

Shibusawa Eiichi's View of the State as Embodied in His Business Concepts

Liang Zisu

Jiangnan University, Wuhan 430056, China

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Abstract: Shibusawa Eiichi, arguably the most famous entrepreneur of modern Japan, was born at the end of the Tokugawa period. He lived through the Meiji, Taisho, and first years of the Showa periods, witnessing the drastic changes that occurred in Japanese society at that time. This paper examines Shibusawa Eiichi's view of and concern for the state as embodied in his business concepts, which were applicable to both domestic and foreign affairs as perceived by Shibusawa.

1. Introduction

Shibusawa Eiichi (1840-1931) was a strong advocate of the philosophy of building the state through business and industry, and he co-founded many of the companies that served the interests of the state and society. Not only to domestic but also to foreign affairs did Shibusawa apply his view of the inseparability between national interests and economic activities? Therefore, it can be said for certain that concern for the state was deep-rooted in Shibusawa's mind; the state as a concept and object of loyalty featured prominently in his various speeches and conversations. He also claimed that the right of discussing the problems of the nation and society was not exclusive to politicians and scholars; industrialists were equally qualified for the discussion and shared the responsibility (Hundred Talks of Shibusawa Eiichi or Seien Hyakuwa 青淵百話, 1912).

2. Shibusawa's view of the state

Before examining Shibusawa's business concepts, his view of the state should be analyzed. Shibusawa repeatedly talked about his ideas on the nation in many lectures and discourses. His collection, Hundred Talks of Shibusawa Eiichi, which was first published in 1912 (Meiji 45), contains most of his speeches. Some of them expressed Shibusawa's view of the state. In the third talk, "The State;" the fourth talk, "Society;" the twelfth talk, "Loyalty and Patriotism;" the 33rd talk, "Entrepreneurs and the Idea of the Nation;" and the 35th talk, "Mr. Andrew Carnegie's Incarnation of the Nation," Shibusawa expressed clearly his views and ideas about the nation. First, he defines the state in his summary:

A gathering of an entire clan is a family; a group of families constitutes a village; a village becomes a county, which in turn becomes a country. Since what constitutes the political system of a country depends on the state, even if it is called a state, it arises from a private individual in the beginning. If one regards an organization as gradually expanding like a family, village, or country without adding a political meaning, such a state system should eventually be called a society. In other words, as a state is an organization built in order to unify and govern society, it can be said that such a name could be tentatively given to it in terms of political power. By further consideration, unlike society, which tends to be groups of people, the state is a group organized in terms of land, people, and politics, which are more complicated than society.^[1]

Aside from whether Shibusawa's definition of a state was scientific, formation of his view of the state can be traced back to the Chinese classics that he studied in his childhood. When Shibusawa was seven or eight years old, his cousin, Odaka Junchu, as a teacher of Confucianism, suggested the idea of the nation to him.^[2] In "Experiment Analects" 処世談, carried in Ryūmon Magazine 竜門雑誌 in June, 1918, Shibusawa stated that the bitterness surrounding the idea of the nation among Japanese was due to "the spread of study of the Chinese classics" in Japan. The starting point of Shibusawa's ideas on the nation suited the "loyalty-and-patriotism" thought of Confucius as well.

Furthermore, Shibusawa's view of the state also grew from the experience of being a retainer who served the last shogun of the Tokugawa from 1864 to 1868. During his term of office in the Meiji government from 1869 to 1873, he not only strove to modernize Japan's economic system, but offered suggestions from an economic perspective on foreign relations. Shibusawa also put the "loyalty-and-patriotism" concept into his family precepts like other traditional samurai class families, by considering this as the most basic quality of citizens. It is also the core of patriotism that he advocated. His thoughts for charity and public welfare were magnifications of hōkō 奉公 (pursuing public affairs), which was also "the result of loyalty-and-patriotism thought."

3. The relationship between enterprises and the country

On the relationship between enterprises and the country, Shibusawa highly evaluated entrepreneurs in the early Meiji period whose idea of the nation was to pursue the interests of the state wholeheartedly. Most of these entrepreneurs were very successful in businesses as well. He advocated that entrepreneurs in the new era should keep the views of the state in mind. He also emphasized the importance of awareness of the country and society, which were the main elements of the entrepreneurial spirit, and said, "If managers try to run businesses without thinking of the state or society, the enterprise cannot last. If they only see the immediate commercial benefits and ignore the fact that their companies will develop along with the country and society simultaneously, entrepreneurs cannot expect the sustained development of their businesses without the country and society, which are the solid foundation for enterprise."^[3] "Entrepreneurs who only engage in self-interest and are antagonistic to the interests of the state will find that their businesses will not last long due to the absence of the nature of business."^[4]

Shibusawa also set strict standards for so-called crown corporations. He claimed, "When businesses operate under the name of the state or society, the interests of the state must be prior to the respective benefit, no matter what the efficacy of the businesses is."^[5] He also said, "Not just any enterprise can be called a crown corporation, but only ones that have interests in common with the state and society."^[6] For example, businesses related to the state directly, such as transportation, telecommunications, and finance are crown corporations, but private businesses, such as rice stores or pullers, should not ask for government subsidies. Those standards were developed based on the experiences that Shibusawa gained by associating with various entrepreneurs when he was an official at the Ministry of Finance in the Meiji government. After throwing himself into the business world, Shibusawa became more aware that businesses that lacked innovation and regionalization between enterprises and only engaged in blind imitation or reckless, vicious competition, would conduct business that ignored benefits to the state and society.

However, Shibusawa concluded that, "there is no need to define a business as a crown corporation or not because all businesses should benefit the country and the people. If they do, there is no difference between businesses. Furthermore, instead of requiring enterprises to consider national interest or society, ask the owners who are running the businesses."^[7] In other words, Shibusawa claimed that it is an entrepreneur's behavior that should consciously be concerned about the state, rather than whether his business can be crowned or not.

As can be seen from the above excerpt from Shibusawa's conversations, he used a Platonic or Aristotelian style of depiction of the ideal state to describe his impression of Japan. This specific depiction also advocated the idea of combining Confucian ethics and economics 道德經濟合一説, which is the most crucial economic thought of Shibusawa. He not only had this state of mind, but was also full of national and social anxiety and concern, which distinguished him from traditional merchants, such as advocates of the Edo-period popularized blend, 石門心学, who only claimed to improve their self-cultivation. Whether it is "business establishes a country" or "industry establishes a country," both are related to Shibusawa's thoughts for building a country and his view of the state.

4. Shibusawa's enterprises for the country

In the 1870s, during the golden decade in the development of capitalism in Japan, Shibusawa started or invested in more than 20 enterprises, including in manufacturing, finance, commerce, agriculture, forestry and fishery, the mineral industry, transportation, gas and electricity, social welfare, and foreign trade, almost all of which involved national economic development.

Different from other businessmen in the early Meiji Period, Shibusawa concentrated on the establishment of a joint stock company. He thought Japan had only small trading businesses and the Japanese people lacked the knowledge for building companies.^[8] He believed that only production development and trade expansion could raise the living standards of the Japanese people; otherwise, there would be no basis for the country to become prosperous and powerful. During his official term in the Meiji government, Shibusawa was strongly against the “military first” policy inspired by the leadership, including Okubo Toshimichi 大久保利通 (1830-1878) and Soejima Taneomi 副島種臣 (1828-1905), and insisted on a “rich country first” of building Japan through the rapid development of the economy and industry. It can be said that Shibusawa's business concepts were embodied in his view of the state from the very beginning.

5. Advice for entrepreneurs in Japan

Not only to domestic but also to foreign affairs did Shibusawa apply his view of the inseparability between national interests and economic activities. For instance, during his second visit to Korea in 1900 and third visit to China in 1914, Shibusawa repeatedly reminded local Japanese entrepreneurs to keep the state in mind and warned them against merely pursuing local, immediate interests.

On October 13, 1895, the year following the Sino-Japanese War, Shibusawa gave a speech entitled, “Policy and the Extent of Postwar Shipping Expansion” at the extraordinary general meeting of Toho Association 東邦協会. In this speech, he explained the importance of the development of the shipping industry and its close connection to national wealth and power by “advancing commerce and industry in ordinary times and defending the country in cases of emergency.”^[9] He also claimed that route exploitation was not only for the development of businesses, but for the soul of the nation. He suggested the Department of the Navy build two cruisers because it could benefit the country by lending cruisers to private companies to develop commercial traffic in ordinary times and for military use in wartime.”^[10] He believed Nippon Yusen Company was already carrying out the business with a view toward the state, and that current shareholders and employees should follow their predecessors' steps to show concern for benefiting the country.

Shibusawa also applied his philosophy of the state to foreign businesses and activities. For example, in the second visit to Korea, in 1900, Shibusawa recommended three points on the behavior of overseas business for the Japanese businessman in Korea. The first point was not to forget the state; the second was not to be a slave to petty profits while ignoring the interests of the whole state; the third was to cooperate.^[11] During his third visit to China, he said almost the same words to Japanese businessmen who were doing business in China at that time.

6. Conclusion

Shibusawa Eiichi often thought of himself as a man born with a strong view of the state. People of later generations praised him for his commitment to national public interest. After he died, many political and business people expressed their condolences. He was highly regarded as a noble man who devoted all his life and energy to benefiting the country and inspiring people. Nitobe Inazo 新渡戸稲造 (1862-1933), author of *Bushido: The Soul of Japan*, published an article entitled, “Mr. Shibusawa and International Peace” 渋沢翁と国際平和 in the magazine *International Knowledge* 国際知識 in February 1932. He admired Shibusawa as a well-known figure who did charity,

education, economics, and business. No matter in which area, Shibusawa always managed to proceed from the overall interests of the state. His business concepts and view of the state, certainly, were always closely interconnected.

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