

A.R. Brown and NYK - the father of Shipping in Meiji Japan

By

Masami KITA, Soka University, Japan

1 Introduction

When the Meiji government was established in 1869, ending 250 years of a Tokugawa feudal regime, the most pressing task for its leaders was how to introduce and absorb Western technology and business organization, so as to make the small collection of islands into a strong industrialized nation a kind of 'Britain of the East'. (1)

This dream became a reality, and proved a model of successful national evolution through industrialization, as a result of cooperation with the governments and people of several Western countries, of which Great Britain was arguably the most important and influential. That partnership was eventually expressed in the Anglo-Japanese treaty of 1902, which gave Japan 'Great Power' status.(2)

Within the several strands connecting Victorian and Edwardian Britain to Meiji Japan, one of the more notable was that involving Scotland and Scots. This in turn reflected the fact that Scottish-Asian merchants were prominent among the earliest British trading firms to put down roots in the Japanese treaty ports, and also that Scotland, particularly the heavily industrialized region around Glasgow, was a significant source of industrial products, more especially capital goods, and also of engineering skills. Thus, a number of Scottish engineers with experience in India and on the China coast were invited by the Meiji government to become *o-yatoi* (hired foreigners) and put their knowledge and skills to work in the transformation of Japan.(3)

One of these Scottish engineers, named E. Morell, first proposed the idea of a Ministry for promoting Public Works (*Kobusho*) across the Japanese islands, based on the successful example of the Bureau of Public Works at Shanghai. In turn, under the initiative of the *Kobusho*, the first Western-style college in Japan was started in 1873. This was the *Kobu Daigakko*, which would later become the engineering faculty of Tokyo University. (4)

Henry Dyer, a Glasgow University graduate, was the first principal of the *Kobu Daigakko*, and most of its staff was recruited from Scottish universities and colleges.(5)

The skills and knowledge that began to be transferred from Scotland to Japan under such initiatives included the bundle of technologies associated with the maritime industries of shipping and shipbuilding, in which Clydeside held a world-leading

position and which in Japan were still quite primitive.(6)

A key figure in this particular process of technology transfer was an Englishman who would eventually become an adopted Scot. A.R. Brown came to Japan in January 1867, as captain of the P&O ship *Malacca*, and was soon employed by the Meiji government to sail around the Japanese coastline in support of the work of R.H. Brunton, the government's first-ever *o-yatoi*.(7)

Brunton, a Scottish engineer who had been invited to Japan to construct light houses, asked Brown to be his assistant for three years. After Brunton returned to Scotland on leave, at the end of his first contract, Brown left the Bureau of Lighthouses, and was approached by Heigoro Shoda of Mitsubishi to help launch the Mitsubishi Steamship Company.(8)

Brown visited Glasgow, and while there purchased steamers not only for Mitsubishi but also for the *Kyodo Unyu* concern which had been set up by a rival group. A period of fierce competition between the two rivals resulted in a government recommendation that they be merged, and the NYK (*Nippon Yusen Kabushiki Kaisha*) was born.(9)

Thanks to his experience of working with both parent concerns, Brown was appointed as an Acting Director of the new firm. Shortly thereafter, however, he decided to leave Japan and establish himself as a ship broker, and dealer in marine engineering products, in Glasgow, along with his son. Before his departure in May 1889, he had an audience with the Meiji Emperor and was appointed the honorary consul of Japan at Glasgow. This paper seeks to identify the main features of that unusual business career, in which managerial and entrepreneurial talents were exercised in a cross-cultural context, to the benefit of both Meiji Japan and pre-1914 Clydeside.(10)

2 Brown's arrival in Japan and relations with R.H. Brunton

Albert R. Brown, the son of a seaman, was born at Ringwood, Hampshire (in the south of England) in 1839. He went to sea at an early age, and eventually succeeded in obtaining a master's ticket. He first visited Japan in January 1867, as captain of the P&O steamer *Malacca*, but some two years later was persuaded to leave P&O's service and take up employment with the new Meiji government, as an assistant to the government's first *o-yatoi* (hired foreigner), Richard H. Brunton.(11)

This came about because, with the rise of foreign shipping in Japanese waters and its own ambitions to develop Japan's naval and mercantile shipping, the new government

was strongly concerned about the safety of navigation around the coasts. The Tokugawa regime had already employed French engineers to construct lighthouses in one or two places, but the Meiji government, suspicious of these connections to the shogunate, asked that a British engineer be sent to replace the French.(12)

The government in London, passed on the request to the Commissioners for Northern Lighthouses in Edinburgh, who in turn selected Brunton for the job. Brunton, from Aberdeenshire, was a railway engineer whom the Stevenson brothers, the engineers for the Northern Lighthouse Board, retrained in lighthouse construction – originally, it seems, with the intention of sending him to India.(13)

However, he was to make his mark in Japan where, between 1869 and 1876, he developed the government's new Bureau of Lighthouses, recruiting and training staff for its operations, and constructing some 28 lighthouses on different parts of the coastline. (14)

Brunton met Brown on board ship, on his way to Yokohama, and was sufficiently impressed to invite him to take command of the Lighthouse Bureau's steamship, which was used for survey and transport purposes. When Brunton's first contract came to an end in 1873, and he returned to Scotland on leave, Brown stayed on at the Bureau for a while and also began to act as a consultant on maritime matters. One of those to whom he offered advice was the entrepreneur Yataro Iwasaki, who founded the Mitsubishi Company in 1873 and to whom he was introduced by the Finance Minister, Shigenobu Okuma. (15)

Iwasaki had also taken under his wing the young Scottish merchant, Thomas Glover of Nagasaki (whose brother happened to be a ship-broker in Aberdeen), and these two men Brown and Glover, made themselves particularly useful following the *Seitaino Eki* (Taiwan Incident) early in 1874. The Meiji government, lacking ships of a sufficient size, intended to ask the USA and Britain for vessels to transport soldiers to Taiwan, but these powers were reluctant to become involved in an international dispute with China. The senior British representative in Japan, Sir Harry Parkes, warned his countrymen, not to assist the Japanese government, but when it invited them to assemble the shipping needed for a military expedition.(16)

Brown and Glover chose to help Japan in its time of trouble. Brunton, by contrast, on returning to the Bureau for his second stint, heeded Parkes' advice.. Between May 1874 and March 1875 Brown and Glover procured 13 foreign-built ships at Hong Kong and Shanghai. (See Table 1)

In July 1874 the Meiji government ordered Mr. Saigo, the Acting Governor of Taiwan, to transport soldiers to the island, but because not all of the vessels purchased for the

government had yet arrived in Japan, the Mitsubishi Co was also contracted to transport 1500 men to Liang Kiano in Taiwan.(17)

3 The Mitsubishi Steamship Co

These events began a readjustment of relationships between the Meiji government and the Mitsubishi Co, which until 1874 was merely a private competitor of the government's own concern, the YJK (*Yubin Jokisen Kaisha*), in coastal and inter-island shipping. Now official policy began to shift away from government ownership of shipping towards government subsidization of private shipping, so as to compete with foreign shipping in Japanese waters and promote a Japanese presence on international sea lanes. Brown, with his connections both to government and to Mitsubishi, had a hand in this process. Thus, in the summer of 1874 he arrived in Glasgow, having been sent to take possession of the Lighthouse Bureau's new twin-screw steamer, the *Meiji Maru*, which had been built at Napier's shipyard. The *Meiji Maru* remained in Bureau service for the next 26 years.. However, while in Glasgow on this mission Brown also received instructions from the Japanese government to purchase two ships for the Mitsubishi Company. (18)

This evidence of growing links between the government and Mitsubishi was followed in January 1875 by the government's invitation [order?] to Mitsubishi to initiate a regular steamship line to Shanghai - to compete with the highly-subsidized American Pacific Mail Company, which was also threatening the struggling YJK in coastal trades. (16) Then, in May 1875, Mr. Okubo, Minister of Interior Business, announced a privatization of Japanese shipping. This involved the winding-up of the bankrupt YJK and the transfer of its ships, as well as those purchased for the Taiwan Expedition, to the Mitsubishi Company, which now became the dominant shipping concern in Japan. It also changed its name to the Mitsubishi Mail Steamship Company.(19)

With the new government subsidies behind it, Mitsubishi moved quickly to buy out the interests of two American companies in the route between Yokohama and Shanghai, and in November of 1875 it opened a new service to the Ryukyu islands.(20)

It also took steps to improve support services and general productivity. Thus in 1875 it launched its own training school for sea men which became later the Tokyo Shosen school.(21),

In December of that year, Mitsubishi and the expatriate Scottish firm, Boyd & Co, which had a shipyard and foundry business at Shanghai, jointly started the Mitsubishi

Engine Works at Yokohama. J.F. Calder, a marine engineer, was recruited for the new firm from the Lobnitz iron works and shipyard in Scotland. (22)

These developments stood Mitsubishi in good stead when, in 1876, P&O finally opened a regular line between Shanghai and Yokohama and subjected Mitsubishi to severe competition.

Brown's career reflected the quickening pace of shipping operations in Japan. During his visit to the UK in 1874-5 he had been attached to Matheson & Co, London (part of the Scottish business network with which Glover was associated) and, in addition to his ship-commissioning and -ordering activities in Glasgow, he had investigated international maritime regulations and the arrangements for the education and training of young seamen on behalf of the Japanese government. On his return to Japan he was invited to help establish a Marine Bureau which would have responsibility for shipping and shipbuilding policy under the Ministry of Communications. (23)

There he rose to the rank of assistant superintendent by 1880. He drew up legislation for Japanese shipping in line with international laws on navigation, and presided regularly over courts of enquiry into shipwrecks or stranding of steamers in Japanese waters. (24)

When Katsunori Masuda (younger brother of the founder of the Mitsui Bussan Co) established a marine insurance company, the Tokyo Kaijyo Hoken Co, Brown and the Marine Office got round the absence of a Lloyd's surveyor by inspecting and classifying some seventy seven ships, so that they could be insured by the new concern. . Much of his work, however, involved providing direct assistance to the Mitsubishi, in its capacity as the government's 'most-favoured' shipping concern. Thus, under his initiative and supervision, the Mitsubishi Training School for Merchant Seamen was opened in November 1875.(25)

Mitsubishi's close links with government made it the main supplier of marine transport in times of civil or military emergency. In January 1876, after the Kokashima Incident in Korea, Mitsubishi provided eleven ships for government use, and on the occasion of the Hagi Revolt of October 1876 the company provided five ships for transport service. However, the most significant incident was the *Seinan no Eki* (Rebellion of Saigo) in February 1877. Mitsubishi threw its total support behind the government in putting down this major revolt, and Brown was sent to Britain to buy additional tonnage for the concern. He purchased some eight second-hand vessels built in the two principal ship-building centres of Newcastle and Glasgow . (26) (See Table 2)

4 Rivalry with the Kyodo Unyu Co, and the formation of the NYK

In July 1882, a new company, the *Kyodo Unyu Kaisha* (KUK), received government permission to take part in the shipping trade. In part this occurred through the desire of other business and shipping interests, including those clustered around Mitsui, to challenge Mitsubishi's monopoly; in part it reflected a decline in Mitsubishi's influence within the ranks of government. Minister Okubo was assassinated in May 1878 and Shigenobu Okuma, Minister of Finance, resigned from the cabinet in October 1881. The loss of two of its principal supporters weakened Mitsubishi's political clout and encouraged challengers to its position.(27)

In January 1883, several small local shipping companies were amalgamated into the new Kyodo Unyu, and in March 1883, its President, Mr. Ito, went to UK as part of a delegation that included Alfred Brown and several other officials. There they purchased or ordered new ships for the company, as well as two men-of-war for the Imperial navy. (See Table 3)

Three features of this delegation's activities stand out. First, they represented a break with the previous Japanese reliance on pre-built or second-hand steamships, and a shift to the operation of new vessels built to order on the Tyne and the Clyde, to the owners' specifications. Fourteen of the sixteen ships acquired by the KUK were purpose-built vessels. Second, this degree of investment in new ships required the presence of an owner's representative, to superintend all aspects of construction, from keel-laying to launch and trial, and to serve as a point of contact to the shipbuilders. Alfred Brown remained behind in Glasgow through 1883 and 1884 to undertake that function, laying the foundations for closer relations with Clyde shipbuilders. Third, and most interestingly, during his period in Scotland as 'resident superintendent' for the KUK and the Japanese government, Brown was permitted to purchase several ships for the Mitsubishi Steamship Company, and to order and supervise the construction of two more. (28) (See Table 4).

Brown commented at the trial trip of one of these vessels, the *Yokohama Maru*, on the Clyde in May 1884, that 'the owners [Mitsubishi] now possessed 40 steamers of varying sizes, and for the last ten years had almost a monopoly of the route. But a rival line had entered the field. The old company, however, would endeavour to maintain

their position.(29)

Such even-handedness suggests that Mitsubishi still retained some degree of government support, and that official intentions were that a 'healthy competition' between the two companies– more especially in the coastal trades – should replace the near-monopoly that Mitsubishi it had enjoyed since the winding-up of the YJK in 1875.

If so, such expectations were undermined by the onset of a savage rates war between the two companies that drove down earnings and share values, produced heavy financial losses, and generated fierce public and political debate between rival sets of supporters. By January 1885, Mr Saigo, the Minister of Agriculture and Commerce, was inviting both companies to find a solution to the conflict, in the light of Japan's international situation. Since the Iwasaki brothers, the founders of Mitsubishi, were now dead, and the Presidency of Kyodo Unyo had passed to a man who was also Deputy Minister of Agriculture and Commerce, it had become easier to consider a merger of the two concerns. A new public joint-stock company, the NYK (*Nippon Yusen Kabushikikaisha*) was duly established on the first of October 1885. (30)

It brought together the twenty-nine steamers (36,599 gross tons) and one sailing ship of Mitsubishi and twenty-nine steamers (28,010 gross tons) and ten sailing ships of the Kyodo Unyu, and once again created a single dominant company, backed by government support and influence, as the 'flagship' of Japanese shipping policy.

At this point, Alfred Brown left the Marine Office to join NYK - at first as an 'Acting Director' and subsequently with the title of 'General Foreign Manager'. (31)

The transition from government servant to manager of a private enterprise was perhaps less dramatic than it seemed. Since the government appointed all the initial directors of the new firm, Brown almost certainly owed his position to his being regarded as a 'safe pair of hands', who was well versed in government attitudes and expectations. Furthermore, although his precise role in placing the management of the new concern on a firm footing during its first two years of operations is not known, it quickly became clear that his main contribution was to be what it always had been – overseeing the introduction of new vessels into the company fleet.

The NYK and the government had ambitions to increase the company's presence in East Asian waters, ambitions driven by political as well as commercial considerations. In 1886 it opened a route from Nagasaki and Kobe to Tenjin in China; a Shanghai to Vladivostock line followed in 1889, and branch lines to Hong Kong and North China ports were opened in 1890. Alongside the requirements for additional tonnage that arose from such international expansion was a need to replace the older steamers inherited from Mitsubishi on coastal services linking Yokohama with various other

ports.(32)

Brown returned to Glasgow in 1887-8, to place orders and supervise the construction of six new, up-to-date steamships, most with steel hulls and all with triple expansion engines. (See Table 5)

However, partly because of the success of this visit, but mainly because of changing circumstances within Japan, Brown's method of operation – interspersing short periods in Britain with slightly longer periods in Japan – was about to be changed into one involving permanent residence on the Clyde.(33)

5 A.R. Brown McFarlane & Co, Glasgow, and the Growth of NYK

In April 1889 a major reorganization of NYK's senior management took place, to simplify the rather cumbersome structure inherited from the merger of Mitsubishi and KUK. At this point Brown resigned from the company. However, he was not pushed out by the reorganization, or by an emerging Japanese policy of employing nationals wherever possible albeit that he was already the longest-serving foreign employee in the country. His post continued, and he was succeeded in it by a Scottish mariner, A. MacMillan. Rather, the move was a more positive one, reflecting a view that both NYK and the Japanese government needed a permanent representative in what had become the world's major shipbuilding centre.(34)

Following an audience with the Emperor at the palace, where he was appointed Japan's honorary consul in Glasgow (one of only two such appointments in the UK), Brown returned to the Clyde and set up business as a marine agent. In 1899 this became the firm of A.R. Brown McFarlane & Co, in which his partners were his son, Edward, and a Glasgow marine engineer named George McFarlane. (35)

Brown settled into the business and social life of his adopted city and region – living in Helensburgh on the Lower Clyde, commuting daily by train to his office in the city, spending his weekends yacht-racing on the river, and devoting his philanthropic efforts to such enterprises as the Clyde Training Ship that prepared young men from deprived and difficult circumstances for a life at sea. The foundations of his very successful concern remained the strong connections he had made during his years in Japan.(36)

He held the agency for the Tokyo Marine Insurance Co that he had helped bring into existence, and, more significantly, he acted on behalf of the Mitsubishi shipyard in Nagasaki (following the creation of NYK, Mitsubishi gradually reduced its interest in shipping to concentrate more on shipbuilding and mining). Steel plate, advanced

marine engines and other equipment and materials flowed regularly out from Glasgow to Nagasaki.(37)

Through Brown, too, naval architects and marine engineers found their way from the Clyde to short periods of employment in the Mitsubishi yard - more especially in connection with an experiment in 1896-8 whereby a Clyde-designed vessel ,**the *Hitachi Maru*** , was constructed in Nagasaki as the twin of another being built in Glasgow for NYK

Brown also assisted the development of the shipbuilding industry in Japan more widely by helping to place Japanese students in naval architecture and engineering courses at Glasgow University (combining their formal study with in apprenticeships in local shipyards). In doing so, he made contact with that other strand of activity that linked Glasgow and maritime Japan through engineering education and that dated back to Henry Dyer and the *Kobu Daigakko* in Tokyo. Students and teachers went in both directions - J. Biles and P. Hillhouse both returned to the chair of naval architecture at Glasgow University after periods spent at the engineering faculty of Tokyo University, the successor of the *Kobu Daigakko*.(38)

However, Brown's main activities lay in his acting as agent for the Japanese government and the NYK. His role in placing contracts for warships for the Imperial navy (thereby helping to lay the foundations for victory in the Russo-Japanese War of 1905) has still to be properly investigated. His work for NYK was more public, and more easily seen.(39)

In the period between Brown's departure from Japan in 1889 and his death in Scotland in 1913, NYK grew rapidly in size and importance. By 1900, indeed, it was already fifth among the world's shipping companies in terms of capitalization and seventh in terms of tonnage.(40)

It owed this expansion to the brisk spurt of industrialization taking place in Japan, generous subsidies from a Japanese government anxious to use shipping as a means of raising the country's international profile, and a strategy of gradually withdrawing from coastal shipping (leaving that sphere free for other companies) and concentrating resources upon international liner trades so as to benefit from rising volumes and values of foreign trade. While older connections to China were strengthened, this was essentially the period when NYK was transformed from an East Asian into a global maritime power. Connections to South Asia were especially important - with a Bombay line that started in 1893 with support from the Indian firm, Tata & Sons.(41)

The line brought supplies of Indian raw cotton to the burgeoning cotton industry of Japan, and Indian yarn for onward transfer to China, and proved so successful that it

obliged P&O to enter into traffic-sharing arrangements in shipping between South Asia and East Asia. A Yokohama-London line opened in 1896, as was a line to Australia and one across the Pacific to Seattle in transporting silk goods and raw silk to North American markets(42)

During this period of expansion, and more especially the spurt that occurred from 1896 onwards, A.R. Brown was kept busy ordering new vessels for NYK from shipbuilders on the Clyde (and elsewhere). Table 6 lists the 31 steamships built in Scotland for NYK between 1891 and 1914. This shows that the volume of business slackened after 1900 – with only 7 launches in 1900-1910 compared with 18 in 1890 -1900 – which in turn probably reflects the impact of government legislation of the National Vessel Encouragement Act in 1899 that gave shipowners twice the rate of subsidy for new ships built in Japan than for those imported from abroad. The Mitsubishi shipyard was the main beneficiary of this drive to build more vessels in Japan.(43)

Since Brown also acted as agent for Mitsubishi, one can assume that the decline in work for NYK was offset, at least in part, by a rise in new orders for specialised parts and machinery to be sent from Glasgow to Nagasaki. Even so, Clyde builders continued to be able to meet NYK's evolving needs for new vessels – as demonstrated by the late flurry of six, relatively large, ships built for NYK ,mainly by Russell & Co,between 1912 and 1914.(44) (See Table 6)

Conclusion

A.R. Brown is regarded by Japanese society as a founder of the modern Japanese shipping industry. Although Japan had had a long maritime history, involving deep-sea voyages within East and Southeast Asia in medieval times, it had abandoned the oceans for nearly three hundred years under the closed-door policy of the feudal Tokugawa government. Consequently, when the treaty ports were opened to the Western powers from the late 1850s onwards, the Japanese people and their governments discovered that there was an enormous gap between the maritime technology which they possessed and the technology which brought the world's navies and merchant marines to their shores. (45)

Their drive to acquire such modern technology – everything from lighthouses, to docks, to iron- or steel-hulled steamships, and the means to construct and power such vessels – was motivated as much by strategic and political imperatives as by commercial considerations. It was also so successful that within the reign of the Meiji emperor

(1868-1912) it elevated Japan to the ranks of the top half-dozen or so maritime nations. A.R Brown was a central figure in this rapid rise of modern Japanese shipping and shipbuilding.(46)

Although Brown was an enterprising individual, and eventually owned his own business, he was not an entrepreneur in the classical mould. That description more aptly applies to his good friend, T.B. Glover from Aberdeen, who is well-known in Japan for his enterprise and innovation. Glover opened a slaughterhouse to supply Western residents and changed Japanese eating habits. He introduced and tested the first locomotive along the Nagasaki seashore, some three years before a similar development at Tokyo, He was the first to create tea farms specifically for export production. He initiated the first Western-style dockyard at Nagasaki and the Mint at Osaka He also developed a coal-mining business and a brewery. Glover is widely regarded as the most influential foreign entrepreneur to participate in the transformation of Japan from a feudal to a modern civic society, and he fits Schumpeter's concept of entrepreneurial intervention leading to creative destruction.(47)

Brown was a very different type of businessman. At an early stage in his career he looked destined to follow the path of his other Scottish friend, Richard Brunton, as a foreign technical expert hired on short-term contracts until a local replacement could be trained. However, from the time of the Taiwan Incident of 1874 onwards, he gradually evolved from an employee of the Japanese state and/or shipping concerns into a more independent agent for these patrons. His dominant role, culminating in the creation of his own business concern in Glasgow, came to be that of the trusted agent - trusted to work overseas to secure for his Japanese principals the products of a maritime technology that it lacked, and also, over time, the knowledge and hardware that would help it to acquire that technology. Such a development touches upon the well-known phenomenon of the 'principal-agent problem'.(48)

How does a principal (whether a company or a government) ensure that someone acting on its behalf in a business transaction does so in the best interests of the principal, rather than the agent himself? The problem was particularly acute in a situation like that involving A.R. Brown, where the business was conducted internationally, involving two or more political frameworks and legal jurisdictions, and where the principal lacked perfect knowledge of the economic, social and cultural context in which the agent was operating. The heart of the principal-agent relationship is trust, and a major question is: how did Brown manage to acquire and retain the trust of the Japanese politicians and businessmen in whose interests he acted.(49)

He first won trust and respect during the Taiwan Expedition when, for a period at

least, he had been willing to ignore the instructions of the British government's representative to remain neutral in a dispute between Japan and China. However, he then built on that trust by repeated, successful transactions in the British markets for steamships. This involved him in ever longer periods of independent activity on the Tyne and the Clyde - as the leading Japanese shipping companies which he represented shifted from the use of cheap, second-hand steamers to more expensive purpose-built vessels that were designed for specific transport purposes and, in the case of the bigger liners, specific Japanese tastes in interior design. During these periods away from Japan he employed his technical expertise, managerial competence and personal integrity in ways that satisfied his Japanese principals - to the point that they were willing to set him up permanently in Glasgow with a set of agency contracts, and an honorary consulship that was the ultimate measure of the trust that he had earned. There were few to match him among the foreign-born agents of Meiji Japan's great economic and social transformation.(50)