

# History of Japanese Economic Thought

## Lecture No. 11

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# 11 Traditional Industry and Promotion of Industry

## – –Masana Maeda’s Theory on the Promotion of Traditional Industry

### ● Masana Maeda

● 1850-1921 (Mar. 12 in 3rd yr. of Kaei – Aug. 11 in 10th yr. of Taisho)

Economic bureaucrat; 6th son of Yoshiyasu Maeda, medical doctor working for Satsuma Clan. He entered the service of the agriculture promotion bureau in the Ministry of Home Affairs after coming back from his study in France in 1877. Subsequently in the Ministry of Finance under Okuma’s financial administration, he led policy measures to encourage industries by propounding the fosterage of private industries and the promotion of direct exports. In 1881, assuming concurrent duties of secretaries for the Ministry of Agriculture and Commerce, and that of Finance, he worked out voluminous systematical economic plans, but which were made public as an “opinion on the industrial promotion” after a substantial alteration due to the opposition by Masayoshi Matsukata, Chancellor of Finance. After successively filling various posts of Yamanashi Prefecture’s governor, undersecretary of the Agriculture and Commerce Ministry, senator of the Chamber of Elders, and member of the House of Peers, he left the official circles in 1990 and made a contribution to the promotion of local industries. He promoted the systematizations of local industrial organizations and nationwide agricultural societies, and the drive for the approbation of towns and villages, and was called “the commoner Agriculture Minister.”

(*Iwanami Dictionary of Japanese History*)

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Source: *Yamanashi Prefecture’s Thesaurus of Wine*, <http://www.go.jp/wine/>

([http://www.yitc.go.jp/wine/wine\\_history06.html](http://www.yitc.go.jp/wine/wine_history06.html))

# Systematization of Industrial Association

- Japan Tea Industry Association: Feb. 1893 (26th yr. of Meiji)
- Japan Foreign Trade Society: Dec. 1893
- The Five-Two Association (intended to promote five important export artifacts, i.e., fabric, pottery, copperware, lacquer-ware and papermaking, plus, sculpture and carpet, or 7 items in total): Apr. 1894
- Dai Nippon Commerce and Industry Association: Aug. 1894
- Kyushu Coal Federation: Sep. 1894
- Japan Match Association: Sep. 1894
- Japan Silk Yarn Association: Dec. 1894
- National Agricultural Affairs Association: Apr. 1894
- Dai Nippon Haze Wax Association: Mar. 1895
- Dai Nippon Livestock Association: Aug. 1895
- National Sake Brewers Joint Association: May 1895

# Resignation Speech

Publication of *Industry* discontinued in Feb. 1897 (30th yr. of Meiji)

● “As the result of running about various places and ignoring domestic affairs for many years, tens of thousands of assets were consumed in a flash and most of my fields and paddies changed their ownership. In a halfway of the achievement, the horses fell down and arrows were exhausted; What have all of my exertions so far been for?” And while “covertly made an inspection of the business circles’ situations, and, on another front, tried to make some fund for movements,” he failed in the business he meddled with to raise funds and his industrial movements could not regain the same glory as in the late 20s of Meiji Period.

# Yukichi Fukuzawa's Criticism of Agriculture and Commerce Ministry

● *Major Reform of the Agriculture and Commerce Ministry* included in *Jiji Shimpo* dated Mar. 28, 1897:

● "... There are a kind of fellows who must never be excused. They are not uncommon in mentality, essentially ignorant and unlearned, poor in cultural thought and having no normal judgment, unaware of the developmental situation of trade and business to begin with. And they **unquestioningly believe to attain the objective of the industrial promotion with guards and interferences of diverse works of humans,**

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# Yukichi Fukuzawa's Criticism of Agriculture and Commerce Ministry

- ...These fellows play business talks in vain for no good reason, claiming themselves to be knowledgeable and versatile, though they are ignorant and incompetent in reality; when addressing affairs, with a knowingly acute eagerness, they exert an influence in unexpected environs, rather making fools in philistine societies tick.
- All along the line, to have officials submit the foolish bills (the draft bill to encourage direct exports of raw silk, the one for the joint association of important export artifacts, and the one to subsidize expenditures for the extension of market of manufactured tea, etc. – – these additional notes by this quoter) is attributable to the enthusiasm and power of these fellows, ...how inconvenienced the general is!
- Business people across the country are as close as being placed under the supervision of psychopaths, which is hazardous and endless. As there already is a precedent of such pilgrimage political tactics as a diligent saving that was lined out by the Agriculture and Commerce Ministry a year ago, we are fed up with any more movements of overzealous psychopaths at this late, and want to beg off recurring of the same for anything in the world. Nonetheless, should the government situate this type of persons as the successors by some sort of favoritism, I would never keep my mouth shut for the sake of the interests of business, and advocate head-on that **the Ministry of Agriculture and Commerce ought to be abolished, considering it as a useless object**, or even a detrimental toxic agent. I am here to firmly pronounce that.”

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# Maeda's Opinion

- *Road to Wealth by Promotion of Industry*, published in Dec. 1914 (3rd yr. of Taisho)
- “Rivalry of countries cannot be expected unless there are rivalries in agriculture, industry and commerce. How can I design the rivalry in these areas? I have no alternative but to establish the basis for total cooperation and give an appropriate organ for letting it provide a work to this setup.”
- “People riot about as they don't know the world. ...And yet they say Japanese are the first class. Well, if this first class is the one in inferiority, then I'm aware of it. Unless we activate agriculture, industry and commerce such as fabric, pottery, rice and oats, and increase harvest, production and sales and improve quality thereof, Japan will be forced into a bankruptcy in the end.” ...

# Structure of Maeda's Ideology

- As obvious from his behavior that was dedicated heart and soul to the prosperous country through the promotion of industry, his ideology can be grasped in two phases of nationalism and “industry” ism.
  
- **Nationalism**
  - ① Ideological circumstance of Satsuma Clan in the last days of the Tokugawa government:
    - In the first place, a method of education in those days was not so considerate of everything as it is at the present time, but the nation's public mind brought out its good nature in its extreme and it was said that the whole country would put up a fight expecting the result of the victory of *Kin-no* [loyalty to the emperor]. So when I was 14 or 15 years old, the name of *Kin-no* faction swept through all parts of the country. Thus, lionized as the education books were great teachers' last words of various persons who left behind models for the contemporary education such as Kunpei Gamo, Genjiro Umeda, Toko Fujita, Nobuhiro Sato, Atsutane Hirata, Shihei Hayashi, Hikokuro Takayama, Shozan Sakuma, Sanai Hashimoto; the Fushimi Teradaya affair was perceived by supporting *samurai* as the most fermenting incident. Masana kept growing during this period and naturally understood the spirit of reverence for the emperor and love of the country, and felt the need to consider reasons for deporting the nation's future and to have a thorough knowledge of foreign countries, which nurtured the desire to travel abroad that kept growing and didn't come to a stop...”

● But, ..... a characteristic worth noting of his nationalism may be that in the process of his education in France, he rather grasped modern times in the form of imperialism through his own experience. In the last days of the Tokugawa government, the fear of and animosity against Euro-American imperialism were expressed in the words of “*Kurobune*” [black ship] and “*Joi*” [antiforeign sentiment] in the grass-roots scale. To Maeda who had a specific perception of Western culture through his eight-year stay in France, it was not limited to the degree of reflexive, emotional reaction of fear and animosity, but was hardened in a prosaic/political and realistic perception that, more than anything, the independence (= national prosperity and defense) vis-à-vis the imperialism must be set as the nation’s course in the future. (from Yukio Cho, *Nationalism and Industrial Movement*)

## ② Experience of Overseas Studies

- In Saigon, firstly, marveled at “flood of its cultural facilities”
- In Ceylon, become acutely aware of misery of the imperialism-ruled colony
- In Suez, marveled at vastness of its contrivance
- In Marseille, “where no natural breakwaters intrinsically exist,” flat sea coasts tended with human works peacefully berth several thousands of large and small boats. That is “wholly the result of human power,” and is totally opposite to Japanese ports and harbors that rely on natural lays of the land. “Our empire is the one in name only, and in actuality, there are no facilities that deserve its name; Nothing is more disgraceful and damaging than this.”
- “To implement a civilization project, all along the line, constitutes nothing but the expression of power in administering aid to an inventor who shows up in a significantly low-order society or an unexpected situation; for a civilized national to consider this as realization of a big project, if examined closely, is to build civilization by the power of persons who give assistance to an invention that gets completed accidentally. Thus I have become enlightened that this has nothing to do with an ethnic group.”

# Industrialism

## ① Criticism of democratic rights

“While descendants of *samurai* were dedicated to reading books and practicing military tactics, such common sense was obstinately dismissed in the wake of the abolition of the *han* [feudal domains] system and the establishment of prefectures; Their stipend in rice was abruptly abolished and replaced with monetary stipend; Next, their fiefs were returned to the Emperor and finally the government securities for the monetary stipend were issued, which shortly came to be traded freely; Determined to earn a living of their old days, they embarked on either agriculture, industry, or commerce based on each individual’s interest. But unaccustomed to such businesses regrettably, without exception they lost their capital or squandered their money—provided by the Emperor—in food and alcohol for their followers, and were driven to the last ditch. In the end, heedless of own livelihood, oblivious of the royal road of their duty both to their lord and to parents, they idly engaged themselves in political discussions, not in talks that the capability of the nation ought to be founded on an enrichment of each family’s livelihood, lost in fantasied logics by abandoning their businesses to bear down, and were frantically busy with hindering the passage to the wealth of our nation, hence coming to drag down the national strength.”

# “Yoikotoyo-Bushi” [“It’s Good” Tune]

- Newly created and promoted “Yoikotoyo-bushi” preceding to the inauguration of the Fifty-two Association in Hyogo Prefecture in Jun. 1894:
- The assembly was dissolved again. You’d better bear down too. It’s good to bear down.
- Rather than talking about redeeming the treaty, you’d better study the family business. It’s good to study.
- It’s good to open a market and activate foreign trades for expert items. It’s good to activate.
- When the trade becomes active, you’d better have a treaty on equal terms. It’s good to have a treaty.
- With trading associations grown stronger, you’d better restore trade rights. It’s good to restore.
- If you want the national wealth and strength, you’d better bring up your capability. It’s good to bring up.
- Rather than relying on political parties involving interests, you’d better hold industries together. It’s good to hold together.
- If the country is really important, you’d better resolve the budget. It’s good to resolve.
- If investing to found a business, it’s good for the sake of the country. It’s good for the country.
- Once industries are united, you’d better make it an industrial assembly. It’s good to make it an assembly.

## ② Appeal at Early Assembly as Active Lobbyist

- To him, the assembly was an appliance for industries.

- *Industry*, Vol. 21, issued in Jan. 1895

- “...Resulting from those meetings held last Dec., there are quite a number of agenda to be submitted to the Imperial Diet and recommended to the government: the National Agricultural Affairs Convention, the National Silk Yarn Industry Convention, and the general convention of each national industrial group. Chairman Masana Maeda together with each clerks engaged in researches and investigations on these night and day, and who already submitted to the Diet and recommended to the government quite a few that were urgent and done with researches. ....

- <Draft of recommendations and submissions out of the National Agricultural Affairs Convention>
- Matter on the establishment of an official guard for the custody of the colonization project.  
Recommendation to the Cabinet
- Matter on the amendment in the postal bylaw: Recommendation to the Communications Ministry, submission to the House of Representatives
- Matter on the government subsidy for the cost of experimenting cotton culture: Recommendation to the Agriculture and Commerce Ministry, submission to the House of Representatives
- Matter on the government subsidy for the prefectures' agricultural experimental stations: Ditto
- Matter on the establishment of an agriculture bank: To present a cordial petition to both Ministers of the Finance, and Agriculture and Commerce
- <Draft of recommendations and submissions out of the National Silk Yarn Industry Convention>
- Matter on the formulation of the rules of the laboratory procedure for silkworm eggs: Recommendation to the Agriculture and Commerce Ministry, submission to the House of Peers
- Matter on the formulation of the rules to control yarn-making workwomen: Recommendation to the Agriculture and Commerce Ministry
- Matter on the installation of the raw-silk inspection station: Recommendation to the Agriculture and Commerce Ministry, submission to the House of Representatives
- Matter on the institution of the statute for the silk yarn industry association: Recommendation to the Agriculture and Commerce Ministry
- Matter on the research regarding agriculture, commerce and industry: Recommendation to the Ministries of Home Affairs, Finance, and Agriculture and Commerce
- Matter on the protection of overseas travelers: Recommendation to the Ministries of Foreign Affairs, Home Affairs, and Agriculture and Commerce
- Matter on the control over foreign tours of persons without regular occupations: Recommendations to the Ministries of Foreign Affairs, and Home Affairs
- Matter on the prevention of the importation of sick animals: Recommendation to the Agriculture and Commerce Ministry

## *Opinion on Direct Foreign Trade: Part*

- The purpose of the assertion of this writing is “to open the direct foreign trade and resume trade rights, to collect specie moneys and maintain the paper currency, thus to revive the national strength.”
- What kind of interests does he expect of the direct foreign trade, i.e., direct export/import by Japanese merchants instead of the settlement trade controlled by foreign merchants?
- First, “to obtain legitimate prices for goods by resuming trade rights.”
- Second, in order to develop overseas markets, “to improve goods and enhance consumers’ confidence.”
- The first impact of the direct trade is an independence of our country’s trading merchants, and the second one is an advancement in production capacity of producers of exported goods.
- Based on his assertion that “a doctrine of encouragement, i.e., protection” should be established in order to “assist leverage” of “traders and producers,” he raised the following three measures:
  - First, to found the Imperial Bank; second, to install a trading company; third, to bring producers all together.
  - → To promote the unification of various local producers so as “to improve the quality of goods and to rebuke production of inferior goods,” and to provide financial assistance to this association in the form of “the bank advance money order”
- Mercantilist – – Led to the embodiment of such formations as the Fifty-two Association and Japan Tea Industry Association

## *Opinion on Industrial Promotion*

- As the most nationwide industrial survey as possible at that time, it gives a commanding prospect of production capacity and industrial structure of Japanese economy.
- Two characteristics:
  - Position of compiling *Opinion on Industrial Promotion* – – a method to seek out an economic research in an objective and scientific stance
  - Placed the emphasis of the industrial promotion of the “traditional industry”

## Opinion on Industrial Promotion

● Progression and gist of compiling *Opinion on Industrial Promotion*:

● “An empty bag doesn’t stand erect, as they say. Be aware that, if aspired to perfectivize a bag of the nation, national strength, national resources, subsistence, and national land, it is necessary in the first place to inaugurate the industry and to make national capability satisfactory. The world knows this thoroughly. And yet there has been no one who maps out plans for this. Some happen to look like it but their theories are just airy-fairy and erroneous. Induced by these, matters get commenced instantly, then fail instantly or face bad results. Because actions are taken based on people’s opinions, not on the inquiry about goods.”

● “As all European countries are different in their histories, so are their nations; thus ideologies of each country’s citizens differ by country, and the orientation of each country’s progress is not in the identical groove: These are because they know of their own nation.”

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# Gist of *Opinion on Industrial Promotion*

- Instead of transplanting culture and institutions of advanced countries of Western Europe, he set the target on developing traditional agriculture/industry/commerce *per se* and planned to conduct surveys on the state of affairs.
- “Introductory Chapter”: Showed statistically the degree of growth of national strength, which was compared to that of Western nations.
- “Present Status” section: Gave an account of harmful result/casualty resulted from the circumstances of agriculture/industry/commerce *at the time*.
- “Causality” section: Studied causes of such harmful result/casualty...and presented stuff for adjudicating on means to eliminate these
- First part of “Reference”: Showed evidences regarding developments of sources of wealth in various locals, and raised planning methods serving as useful references for political measures on the promotion of industry,
- Second part of “Reference”: Pointed to traditional customary rules of ancient times that would serve as useful references for planning out regulations that would be necessary for the promotion of agriculture/industry/commerce
- Third to sixth parts of “Reference”: Pointed to case examples of foreign countries that served as useful references for facilities required to the promotion of industry.
- “Spirit” section: Discussed that progresses in agriculture/industry/commerce could not be achieved without leveraging both capital supplies and regulatory protections.
- First part of “National Strength”: Summed up capacity situations of each prefectures.
- Second part of “National Strength”: Set up acreage/population/number of houses and amount of important produces by prefecture in various types, and by prorating these data on each prefecture’s population, derived per-capita acreage and amount of product, and further, provided facilities of learning activities of each territory by comparing costs and harvests of agricultural produces.

- **Third part of “National Strength”:** Set up a long-term planning budget to improve/increase important produces and various engineering works, and proposed projects to be implemented in the future.
- **First part of “Region”:** The synopsis of the surveys that started in the part 2 through 12.
- **Part 2 though 12 of “Region”:** Surveys of then operational situations of each region, important businesses of the promotion of industry, prices of amount of product of important produces that had potentials to increase during the following 10 years to come, which were the foundation to determine policies on the promotion of local industry.
- **Part 13 of “Region”:** Offered for reference a comparative chart of profit/loss and finance of each prefecture’s agriculture/industry/commerce, attached with detail listing for each section of agriculture/industry/commerce.
- **First part of “Policy”:** Pointed to laws/regulations and various facilities necessary for developments of agriculture/industry/commerce.
- **Second part of “Policy”:** Pointed to facilities urgently required among the ones on general affairs of the Agriculture and Commerce Ministry.
  
- The above are the gist of the context of *Opinion on Industrial Promotion*. This is a thorough and comprehensive survey concerning actual situations of traditional industries (agriculture/industry/commerce), and at the same time, the compilation of growth plans and pragmatical guidance for nurturing these industries. Its aim ought to be viewed as being primarily at the protection and enhancement of traditional industries, although not necessarily refusing to transplant modern great industries.

### ③ Business-Organization Movement and Its Economic Base

- In Mar. 1892, he publicized *Observation* to make own opinion public, and
- in Oct. the following year he founded a monthly journal *Industry* to advertise his nationwide travel and campaign aiming at the implementation of his industrial policy measures.

He took up his pen and embarked on pushing policies and organizations on the public.

- → Toward movements of structurizing business organizations

## Its Motive – – *Notice to Kyoto Citizens in Industry, Vol. 5*

- “There is something I must say a word as to how to set a standard for observations. For example, the persons A and B give diagnosis of sickness on Japan, and while A judges its condition as slight ailment requiring no concern, B says it’s in a critical condition allowing no slackness.
- Person A tells: Just like the telegraph network, railways cover a half of the country, education permeates every nook and cranny, and amount of exports increases every year, only except for the self-government of towns and villages that has not been implemented at all, which regrettably is indicative of the significant lack of national dignity as a law-abiding nation
- Person B tells: What A says is largely hollow shadow. Towns and villages are the foundation of the nation, and agriculture, industry and commerce are the principles upon which a nation is founded. And yet towns and villages have not been settled and their capabilities have declined year after year; a tendency of idle extravagance has elapsed quite a while, forcing a good and beautiful custom to fall into decay. Agriculture/industry/commerce keep losing their profits: Agriculture has no leeway to show its true strength constantly unable to break even; Industry faces difficulties in immediate survival plans, where evils of mass production of inferior articles are such that, in many cases, a quantity of products 20 times as much as that in old days earns less than one hundredth of profit of these days; Even worse, commerce’s condition is that, as its trade right is not firmly owned by self, one is unable to run business on truly equal basis, thus doesn’t have ability to sell goods at prices they are worth, and simply weighs heavily on sweat and blood of fellowmen in agriculture and industry for his food and clothing. Accordingly it is not too much to say that the enhancement of the national strength does not happen with these people’s hands. Masana believes in the thought of Person B, and which is not Masana’s opinion because it is demonstrated in the survey. Why can he be the same as those who speak irresponsible arguments relying on atypical books?”

- Calling such development phases “hollow shadows” as seen in the increase in the export and import trading and in the dissemination of facilities of telegraph and railways, Maeda’s diagnosis is that direct producers—the source of the national economic power, i.e., the national wealth—have fallen into a decline, and Japanese economy “verges on a critical condition.” Furthermore, he insists that it is the downfall of direct producers that ingenerates “hollow shadow” as seen in the advancement of exports and imports.

- Case of the tea industry: Formation of Japan Tea Industry Association (Feb. 1893)

- Contradiction in the tea industry;

- quantity of tea exported : 3.6 times during 1868 - 1893

- monetary amount of tea exported : 2.1 times

- 40% crash in unit price

- He concludes that the causation of difficulties, decline in the operational efficiency of the tea production industry is not an “actual condition of demand and supply,” but is “nothing but the result of influences by foreign merchants.”

# Criticism Against Foreign Merchants

- “This advocate knows what kind of process Japanese-made tea goes through before it gets sold to foreign merchants, and what kind of evil custom takes place for every step of that process. ... After passing through these 7 spheres, the business of selling Japanese tea by its producer ends there, and so does the relationship between Japanese and their exported tea. Japanese teas in thousands of variety purchased by settlement foreign merchants are changed to a sort of extraordinary drink that can be described as a colored, reproduced tea by the hands of foreign merchants, which finally comes to the stage for being shipped out overseas as the exported tea under the name of foreign merchants...”
- His point: Settlement foreign merchants are “purchasers and producers and exporters,” and our country’s merchants and producers are just the suppliers of raw tea material (or, intermediate product) to foreign merchants, and the finishing operation and overseas export trading are completely held by foreign merchants.
- Another point: Japanese tea producers were in the stage of small-sized operations, and they had the organization of cornerers who inevitably originated from such mode of production. Under the control of foreign merchants, that became noncompliant to the output and shipment of high quality produces in large quantity and uniform quality that were requisite for export trades.

“Appearance of Open Port Yokohama”  
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# Criticism Against Japanese Merchants

- **“Among our country’s trade merchants, those who made fortune were not negligible, but many did not take reasonable profits possible to be gained from those prospective consumers, and it is safe to say that there are some who rather owned or plundered part of profits that should be returned to domestic folks in agriculture and industries.”**
- **“Japanese are shortsighted and do not understand permanent profits. Driven by quick profits, they have no sight of shame on one nation, and many fellow countrymen hurt each other and, in the end, go down together, inviting misfortune, with an additional part taken by an extremely low level of housing, food, and clothing as the cause of falling into a decline.**
- **That is, although one cannot sell a product at a price rightfully worth, he impassively engages in that business as long as there still is a small profit left for the sake of his minimum livelihood. And even if the profit becomes even less, he still gets satisfied with scraping a living, and while the product quantity increases annually, its profit turns out to be just over one twentieth of what it was in old days. The decline of the five produces today is not accidental at all.”**
- **“Regardless of produces, domestic producers, i.e., sellers, have traditionally operated independently and had no power of cooperative union..... have not only lost the rightful prices of commodity prices, but also have invited a significant detriment. Producers have no bond of solidarity, and moreover, the procedure for marketing produces is totally dependent on commission agents, i.e., brokers, of the settlement or of that region, and only with brokers’ guidance can they deal with foreign merchants of the settlement. And, as these settlement foreign merchants are all brokers, producers go through the double brokerage.”**

## →What Is a Way Out?

- “Presumably, a decline in exports is due to unreliability by prospective consumers, unreliability by prospective consumers is due to crassitude of products, crassitude of products is due to an inadequate profit, an inadequate profit is due to an irregular way of marketing. Therefore, my objective to revive foreign trading lies in the standardization of a way of marketing. A standardized way of selling enables products to be marketed at rightful prices, which enables producers to receive proper profits, which enables producers to make their products in high quality.”
- “Solidarity is not to avoid, but to come out. It is not my real intention to advocate solidarity. I feel sad that I have to extensively recommend solidarity to businessmen of our country. .... Needs for solidarity differ by country and time. So a perception of its needs varies in depth. Our country is in a great need to organize associations for all of agriculture, industry and commerce today, and I feel its need most deeply. How can we possibly talk on the same day with other countries of an adequate wealth, strong soldiers, flourishing private businesses, and advanced human knowledge.”

# Maeda's Pilgrimage: Core of *Industry* Movement

- Hectic schedule of his pilgrimage:
  - June 5; dialogue in Saitama
  - 6; dialogue in Ashikaga
  - 7; dialogue in Kiryu, Ashikaga
  - 8; dialogue in Isezaki
  - 9; back to Tokyo
  - 10; supporters' meeting in Shizuoka
  - 11; supporters' meeting in Nagoya
  - 12; supporters' meeting in Kyoto
  - 13; supporters' meeting in Osaka
  - .....

“Pictorial Cut of Pilgrimage” removed due to copyright restrictions

Source: *Yamanashi Prefecture's Thesaurus of Wine*, <http://www.go.jp/wine/>  
([http://www.yitc.go.jp/wine/wine\\_history06.html](http://www.yitc.go.jp/wine/wine_history06.html))

# County Approbation, Village Approbation

- “Indeed, it is my belief that people in the whole world would surely consent to my opinion which positions national wealth as the policy of our nation today. However, the focus of the attention in conventional ideas are different from the one in my opinion, about which I cannot help but say a word. Traditionally, those who advocate the promotion of industry on the whole think of launching new businesses to increase wealth, and particularly, without any knowledge about the great unexploited edge of our country’s peculiar produces. There are those who idly assert doctrines and theories purporting themselves to be advocates of economics, or noninterference policy, or protectionism. But they do not know that, irrespective of protection or noninterference, there are many great results to be gained in all ages and cultures if responsive enough to degrees of timing, country and merchandise.
- “To initiate a new business equals to realizing an unexploited competitive edge in the first place. Our country has a great deal of competitive edge, and to accumulate these, one has to develop peculiar produces first. In order to plot the development of peculiar produces, there arises the need to protect many of them.
- “Methods of protection are not uniform: it may be by money, or to give the loan of human power, or to grant convenience, or to present privilege, or, in an extreme case, to provide protection by force of arms of the army and navy. While differences in methods are attributable to times, national power, and national character, the central meaning and objective are the same. “
- After the refluence of the Freedom and People's Rights Movement, there was a breeding ground that nurtured Maeda’s ideology (or, fertilized by his ideology) in the industrial promotion movement which was led both by the class of wealthy merchants and farmers (so-called men of high repute including landlords and proprietors), and by administrators in local “autonomous” organizations.

## Supplementary Material: *Road to Wealth by Promotion of Industry*

- Theory of direct export and plan of industrial bank
- “Today the urgent necessity among all urgent necessities of Japan is nothing but the overseas business. To take money, or throw money, it’s up to this foreign trade. There is no other urgent business. This pressing need has to wait for valuable efforts of the public.” “In order to establish the foundation of national prosperity and defense today, by any means we must develop across the ocean. Japan is strong at warfare. Not losing wars against foreign countries in itself never brings about the reality of national prosperity and defense. We must build up economic strength. The stage for that is abroad. It’s business with abroad.”

# Maeda's Theory of International Division of Labor

● “There are special produces inherent to our country. Silk yarn should follow an example of cotton, while tea of woolen cloth. If the other side has item being competitive and tough that we import, we have a special produce being competitive and tough to the other. For example, France has silk fabric which surpasses all others in the world, but comparing conditions to produce silk yarn as its raw material, our country is superior both in natural land and climate. Additionally, our country's labor charge is quite cheap. Our country is gifted with the so-called heaven-sent opportunities, natural advantages, and harmony among people. Thus, if all of our nation, high and low, concentrates on sericulture as in France or Italy, silk yarn of France and Italy would sure come to the same situation with our country facing competitive pressures from imported cotton. It is a poor scheme to give up on such an easily manageable item and try to stand against peculiar produces of foreign countries. The art of war says, By avoiding reality and striking hollow, how could it be only soldiers?”

# Criticism Against Foreign Merchants

● “As an experiment, look at a situation where a merchant working at an open port conducts business with a foreigner in a settlement who takes possession of trading rights and is adept at trickery. In contrast, the domestic merchant merely responds with thoughtless and cunning means. Wishing to sell in his goods, the merchant presents some sample to the foreigner, who responds that whether a business agreement is reached will be notified on a subsequent date. On the appointed date, however, the seller is told that the prospective buyer is out that day, and that he should be back the following day. So the seller comes back a day after, but the buyer set the dogs on the seller, blocking him off from entering the gate, or, in an extreme case, getting rid of him by the use of whips, to result in straitening him by delaying time and days. Then, the buyer returns the sample and awaits someone to come back, whereat he determines the price and pays an up-front money, and let the goods be loaded up. But he doesn't pay the rest of the money. Upon being reminded of it, the buyer opens up the cargo and blames the seller for delivering the goods difference from the sample, and attempts to cut down its value. If our seller tries to bring back his goods, the buyer forces him back by putting the warehouse in chains. Driven to the corner, our merchant in the long run ends up receiving whatever the money the buyer presents. That indeed makes a person endure clenching his fists and grinding his teeth.”

# Criticism Against Hard-Selling Merchant

● “Since the opening of foreign trading, at each open port, there are those known as selling-wholesalers and receiving-wholesalers who are entrusted with selling and buying cargo by merchants of its owners in various areas. Particularly after the Restoration, with our traditional commercial custom being broken, among these wholesalers are ones who ingenerate bad practices, taking advantage of disorders in domestic private business, and have become worse in recent years. To raise an example of such, current wholesalers are not only inexperienced or unskilled in the trade, but also uncertain in their background, not equipped with disciplines for commercial commendations. They attract customers to own firms just through flattery and hospitality and get entrusted with cargoes, but are not attentive to trading of very important goods and are most out of touch with looking to cargo owners’ profits. Worst of all, some pawn the cargo without its consignor’s permission, utilize it for themselves, or report fabricated damages and shortages of the cargo, and actually not only make the consignor take on losses, but also let customers bear distrust, hence, significantly hamper the flow of cargoes.”

● His thought did not assert the formation of domestic market that was essential to autogenous modernization, but laid stress on the exportation of traditional industries. So it was not flatly opposed to the governmental measures that aimed at drawing foreign cash, militarizing economy, and nurturing capitalism. What's more, such exportation of indigenous industries gave birth to the bloated development of the silk reeling industry only to engrave the structural infirmity of Japanese capitalism. Yuji Suzuki, *Industrial Promotion Measures of Masana Maeda*