

THE MONEY KINGS OF THE MODERN WORLD.

BY W. T. STEAD.*

No IV.—BARON SHIBUSAWA OF JAPAN.

IN the preceding articles I have sketched in outline the salient features of the careers of the most notable Money Kings of the Modern World. I have now to describe one who, in some respects, is more remarkable than any of those who have preceded him in this series.

Baron Shibusawa, of Japan, although not much of a millionaire—much less a multi-millionaire save in Japanese *yen*, of which ten go to a pound sterling—combines in his own person many of the distinctive characteristics of the monarchs of the financial world. He is neither a king crowned, like Leopold, nor a *roi fainéant*, like most of the English millionaires. He reminds us a little of the founder of the Rothschild dynasty by his courage, initiative, and enterprise; of Cecil Rhodes by his vast dreams of Japanese extension; of Pierpont Morgan by his skill in the promoting and amalgamating of great commercial corporations, and of M. Witte by the astuteness with which he conceals political designs behind the extension of financial facilities. And, over and above all these traits of character common to the greatest of his compeers, the Japanese Baron has distinctions as well marked and as remarkable as the characteristics which distinguish the Land of the Rising Sun from the countries of the western world.



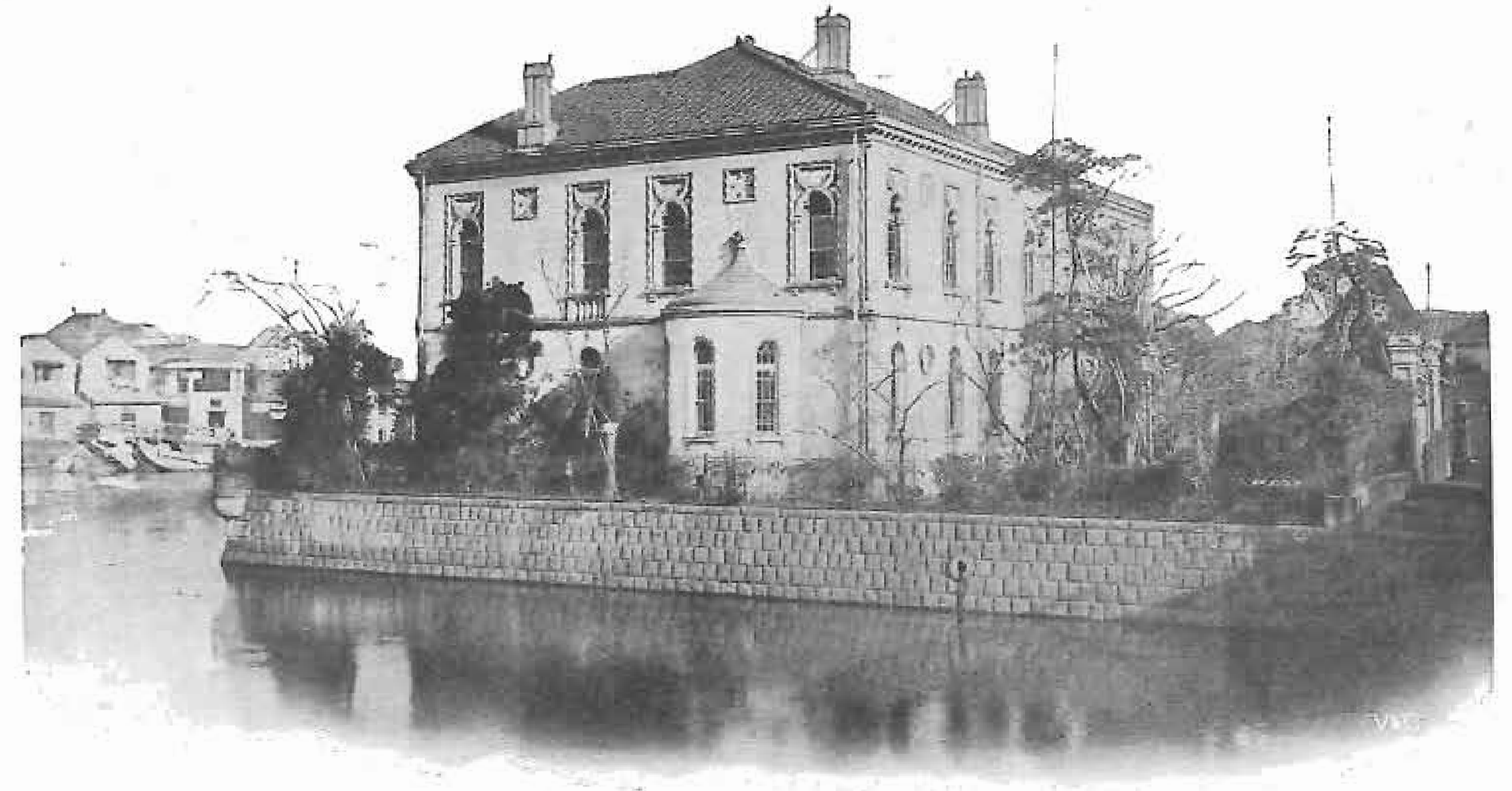
BARON E. SHIBUSAWA.

From a portrait woven in Japanese silk on the machines in the Kyoto Mills.

Japan, the island home of the romance and the mystery of the East, has often set the world in amazement since she condescended to enter the lists of modern civilisation. But who could have anticipated that out of the ranks of the two-sworded Samurai, who forty years ago guarded the ancient home of a jealous and exclusive feudalism, there would spring a man who, at the beginning of the twentieth century, would be generally recognised as one of the best, if not actually the supreme incarnation of financial genius, of business enterprise, and of commercial expansion?

BARON SHIBUSAWA
THE MORGAN OF
THE EAST.

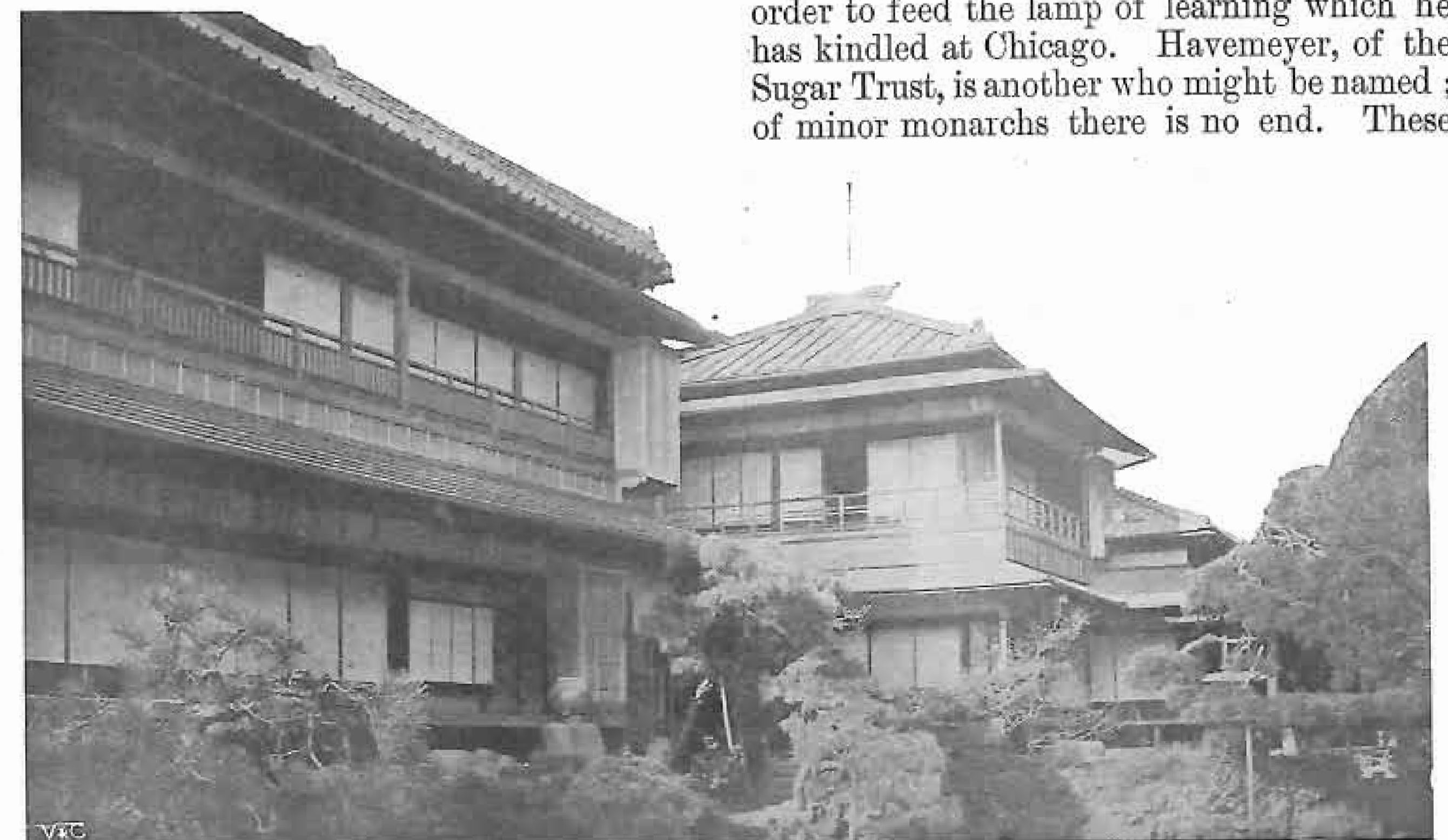
In a recent conversation with an eminent American banker, I was fortunate enough to secure a rapid sketch of the money kings of the United States. What he said was somewhat on this wise: "We have no kings in the United States, but only a plutocratic aristocracy. It is a modern feudal system. The Republic is portioned out between great interests, which have superseded the district as the unit of sovereignty. In England in the Middle Ages you had your duke, who, from his feudal castle, exercised all but regal authority over the whole countryside. He levied tax and toll upon his vassals, he administered justice, raised armies, and ruled and reigned as the earthly Providence—or the diabolical scourge—of the countryside. We have the same kind of thing in America, only the basis of the power of plutocratic



BARON SHIBUSAWA'S OFFICE IN TOKYO.

feudalism is not territorial, but financial. There are, for instance, the railway kings. They require nearly 200,000 miles of metalled way. Each of their vast satrapies represents the conglomeration of innumerable smaller lines. Each of these lords of the metalled way makes alliances, levies war, invades territories, and reigns with despotic sway over a standing army of hundreds and thousands of able-bodied men. There are Pierpont Morgan and J. J. Hill at the head of one great confederacy. There are the Colossi, Rocke-

feller and Vanderbilt, each with his own domain. There are Harriman and Cassatt and Gould and Moore, each with a distinct realm within which his will is law. What is the authority of a Senator or even of a President compared with the sovereignty of these men within their own peculiar domain? Then there are the great banking kings: Stillman and George Baker; the iron kings, of whom the most conspicuous, Andrew Carnegie, has just vacated the throne. Greatest of all is Rockefeller, of the Standard Oil, who taxes the light of the million in order to feed the lamp of learning which he has kindled at Chicago. Havemeyer, of the Sugar Trust, is another who might be named; of minor monarchs there is no end. These



BARON SHIBUSAWA'S HOME IN TOKYO.

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men are the rulers of the Republic to-day, or if not of the Republic, at least of so many citizens of the Republic that what they say goes."

Imagine a newly developed country in which, owing to the exceptional circumstances of its late awakening, it was possible for one man to concentrate in his own person all the authority and influence of all the railway kings, of the shipping rings, of the great industrial undertakings, so that he could be described as being at once the Vanderbilt, the Rockefeller, the Pierpont Morgan, and the Carnegie of Japan, and you can form some idea of the position of Baron Shibusawa. It is, of course, quite true that his operations are on a smaller scale. The total mileage of all the Japanese railways does not reach one-fiftieth of the mileage of the railways of the United States. There were at the close of the century under four thousand miles of railway in Japan, which would be a mere siding to the gigantic system of the Vanderbilts.

But it is all there is of railways in Japan, and in the formation of the private companies which constructed most of these Japanese lines no man was so influential as Shibusawa. On the sea, Japan makes a better showing. Long before Pierpont Morgan conceived his great Atlantic combine, Shibusawa had created the great Japanese Mail Steamship Company, the fifth largest steamship company in the world, whose seventy steamers carry the Japanese flag over all the seven seas, and earn a good dividend for the stockholders who have invested two and a half million pounds on the faith of Shibusawa's financial genius.

In everything relating to the industrial development of modern Japan he has taken and still takes a prominent part. It must sometimes seem to Baron Shibusawa, as he passes through the country, as if he were the creator of its prosperity. He is connected in one way or another with over one hundred and thirty companies, and is president or director of between thirty and forty of the largest companies in Japan.

THE CAPTAIN OF A SCORE OF INDUSTRIES.

A visitor to the Baron's beautiful gardens and house on the outskirts of Tokyo once asked him why he did not endeavour to remove some large paper-mills which dis-

figured the view from his windows, and change the course of the railway track which passed the foot of the hill on which his house stands. He replied that it would be difficult for him to complain, since he was president both of the mills and of the railway. Of banks the Baron has promoted numbers.



THE FIRST NATIONAL BANK.

Besides the First National Bank, there are the Bank of Japan, the Yokohama Specie Bank, the Japan Industrial Bank, and the Crédit Mobilier of Japan. Of miscellaneous companies, he has started and supported scores for gas-making, electric-lighting, ship-building, weaving, spinning, hemp and rope manufacturing. His companies own collieries, build railways, make bricks and cement, manufacture hats and fertiliser, refine sugar, dredge harbours, and manage stud-farms.

His career is as interesting as his achievements are prodigious. He is only sixty-two years of age, and his activity spans the whole period of the Japanese revival. I met him last summer in London and was much impressed by his youthful vigour and keen intelligence. Yet he was already in his teens when the American Commodore Perry first burst open the door by which Japan had shut herself out from the rest of the world. He was born in 1840, at a place forty-five miles from Tokyo, where his family had for generations been engaged in farming pursuits, to which they added the culture of silkworms and the manufacture of indigo. Shibusawa was educated at home, and as a boy he is said to have shown little indication of the future bent of his genius. Like other boys, he was noted for a fondness for fiction,

a taste which, being carefully developed, led him to the reading of history and the study of Chinese classics. When he grew towards manhood, he practised fencing; and when he was old enough to swear allegiance to one of the feudal lords at Kyoto, he displayed sufficient promise to be allowed to reorganise the military system of the clan to which he belonged, and, what is still more significant, to carry out various financial reforms in its administration. These were the days when Japan was passing through the pangs of her new birth. The power of the Tycoon was tottering to its fall. The star of the Mikado was already visible on the horizon. Young Shibusawa, although keenly sensitive to the spirit of revolution that was in the air, nevertheless entered the service of the Tycoon, and when he was twenty-seven years of age was appointed to accompany the brother of the Tycoon on his mission to Europe. He arrived in Paris on the eve of the fall of the Empire. Napoleon III. had still three years to reign before the second Empire crashed at Sedan, and the ascendancy of the Tycoon was also near its close.

The Japanese Mission naturally excited immense attention. It was the first, or almost the first, which had been despatched from the far East to the farthest West. Napoleon did his Oriental visitors the honours of his capital, and the splendour and luxury of Paris intoxicated the young Japanese *attaché*. He saw with quick and piercing intuition that the old order in his own

the past must be complete and irrevocable, he cut off his top-knot, discarded the Japanese dress, laid aside his two swords, and arraying himself in the sombre garb of the West European, he had his picture taken and sent the photograph home to his family. It came to them like a thunderbolt from the blue. Never had they dreamed, not even in nightmare, that one of their race could be guilty of such apostasy. His kindred lifted up their voices and wailed aloud over the loss of honour, the ineffable disgrace that had overtaken young Shibusawa. The young man paid little heed to their lamentations. He was learning French in Paris, and, after all, he had but anticipated in his own person the revolution which was about to be accomplished by his whole nation.

When he returned to Japan, he found the country heaving in the throes of incipient revolution. He continued in the service of the Tycoon; and when his chief surrendered power into the hands of the Mikado, Shibusawa was appointed to a subordinate post in the department of the Treasury. In 1870, when he was thirty years of age, he became Assistant Vice-Minister of Finance. It was an eventful time, one in which men of capacity found ample opportunity for making their mark. In those days Japan was blessed with a rice standard of currency, and the land was flooded with depreciated paper, with a face value of so much rice, which was practically inconvertible. This evil system Shibusawa, with the support of Count Inouye,

succeeded in reforming; when he left office, the notes were at a premium. Shibusawa was appointed Inspector of Trade, and it was after observing the operation of trade and commerce that he decided to abandon a political for an industrial career. He says: "I realised that the real force of progress lay in actual busi-



EDIFICE OF THE TOKYO BANKERS' ASSOCIATION, AND THE BANKERS' CLUB.

ness, not in politics, and that the business element was really the most influential for the advancement of the country, so I gave up my political position and devoted my life to business, in which I have continued until to-day. I soon came to the conclusion that the capital of an individual

country was passing away, and expressed his conviction by a sudden and dramatic action, significant of the character of the man. He was a Samurai, one of the warrior class. He was attached to the suite of the Tycoon, and wore the traditional costume of his people. Realising in a moment that the breach with

is not enough to accomplish very much, and I then became the means of introducing the company system into Japan. The idea was successful, and the Government approved it. Since then I may say that every industry in the country has increased—some twenty



THE BARON AS A YOUNG MAN.

times, some ten times, and none less than five times."

ORIENTAL PREJUDICES AGAINST TRADE.

The immediate cause of his resignation, however, was his inability to check what he regarded as the ruinous extravagance of the

Mikado's Cabinet. Count Inouye and he had with great difficulty established the currency on a sound basis and had restored the value of the Government paper, only to find everything jeopardised by an extravagant Ministry.

Englishmen, to whom nothing appears more natural and obvious than the exchange of a political position for an industrial career, cannot appreciate the courage which was displayed in thus stepping down and out from the official hierarchy into the then despised ranks of the merchant, the trader, and the banker. Shibusawa was not deficient in courage. He saw where real power lay, and although it seemed to his people that he was making sacrifice of a promising career, he was not afraid to stoop in order to conquer. He conquered, but the struggle was severe, and even now the battle is not wholly won. Only last year, on his return from the Western world, he told the Tokyo Chamber of Commerce that in Japan the old prejudice still held its ground. He said: "All the countries of Europe and America vie with one another in developing their own respective commercial interests, while the case stands quite different in Japan, where the old feelings of contempt against the trading class still retain their influence to a great measure. Business men may be partly to blame for it, but our society at large must also be held responsible. Unless the standing of business men is raised in Japan, her future will be anything but happy and promising. The war, not of soldiers, but of business men, is being constantly fought nowadays all over the world, and the crown of victory will rest with those who are successful in their commercial enterprise. The lamentable condition of our trading class will result in hampering the progress of the country."

He did not allow it to hamper him. His first act when he gained an independent position was to found the First National Bank, an institution which is very much on the lines of the American National Banks. Acting at first as superintendent, he was soon appointed president, a post which he has held ever since. In 1878, on the formation of the Tokyo Chamber of Commerce, he was appointed its president. He still holds this position.

To tell the story of his subsequent achievements would be to write the history of the industrial awakening of Japan. Shibusawa had never much capital of his own to dispose of. But he commanded confidence, and that



JAPANESE GENDARMES IN KOREA.

gave him command of the capital of the people. The joint-stock company was the magic wand by which he worked his miracles.

Having decided to adopt business as his career, he remained deaf to all entreaties to return to politics. Not even Count Inouye,

his former chief, could induce him to accept a post in the Administration. The temptation, it must be admitted, was not very great. On accepting office he would have had to resign all his directorships and abandon the control of the great industrial and financial combinations of which he is the life and soul. Notwithstanding the prejudice against the mere banker, the Emperor delighted to do Shibusawa honour. He appointed him a member of the House of Peers, which post he resigned, however, in 1891. He was created a Peer with the title of

Baron in 1900. He was the first business man who was ever ennobled in Japan.

Baron Shibusawa has a healthy detestation of militarism. He was, to put it frankly, quite disgusted when President Roosevelt could find nothing better to say to him than to congratulate him upon the naval and



ON BOARD H.I.T.M.S. "ASAMA" AT THE CORONATION REVIEW.



THE DORMITORIES, GIRLS' COLLEGE, LARGELY FOUNDED BY BARON SHIBUSAWA.

military prowess of his countrymen. When he returned to Japan, he told his countrymen: "I was warmly received by the prominent men of the world, but on what grounds? The President of the United States praised Japan because of her military prowess and fine arts. Are not Germany, France, and England praising Japan to the sky on the same grounds? If the warm reception that I received abroad is based on the feelings that I come from a country known for its military exploits, I must confess that that reception is a death-blow to our cause; because too much militarism, I am afraid, will sap the very life of a nation." A sound sentiment which does honour to the man.

Yet Baron Shibusawa is no "Little Japanese." "No pent-up Utica contracts his powers." He aspires to command the trade of the Pacific, to extend Japanese influence over Korea, and to make Japan one of the greatest countries in the world. He holds the views that the Orient belongs to Japan for commercial purposes. He told Alfred Stead: "I think we can supply the Oriental markets, even now, better than any other nations can, although the trade is necessarily mostly in the form of exchange of products. The trade of the Oriental countries will come to be regarded as Japan's natural share, and she is already well capable of supplying it." He is no wild dreamer, however, and he is under no delusion as to the possibility of Japan being able to compete, "for two or three generations, at least," in European and American markets. Japan's reliance in this international rivalry must not be placed on the cheapness of her labour. Her hope lies in increasing the skill of her workmen and in improving the morality of her people. He told the Tokyo Chamber of Commerce last year some home truths under this head. "In spite of myself, I hesitate to say that Japan has as high morality in commerce as England, America, and Germany. As long as the present low state of morality is continued, all our attempts to obtain capital from abroad will be absolutely futile. Laws may be improved, but the barrier of morality is by far the stronger of the two. Let us use every possible means to improve the standard of our business morality."

He is opposed to the latter-day craze of attempting to push business by conquest. But he is keenly alive to the importance of developing binding relations with Korea, which is the natural hinterland of Japan. His chief work for the Empire at present is his task of commercially developing Korea.

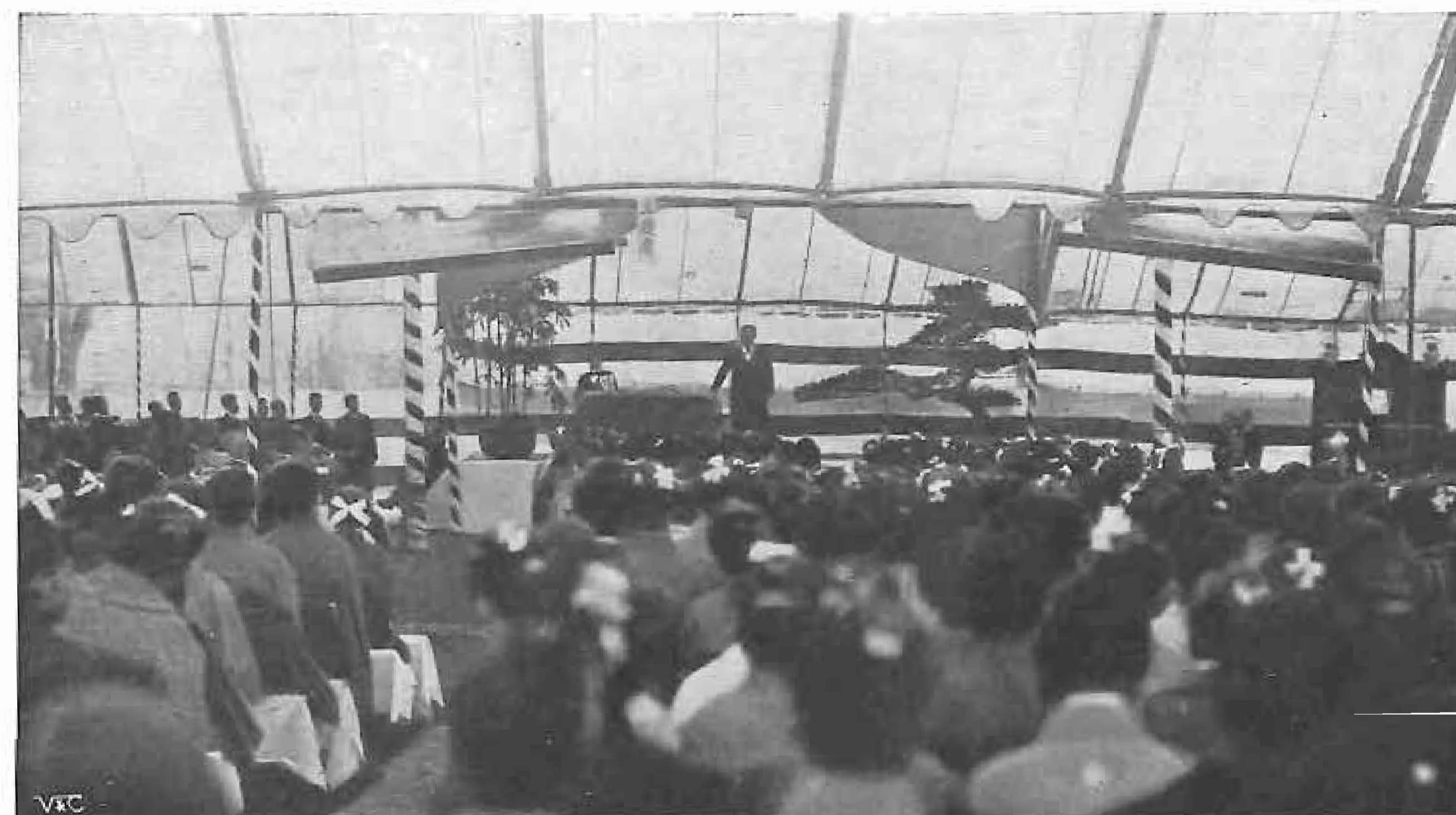
He has founded many agencies of his bank in the principal towns; his bank manages to a great extent the finances of the country, and greatest of all his triumphs, his construction of the Chemulpo-Seoul and the Seoul-Fusan railways, promises to rival the Russo-Chinese Bank and its railways in results.

Baron Shibusawa also owns gold-mines in Korea, which will be worked to great profit when the railway line is in working order. One of the features of the railway line is the provision that at each station of this Korean railway there must be a hotel fitted up in European fashion.

In his dealings with Korea, Baron Shibusawa reminds us of M. Witte and of Mr.

conservatism," he replied, "is so strong as to render progress very difficult."

In France he chiefly admired the Paris Chamber of Commerce. He says: "It appeared to me to be by far the best regulated of all the chambers of commerce I had seen. Having been organised under a system of strict legal supervision, it has under its control the Trade Investigation Bureau which is run by the combined efforts of itself and the Government. Reports are regularly drawn up by the Bureau to give accurate information concerning the commercial condition of the world." But France, he thought, notwithstanding her Chamber of Commerce, is the country for artists, not for practical business men. Germany he admired



BARON SHIBUSAWA ADDRESSING THE STUDENTS OF GIRLS' COLLEGE.

Rhodes. Fortunately, he shows no disposition to imitate the impatience which led Mr. Rhodes to launch his country into the ruinous catastrophe of the South African war.

WHAT SHIBUSAWA THINKS OF EUROPE.

Baron Shibusawa is keenly alive to the need of introducing capital for the purpose of developing the vast resources of his country. His passionate patriotism never blinds him to the benefits which Japan can reap from a judicious study of foreign nations. He is never so eloquent as when protesting against the old, narrow, exclusive spirit which he regards as scandal. Progressiveness and conservatism are inconsistent. I once asked him what he thought of the Government of Great Britain. "Your

"for the calm, quiet, scientific manner in which, with her people, science and commerce go hand in hand." Of the English he spoke with enthusiasm for the earnestness and sincerity with which they prosecute all their undertakings. "Their spirit of steadiness and perseverance," he said, "strikes terror even into the hearts of the progressive Americans." In this respect he thinks they set an example to his own countrymen, who are wildly impulsive, but are too easily discouraged when economic conditions are hard. His observations upon the United States will be read with most interest on both sides of the Atlantic. He says: "Commerce and industry in America are progressing by leaps and bounds; America is a great assimilative force. Men of all ranks, differing in

temperament and training, are formed into one body. Each man in America pushes his own interest, without taking into consideration the case of others, and, yet, when any vital question requiring the united action of the whole arises, they all co-operate and work under the principle of America as a nation. America is rich in agricultural products and progressive in industrial enterprises, and knows no bounds to her future development. What I am most concerned about is the fact that the progress of America will not be confined within its own domain, but she will spread her wings of progress to the far East. Japan will have, indeed, a strong rival in America for spinning, weaving, and in paper manufacturing. Moreover, America can furnish money at low rates of interest, and can adopt the latest mechanical appliances, handled by the most experienced workmen. America can produce things on a large scale, thus reducing the cost of raw materials; everything in Japan is just the opposite—the interest high, the machinery small and imperfect, workmen inexperienced, and the productive power insignificant.

“Paradoxical as it may appear, America, which was the first to introduce us to the civilisation of the world, and which has been our warmest friend, will turn out to be Japan’s strongest rival in the field of commerce and industry.”

Baron Shibusawa is very sanguine as to the future of his country. He has a level head and is not carried away by the impulsiveness which characterises so many Japanese. He stood almost alone after the Chinese war, when he denounced the reckless investment of capital which followed the payment of the indemnity. The disasters that followed the disregard of his warning will perhaps make his word more potent in a future crisis. The Baron is a man of great philanthropy, and he is, perhaps, more inter-

ested in the Asylum for the Poor, in Tokyo, and his school for the reformation of bad boys, than even in the development of Korea. Certainly when he was in London he was much more interested in Doctor Barnardo’s Orphanage than the splendours of the Coronation.

The Baron is of medium Japanese height, sturdily built, with a strong face, full of quiet force and determination. A recent writer has thus described him: “His head large and fully rounded, and his broad, athletic shoulders of leonine structure and suppleness, really constitute the man. His face, which in a photograph does not seem very foreign, is highly characteristic of the best type of Japanese manhood. It is wide and full, and crowned by a broad, liberal, overtopping brow. His eyes are small, but piercingly keen, though soft and expressive in conversation. The Baron meets all men as equals. There is no hauteur or stiffness, and he talks without the palpable reserve so common and so disagreeable in men who have fought their way through difficulties.”

Alfred Stead, who spent some time in Japan in 1901, and had frequent opportunities of studying the Baron at home and in his business, has put on record in his interesting and useful volume, “Japan, Our New Ally,” the following estimate of the regard in which Baron Shibusawa is held by his own countrymen:—

“Baron Shibusawa is beloved of everyone, rich and poor, great and small, and, go where one will, it is impossible to hear a bad word about him, or hear tell of an unkind action. Such a reputation is rare, and yet with it Baron Shibusawa is acknowledged as the most powerful influence in economic circles in Japan.”

It is well to have to include in this series such a pleasant picture of the well-won popularity of a money king.

