In the last quarter century (time moves quickly) there has been a historiographical revolution in our approach to late-19th century Asian production, distribution and living standards. The principal narrative of the previous era was one of rapid penetration of Asian markets, in the course of which Japan quickly gained market share as it was propelled by its own autonomous production and distribution alliances to roll back Western gains and overwhelm Asian suppliers between roughly the mid-1890s and 1914. However, by the 1980s numerous scholars such as Sugihara Kaoru, Sugiyama Shinya, and Peter Post, to name just a few, began to give primacy to the existing strength of Asian production and distribution networks. In their view, the major challenge facing Japanese firms was not so much the strength of Western companies as the power of the Chinese networks.

The views of these scholars, though they were writing about a slightly later period of history, were conceptually convergent with the arguments of our esteemed commentators, with Professor Pomeranz asserting a rough equivalence in living standards in 1800 between the Yangtze delta and Britain, and Professor Wong highlighting certain forms of Chinese social organization and government that might have been considered superior to those employed in Europe in early modern times.
My first reaction to the views of the aforementioned Japanese scholars came during the 1986 International Economic History Congress in Bern when I suggested to Professor Sugihara that it was simplistic to make a sharp distinction between Japan’s trade with Asia and its trade with Europe because the two trades were essentially integrated. Nevertheless, over the next decade I gradually came to accept most of his views and I began incorporating them into my own research. In my earlier work on the tactics and organization employed by Japan to penetrate Asian markets I had focused mostly on nationally oriented, intra-industry trading alliances. In recent years, however, I have modified this characterization substantially by demonstrating that virtually all forms of trading alliances into which Japanese firms entered had substantial foreign components.

The changes that I have made in my views, however, do not necessarily constitute a concession to these revisionist scholars. The principal focus of their analysis remains Asia. The issue of who carried Asian goods to the West (or the rest of the world) and who transported the goods of the West to Asian ports has not been a central part of their analysis. In that sense, I would argue that they are writing primarily regional history rather than global history, as I define that term at the end of this paper. The rapidity with which Japanese companies entered global routes in the 1890s still strikes me as remarkable. One could, of course, suggest that one of the motives of these companies in entering global routes was to circumvent the hold that Asian merchants had on intra-Asian shipping. But that hold was being broken down in the 1893-1904 period. Not only did Japan establish lines to India and Europe, thereby penetrating the dominant Far Eastern Freight Conference, but it also created an explicitly global business strategy. NYK president Kond Renpei articulated this through a focus on Shanghai as a hub of
the company’s global routes. With subsidiary Japanese companies working within China on the Yangtze river as feeders for the international lines, the NYK could integrate China into its global network. But it did so through cooperation with the European (or British) dominated Far Eastern Freight Conference.

_tani Noboru

Looked at within the context of shipping firms alone, the NYK effort to build global linkages might be seen as a matter of lines stretching out to all areas of the globe. However, in a spatial analogy, establishing such connections was a process that was more oriented to points than lines. Essentially the building blocks of this structure emerged through linkages developed in branch offices throughout the world. I have been able to trace some of these connections by using the diary of _tani Noboru, NYK president from 1935 to 1942.1 _tani worked for the NYK from roughly 1905 to the mid-1940s. During the early years he served in all of the key branch offices such as London and Shanghai as well as many in south and southeast Asia. During that

1 In other words, he was president at the time of Pearl Harbor. (Parenthetically, over the years I have received a number of inquiries from elderly gentlemen with an interest in military history anxious to find out the precise nature of messages sent to NYK ships heading for the United States just prior to the attack on Pearl Harbor. They, of course, had to turn around and head back to Japan. If there is an answer to that question, it may be found in _tani’s papers).
_tani had certain personal characteristics that may have made him an effective network builder. He appears to have had strong powers of concentration which worked to his advantage when he began his projects, but which, when sometimes carried to extremes, may have led to distractions from the main goal. It appears that in certain ways he was a fanatic. During his service in Malaya he became so interested in rubber plantations that he briefly considered leaving the NYK to buy his own plantation. He was turned from this fate by his wife who, fearing the risk involved, persuaded him to stay with the NYK. A second form of fanaticism was his diary. He kept this for roughly fifty years. Throughout these years he used the exact same stationery form. Every day he wrote one page, never more. If he could not fit everything into the lines of the form, he would add a little in the margins. Now, there is very little in his diary of anything in the nature of profound strategic reflection. However, we do know that every Monday (and sometimes more often) while he was the NYK’s branch head in Calcutta, he would play tennis at about 1:00pm with his counterpart from Mitsui Bussan, the leading Japanese trading company. Without those tennis games he might not have had the confidence in 1919 to lend his Mitsui counterpart substantial sums of money, which in effect was an informal NYK financing of Mitsui’s operations.2

2 I do not recall precisely who brought my attention to this diary, but I discovered it in 1973 in a used-book store near Tokyo Municipal University. Fortunately or unfortunately, I am not sure which, Tokyo University had also been alerted to the existence of the diary. This placed me, as a poverty-stricken graduate student, in a bidding war with the university. Needless to say, I lost, but the diary is now safely preserved in the library of the Economics Faculty of the university. Nevertheless, T_dai was apparently unaware that the collection also contained several reports that _tani compiled while serving in Southeast Asia. Through connivance with the bookstore I was able to buy one of these reports.
China and Japan’s Early Expansion

With the exception of Mitsui’s overseas expansion, Japanese access to global networks was rather limited prior to 1890. By contrast, Chinese traders had possessed strong ties to them since at least the eighteenth century. After the opening of Japan to trade with the West in the 1850s, Japanese were able to establish linkages to these networks through Chinese long resident in Nagasaki. Nevertheless, between the 1870s and the 1890s Chinese and Japanese local networks were in competition within East Asia. Japan could not easily utilize Chinese traders to gain access to the global information that the Chinese possessed through long-term trade with Westerners. To gain access to global trading information Japan had to bypass Chinese traders and create direct links with Western firms. Having established such links by roughly 1900, Japanese firms then strengthened their ties with China to feed their newly formed global networks.

In examining Japanese firms’ participation in global trade, this paper focuses primarily on the administrative or organisational question of where different networks interacted. The meeting place for these connections I will call nodes. They were perhaps most visible in the overseas branch offices of Japanese shipping companies where a firm=s representative interacted daily with the company=s foreign agent, who was usually British, or with members of cooperative bodies such as freight conferences. The branch office head or agent would be concerned with both the solicitation and delivery of cargo. The cargo itself was often the focus of an alliance including industrial firms, trading companies, and banks. Present also in the port were separate alliances
of other shipping firms competing for the same cargo and agents representing them.
Insofar as the company with the local branch or agency was likely to belong to a freight conference, agents of the various members of that conference would also be present. In short, the local branch office head would be a participant in a series of overlapping multiple networks, defined by both nationality and function, within which constant interaction would take place between representatives of different nations, different industries, and supporting services provided by trading and banking firms.

As Japanese firms moved into international business in the nineteenth century, they had to rely on Chinese merchants because of their strong existing position in Asian trade. This initial dependence was unavoidable because of the long-standing Chinese community in Nagasaki that had existed throughout the Tokugawa period, during which it had been the key link in Sino-Japanese trade. In the last half of the nineteenth century it had expanded its business into a multilateral trading network in East Asia. According to the estimate of the Japanese consul in Hankow, as late as 1888 Japanese traders handled only 13.3 percent of Japan=s exports and 7.3 percent of its imports to and from China. Small as that share was, it reflected not only Japan=s minor position in the trade but a substantial barrier that Western firms could not easily penetrate, as the bulk of these shipments were controlled by the Chinese network. Prior to the 1890s there were relatively few overseas branches of Japanese firms. As a substitute for them, Japanese consuls functioned as part of Japan=s small but emerging overseas network, supplying reports on the competitive situation facing Japanese firms. The most famous example of this role was that of the consulate in Bombay in the preparation for raw cotton imports from India. However, within East Asia Japanese
consuls in Inchon reported extensively on the threat to the triangular routes between Japan, Korea, and Shanghai established by the NYK in the 1880s, as the Chinese government, through the China Merchants Steam Navigation Company, sought to expand their commercial position in Korea. Among other tactics, this involved guarantees to Chinese merchants conditional upon their commitment not to use NYK ships. Chinese merchants thus acted as a barrier to Japanese firms penetrating East Asian networks. This left Japanese low in the hierarchy that controlled access to key commercial information on global trade.

The turning point for the NYK in this East Asian and global trade was the Sino-Japanese War. Not only did it give Japanese firms what Western firms already had, namely, extraterritorial privileges in China, but it indirectly created the financial resources for Japan to establish overseas lines. Prior to the war, NYK overseas shipping had been limited primarily to East Asia with routes extending from Shanghai to Vladivostok. After the war their transoceanic routes to Europe, the United States, India, and Australia often utilised Shanghai as a network hub. Since the company was now carrying Chinese exports beyond East Asia, it was not in that sense competing with Chinese shipping, and its interests were compatible with Chinese merchants who provided cargo for its ships. Chinese merchants now became part of the company=s overseas networks, though its transactions through Shanghai were carried out through intermediaries like Mitsui Bussan Kaisha or British agents. In this way, the NYK and Mitsui moved upward within the global commercial hierarchy. Going beyond their earlier dependence on the Chinese, they were able to establish complementary relations with them, and to create autonomous networks that quickly generated strategic
and proprietary commercial information, and that in turn led to competitive as well as cooperative relations with western firms.

**Japan’s Expansion and Alliances**

This initial phase of Japan's large-scale investment in transoceanic shipping essentially began in the 1890s. Japanese networks formed rapidly around shipping companies and then tended to maintain their membership. One could characterize them as multiple overlapping networks that would coalesce around the needs of a trade and the contracting patterns of trading companies. There were several constants in these networks: the shipping company, such as the NYK or the OSK, a trading company (more often than not, Mitsui, but certainly many others depending on the cargo or route), a financing institution (usually the Yokohama Specie Bank), and government consuls. Reasonably constant members included suppliers of fuel or ships (often oligopolistic enterprises to which the constant members had inter-firm ties). The variable members were, of course, the shippers, that is, those supplying the freight, that were both firms and industrial associations. These were not just vertical networks within Japan but horizontal combinations through the global spread of branches maintained by firms in the network. Although members in these networks were usually separate firms, their boundaries were penetrable. Inter-firm relations were characterized by long-standing business ties, personal connections, common zaibatsu links (for a few), cooperation in new trading ventures, school ties, shared experience in overseas branches, and both formal contracts and long-term common understandings.

Exclusive national networks could not by themselves generate a competitive
position in global trade because strategic information could often be obtained only through foreigners. A nationalistic strategy would have left Japan low in the hierarchy of access to information. One of the key elements in this hierarchy was the foreign agent. There were, of course, many different types of agents. In the NYK’s experience some performed the role only of freight solicitation in a specific trade based in a single port. Other foreign agents provided a broad range of services for the company in ports where no NYK representative was stationed. More commonly, though, an NYK representative, such as the head of an overseas branch, would work through a local agent. Furthermore, many agents served not just one particular company but networks such as all the members of a given freight conference. Connections with agents provided a form of organisational continuity and goodwill.

On transoceanic routes the NYK made some of its initial gains through foreign agents. Its initial successful challenge to the Far Eastern Freight Conference in 1896 owed much to the support of Manchester merchants.\textsuperscript{ix} In the same year it established its Seattle line through an agreement with the Great Northern Railway [GNR]. The NYK’s agent in Australia, Burns, Philp & Co., which was also an agent for the P&O, not only aided in the diversification of its freight but also assisted in the extension of lines to New Zealand and cleared away potential logjams at crucial moments.\textsuperscript{x} Within Asia, even in key ports where it had its own branch, the company often relied on British firms as its agents such as Paterson in Singapore and Dodwell in Shanghai.\textsuperscript{xi} In Latin America the NYK seems to have used a dual system involving both British (the firm of Lamport and Holt) and local Argentine and Brazilian agents. To the latter in 1917 they paid 4 per cent of freight income in Buenos Aires and 5 per cent in Rio de Janeiro and
Santos. This was a substantial differential over agency fees in Southeast Asia, which in Java were 2.5 per cent of export freight, 1.0 per cent of income freight, and 5 per cent of passenger income.xii

_tani & Andrew Yule in Calcutta_

Perhaps the most interesting agency connection within Asia was that with the Andrew Yule firm in Calcutta. It was one of the largest British managing agencies in India with a series of diversified enterprises in Bengal which included an integrated network of collieries, tea plantations, and an important river transport company. The Yule firm performed a number of functions for the NYK, especially in the years just prior to, and during, World War I. These included advice relating to the opening of the company=s Calcutta line in 1911, subsequent assistance when the NYK opened its own branch in Calcutta, the provision of freight, especially strategic wartime cargo, support for the NYK in its competition with freight conferences based on Calcutta, and participation in triangular contracts involving the NYK and other Japanese firms.xiii

During World War I jute was the most important cargo in the NYK-Yule relationship. It was, at the time, India=s largest export. It was cultivated in the riverine plains of Bengal, turned into manufactured products in Bengali mills (controlled by Scottish expatriates), and shipped through Calcutta. Andrew Yule was one of the two largest managers of jute mills in eastern India.xiv The jute industry, both raw jute and manufactures, accounted for roughly one-quarter by value of India=s wartime exports. Furthermore, between the business years 1915/16 and 1918/19 the export value of jute
manufactures alone exceeded that of raw cotton every year. On the broadest scale, jute typified the globalisation of wartime economic activity, uniting in a single process the machine gun, the jute labourer in Bengal, and the Japanese shipping manager. Jute's strategic nature was defined by the reliance of trench warfare in Europe on sandbags, 1.38 billion of which were exported by the India Jute Mills Association between 1915 and 1918. During these years the industry experienced a major structural change. Before the war most exports were of raw jute, which was sent to Dundee, Scotland for the manufacturing process. However, to economize on shipping space Britain preferred to have production take place in India during the war. Consequently, the share of manufactures in total jute exports grew from 47.3 per cent in 1913/14 to 80.5 per cent in 1918/19. Declining raw jute exports meant falling prices and a buyer's market for the Bengal mills, which in turn could sell abroad at high prices. It is not clear whether the NYK carried jute from Calcutta to Britain, but the regular vessels on its European line almost certainly loaded jute at Colombo, the transhipment port for cargo from Calcutta, for transport to Britain.

The connection between the Andrew Yule firm and the NYK predated the establishment of the company's Calcutta line. The NYK opened its line between Calcutta and Japan in 1911 and in 1915 it established its own branch there. The company appointed Andrew Yule as its agent in 1910. Thus, Yule handled the NYK's affairs in Calcutta not only in the period prior to the opening of its branch but also in the preparatory year before the line began. In December 1915, when _tani was appointed head of the new branch, Yule's role as general agent ended, but a new contractual
relationship began, as the NYK retained Yule as sole agent for freight and passengers between January 1916 and mid-1918. During these years the Yule firm seems to have broadened its role to encompass NYK business partners. For example, triangular ties developed between the NYK, Yule, and the Mitsui Bussan out of the NYK’s practice of handling many of Mitsui’s ships which operated between Calcutta and Japan.\textsuperscript{xv} A January 1918 agreement between the NYK and Mitsui had two major provisions. First, in the case of a Mitsui ship leaving Calcutta with a full load of Mitsui freight, the NYK would take care of all procedures relating to departure from the port and the ship would use the NYK flag, while Mitsui would handle all matters in Japan upon arrival. Second, when Mitsui loaded freight other than its own in Calcutta, the NYK would undertake all the handling in both Calcutta and Japan, and Mitsui would pay a commission to Andrew Yule in Calcutta equivalent to two per cent of the net freight. If the NYK and Mitsui Bussan constituted the core members of Japan’s most important trading network, in this case Andrew Yule was an integral component of it.

**Early Branch Research**

In the final year of the war many other Japanese shipping firms that operated independently of government subsidies or trading companies began new services within Asia and to a lesser extent to Europe. However, few of these had sufficient infrastructure to handle their ships, and they often entrusted their handling to the NYK.\textsuperscript{xvi} Insofar as some of these voyaged to Calcutta they likely availed themselves of Andrew Yule’s services via the NYK.
Another key function of the branch office was research. This did not necessarily mean that the investigation focused on the port where the company researcher was stationed. Often the port was the base for surveying trade opportunities within a whole region. Bombay was the epicentre of the raw cotton trade for Japan. However, Mitsui did not initiate raw cotton purchasing there until after one of its employees, Iida Giichi, had investigated the purchasing system in the area. Thereafter the Bombay branch flourished, and in 1909 it contributed roughly one-third of the total profits of Mitsui’s cotton division. Bombay owed its success to efficient purchasing strategies. One was the use of Indian periodic markets. Another was direct purchasing of raw cotton by Japanese agencies in up-country areas of India. These strategies were devised by the Bombay branch of the Mitsui-affiliated T_y_ Menka.xvii Another example of local market research concerned the Calcutta branch of the OSK in the 1920s. A company employee stationed there, Fujisawa Sennosuke, learned that Indian merchants were re-exporting Japanese textiles from Bombay to East Africa. Since this endeavour appeared to depend on high freight rates, the OSK initiated a competing African East Coast service in 1926.xviii

One of the best documented cases of branch-based research was _tani’s experience from roughly 1913 to 1915 when he was engaged in virtually full-time research. Between May 1913 and April 1914 he travelled through South East Asia. He spent the period between April and August 1914 in Japan, consulting with company leaders and officials in the Foreign Ministry and the Ministry of Communications. While in South East Asia he met frequently with Mitsui employees and officials in Japanese consulates. Then in 1915 he went to Singapore, which he used as his base for the next year or two. His research and responsibilities there focused on compiling trade statistics on ports and shipping routes, arranging for the establishment of
agencies or branches, planning for new NYK lines, and reporting frequently on these matters to the Head Office in Tokyo. The agencies he planned for were mainly in Malacca and Batavia, while the research he undertook for new lines was focused mostly on Sumatra, North Borneo and the Calcutta-Java line.\textsuperscript{xix}

The key strategic theme in \textunderscore tani’s research was the goal of linking the South East Asian lines with the NYK’s new line through the Panama Canal to New York. One of his earliest diary entries in 1913 mentions this. His research intensified after arriving in Singapore where he essentially worked within the office of the British trading firm Paterson & Simons Co. Much of \textunderscore tani’s work on the New York line was done in cooperation with Paterson.\textsuperscript{xx} The Panama line was designed to go westward as well as eastward to New York. Based on a report of the Singapore Chamber of Commerce in mid-1915, \textunderscore tani found opportunities for the former route in changing practices among shippers in Malaya. Previously many goods destined for New York from South East Asia were transhipped at London. However, between the first and second quarters of 1915 rubber carried by New York Conference ships had almost tripled in volume while that portion transhipped at London had fallen to a mere third of the level in late 1914, and the volume exported to Britain was down 45.8 per cent. \textunderscore tani saw this rerouting as likely permanent: that rubber and tin, the ‘bulk of which is finally destined to America should go first to London, while there is direct shipping facility such as the Via Suez Line, is, in fact, an abnormal practice. The reason of this [sic] was ascribed to the control of the English capitalist to whose investment the most estates in Malaya owe their existence, but they have now apparently given it up to follow its more natural course’. \textunderscore tani viewed this change as benefiting the NYK’s round-the-world lines.\textsuperscript{xxi}
While based in Singapore, _tani’s mode of operation seems to have been to commission reports from local agents and then dispatch them to NYK President Kond_ Renpei. Of interest from the viewpoint of the importance of branches was _tani’s practice of usually sending a copy to the London branch and, in case of cotton-oriented themes, to the Bombay branch as well. In November 1915 he received a report on tobacco plantations in Sumatra which again raised the aforementioned theme of colonial estates. The tobacco grown there, it stated, was ‘never sold locally or manufactured for the local use. The whole output goes to Holland’. Since there were no estate agents for tobacco as there were for rubber, and since the tobacco estates were controlled by the home country, any shipping contract ‘had to be obtained either in Amsterdam or Rotterdam as the case may be’. Of particular interest to _tani was the fact that rubber was assuming a greater importance among the estates, many of which had begun to plant rubber in place of tobacco.xxii

Reports of this nature, dispatched to President Kondo, often ran to 20-25 pages. Judging from the numbering system _tani used, it would be reasonable to assume that he compiled well over two hundred such reports.xxiii The volume and duration of _tani’s research suggests that in his case the NYK was following an autonomous route in acquiring information rather than working in a broader institutional context by relying on data collected by partners. This strategy, of course, was conditioned by a major temporal factor, namely, World War I and the urgency of acquiring market information essential to the new expanding business opportunities it presented, though, of course, _tani had begun his research before the war started. The strategy, however, was not wholly autonomous, for _tani was usually dependent on his British host who appears to have served as an intermediary.
Globalization & History

I have asserted in this paper that the research I am conducting on the NYK is a form of global history. As this conference is about globalization, I believe it is imperative to clarify the distinctions among the different forms of history we are writing. Chris Bayly is one scholar who has tried to demarcate certain key approaches among forms of global history. (The Birth of the Modern World, 1780-1914, Blackwell, 2004). I would argue that for those of us engaged in this endeavor there are at least three conceptually distinct forms of history. One is international history. This category essentially deals with the relations among states and is rooted in the Westphalian tradition. Certainly this would include all forms of international organization whose membership consists of representatives of individual countries. A second is world history. This term is so broad in its implications that one might argue that it serves as a rubric for virtually all of the history being written by participants in this conference. However, the term world history has evolved in the context of newly emerging forms of history, and I now see it as category embracing styles like grand narratives, very long-term history (for example, David Christian, Maps of Time: An Introduction to Big History), or comparative history of the kind done by our commentators, Professors Pomeranz and Wong. My third category is global history. This form of history is no longer concerned much at all with relations among states; nor does it focus much on comparisons. Rather, the heart of global history is the concern with connections and flows, whether it is capital, people, commodities, or ideas. When we sit at our computers today buying a Japanese (or Chinese) stock in a matter of seconds or otherwise utilizing global-positioning technology, we are inclined to look back at earlier technologies I have discussed
here, such as the steamship, the railroad, and the telegraph. Or we may want to debate the issue raised by John Hobson whether Chinese ideas were the origins of Adam Smith’s invisible hand.

For those interested in pursuing further the themes in this paper, see the following articles where I have provided more detail:


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ii Wray, ‘Japan’s Big Three’.


vii For discussion of the role of China in these transoceanic lines, see Wray, *Mitsubishi and the NYK*, pp.332-55.


xii British Documents on Foreign Affairs: Reports and Papers From the Foreign Office Confidential Print, Part II: From the First to the Second World War, Series E, Asia, 1914-1939, vol. 3, Japan, January 1920-June 1921, Doc. 350, p.404; NYK Centenary History: S, #727, 6 June 1917, pp.566-7; NYK-HGK, 1 August 1918 #4.


xv NYK-HGK, 23 January 1918 #7.
These cases are recorded through most of the year in NYK-HGK.


Mariko Tatsuki, >Cooperation and Reorganisation on the North-South Routes from Japan in the Interwar Period=, in Starkey and Harlaftis (eds.) Global Markets, p.185.

_tani diary, 1913-1915.

tani diary.

Letter of _tani Noboru to The President, Nippon Yusen Kaisha, 20 July 1915. In author’s possession.

This report, dated 9 November 1915, from Medan, was addressed to ‘N. Ohtani Esqre, Special Representative Nippon Yusen Kaisha, c/o Messrs. Paterson Simons & Co.’

For another example of the combination of diary writing and long reports from business trips, see Miller, ‘The Business Trip’, p.25.