

Chap. 2 : transportation in transition
(1868-1891) : policy

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Transportation in Transition (1868–1891)

Policy

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Through the Meiji Restoration's political transformation, the new government sought to rapidly change the country from a feudal to a modern centralized state. To facilitate economic development, it adopted the same systems of transportation, communication, mining, and manufacturing that had fueled the development of European capitalism, but it also reorganized the traditional system.

When the Meiji government came to power in 1868, the industrial revolution had long been under way in England and several other countries. Many of the Western countries had already passed through periods of canal and horse-drawn vehicular transport. And these were modes of transportation on which could be formed the base of subsequent industrialization. Those countries were now pushing forward with newer modes such as railroads. Railroads were being constructed not just in Europe and North America but in the European colonies in Asia, Africa, and Latin America. The British Empire had already built 5,000 kilometres of railroads in its Indian colony.

Compared to the countries that were well into the age of the railroad, both imperial and colonial, Japan was behind in inland transportation. More than 200 years of feudal administration had left their heavy imprint on Japan's roads, which were designed expressly for military and governmental requirements of shogun and feudal lord; their use by commoners was severely restricted. Vehicles and bridges across large rivers were prohibited, which forced the traveller to rely totally on horse-, ox-, or human-powered transport. Transportation in Japan stood in stark contrast with that part of the world that had entered the mass-transit railroad age. To close the huge gap, Japan had to modernize transportation through capitalism. To do this effectively and in as short a time as possible, the government had

to push strongly for modernization from the top because it could not wait for a self-motivated modernization from below. Upholding its slogan of *fukukoku kyohei* (enrich the nation and strengthen its armed forces), Japan succeeded in building itself into a strong, modern, capitalist nation in large part by putting the *shokusan kogyo* (increase production and promote industry) policy into practice.

What was the actual situation in transportation during this period?

Transportation Policy in Early Meiji

Although the government issued an order of imperial restoration in January 1868, it decided to keep the Tokugawas, the former shogunal family, in charge of administration for the time being.¹

Not long after, the government told Shogun Yoshinobu that he would have to return all Tokugawa lands to the emperor, an ultimatum that triggered the Boshin Civil War between forces loyal to the government and those of the Tokugawa. The conflict lasted until October 1868, when the government was able to take over in both name and fact. During this time the necessity of exercising military and administrative authority required direct government handling of the problems of land transportation.

As it sought to consolidate power and unify Japan during the civil war, the Meiji government used to the maximum the functions of existing post-stations, workers, horses, and coastal roads to transport the men, food, and munitions needed for large-scale military action. Consequently, the Meiji government's land transport policy was based on the system carried over from the Tokugawa *bakufu*, one based on post-stations along major roads and *corvée*.

However, the post-station and *corvée* system the Meiji government used during the war was in extremely poor condition. Rates had been fixed at very low levels for many years, or in some cases there was no income at all, a situation making it next to impossible to pay for the relay horses and men and to maintain lodging facilities. In addition, the unstable political situation toward the end of the Tokugawa period led to an increase in the use of lodging and horse-man relays. The government demand for transport during the civil war increased the forcible use of lodging and relays and caused the post-station and *corvée* system to rapidly collapse.

But, because the Meiji government was unable to find effective land transport alternatives to post-stations and *corvée*, it applied various policies to maintain the system. To satisfy war demand from March until June 1868, the government tried to equalize the burden all over by increasing the fares for men and horses, imposing *corvée* services on other villages throughout the country, and revising wages and revenue so that each station on the Tokaido would get 70,000 *koku* of rice (1 *koku* = 180 litres), each station on the Nakasendo would get 35,000 *koku*, and stations on other highways would get 10,000 *koku*. These were attempts to patch up the system, but

they actually worsened the problem by creating conflict between new *corvée* villages and old post-stations and their villages.

The government wanted to completely reorganize the *corvée* system. In doing so, it either repeatedly rebuked the *corvée* villages and post-stations for negligence or repeatedly attempted to appease them – all with little success. In September 1870, the *corvée* reorganization policy was abandoned and the traditional post-station carriers and permanent *corvée* were restored. The problems remained, however, so an alternative tack was taken in 1871–1872: the setting up of land transport companies at all road- and post-stations on all main highways. The *corvée* system was finally done away with and a system based on distances was adopted to supply men and horses for bearing goods.

The land transport companies at each post-station were prohibited from engaging in any business other than what the company had been set up for. Even though the *corvée* system had been abolished, each post-station was operated the same way as it had always been. The new companies were not free to carry loads farther than a specified distance. If they did, they would have to pay an exorbitant amount of money into the system. Organizational structure was logically inconsistent and would never serve in the government's plan to unify the country. The transport companies at each post-station were very locally oriented, and as the country moved toward greater unification, the government turned to the idea of setting up a national transport organization different from the one then current.

In conceiving a national transportation network, the government gave considerable attention to Rikuun Moto Kaisha – which the Edo-Kyoto-Osaka guild of permanent messenger-runner agents started in Tokyo in July 1872 – a company that fit the purposes of the network. The full-time messenger agents transported both public and private freight, money, and messages along major transport routes, particularly along the Tokaido from Edo to Osaka. Already during the Edo period, guild headquarters in three major cities had branches at important points throughout the country. Each guild could use the others' organizations, and this gave them nationwide cargo-handling ability. Eventually they took over post-station-based transport companies and old highway and river-bank agents to become directly involved in relay transport and long-distance horse-drawn transport. The government gave important privileges to the company to develop it into a full-fledged national transport organization. Cabinet Decree 230 of June 1873 said that after 1 September, transport would no longer be privately handled except by members, affiliates, or amalgamates of Rikuun Moto Kaisha or by companies whose internal regulations and capital amounts were deemed suitable to warrant licensing for the transport of cargo. The special prerogatives in land transportation profoundly aided the development of Rikuun Moto Kaisha.

Taking advantage of this decree, Rikuun Moto Kaisha sent employees all over the nation during June to open 3,480 outlets, as either local offices,

companies, or freight agencies. The company's success convinced more and more government people that all post-station-based transport companies should be disbanded. The government ordered the disbandment completed by 31 May 1875. By February, Rikuun Moto Kaisha, now renamed Naikoku Tsuun Kaisha, controlled the transport of all domestic cargo, including railroad freight.²

Industrial Development Policy and Transportation

Setting up a national transport network became part of the Okubo government's industrial promotion policy begun in 1874 when the Home Ministry was established. Okubo Toshimichi had been part of the 1871-1873 mission, headed by Iwakura Tomomi, that had gone to the United States and Europe to observe the progress of Western capitalism in detail. After driving his major opponents - especially the militarily adept but politically inept Saigo Takamori - from the government and gaining firm hold of the reins of state, Okubo put all his efforts into organizing the bureaucracies of the Home, Finance, and Public Works ministries and promoting a top-down industrialization policy to make Japan a modern, capitalistic state. The government was determined to develop transportation and establish a nationwide transport network as quickly as possible.

The transportation means that would actually configure the national transportation network were land transport by human bearers and by ox, horse, and horse cart; inland shipping, which would supplement land transport to make it more efficient; coastal shipping, which would connect the first two modes with railroads and ports at the river mouths. To fully implement these transportation means required construction of roads and inland canals, repair and building of ports, and laying of railroad tracks. The funds to accomplish this were acquired through the first government bond issue - Industrial Development Bonds - in 1878. A series of projects known as the Industrial Development Fund Project was completed with bond funds.³

The greatest challenge in carrying out this modernization policy was the prevention of the advanced capitalist countries from getting into Japanese industry and controlling it. Entrance of those countries into transportation, the basis for all industrialization, would jeopardize political independence, and consequently the Meiji government put great effort into barring them. An example of the problem was the acquisition of a licence for laying a railroad between Yokohama and Edo by Anton L. C. Portman, an American diplomat during the latter Edo and early Meiji periods. Two weeks after the proclamation of imperial restoration, 3 January 1868, Portman received a licence to lay the railway between Edo and Yokohama from the shogunal foreign minister, Ogasawara Nagamichi. But when he requested the subsequent Meiji government to reconfirm the contract in February 1869, it cancelled the contract and prepared to build the railroad itself. The government made a firm decision on the construction in December 1869. With the assistance of Her Britannic Majesty's Minister to Japan, Sir Harry S.

Parkes, the government sought to issue bonds on the London market and purchase materials and technology from Great Britain to build the railroad from Tokyo to Kyoto under its direct control. Construction began in April 1870 and was finished in October of 1872. The policy of eliminating the pressure of foreign capital and constructing railroads under direct government control prevented the development of private railways, created shortages in government funds, and caused railroad construction to stagnate, but it did eliminate any opportunity for colonization that might have occurred through foreign capital backing of government construction.

Another example is the development of the Mitsubishi Shipping Company in 1875 as a means of expelling foreign ships from inland navigation and coastal seaways. After the country was opened in 1854, more and more foreign ships began to appear in coastal waters. Many foreign shippers were active in freight handling and transport between ports open to them, most particularly the American Pacific Mail Steamship Company and the British P & O (Peninsular and Oriental) Steamship Company, which opened scheduled routes. The government devised various measures to counter them but obtained little success. One of those attempts was seen in vessel structure. Japanese sailing-ships were structurally weak, with flat bottoms and only one sail. They were unable to keep to their schedules, and did not have the safety advantages in cargo hauling of the Western sailing- and steamships. The government encouraged a shift in construction to turn Japanese sailing-ships into Western-style sailing-ships. The government also set up a half-governmental, half-private company to operate government-owned ships to transport tributary rice, a very large part of coastal cargo. Direct government development of sea transport ended in frustration in 1875, but on the recommendation of Home Minister Okubo, the government adopted a sea transportation policy based on protection for private management. It focused particularly on the development and protection of the Mitsubishi Shipping Company. The name Mitsubishi Shipping was changed to Yubin Kisen Mitsubishi Kaisha (Mitsubishi Mail Steamship Company), and the company was established as a shipping monopoly. In 1875, Mitsubishi opened a route between Yokohama and Shanghai in competition with the Pacific Mail line of the United States and also began competing with the American line on the Yokohama-Hakodate route. Cheaper rates provided the trump card and gained for Mitsubishi the shipping and navigation rights. In the following year, British P & O entered the Yokohama-Shanghai route in competition with Mitsubishi but was defeated by Mitsubishi, which benefited from government backing. Within six months after starting, P & O unconditionally pulled out of the Yokohama-Shanghai route. Thus, Mitsubishi successfully drove foreign ships from the scheduled routes in the inland and nearby seas.

Protecting and developing Mitsubishi in sea transportation and Naikoku Tsuun in land transport helped to develop a national transportation network linked to the Okubo government's industrial development pro-

gramme. But the Okubo government had planned, from its inception, the repair and construction of all port, railroad, road, and harbour facilities. However, the 1877 rebellion instigated by former samurai of Satsuma, who were dissatisfied with the government of Okubo, a fellow clansman, delayed the plan's start. Not until 1878 did the project finally get under way with financing from industrial development funds. Projects in which the Home Ministry was involved underlay the construction of the port of Nobiru, reclamation of the port of Niigata, the clearing of new roads between Miyagi and Yamagata and between Iwate and Akita, and the clearing of a new Shimizu-goe road. Projects under the Ministry of Public Works were responsible for the building of the railroads between Kyoto and Otsu and between Tsuruga (Fukui) and Ogaki (Gifu), and the surveying for a railroad between Tokyo and Takasaki (Gumma).

As the Nobiru Port project shows, the Home Ministry's construction projects aimed to build a transportation infrastructure that would be the foundation on which all subsequent industrial development projects would be based. Nobiru Port was built to replace Ishinomaki Port at the mouth of the Kitakami River, which was no longer usable because of the formation of sand bars. River-boat transport from the Kitakami River was able to get to Nobiru through the Kitakami Canal; the Tona Canal connected Nobiru to Sendai Port, and the Teian Canal connected Sendai to the Arahama-Abukuma river shipping route. Nobiru Port would eventually be the converging point for the Tohoku region's main roads and the railroad between Tokyo and Aomori laid by Nihon Tetsudo Kaisha (Japan Railway Company). The railroad link was a major project for Tohoku regional development and would become the well-spring for all later projects (see figure 4, p. 41).

Railroad construction under the control of the Ministry of Public Works was the fulfilment of a plan for laying railroad between Tokyo and Kyoto that had been decided as early as September 1869. In its initial stages, the route was to be the same as that of the Nakasendo Highway, and the plan was part of the effort to complete the construction of a trunk railroad system. An ordinance for issuing Nakasendo Railway bonds was handed down in December 1883 and some of the funds from those bonds were used in this larger project.⁴

Transportation in the Period of the Rise of Industry

Projects funded to develop industry were carried out from 1878 to 1885, years in which policies for industrial development were undergoing great change. In 1878, Okubo Toshimichi, the central figure in promoting the industrial development policy, was assassinated. The remedies for inflation collapsed after the Satsuma Rebellion. The Freedom and People's Rights Movement was gaining strength at this time, and in 1881, the Hokkaido Colonization Office Scandal came to light. The scandal forced Okuma Shigenobu to resign as state councillor and minister of finance. He was fol-

lowed in office by Matsukata Masayoshi, who launched a strong policy to deflate the economy. As the political situation changed, the government's industrial development policy, supported by large amounts of government investment, became better organized and more fully integrated, reduced in scale, and eventually shifted in status such that many government enterprises were sold to the private sector. In effect, by taking on the debts of some of the pioneering entrepreneurs at the start of industrialization, the government served to lay the foundation on which private enterprise of the next stage could be built. It was thus that a boom in private investment could be created in the latter half of the 1880s.

This change in industrial development policy is seen as vividly in transportation as it is in any other sector. Good examples are land and sea transport, strongly protected by the government so that it could establish a nationwide transportation network, and railroad transportation, which owed its strong foundation to government establishment and management. Cabinet Decree 230 was issued in 1873 to protect and develop domestic land transport, but its contents were inappropriate to the task and the decree was abolished in May 1879. Even though the government had no such decree regulating sea transport, it offered protection to Mitsubishi. Accordingly, a government order of February 1882 prohibited Mitsubishi from entering any business other than sea transport, made stricter the government's supervisory and interventionary role in fare adjustment, and required stricter observance of scheduled navigation on aided routes and stronger control over the number of ships and the remodelling of ships. The government also considered setting up a new sea transport company to compete against Mitsubishi. In July 1882, Kyodo Un'yu Kaisha (Kyodo Transport Company) was incorporated. The company was essentially half-government and half-private, and the government adopted policies that put Kyodo Un'yu and Mitsubishi into direct competition. As for the railroads, in 1881, Councillor Ito Hirobumi proposed that special railroad stocks be issued and that the government get out of the railroad business. But the opposition of the public works minister, Yamagata Aritomo, prevented that plan from getting off the ground. The creation of the Japan Railway Company in June 1881, albeit with private investment, satisfied part of the ministry's wishes that all railroads be government constructed. To build its railroad between Ueno (Tokyo) and Aomori at the northern tip of Honshu, the company acquired investment from the nobility, from former samurai, and from wealthy merchants. Through the good offices of the minister of the right, Iwakura Tomomi, the government granted special licence to Japan Railway and strongly protected it through partial payment of interest and acted as proxy in construction and operations. As with roads and water transport, the change in government policy on facilities and operations allowed private capital to play a more important part in rapidly developing the railroads.

Finance Minister Matsukata Masayoshi's regulations succeeded, in the latter half of the 1880s, in stabilizing the economy and allowing industry

to develop rapidly. This further stimulated private investment to the extent that it created an overall investment boom. The 1879 abolition of Cabinet Decree 230 facilitated the development of land transport. Revisions were also made by which regional ministries were given the right to authorize permits to transport goods. This decentralization of authority led to the incorporation of companies everywhere that could handle a diverse range of transportation, from river to horse cart. It also intensified competition between operators. For example, Naikoku Tsuun's dominance was successfully challenged when its rival, Nippon Tsuun, underbid it and temporarily wrested away some of its business. Government policy resulted in the amalgamation, in 1882, of three sea transport companies – Tokyo Fuhansen, Hokkaido Un'yu, and Etchu Fuhansen – into Kyodo Tsuun. Kyodo competed directly with Mitsubishi. In 1884, a group of small and medium-sized shipowners, mainly from Osaka, joined together to form a company known as Osaka Shosen Kaisha (Osaka Merchant Shipping Company). In 1885, Mitsubishi and Kyodo, economically worn down after their heavy competitive duel, took the government's advice and joined together to form Nippon Yusen. Asano Kaisen, predecessor to Toyo Kisen, was established in 1887. A series of private sea-transport corporations was thus set up during the decade to create a situation of new competition.

The most astonishing development in corporations established by private capital was with the railroads. One element in the rise of railroad companies was the remarkable success, under government protection, of Japan Railway, established in 1881. Japan Railway started running trains between Ueno and Kumagaya (Saitama) in July 1883 and completed track construction between Ueno and Aomori in September 1891. One of its most successful projects was the Yamanote Line, which it opened in 1885 to connect the silk-producing Gumma area with the shipping port of Yokohama and which provided the company with a dramatic increase in revenue. The success made more and more people want to climb on the railroad investment bandwagon. The ensuing rush of applications for permission to construct railroads was the incentive for the government issuing in May 1887 the Private Railway Ordinance, which gave legal recognition to private railroad construction.

The government also ordered a change in the east-west trunk railroad route from the Nakasendo to the Tokaido route, with construction to begin in July 1886. The route between Tokyo and Kobe was opened in July 1889. In July 1891, Inoue Masaru, director-general of the Bureau of Railways, presented his "Proposal on Railway Policy" to the prime minister. This proposal discussed the purchase of private railways and suggested that railroads should be constructed by the government without concern for profit and loss. At the time of the plan, which called for an extension of the railroads by an additional 5,712 kilometres, both government and private interests had completed 2,253 kilometres of track and started surveying for another 1,600 kilometres.

In 1892, the third Diet's passage of the Railroad Construction Law trans-

formed transportation, giving priority to railroads and placing the country firmly into the railroad age.

Notes

1. Response made on 20 October 1867 to an eight-article inquiry on the transfer of political duties from Tokugawa Yoshinobu (the last shogun) soon after he submitted his resignation to the court (*Zoku Tokugawa jikki*, 28 October 1867, and *Fukkoki*, 19–26 October 1867).
2. Yamamoto Hirofumi, *Ishinki no kaidō to yusō* (Roads and transport in the Restoration period) (Hosei University Press, 1972); idem, "Boshinki ni okeru gunji yusō" (Military transport during the Boshin Civil War), in *Nihon kinsei kōsū shi kenkyū* (Research on transportation in early modern Japan) (Yoshikawa Kobunkan, 1979).
3. Masuda Hiromi, *Shokusan kōgyō seisaku to Nobiru chikkō* (Industrial development policy and the construction of Nobiru Port) (United Nations University, 1979). Teratani Takeaki, *Nihon kōwan shiron josetsu* (Introduction to the history of Japanese ports) (Jicho Sha, 1977).
4. See note 3 above and Masuda Hiromi, "Shokusan kōgyō seisaku to kasen shū'un" (Industrial development policy and river transport), in *Shakai Keizai Shigaku*, vol. 48, no. 5.

Railroads

Katsumasa Harada

The Decision to Construct Railroads

Japan's government planned and constructed the country's railroads and adopted a system by which it would operate them as well.¹ The government had to do the job because the national base for private industrial capital was too weak then to provide the motive force of industrialization. The conditions called for manufacturing to be the main force in private capital industrialization; those in charge did not regard the time as ripe for private business to take the lead in railroad construction. Moreover, it would have been impossible for Japan to start out with a programme of private construction and operation similar to that in Great Britain. Several plans for private construction of railroads had been made by foreigners immediately before the fall of the shogunate, and there were also the plans of Godai Tomoatsu and his associates for a railroad between Kobe and Osaka. Although none made any demand for domestic industrial capital, the type of right-of-way that the former demanded would have made the railroad similar to those in the West's colonies in Asia and Africa.

Established through imperial restoration, the Meiji government had economic and political motives, including the strengthening of its own authority, for constructing railroads. That is clearly shown in the routes selected for construction, ones that would connect economic and population centres.