establish a constitution for national rule, prioritized *kogi*, whereas the proponents of a “popularly elected national assembly,” as an extension of a feudal assembly, stressed *yoron*.

As for Okubo Toshimichi, his main interest in the Iwakura mission was the inspection of modern factories and equipment as many researchers have already pointed out. As an example, let us quote a passage from his letter of October 1872 from London addressed to his old friend Saigo Takamori who was in charge of the caretaker government:

“In our tour we have visited a large number of fascinating places. All cities have factories, among which the most exciting are the shipyard in Liverpool, the cotton mill in Manchester; the ironworks in Glasgow, the sugar refinery in Greenock, the paper mill in Edinburgh, the ironworks in Newcastle (built by Mr. Armstrong, the inventor of Armstrong Cannons and Rifles, who was still in good health and took the trouble of showing us around), the silk and wool weaving factories in Bradford, the ironworks (which produces locomotive wheels and numerous other parts) and the silverware factory in Sheffield, and the beer brewery (which, we were told, extends for over twelve leagues [47 km]) and the glassworks in Birmingham. In Chester, the salt mine in Eastwick is gigantic and its machinery extremely sophisticated. There are other works and mills equipped with machines, large and small, so numerous that I cannot even mention them. Now I know why Britain is so rich and strong” (Katsuda, 1911: 48-49).

The fact that Okubo managed to visit factories in so many places during his stay in Britain that lasted for only four months (July to November 1872) proves how determined he was to collect useful information for formulating an industrialization strategy. Another important fact was that this letter was addressed to Saigo.

To an ordinary Japanese, Saigo Takamori is known as the hero of the Boshin War in 1868, especially for his face-to-face negotiation with Katsu Kaishu, the delegate of the Bakufu, for the bloodless surrender of Edo Castle; his call for sending a mission to Korea to provoke a war in 1873; and his failed revolt against the Meiji government (the Satsuma Rebellion) in 1877. However, he was more than just a military leader. As we have already seen, at his first meeting with Katsu in 1864, he strongly sympathized with Katsu’s argument for a feudal assembly, and he also fully supported Satsuma Han’s policy of *fukoku kyohei* through feudal trading firms. That was precisely why Okubo wanted to report to Saigo the details of his shocks and excitement in visiting British factories. For Saigo, who used to busy himself in backing Satsuma’s *fukoku kyohei* by promoting the han’s trading firms and cooperating with other han toward the creation of a feudal assembly, it was easy to grasp the significance of information gathered by Okubo and Kido in the West regarding manufacturing industries and the drafting of the constitution.

The same can be said about Itagaki Taisuke of former Tosa Han who, along with Saigo Takamori, was in charge of the caretaker government. Following the division of labor within Tosa Han, Goto Shojiro, a colleague of his, pushed the argument for a feudal assembly while Itagaki directed han soldiers. But, being an army commander, Itagaki was no different from Saigo in that he also upheld Yokoi Shonan’s

“argument for *fukoku kyohei*” and “argument for a feudal assembly.” Indeed, when he was a councilor in the caretaker government, he argued for establishment of a national assembly to Saigo, his colleague at the time (Inada, 1960: 111).

When the Iwakura Mission returned to Japan after inspecting the Western situation for a year and half, with Okubo returning in May 1873 and Kido in July 1873, these leaders were quite clear as to what steps should be taken next. Okubo was keen to promote industrialization and Kido was convinced that drafting of a constitution was top priority. Moreover, each had gained enough information about the concrete content of the plan. At this time, the Meiji government, with the members of the Iwakura Mission and the caretaker government reunited, had the opportunity to realize the combined promise of economic and political reforms by elevating the ideas of “feudal trading firms” and a “feudal assembly” to a higher level. Instead of divided mercantilism under feudalism, a nationwide industrialization strategy was to be formulated by the central government under the leadership of the Ministry of Home Affairs and the Ministry of Finance. Instead of a feudal assembly with ambiguous legitimacy and authority, the central government would draw up a constitution which clarified the division of power between the administrative and legislative bodies of the state. In the latter half of 1873 it seemed that a clear path was laid out for Japan to upgrade and institutionalize industrialization policy and political reform.

But the turn of events which none of the national leaders had anticipated set Japanese politics off the track. It was the resignation of two councilors, Saigo and Itagaki, along with others, in October 1873 over the debate as to whether Japan should invade Korea. This idea was initially floated by officials in the Ministry of Foreign Affairs against Korea’s unwillingness to establish a diplomatic relation with the Meiji government. The issue was subsequently taken up by the councilors of the caretaker government, which decided, without the consent of the Iwakura Mission, to send Saigo to Korea for negotiation (and for an excuse to start an invasion in case the negotiation failed). Upon the return of the Iwakura Mission in 1873, Iwakura, Okubo and Kido strongly opposed the idea of Korean invasion in order to focus national effort on domestic issues. After a fierce debate among the councilors, the plan was rejected and the supporters of the plan resigned from their posts. Saigo went back to Kagoshima (Satsuma) never to return to Tokyo, but others remained in politics and formed anti-government groups that called for an early establishment of a popularly elected parliament.

Later, in 1877, when Saigo finally revolted against the government with his private army in Kagoshima, Kido Takayoshi wrote to Ito Hirobumi: “The arrogance of soldiers is akin to the side effects of medicine after the illness is cured” (Study Group for Documents concerning Ito Hirobumi, 1976: 301). The military forces of Satsuma, Choshu, and Tosa Han supported the new Meiji government twice, first in the civil war against the Bakufu in 1868, then by contributing soldiers to the emperor in 1871 during the dissolution of han. Thus, the revolutionary army had been highly effective in curing the “illness” of the outdated shogunate rule and the feudal system, but once the illness was removed, it had become the biggest headache for the new government. When the revolution was accomplished and the period of construction began, the remaining revolutionary army had turned into a great constraint to the implementation of new policies.

A revolutionary army cannot confirm its *raison d’être* without war. Starting from 1871, when the revolution came to an end with *haihan chiken*, the army turned its eyes to East Asia. Relatively early in the struggle against the Bakufu at the end of the Edo period, the goal of “expelling the Western barbarians” was dropped from its revolutionary purposes. But the army argued that it would not be inconsistent with the purposes of the Meiji Restoration to test the results of *fukoku kyohei* (“enrich the country, strengthen the military”), as part of the effort to catch up with the West, by “heroically advancing into Asia.” From May to July 1873, around the time when Okubo and Kido came back to Japan, members

of the former revolutionary army, now renamed to the imperial guards, began to clamor against the passivity of Japanese diplomacy. They complained that the significance of the Meiji Restoration would be severely challenged if the Japanese leaders sat back and allowed the Taiwanese to loot the islands of Okinawa, the Korean government to insult the Japanese government, and the Russian army to have its own way in Sakhalin.

Saigo Takamori, a councilor of the caretaker government, was also the commander in chief of the imperial guards. One influential officer after another expressed their frustrations to him. The following passage was from the letter Saigo sent to Sanjo Sanetomi (1837–1891), Chancellor of the Realm, in August 1873:

“I very much hope that you would promptly decide on the affair in Taiwan. Radical opinions are bubbling up among the public. Several of my officers have also come to me to express their views. Some even attacked me with the theory that the cause of the Restoration was to do justice by righting wrongs, and that if we now failed to punish these foreign ruffians and bandits the purpose of our overthrowing the Bakufu would be lost and our endeavor would come to nothing. I am at a loss what to do with them” (Itagaki, 1957:65).

Among the battles the revolutionary army wanted to fight with East Asian countries, following the domestic revolutionary war, “the affair in Taiwan” mentioned above was the largest in scale. In the textbook of Japanese history the dispute over the plan to invade Korea which resulted in the breakup of the government in 1873 is given much larger space than the Taiwan Expedition in 1874. But the latter was a more serious obstacle for the industrialization policy which Okubo formulated in the West and the drafting of a constitution that Kido was determined to accelerate. The debate over Korea was merely a power struggle within the government, but the Taiwan Expedition was an actual military action which required mobilization of the army and the navy as well as a large fiscal expenditure.

It was an immense financial burden for the Meiji government to occupy part of Taiwan for over six months, dispatching five battleships and 3,600 government soldiers (supplemented by voluntary soldiers from Kagoshima who were loyal to Saigo). It became impossible to transplant mechanized industries from the West, which Okubo pursued with great enthusiasm, because the Taiwan Expedition depleted the country’s fiscal resources. Furthermore, since Taiwan was part of Qing Dynasty, this expedition ran the risk of provoking China into military conflict with Japan. If that happened, Meiji Japan would face a great crisis which would force it to entirely abandon the goal of “increase production, encourage industry.”

Matsukata Masayoshi (1835-1924), at that time the director-general of the Tax Bureau of the Ministry of Finance, wrote retrospectively about the Taiwan incident one year later as follows: “There was that action in Taiwan last year, during which friction with Qing was about to rise. An enormous amount of species [gold and silver coins and gold bullion] was spent for dispatching the forces, and there was even a secret agreement inside the government to raise more funds by issuing government bonds should the peace talk fall through. The state coffers were dangerously close to empty” (*Matsukata-ke Monjo*, vol.56, section 12).

At this point, *fukoku kyohei* became a contradictory slogan. As the government moved away from decentralized mercantilism of the late Edo period to the serious creation of mechanized industries across Japan by allocating a large public spending to import Western technology and machinery, *fukoku* (“enrich the country”) and *kyohei* (“strengthen the military”) would become competing goals from the perspective of fiscal constraint. If the army and the navy took the lion’s share in the central government

budget for fighting foreign wars and war preparation, there would be no money left to build state-run textile mills.

The Ganghwa Island Incident in 1875, in which Japan provoked Korea into opening fire against a Japanese battleship, then used this as a pretext for putting military pressure on Korea to sign a one-sided treaty of commerce with Japan, is notorious as the first step Meiji Japan took towards the invasion of Korea. In effect, Japan copied what America did to Japan in 1853 to open up Korea on its own terms. However, to Okubo and his group who wanted to build modern mills and factories under the direction of the Ministry of Home Affairs, this incident presented a good opportunity to appease the revolutionary army. This relatively minor skirmish kept the Foreign Expedition proponents reasonably satisfied and quiet, at least for the time being.

In April 1876, one month after the signing of the Japan-Korea Treaty of Commerce, Home Minister Okubo submitted “A Proposal Concerning Promotion of the Nation’s Fundamental Capacities” to the Chancellor of the Realm, requesting that his ministry’s budget for “increasing production and encouraging industry” be accorded with highest priority. The following three points are worthy of note about the proposal.

First, Okubo asserted that the true barometer of national power was not its legal system, its armaments, or its education system, but “the statistics of its exports and imports” (Japan Historical Document Society, 1969: 76).

Secondly, he argued that although it was normally up to the private sector to promote export and replace imported products by domestic ones, Japan should be regarded as an exception because it is in the very early stage of modernization where the role of government to promote industry was vital. Let Okubo speak for himself on this important point:

“After the Meiji Restoration, we now face the time of reform after the long trend of decline. However, our people are still far from being enlightened, private industry is slow to develop, and productive capacity has not attained dynamism. The annual balance of trade is increasingly in the deficit, the sources of profit have not been found, and production decreases each month... If we are to turn the tide around and correct the situation, we have no choice but to encourage private business and international trade by mobilizing effective measures to cultivate fundamental strengths of economic activities and expand commercial profit. If we do not regard this as the duties of the government and leave the matter to people’s own devices and simply wait for the results, will the decline ever stop? This is the most pressing of all national issues. Even though such policy may not be endorsed by the orthodox doctrine of political economy, rules must be revised to respond to the urgent needs of our time” (Japan Historical Document Society, 1969: 79-80).

Thirdly, for Okubo, the easing of tensions in East Asia was a prerequisite for promoting state-led industrialization whose progress was to be monitored by closely observing monthly trade statistics. In other words, for Okubo, *fukoku* (“enrich the country”) was a more important national goal than *kyohei* (“strengthen the military”), which was the opposite of what powerful han practiced toward the end of the Edo period. Previously, *kyohei* was the goal and *fukoku* was the means. Now, *fukoku* required restraint in the pursuit of *kyohei*.

#### 4.4 The Osaka Conference and the Coalition for Domestic Policies (1875)

In the early years of Meiji, the Japanese government thus came to be divided between the *fukoku* group and the *kyohei* group. Had *fukoku kyohei* been the sole national goal inherited from the late Edo period, the collision of these two groups might have seriously set back the reforms, multiplied domestic confusion, and made Meiji Japan a second-rate country in East Asia. At the least, it would definitely have been impossible for Japan to win the Sino-Japanese War in 1894-1895.

Fortunately, there was another national goal, shared by the powerful han towards the end of the Edo period, of forging national unity through the establishment of a feudal assembly. In the collision between the *fukoku* group and the *kyohei* group in the Meiji government from 1873 to 1877, the groups from former Choshu and Tosa sided with the *fukoku* group on the condition that preparation for creating a constitution-based polity be accelerated. This marked the revival of the groups pushing for a feudal assembly in an alternative form, ushering in a new phase of policy-based coalition in place of an endless battle between the two groups.

The critical question from the viewpoint of power balance within the Meiji government was the positioning of Saigo Takamori (former Satsuma) and Itagaki Taisuke (former Tosa), two councilors who did not join the Iwakura Mission. It mattered greatly whether they would side with *fukoku*, *kyohei*, or a group promoting political reform. If the former Tosa group joined hands with the former Choshu group advocating a constitution, and if the constitution group and industrialization group were reconciled, a new coalition would emerge that would exclude the *kyohei* (foreign expedition) group. If that happens, the three-fourths of the Meiji government would be able to carry on with their modernization programs while isolating the remaining one-fourth.

As it turned out, in October 1873, when the plan of the caretaker government to send a mission to Korea (the decision to dispatch Saigo to Korea as the ambassador plenipotentiary to deal with Korea's refusal to enter diplomatic relation with Japan) was overruled by the members of the Iwakura Mission that had just returned, five councilors—Saigo, Itagaki, Goto, Soejima, and Eto—resigned. In January 1874, less than three months later, four of these former councilors, with the exception of Saigo, jointly signed the Petition for the Establishment of the Popular Parliament and submitted it to the government. In the studies on modern Japanese history, the attempt to dispatch the Saigo Mission to Korea, which was pregnant with the possibilities of a military expedition, on the one hand, and the demand for a democratically elected national assembly on the other, both initiated by the resigning councilors, are frequently considered as a contradiction. But Itagaki himself must have seen no contradiction between backing Saigo's argument for invading Korea, as a leader of the former revolutionary army, and supporting Goto's argument for an early establishment of a national assembly, as a leader of former Tosa Han.

However, the impact of the Petition, drafted by two young men who had studied in Great Britain (Komuro Shinobu and Furusawa Shigeru, discussed below) and signed by the four former councilors, was beyond the expectations of even those who submitted it. As the Petition gained great fame among the population, Itagaki was elevated to the leader of national assembly movement while his name as a military leader was gradually forgotten. That left Saigo alone to assume the uncontested position of a top military leader.

In the mean time, Kido Takayoshi, the supreme leader of former Choshu Han, was the central figure in the argument for a constitution. Kido's drive for a constitution and Itagaki's initiative for a popularly elected national assembly supported by the former Tosa group suddenly joined hands soon after the tension between Japan and China, arising from the Taiwan Expedition, was successfully diffused. They

both wanted to navigate the popular opinion (or at least the opinions of former han lords and retainers) towards the establishment of a constitutional government and thereby restrain the revolutionary army, consisting mostly of the former Satsuma soldiers, from staging undesirable military adventures.

Kido and Itagaki differed in their priorities. The one wanted to draft a constitution suitable for an authoritarian government, while the other wanted to see a popularly elected national assembly before all else. However, they had to put their “small” differences aside in the face of the possibility of a coalition between Okubo’s *fukoku* group and the *kyohei* group consisting of the military and the former revolutionary army, which would significantly reduce the influence of the constitution and parliament groups. This had to be avoided by all means. In fact, as stated above, the *fukoku* group led by Okubo wanted to put an end to the conflicts in East Asia and focus on state-led industrialization at the initiative of the Ministry of Home Affairs. To the groups promoting constitutional politics, these circumstances presented a perfect opportunity to expand their sphere of influence.

The Osaka Conference took place in February 1875, in which Kido and Itagaki met with Okubo and made him agree to the introduction of a constitution-based system. This three-way conference is so famous in modern Japanese history that every high school textbook or chronology of Japanese history mentions it as a milestone towards democracy without, however, clearly understanding its fragile nature and inconsistency among their hidden agenda. From the viewpoint of the flexible structure of politics, this incident was but another of the many scenes of policy-based re-formation of alliance, which were commonly observed throughout the early Meiji period.

Okubo’s triumphant return from Beijing, as ambassador plenipotentiary, after peacefully concluding the negotiations with the Chinese government over the Taiwan Expedition, presented an opportunity to form a new coalition which was quickly seized by the constitution group and the parliament group. Inoue Kaoru, the second most influential leader in the constitution group after Kido, received Okubo at the Port of Yokohama and offered many words of thanks for his diplomatic achievement. On the following day Inoue boarded a boat bound for Osaka and, according to Inoue, “accidentally” ran into Komuro Shinobu (1839–1898) and Furusawa Shigeru (1847–1911) of the parliament group on the same boat. The three agreed to set up a meeting between Kido and Itagaki, the leaders of the two groups.

More specifically, they agreed on the following points on their way to Osaka. Firstly, further conflicts in East Asia must be avoided. According to Inoue, his top priority was that “henceforth there shall be no desire for wars with Korea or any other country” (Editorial Committee of the Biography of Marquis Inoue Kaoru, 1933: 613). Secondly, Okubo, the leader of industrialization group, must be separated from the rest of the former Satsuma group and brought to their side. Thirdly, as the prerequisite for the first two, an official alliance must be formed between the constitution group and the parliament group in advance.

The constitution group and the parliament group had an official meeting in January 1875, attended by Kido and Inoue of the former and Itagaki, Komuro and Furusawa of the latter. On the day of the conference (January 22) Kido jotted down in his diary thus: “Arrived at Inoue’s at eleven, together we visited Itagaki Taisuke at a little past one. Komuro and Furusawa were also present. We commented on their argument for a popularly elected national assembly, and listened to their views as well. Stopped at Inoue’s on the way home around eight for more discussion. Returning home at eleven” (Japan Historical Document Society, 1967: 144).

The constitution-parliament alliance having been formed, Kido approached Okubo, again in Osaka, on February 9 of the same year. He informed Okubo of the agreement between the two groups in the

previous conference. Two days later, on February 11, Kido finally organized a tripartite conference, by adding Itagaki, which marked the formation of alliance among the industrialization group, the constitution group, and the parliament group.

The three groups differed considerably in policy orientation, but scholars of modern Japanese history dub this the Coalition for Domestic Policies for want of better terminology. From the viewpoint of flexible structure of politics which we are proposing, the Osaka Conference should be regarded as a temporary alliance among the promoters of industrialization, a constitution, and a national assembly to isolate the proponents of foreign expedition.

#### **4.5 The rise and fall of the industrialization group (1876-1880)**

The three-way alliance formed in February 1875 spelled victory for the constitution group and the parliament group, but only for the moment. The parliament group was particularly hopeful, expecting the establishment of a national assembly as early as by the end of that year. Researchers of modern Japanese history who view the restoration of imperial rule in 1868 as a starting point of modernization may discount such expectation as unrealistic and even ridiculous on the grounds that it would take more than eight years to establish constitutional politics from scratch. As we have already shown, however, the argument for a national assembly, based on a feudal system, had a longer history dating back to the late Edo period and had been widely shared among Meiji leaders.

Even so, some may object that public deliberation based on feudalism cannot be democratic. But the number of samurai at the end of the Edo period (450,000) was roughly the same as the number of rich farmers who were granted suffrage in the first national election some twenty years later. It may still be argued that a national assembly of large land owners is more “democratic” than a national assembly of swordsmen, but the difference seems to be a matter of degrees.

When the emperor publicly declared in an imperial edict of April 1875 that “a constitution-based polity shall be established in incremental steps,” and when Kido and Itagaki returned to the government to take up the posts of councilors as agreed in Osaka, the introduction of constitutional politics looked as if it was on the verge of realization.

However, once the preparation for a constitution-based system was initiated, it became clear that the rift between the constitution group and the parliament group was greater than had been anticipated. As noted above, during his stay in the West for more than a year, Kido was very much attracted to the concept of constitutional monarchy adopted in Germany, where the emperor had strong authority. Kido in effect wanted a constitution to establish law and order. Contrarily, Komuro and Furusawa, who had studied in Britain, were trying to convince Itagaki of the necessity of putting the national assembly above the administrative branch even though the emperor might hold the ultimate authority. The argument for a constitution valued law and order while the argument for a national assembly was more progressive.

In less than half a year of the issuance of the imperial edict the discrepancy between the two groups was too great to be reconciled. The parliament group demanded a concrete roadmap of “incremental steps” which the edict promised for an early establishment of the national assembly. Meanwhile, Kido parted with Itagaki and his parliament group to approach Okubo and his industrialization group. In early November, Kido admitted that “The affair in Osaka was decided so frivolously... I greatly regret it” (Editorial Committee of the Biography of Marquis Inoue Kaoru, 1933: 689). Around the same time, he also wrote that “Okubo is reliable; he is from Satsuma but has less of the Satsuma ideas” (*Ibid.*: 665). In this way, alliance between the constitution group and the parliament group broke up while the ties

between the constitution group and the industrialization group were strengthened. The proposal for industrial promotion by Home Minister Okubo in April 1876, cited in Section 4.3, was in fact a declaration of victory on the part of Okubo, who now had the constitution group on his side.

For the next four years, increasing production and encouraging industry by the government's initiative, which Okubo had set as his goal, made significant progress despite the eruption of the Satsuma Rebellion led by Saigo in 1877 and the assassination of Okubo himself in 1878. From 1876 to 1880 the Meiji government was absorbed in a sort of industrialization fever. After the breakup of coalition at the end of 1875, not only the parliament group but also the constitution group lost influence within the government. Their decline was accelerated by the foreign trip of Inoue Kaoru, Kido's right-hand man and the arranger of the tripartite coalition in Osaka. In June 1876 he set off on a long-term inspection tour of Britain by way of the US.

Another reason for the rise of the industrialization group was the final defeat of Saigo's army in the Satsuma Rebellion in 1877. It was no easy task for the government to quell it since Saigo had been the supreme commander of the Satsuma forces which made possible the ousting of the Bakufu in 1868 and the abolition of the feudal system in 1871. But when the rebellion was subdued, the Meiji government was at last freed from, in the previously cited words of Kido, the "side effects of medicine after the illness is cured," namely, the "arrogance of soldiers."

The conclusion of the Japan-Korea Treaty of Commerce in 1876 greatly reduced the tension in East Asia, at least for the moment. The government's victory over Saigo's rebellion in the following year meant that there were no more domestic forces left that could rise against the central authority. As military tension was removed, both externally and internally, the slogan of *fukoku kyohei* came to mean *fukoku* ("enrich the country") only. The culmination of power of the industrialization group at this time can be gathered by the conciliatory statement that the Ministry of Army made in the budget request in 1878, which included the following passage:

"It is admitted that promotion of agriculture, industry, and commerce and the installation of telegraph and railroads undertaken by the Ministry of Home Affairs and the Ministry of Industry may require large initial expenditures which will, however, be recovered after several years and yield not small benefits to the government as well as the private sector. On the contrary, when it comes to military spending, no pay-off what-so-ever is expected no matter how many years may pass as if the money was thrown into water or fire. From the perspective of financial accounting only, it may be argued that military spending is a white elephant that should be avoided, and some even propose to disband the army" (Waseda University Institute of Social Sciences, 1960: 336).

Needless to say, it was not the Army Ministry itself that proposed to "disband the army" or compared military spending to a "white elephant." The quotation above was merely describing the trendy argument among the public and within the government, which the Ministry wanted to refute by saying that possible causes of tension still remained in East Asia and discontented elements were not entirely eradicated inside the country so that the reduction of military expenditure was premature. Nevertheless, this budget request of the Army Ministry, which is so defensive, can at least prove the supremacy of the argument for industrialization immediately after the suppression of the Satsuma Rebellion.

And yet, according to the logic of flexible alliance advanced by this study, the power monopolized by only one group in the exclusion of all other groups and the revolutionary army could not last very long, for it was certain that the three repressed groups would soon contrive to regain their influence. As it

turned out, the government that vigorously advanced industrialization, first led by Okubo and inherited, after his death, by Okuma Shigenobu of the Ministry of Finance and Kuroda Kiyotaka (1840–1900) of the Hokkaido Development Authority, lived a very short life. Four reasons can be cited for this.

Firstly, there was the maneuvering of Inoue Kaoru, of the constitution group, in Britain. While Inoue was in London, he built a network of Japanese intellectuals, especially the students of Fukuzawa Yukichi, who were staying there. There were only two universities in Japan at that time, the state-run Tokyo Imperial University and the Keio Academy established by Fukuzawa. The students of Fukuzawa, which included bureaucrats, businessmen, education specialists, and journalists, were among the most brilliant intellectuals of the Meiji period, and Inoue was able to gain their support to his cause during his sojourn in this European city.

Secondly, the parliament group, who lost influence after its members resigned from the government in late 1875, began to re-organize their political platform, *Aikokusha* (the Society of Patriots), into a nationwide movement in 1879. The third national convention of *Aikokusha* in November 1879 was attended not only by the former samurai from Tosa, who were its original founders, but also by representatives of rural landlords from Tohoku and Hokuriku regions. The previous proposal for a “feudal assembly” had been transformed to the “Movement for Freedom and People’s Rights.” Thus, although the former revolutionary army was permanently removed from the political scene as a result of its defeat in the Satsuma Rebellion, the other two groups were steadily making progress in regaining influence.

Thirdly, Okubo Toshimichi, the central figure for the policy of “increase production, encourage industry,” was assassinated by discontented former samurai from Kanazawa in May 1878. It is difficult to generally determine whether history is driven by the policy or the leader, but there is no question that a leader’s personal fame and credibility are a valuable asset in a period of great transformation. The death of Okubo, who visited British factories with enthusiasm in 1872 and 1873, established the Ministry of Home Affairs upon his return to Japan, and devoted himself to export promotion and the modernization of import-substituting industries, was serious enough to sway the future of Meiji Japan’s industrialization policy.

Fourthly, the policy of rapid industrialization called for a political regime in which the government forced this policy on the private sector in a top-down manner. Godai Tomoatsu, an influential business coordinator in Kansai region who had strongly supported Okubo’s policy, was very clear on this point. Godai remarked: “the only way to deal with undeveloped people, such as those in our country, is to impose authoritarianism and lead them to civilization by any means” (Institute of Japanese Management History, 1971: 305). However, judging by the standards of the flexible structure of politics, industrialization advanced in such a despotic manner was extremely fragile as it lacked alliance with other groups and its legitimacy depended solely on the successful execution of industrialization.

Two years after Okubo’s death, the impasse of the industrialization policy was all clear to see. Its biggest obstacle was the financial constraint. Macroeconomic difficulties were generated by the issuance of inconvertible notes, amounting almost to the size of an entire annual budget, at the time of the Satsuma Rebellion in 1877. The inflation which it caused doubly tormented the government.

First of all, the inflation reduced the tax revenue in real terms as the land tax was nominally fixed. When the feudal rice tax in kind was switched to the monetary land tax from 1873 to 1880, the Ministry of Finance nominally fixed the tax obligation of each plot of land to avoid revenue shortage in the year of crop failure. As general prices rose, however, this arrangement worked to the disadvantage of the tax collector as rural landlords only had to pay the same nominal amount as before. Even though the price

of rice in 1880 was twice as high as it had been before the Satsuma Rebellion, the amount due for tax was the same. This meant that the land tax revenue of the government fell by half in real terms<sup>12</sup> while landlords and large farmers in rural areas suddenly found themselves rich.

In addition to the decline in real revenue, exchange rate depreciation occurred as a side-effect of inflation. The Japanese yen depreciated about 25% against the British pound from 1874 to 1880, and the Japanese fiscal revenue, expressed in foreign currency, fell proportionately. This made it all the more difficult for the government to vigorously promote industrialization by importing foreign machinery. If such policy continued to be implemented, foreign reserves would decline from year to year, and Japan would face a serious balance-of-payments crisis.

Kuroda Kiyotaka, a councilor and the director-general of the Hokkaido Development Authority, assumed the leadership of the industrialization group after Okubo's death. He acknowledged that the situation was critical, saying: "What remains in the coffers of the Ministry of Finance now is about eight million yen in gold and silver coins and gold bullion" and, at this pace, "it would only last for a year" (Kuroda Kiyotaka's policy proposal in August 1880, in *Documents of Sanjo Sanetomi*). The total fiscal expenditure of the central government at that time was about four million yen per year.

#### 4.6 A revival of the constitution group and the military (1880–1881)

What salvaged industrialization policy from the fiscal and foreign exchange crises was the rising power of the constitution group into which the industrialization group was subsumed as an ancillary part.

During his stay in London from September 1876, Inoue Kaoru of former Choshu Han strengthened his conviction that the transition to a constitution-based system was absolutely necessary for Japan. In a letter addressed to a colleague back home in February 1878, Inoue wrote: "It is not wise to maintain the system of central government as it is for an extended period of time. In my opinion, the people's love for the country will weaken each day unless central power is partly allocated to local governments and unless officials of the prefectures distribute it to the people. As patriotism weakens, so will the nation's power" (Editorial Committee of the Biography of Marquis Inoue Kaoru, 1933: 759). In sum, Inoue was arguing that patriotism would wither under a despotic government. As soon as the news of Okubo's assassination in May 1878 reached London, Inoue began to pack his suitcases, and two months later he was back in Japan. Considering the mode of transportation at the time and Inoue's official position, he could not have returned to Japan sooner.

Having learned that Inoue was homeward-bound, the industrialization group which had lost Okubo was fearful that Inoue's return would greatly rekindle the argument for people's rights and a popularly elected parliament (Institute of Japanese Management History, 1971: 305). But not enough power remained with the industrialization group to keep him out of the government. Upon his return, Inoue was reinstated as a councilor and the Minister of Industry. A new alliance was formed in the government with the constitution group, which had parted with the parliament group, occupying the leading position with the industrialization group being the follower.

However, within the constitution group itself, different views existed between the conservative faction and the liberal faction. In May 1880, when the proposal to issue foreign bonds worth 50 million yen, which the industrialization group regarded as the last straw to raise money for public investment, was voted down and the influence of this group was significantly diminished, leadership within the alliance

<sup>12</sup> The land tax was the only direct tax at the time, accounting for nearly 80% of the total fiscal revenue. The remainder was mostly tariff revenue, an indirect tax which could not be raised at will because the commercial treaties with the West required bilateral agreement in adjusting import duties. In reality, Japanese tariff rates were fixed at 5% across the board in most of the Meiji period.

was contested between the conservative faction and the liberal faction of the constitution group. In this political fight, the industrialization group in the government, which had lost financial means to carry out state-led industrialization, sided with the conservative faction since their economic goal was more likely to be attained under authoritarianism than democracy—or at least it was thus thought. The only exception was the case of Okuma Shigenobu, which will be discussed below.

Another factor that tipped the power balance towards the conservative faction in favor of an authoritarian constitution was the coming back of the military to the political arena. In 1880, as the industrialization group was increasingly cornered, the military launched a campaign to reverse the previous prioritization of *fukoku* over *kyohei*. Yamagata Aritomo, Chief of the Army General Staff, submitted the “Report on the Neighboring Country’s Military Forces” (an analysis of Chinese military capability) to the emperor in November 1880 which included the following passage:

“Since ancient times, *fukoku* and *kyohei* have always been a means and an ends to each other. This is the natural course of events; therefore it is no wonder that the Western countries never cease to expand armaments. If we were to say that wealth was the ends and the military its means, the people would only go after private profits and disregard public purposes... eventually short-sightedness would rule, and vanity would become habitual.” (Oyama, 1966: 93)

In this report, Yamagata described the substantial buildup of Chinese army and navy in recent years with concrete numbers. Then he made an amazing statement: “The strength of our neighboring country’s armaments is at once a cause for joy and a cause for fear” (Oyama, 1966: 97).<sup>13</sup> He was sounding an alarm that China, Japan’s neighbor, was turning into a formidable military power while the government was busying itself with nothing but industrialization hoping that there would be no more internal war after the suppression of the Satsuma Rebellion in 1877. This implies that, by 1880, the opponents of the industrialization group included not only the constitution group but also the *kyohei* (foreign expedition) group.

The resurgence of the *kyohei* group also meant that the advocates of an authoritarian constitution gained dependable support. In December 1879, one year before the report to the emperor cited above, Yamagata submitted a proposal regarding a constitution and a national assembly to the government. In it, he argued that the government should select two or three members each from the local assemblies which had been established in 1878, appoint them as members of a special assembly with no voting rights, have them deliberate a constitution taking as much time as necessary, and finally convert this assembly into the House of Representatives (Itagaki, 1957: 322). His proposal gave no detail on the steps towards the establishment of a national assembly, let alone on the content and timing of the proposed constitution. It added very little to the imperial edict four years prior which promised that “a constitution-based polity shall be established in incremental steps.”

In the mean time, the liberal faction of the constitution group in the government was building a network of supporters outside the government. The former parliament group which promoted liberalism was gaining the support of rural landlords who were now rich thanks to inflation, and broadening the demand for parliament into a national movement.

This national movement was led by the former vassals of Tosa Han who used to argue for a feudal assembly in the late Edo period. However, the convention of the Alliance for Establishing a National Assembly, organized in March 1880 in Osaka, was joined not only by the former samurai groups but, more importantly, also by the representatives of associations of rural landlords who gathered from about

<sup>13</sup> *Rongo* (*lunyu* in Chinese), a collection of words of Confucius (551-479BC), contains the following passage: “The ages of the parents should be borne in mind; for they are at once a cause for joy and a cause for fear.”

half the prefectures in Japan. The convention signed a unified petition to ask the emperor to install a national assembly. The sudden participation of rural landlords in national politics can be explained partly by the sharp increase in the prices of agricultural commodities due to inflation caused by the Satsuma Rebellion, which nicely covered their expenses for travel, lodging and book purchase, and partly by their emerging interest in how the tax money was used. Rural landlords were about the only taxpayers in Japan at that time.

Unlike the parliament group in the 1870s which was one component of the Meiji government, this national movement for a popularly elected parliament arose in the private sector. If the constitution group within the government won this movement over to its side, an alliance even more powerful than the former one in Osaka between the two groups (“constitution” and “parliament”) would have been formed. Inoue Kaoru, who returned from Britain, tried to forge such an alliance from the government side. He approached Ito Hirobumi, a colleague of his from former Choshu Han, and Okuma Shigenobu, now a central figure in the industrialization group, within the government. Using his connections created in London, Inoue also solicited cooperation from the members of Kojunsha, an association of top-level intellectuals who were former students of Fukuzawa Yukichi. From late 1880 to early 1881, Inoue met Fukuzawa twice, and asked him to launch a newspaper to support the government in its endeavor to establish a national assembly.

Had the alliance of the constitution group and the industrialization group succeeded in winning the national movement for parliament to their side, another “three-quarters” alliance might have been formed, this time with the participation of the private sector. But an unexpected maneuver of Okuma Shigenobu, the leading promoter of industrialization at that time, wrecked this plan.

As stated above, the industrialization group was thought to prefer an authoritarian government, for industrialization could not proceed smoothly if the government was to consult with a national assembly before deciding on the number, location and timing of state-run textile mills to be built. Okuma endorsed the plan to establish a constitution-based polity advocated by Inoue solely because the industrialization group was stalled by the fiscal and foreign exchange crises and had to seek the support of another group to minimize the decline of influence—or at least so it was thought by Inoue and his constitution group. Therefore it was understood, implicitly but quite naturally, that Inoue Kaoru, who had been instrumental in forging an alliance between the constitution group and the parliament group, would continue to take the leadership in establishing a constitution and a national assembly. In the two meetings with Fukuzawa mentioned above, Inoue was speaking on behalf of Ito Hirobumi and Okuma Shigenobu when he conveyed the government’s determination to establish a national assembly to Fukuzawa.

However, Okuma suddenly made an about-face and became the most radical advocate of constitutional polity in the government. Okubo Toshimichi, Kuroda Kiyotaka and other promoters of industrialization had an extensive experience in han-based political and economic activities as former vassals of Satsuma Han. Inoue Kaoru, an activist in former Choshu Han towards the end of the Edo period, also led a solid group within the government advocating a constitution. But Okuma, from former Saga Han, had no such experience. He made his name as a spokesman of sound fiscal policy advocated by the former Choshu group in the early years of Meiji. When Okubo emerged to stress the importance of state-led industrialization, around 1873, Okuma switched allegiance from the former Choshu group (sound budget) to the former Satsuma group (fiscal activism).

What set Okuma apart from the rest was the fact that, even though he was a rootless politician, he managed to hold on to at least the number two position, if not the number one, in every policy group he joined, whether it was sound budget or fiscal activism. In establishing constitution-based politics, he

again tried to be one of the central figures. His plan was to outwit Inoue Kaoru and Ito Hirobumi by assigning the task of drawing up a blueprint for a constitution and a national assembly to the students of Fukuzawa who held middle-ranking positions in the government. The proposal for the constitution that Okuma submitted to the Minister of the Left (in charge of legislature under the three-minister system) in March 1881 was drafted by Yano Fumio (1850–1931), one of the leading disciples of Fukuzawa. In April of the same year, “A Privately Proposed Constitution,” whose content perfectly matched Okuma’s proposal, was published in *Kojun Zasshi*, a journal of Kojunsha which was a politically oriented association under Fukuzawa’s influence made up of businessmen, bureaucrats, lawyers, and journalists who had graduated from the Keio Academy.

Okuma’s proposal in March 1881 and the release of Kojunsha’s privately proposed constitution in April 1881, which must have been prepared and coordinated with the utmost care, presented, in retrospect, a case of “a schemer drowning himself in the sea of his own schemes.” Okuma’s proposal was surprisingly radical, calling for a constitution stipulating a British-style parliamentary cabinet system into effect by the end of the year; holding a general election also within the year; and summoning a parliament in 1882. To Okuma such speed was possible because the constitution he had in mind was the one already published by Kojunsha in April. Okuma’s proposal and Kojunsha’s constitution were drafted by the same author, Yano Fumio, the Deputy Chief Secretary of the Ministry of State (equivalent of the Deputy Cabinet Secretary today), with impeccable consistency between the two.

Inoue Kaoru and Ito Hirobumi, who were seeking to draft a constitution and convene a national assembly by the strong initiative of the government, were not as well prepared as Okuma. If Okuma’s proposal was accepted, they would lose the leadership in this crucial political agenda of the Meiji government. Instead of letting that happen, they opted to collaborate with the conservative faction within the government to isolate Okuma. Inoue Kaoru and Ito Hirobumi turned to Inoue Kowashi (1843–1895), the Chief Secretary of the Department of State (equivalent of the Chief Cabinet Secretary today), who criticized Fukuzawa’s argument for a British-style parliamentary cabinet system and recommended a German-style constitution which gave strong power to the emperor and the government.

Making little progress in forming a majority within the government, Okuma and his comrades approached the Alliance for Establishing a National Assembly, a private movement mentioned above which was scheduled to hold its third national convention in October 1881 in Tokyo. They thought that Kojunsha’s draft constitution which beautifully concretized a British-style parliamentary cabinet system would be a powerful weapon for uniting local pro-democracy associations all over Japan into demanding a national assembly. If Okuma could garner support from this movement, his influence would be maintained despite his isolation within the government. With that belief, Okuma and his comrades leveled up the pressure on the government for the establishment of a constitution just before the arrival of local representatives of the Alliance in Tokyo.

However, the primary objective of Itagaki Taisuke and his former Tosa group, who was leading the Alliance for Establishing a National Assembly, was an early establishment of a national assembly and holding a majority in it rather than running the government by themselves. For those who are accustomed to think that winning a parliamentary majority and running the government are one, this kind of democracy movement may be difficult to understand. But it should be remembered that the parliament group, including Itagaki, had been out of power ever since they left the government in 1875, unlike the “despotic” government which continued to rule the country and gained experience in it. What Itagaki wanted was to invigorate the national movement for a national assembly as an outsider rather than to take up the cumbersome task of managing the government. Therefore it was natural for this group to try to win a majority in the national assembly when it was established, through popular movement and

mobilization of local associations with which they had become quite familiar, and exercising the veto power to force the government into changing its policies without itself taking the administrative branch.

For this reason, the leaders of the Alliance for Establishing a National Assembly did not concur with the idea of a parliamentary cabinet system presented by the bureaucrats under Okuma's influence and the intellectuals under Fukuzawa's influence, simply because they did not want to take over the government. In fact, Itagaki and company showed little interest in the content of the proposed constitution; their goal was to grab a majority in the House of Representatives, no matter what the constitution said, to pressure the government into accepting policy revisions. Itagaki, who came to Tokyo in October 1881, flatly declined the request for cooperation by the aforementioned bureaucrats and journalists and quickly set off on a campaign tour in Tohoku and Hokuriku regions, saying that local political bases had to be strengthened in anticipation of the convening of a national assembly in the near future.

#### 4-7. The end of the transformation period (1881)

As we look back, the period of transformation that began with the signing of commercial treaties with the West in 1858 was full of failures and trial-and-error. The Bakufu was supposed to relinquish power peacefully under the guidance of a feudal assembly, but in reality it had to be removed by a civil war between the shogunate and powerful han. Likewise, the abolition of the feudal lord system was accomplished by force, through the military prowess of Satsuma, Choshu, and Tosa Han, not peacefully by the initiative of a bicameral system comprising han lords and their vassals.

Because the military power of the influential han was the key factor in overcoming these two events, the revolutionary army's weight within the government increased. It started to demand regional wars with Korea, Taiwan, and China, so much so that it became a major headache for the government after all domestic revolts had been eradicated. Okubo Toshimichi and other high officials, who came back from the year-and-a-half foreign mission, wished to promptly focus the nation's attention and resources on developing industry, but the military forces within the government and the private army in Kagoshima clamored for foreign wars. The Satsuma Rebellion, the last and largest revolt of the revolutionary army, triggered inflation, a fiscal crisis, and severe foreign exchange pressure, further tying the hands of the promoters of state-led industrialization.

Despite these failures and trial-and-error, there existed certain policy visions that evolved in stages and were consistently supported. The one was *kogi yoron* (government by public deliberation) initially featuring a feudal assembly which subsequently developed into the establishment of a constitution-based political system. The other was *fukoku kyohei* (enrich the country, strengthen the military), which started with the creation of feudal trading firms and military buildup at the han level and was transformed into a policy of state-led industrialization and foreign expedition after the Meiji Restoration. The unintended use of military force in accomplishing the Meiji Revolution was tolerated and even justified because, regardless of how the revolution was accomplished, there were implicit promises and expectations that the new government would push forward the goals of installing constitution-based polity and modernizing industry and the military at the national level.

The establishment of a constitution and a national assembly, in 1889 and 1890, took place more than twenty years after the restoration of imperial rule. Because of this fact, the popular interpretation dissociates the Meiji Revolution from the effort to introduce democracy and instead asserts that it was accomplished by the military prowess of the southwestern han of *Sat-Cho-Do-Hi* (Satsuma, Choshu, Tosa, and Hizen), with the addition of a policy of industrialization as a result of the Iwakura Mission. Some even argue that democratization made its slow progress as a tug of war between the despotic government

and the anti-government forces, with the former trying to delay it as much as possible. Thus, the Meiji Restoration is commonly understood as a precursor of authoritarian developmental states that became popular in East Asia after WW2.

However, *fukoku kyohei* had a longer history dating back before the Iwakura Mission. Strong han collected commodities of high demand from within and without their domains, exporting them to the West and using the proceeds to purchase military and commercial ships, artillery guns, and rifles as soon as trade began with the West in 1858. Precisely because of this, these han were able to acquire sufficient military power that could eventually topple the shogunate. Also, the idea of *kogikai*, a bicameral system composed of influential lords and their vassals, had emerged by 1863, five years prior to the restoration of imperial rule. This policy vision came to be widely shared among influential lords and their vassals in the years between 1864 and 1867.

The policy vision for a feudal assembly continued to be promised after the Meiji Restoration, in the name of the emperor and with evolving forms and contents, by the Charter Oath of 1868, the imperial edict of 1875 that declared that “a constitution-based polity shall be established in incremental steps,” and the imperial edict issued immediately after the Okuma group was expelled from the government in the Political Incident of the 14th Year of Meiji (1881), which was analyzed in Section 4.6 above. In the last edict, issued in October 1881, the emperor stated: “I shall follow through with my original intentions by summoning parliamentary members and opening a national assembly by the twenty-third year of Meiji [1890].” This set a concrete deadline for the establishment of a national assembly by the words of the emperor. With this edict, the dispute over the introduction of a national assembly, initiated by the 1867 Satsuma-Tosa Compact, was ended and the time for implementation had arrived.

Similarly, the vision of “increase production, encourage industry,” which grew out of the han-based *fukoku* strategy of the late Edo period with shifting emphasis and remained a consistent national goal in the early years of the Meiji Revolution, came to a close with the announcement of the Regulations on Privatization of Factories in November 1880 and fiscal reform and austerity measures initiated by Finance Minister Matsukata Masayoshi in 1881. The former put an end to state-led industrialization championed by Okubo by stating clearly that the government would no longer be directly involved in running business enterprises with the exception of military factories and projects requiring large initial investments such as railroads. The latter terminated fiscal activism which was the premise for feudal trading firms in the late Edo period as well as the trade and industrial policies of the Ministry of Home Affairs in the early Meiji period. As a result of the forceful redemption of inconvertible notes under Matsukata’s fiscal reform, commodity prices plummeted and the real value of tax revenues which were nominally fixed went up. This strengthened the fiscal position of the government while impoverishing many landed farmers and small landowners, driving some of them into bankruptcy and tenant farming. The transformation period was thus over for the industrialization policy as with the policy of establishing a constitution and a national assembly.

The fact that the two basic goals of the Meiji Restoration, *fukoku kyohei* and *kogi yoron*, split into four groups advocating industrialization, foreign expedition, a constitution and a national assembly should not be interpreted as the disintegration of the Meiji government. On the contrary, our contention is that this four-way schism of national goals was the manifestation of the strength of the flexible structure of Meiji politics. The four goals can be restated as the introduction of democracy and the pursuit of economic prosperity and military might on a par with the most advanced countries of the world. These goals seemed hardly possible for Meiji Japan, a small East Asian country that had closed itself up for two and a half centuries. But the unreachable goals were eventually attained thanks to the continued resilience and flexibility of politics in which policy promoters split into four groups after the Restoration, with a setback

of one goal compensated by the advancement of the other three, and supremacy of any one group was restrained by the alliance of the remaining three.

Thus, we conclude that the period of transformation came to an end in 1881. From the viewpoint of policy formulation, the following decade was a period of gradualism, that is to say, a period of steady progress along agreed paths towards agreed goals. It saw the rise of private joint stock companies in the environment of macroeconomic stability which fiscal austerity prepared. The government also took enough time to draft a constitution and launch a parliament as promised, which, however, had a relatively weak power. The great shock of the Meiji Restoration was absorbed in a series of small earthquakes under the flexible structure of politics with continuous re-formation of alliances. The time had come at last for more predictable political and economic management.

In 1893, twelve years after the end of the transformation period in 1881, the Meiji government was able to proudly report the accomplishment of *fukoku kyohei* and *kogi yoron* to the House of Representatives. In his speech at the Sixth Ordinary Session of the Imperial Parliament in late 1893, Minister of Foreign Affairs Mutsu Munemitsu (1844–1897) announced that the total value of Japanese trade, with exports and imports combined, rose to more than five times, the tonnage of battleships quadrupled, and the number of army soldiers quintupled, in comparison with 1868 when imperial rule was restored; and railroads, which did not exist in 1868, were laid over three thousand miles. In the legal field, Mutsu could boast that the first constitution-based government in Asia was in place. He closed his speech with the following words: "The peoples of Europe as well as the governments of Europe are amazed at our great progress over the last twenty years, calling Japan a country second to none in the world" (*Shorthand Minutes of the Imperial House of Representatives*, 1979: 252).

Most achievements cited by Mutsu were the results of public and private investments which took place in the decade of policy implementation following the year 1881, the year which marked the end of the transformation period. However, the fruits of this decade could not have been harvested had it not been for the dynamic effort at transformation, interlaced with many setbacks and difficulties, which was sustained by constant re-formation of alliances which went on for over twenty years before these investments materialized.

## 5.0

### Final Remarks

Before concluding the study, two additional observations are in order.

The first observation, which was already touched upon in section 2, is concerned with the question of why re-formation of coalitions could continue for a long time without falling into uncontrollable chaos or being intervened by the Western powers. One answer, already given above, is the cumulative experience of cooperation among samurai groups in the decade preceding *Taisei Hokan* and *Ousei Fukko* in 1867, both vertically between han lords and their vassals and horizontally among influential han. In the political events following the Meiji Restoration, leaders continued to trust the goodwill of their opponents even to the moment of final confrontation. For instance, Okubo Toshimichi, who openly opposed Saigo Takamori over the proposal of an expedition to Korea in 1874, was in the previous year inclined to send a passionate letter to Saigo to report his visits to British factories. Later, when Okubo and Saigo ultimately had to engage militarily with each other in the Satsuma Rebellion in 1878, Shimazu Hisamitsu, the former *de facto* leader of Satsuma, ordered his high-ranking vassals to remain neutral in this conflict. Goodwill and mutual trust were similarly pervasive when Satsuma vassals and Tosa vassals agreed on the proposal of a feudal assembly in 1867, or when Satsuma samurai and Choshu samurai joined forces to fight an internal war to oust the Bakufu in 1868-1869.

Apart from the rich experience of cooperation among han, several centripetal forces which had been generated in the Edo period were also critical. Under the political stability of the Bakufu-Han System and limited foreign contact under the “Closed Door” policy (1639-1854), Japan had an opportunity for over two centuries to develop its society and economy without being seriously interrupted by internal conflicts or foreign pressure (Umesao, 1957; Ohno, 2005). Among conditions nurtured by internal social evolution of the Edo period, the following two are particularly important. First, there emerged a layer of wealthy merchants, intelligent samurai, and professionals who had strong demand for new knowledge and political participation as a result of the steady development of agriculture, commerce and handicraft industries supported by effective transport and communication infrastructure. Second, there was growing nationalism in the private sector spurred by the fact of political and economic integration of the nation as well as the rise of *kokugaku*, or research on ancient Japanese literature and spirit. In the late Edo period, nationalism was suddenly and greatly activated by the contact with the West which entailed the danger of being colonized. Thus, private-sector nationalism and *sonno shiso* (the doctrine of respecting the Emperor), which were widely shared among the wealthy and the learned in the late Edo period, maintained national unity that worked to hold the last line amid political struggles, prevent a civil war from getting out of hand, and reduce the risk of colonization by the Western powers.

However, even with the intellectual maturity of samurai, scholars, rich farmers, and wealthy merchants, their emergence as the shaping force of history would have been impossible had the strict class order

and social boundaries of the Bakufu-Han System remained intact. From this perspective, it is important to note that Japan in the late Edo period, especially after the opening of ports in 1859, had conditions under which enlightened people, especially low-ranking samurai, could challenge traditional authorities and act independently. One of such conditions, arising as a long-term trend, was the gap between the reality of a thriving market economy supported by the growth of commercial crops and handicraft manufacturing on the one hand, and the physiocratic doctrine of the Bakufu-Han System which regarded rice production by self-sufficient family farms as the sole base of social order and taxation on the other. This gap called for a political reform that would launch a package of new economic policies to stimulate trade and industry as a historical necessity.<sup>14</sup> Another condition, which was more short-term in nature, was the cumulative failure of the Bakufu's military, diplomatic, political and economic policies following the arrival of American warships in 1853-54 which severely undermined the legitimacy of the Bakufu as a military government, and created the social atmosphere in which disobedience to the traditional authority became permissible. A political struggle which disregarded traditional values and feudal rules was unleashed to establish a new order under the social circumstance in which restraint was in place to prevent this struggle to go overboard. In this sense, Japan in the late Edo to the early Meiji period experienced a historically very unique and highly fortunate period of transformation. To put it differently, it is hardly possible to duplicate the flexible structure of politics, the hallmark of Meiji Japan, in developing countries of our age.

The second observation is that, as a matter of fact, industrialization policy *in the narrow sense* in which government took the initiative to install and operate imported machines embodying Western technology in state-run factories, as pursued by the Okubo group, did not succeed commercially. As noted earlier, this policy was promoted vigorously from 1876 to 1880, a relatively short period in the entire period of transformation. The Meiji government, which managed to appease disgruntled farmers with a land tax reduction in 1876 and financed the military spending to suppress the Satsuma Rebellion (whose expenditure was roughly equal to the annual national budget) by issuing paper money in 1877, the only remaining source of public investments for industrialization was the issuance of industry bonds amounting to 10 million yen (or 25% of the national budget).

In reality, however, the cotton spinning industry established by the Ministry of Home Affairs with nearly the half of this financial resource (4.5 million yen) by importing British machinery never achieved profitability. Three years later, when the government decided to sell off these national assets to the private sector, few private enterprises showed interest (Takamura, 1996: 215). The reasons for this unfavorable outcome were the shortage of capital, the operation size of 2,000 spindles which was too small for efficiency, the use of waterwheel as the power source with severe constraints on the location and operation time, and the lack of competent engineers (Abe, 1990: 165-166).

The overcoming of these difficulties had to await the establishment of Osaka Boseki Company, a private spinning mill created by Shibusawa Eiichi, a super business coordinator, in 1882. On the other hand, the indigenous spinning industry owned by private operators rapidly increased the export of silk yarns mainly to the US market thanks to the success in blending imported technology with the traditional production method (Takamura, 1996: 219, 230). In short, it was the private sector that achieved great success in export promotion while import substitution by the hand of the government was largely a failure.

Although the government could not produce any positive results in factory operation, it must also be admitted that industrialization policy *in the broad sense* conducted by the Meiji government played a

<sup>14</sup> In the terminology of Marxian economics, this situation can be stated as the rise of production force and associated transformation of production relations, which belong to the infrastructure, generating a conflict with the political system, which forms a part of the superstructure. A revolution became necessary to dialectically resolve this conflict.

crucial role in preparing the conditions for private investment to prosper at later stages. This includes the construction of industrial infrastructure such as railroads, roads, telegraphic communication and lighthouses; promotion of technology transfer through the direct employment of foreign advisors and project contracts with Western partners; human resource development through the dispatch of Japanese students to top-level universities in the West and the establishment of *Kobu Daigakko* (Institute of Technology) and technical colleges; military factories which trained Japanese engineers who later migrated to establish their own workshops; encouragement of invention and innovation by hosting a series of domestic trade fairs; establishment of various research institutes; and modernization of the fiscal and monetary system. The Industrial Revolution of Japan took off in the late 1880s in the aftermath of Matsukata Deflation, an austerity package introduced by Finance Minister Matsukata Masayoshi to suppress inflation. Its main players were private joint stock companies in the textile industries and railroad operation. Industrial policy in the broad sense in the early Meiji period prepared the conditions for this private business boom to materialize.

## References

- Abe, Takeshi (1990) "Menkogyo" (Cotton Industry), in Nishikawa Shunsaku and Abe Takeshi (eds.) *Nihon Keizaishi 4: Sangyoka no Jidai I* (Economic History of Japan 4: The Age of Industrialization Part 1), Iwanami Shoten.
- Banno, Junji (2001) *Democracy in Pre-War Japan: Concepts of Government, 1871-1937: Collected Essays*, Translated by Andrew Fraser, Routledge.
- Banno, Junji (2006) *Kindai Nihon Seijishi* (Political History of Modern Japan), Iwanami Shoten.
- Banno, Junji (2007) *Mikan no Meiji Ishin* (Unfinished Meiji Restoration), Chikuma Shinsho.
- Banno, Junji (2008) *Nihon Kensei Shi* (History of Japanese Constitution Politics), University of Tokyo Press.
- Banno, Junji, and Kenichi Ohno (2010) *Meiji Ishin 1858-1881* (Meiji Restoration 1858-1881), Kodansha Shinsho.
- Editorial Committee of the Biography of Marquis Inoue Kaoru (1933) *Seigai Inoue Ko Den* (Biography of Marquis Inoue), vol.2, Naigai Shoseki.
- Fujino, Tamotsu, (ed.) (1987) *Zoku Saga Han no Sogo Kenkyu* (A Comprehensive Study of the Saga Domain, Vol.2), Yoshikawa Kobunkan.
- Inada, Masatsugu (1960) *Meiji Kempo Seiritsushi* (The History of Formulation of the Meiji Constitution), vol.1, Yuhikaku.
- Institute of Japanese Management History, (ed.) (1971) *Godai Tomoatsu Denki Shiryo* (Biographical Documents of Godai Tomoatsu), vol.1, Toyo Keizai Shimposha.
- Itagaki, Taisuke, (ed.) (1957) *Jiyutoshi* (History of the Liberal Party), vol.1, Iwanami Shoten.
- Japan Historical Academy, (ed.) (1981) *Meiji Ishin Jinmei Jiten* (Who's Who of the Meiji Restoration), Yoshikawa Kobunkan.
- Japan Historical Document Society (1967) *Kido Takayoshi Nikki* (Diary of Kido Takayoshi), vol.3, University of Tokyo Press.
- Japan Historical Document Society (1969) *Okubo Toshimichi Bunsho* (Documents of Okubo Toshimichi), vol.7, University of Tokyo Press.
- Katsuda, Magoya (1911) *Okubo Toshimichi Den* (A Biography of Okubo Toshimichi), vol.2, Dobunkan.
- Matsukata-ke Monjo [The Matsukata Family Documents], vol.56, section 12.
- Ohno, Kenichi (2005) *Tojokoku Nippon no Ayumi* (The Path Traveled by Japan as a Developing Country), Yuhikaku. English translation, *Economic Development of Japan: The Path Traveled by Japan as a Developing Country*, GRIPS Development Forum, 2006.

Ohno, Kenichi, and Izumi Ohno, (eds.) (1998) *Japanese Views on Economic Development: Diverse Paths to the Market*, Routledge.

Ohno, Kenichi, and Kojiro Sakurai (1997) *Higashi Asia no Kaihatsu Keizaigaku* (Development Economics of East Asia), Yuhikaku.

Oyama, Azusa, (ed.) (1966) *Yamagata Aritomo Ikensho* (The Policy Documents of Yamagata Aritomo), Hara Shobo.

Rikkyo University (ed.) (1968) *Okubo Toshimichi Kankei Monjo* (Documents Concerning Okubo Toshimichi), vol.3, Society for Japanese History Research, Yoshikawa Kobunkan.

*Shorthand Minutes of the Imperial House of Representatives* (1979) vol.7, University of Tokyo Press.

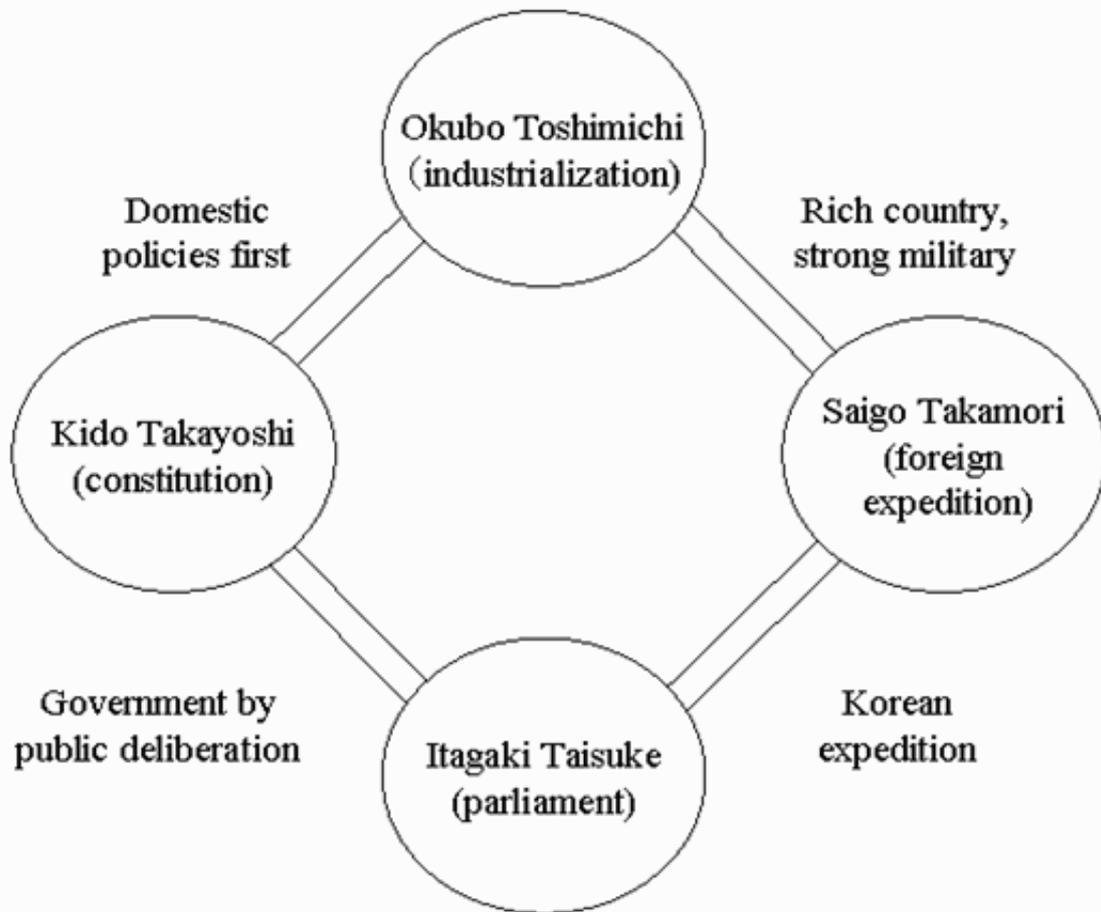
Study Group for Documents Concerning Ito Hirobumi, (ed.) (1976) *Ito Hirobumi Kankei Monjo* (Documents Concerning Ito Hirobumi), vol.4, Hanawa Shobo.

Takamura, Naosuke (1966) "Shokusan Kogyo" (Industrialization Policy), in Mitsusada Inoue et. al. (eds.) *Nihon Rekishi Taikei* (Comprehensive Japanese History), vol.13, Yamakawa Shuppansha.

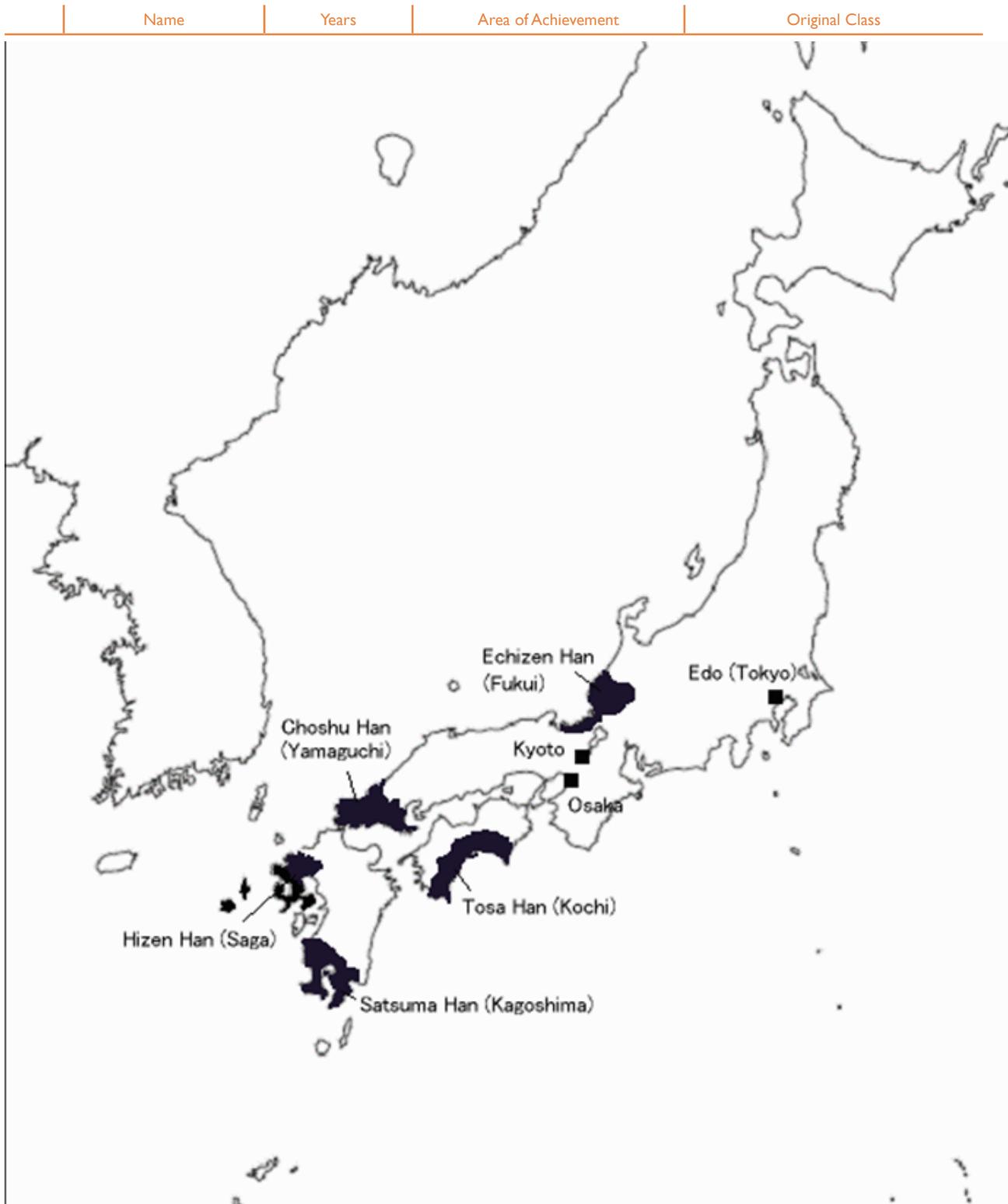
Umesao, Tadao (1957) *Bunmei no Seitaishikan* (The Ecological View of Civilization), Chuo Koronsha.

Waseda University Institute of Social Sciences, (ed.) (1960) *Okuma Bunsho* (Documents of Okuma), vol.3, Waseda University.

Watanabe, Toshio, (1998) *Shinseiki Asia no Kousou* (The Design of Asia in the New Century), Chikuma Shinsho. English translation (excerpts) in Kenichi Ohno and Izumi Ohno, (eds.) *Japanese Views on Economic Development: Diverse Paths to the Market*, Routledge.



**Table 1. Leaders in the Late Edo and Early Meiji Period**



1	Nakane Sekko	1807-1877	Political Scientist	Han Samurai (Fukui Han)
2	Shimazu Nariakira	1809-1858	Han Lord	Han Lord (Satsuma Han)
3	Yokoi Shonan	1809-1869	Confucianist, statesman	Han Samurai (Higo Han)
4	Sakuma Shozan	1811-1864	Militarist, jurist, Confucianist	Han Samurai (Matsushiro Han)
5	Nabeshima Naomasa	1814-1871	Han Lord	Han Lord (Saga Han)
6	Uchida Masakaze	1815-1893	Bureaucrat	Han Samurai (Satsuma Han)

## DLP Publications

### Research Papers

1. Jo-Ansie van Wyk (2009) "Cadres, Capitalists and Coalitions: The ANC, Business and Development in South Africa".
2. David Sebudubudu with Patrick Molutsi (2009) "Leaders, Elites and Coalitions in the Development of Botswana".
3. Eduard Grebe with Nicoli Nattrass (2009) "Leaders, Networks and Coalitions in the AIDS Response: A Comparison of Uganda and South Africa".
4. Deborah Brautigam with Tania Diolle (2009) "Coalitions, Capitalists and Credibility: Overcoming the Crisis of Confidence at Independence in Mauritius".
5. Jo Beall with Mduduzi Ngonyama (2009) "Indigenous Institutions, Traditional Leaders and Developmental Coalitions: The Case of Greater Durban, South Africa".
6. Adrian Leftwich (2009) "Bringing Agency Back In: Politics and Human Agency in Building Institutions and States".
7. Junji Banno & Kenichi Ohno (2010) "The Flexible Structure of politics in Meiji Japan".

### Background Papers

1. Adrian Leftwich & Steve Hogg (2007) "Leaders, Elites and Coalitions: The case for leadership and the primacy of politics in building effective states, institutions and governance for sustainable growth and social development".
2. Adrian Leftwich & Steve Hogg (2008) "The Politics of Institutional Indigenization: leaders, elites and coalitions in building appropriate and legitimate institutions for sustainable growth and social development".
3. Heather Lyne de Ver (2008) "Leadership, Politics and Development: A Literature Survey".
4. Heather Lyne de Ver (2009) "Conceptions of Leadership".
5. Adrian Leftwich & Steve Hogg (2010) "The Leadership Program: Overview & Objectives".
6. Adrian Leftwich (2010) "An Overview of the Research in Progress for the Leadership Program: Developmental Leaders, Elites and Coalitions".
7. Isabelle van Notten (2010) "Integrity, Leadership, Women's Coalitions and the Politics of Institutional Reform. Bringing Agency Back In. Mid-Term Workshop Report, Cape Town 25-26 May 2010".
8. Edward Laws (2010) "The 'Revolutionary Settlement' in 17th Century England: Deploying a Political Settlements Analysis".



The Developmental Leadership Program (DLP) addresses an important gap in international thinking and policy about the critical role played by leaders, elites and coalitions in the politics of development. This growing program brings together business, academic and civil society partners from around the world to explore the role of human agency in the processes of development. DLP will address the policy, strategic, and operational implications about 'thinking and working politically' - for example, about how to help key players solve collective action problems, negotiate effective institutions and build stable states.

The Developmental Leadership Program

E: [info@dlprog.org](mailto:info@dlprog.org)

W: [www.dlprog.org](http://www.dlprog.org)