

## An Introduction to *The Tokio Times* and “Notes on Political Economy Designed Chiefly for Japanese Readers”

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T O K I O T I M E S .		
VOL. V. No. 9.	TOKIO, SATURDAY, MARCH 1, 1879.	PRICE 25 CENTS.
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EDITORIAL ARTICLES: The National Bank Issue..... 113 The Cheapest of Cheap Fallacies..... 114 A Cowardly Imputation..... 116 Customs Returns for December, 1878..... 117	we saw no reason to apprehend that any such perilous experiment was contemplated. So long as the domestic trade was undisturbed, it appeared to us a matter of indifference whether Mexican dollars were dancing about from ten per cent. to twenty per cent.	

The following essays were originally serialized in *The Tokio Times*, the English language newspaper based in Tokyo, Japan. The weekly newspaper was published by Edward House, the American journalist and supporter of the modernization of Japan. House was an avid promoter of the American System of political economy and a ferocious enemy of the British Empire and its Free Trade system of slavery. *The Tokio Times* served as an American intelligence journal that detailed British operations and designs in Japan specifically and Asia generally. The paper was established with the backing of the Japanese government through Ōkuma Shigénobu and Ōkubo Toshimichi, with the obvious intention of countering the British dominated press in Japan. In addition to its English-speaking audience in Japan, the newspaper was mailed to U.S. and foreign embassies internationally.

The first issue of *The Tokio Times* appeared on January 6, 1877 and ended publication in June 1880. The first of the series, “Notes on Political Economy for Japanese Readers” appeared in the February 17, 1877 issue. During the following months House also serialized the publication of Henry C. Carey’s “Letters to the London Times.”

Though the “Notes on Political Economy Designed Chiefly for Japanese Readers” were not attributed to any writer, its authorship is undoubtedly that of E. Peshine Smith. Smith had collaborated with House during the course of the 1872 case of the *Maria Luz*, when the Japanese government took a successful legal action to halt the Chinese coolie trade. Smith had left Japan and his official position in the Japanese government several months prior to the publication début of “Notes on Political Economy for Japanese Readers” in *The Tokio Times*. [For background on E. Peshine Smith, see *Mr. Smith goes to Tokyo & the National Bank of Japan*]

### Why Those Essays Were Written by E. Peshine Smith

Though we have not yet obtained the “signed and sealed” empirical evidence that E. Peshine Smith is the author of “Notes on Political Economy for Japanese Readers,” nevertheless, we do

possess something more important and convincing. Anyone familiar with E. Peshine Smith's book, *A Manual of Political Economy*, will be immediately struck by the remarkable similarity of epistemology in dealing with the subject of the science of economics, when comparing that to the essays that appeared in *The Tokio Times*.

What becomes increasingly clear, as one reads through those essays, is that the writer was not simply someone who was merely familiar with the works of such American System economists as Henry Carey and Smith, as well as their British System opponents. Rather, those essays were written from the inside out, by an individual whose craft was political economy. That, coupled with the author's intimate knowledge of Japanese history, leads the investigator to the inescapable conclusion that there was only one person on the planet capable of being the author – Erasmus Peshine Smith.

The purpose here is not to provide a complete treatise on the essays that appeared in *The Tokio Times*, but to examine some of the most salient arguments of those essays in comparison with Smith's own writings in his *Manual of Political Economy* [that book has been made available on this website].

The object of the "Notes on Political Economy Designed Chiefly for Japanese Readers" is clearly stated by the author in Chapter I, and will be referenced during the course of this introduction:

There are writers in European languages, whose, books are unfortunately used in Japanese schools, who fear that population may increase more rapidly than the means of subsistence. This is Delusion No. 1.

They are also so much bewildered by the notion that Foreign Trade is the greatest interest of a nation, that they imagine a nation gains some advantage when it buys foreign goods for a smaller number of "copper cash" (for example) than it would cost in "cash" to manufacture them at home—even if the people sit idle and can earn no "cash" with which to buy foreign merchandise. This is Delusion No. 2.

### The Epistemology of E. Peshine Smith

More so than his mentor and friend, Henry Carey, E. Peshine Smith goes further in developing the concepts of physical science, as it relates to political economy, and could be rightly identified as an early predecessor of the ideas developed by the Russian/Ukrainian founder of geochemistry, biogeochemistry, and radiogeology, Vladimir Vernadsky (1863-1945). Specifically, it is Vernadsky's concept of the successive and interdependent development of the Earth's "non-living" nature (the abiotic or geosphere), the "living" (the biotic or biosphere), and the third being the "noösphere" – distinct from the mere living, the noösphere is Man's conscious, creative dominion and development of the scientific principles of the universe.

In Chapter II of his *Manual*, "The Formation of Soils, and their Adaptation to Occupation and Culture," Smith, utilizing the discoveries and observation of such scientists as Louis Agassiz and Alexander von Humboldt, outlines the physical principles involved in the creation of a coral island, its subsequent development of vegetation and animal life, and finally the culture of human beings. As he states:

This would lead us first to study the general laws of the material world, in those aspects which concerns man's power of acquisition. Such are the laws of animal and vegetable growth and decay, of the formation of soils and their adaption to human abode and culture.<sup>1</sup>

With this, Smith lays the basis for "Carey's historic refutation" of Ricardo's theory of Land Rent. That theory was directly borrowed from Thomas Malthus' unscientific postulation that mankind's geometric rate of population growth outstrips its ability to cultivate arable land (alleged to grow at an arithmetic rate) for food production. The fallacy of those British Empire spokesmen, which Henry Carey fully articulates in his 1837 *Principles of Political Economy*, lays in their assertion that mankind cultivates "the most fertile lands first" and then moves on to those less arable. While Malthus and Ricardo merely project the oligarchical mindset of their imperial masters – *steal the most valuable things first* – Carey developed in detail how the settlers of the American continent in fact developed the least fertile first and through human creativity (witnessed by such technological innovations as drainage, canals, steam engines, advanced agricultural implements, etc.) began out-producing Europeans per acre of farm land.

Mr. Smith's idea of the noosphere, or, as he might phrase it, 'Man acting in the image of the Creator,' is abundant in both the essays of *The Tokio Times* and his *Manual*. The following quotes are taken from the *Manual*:

The strongest instinct of man is that which leads to the increase of population. The European Economists, since Adam Smith, have very generally believed, that the laws of matter were such as to make the repression of this instinct essential to the prosperity of communities. Their system presents a controlling law of humanity as conflicting with the immutable laws of brute matter. It is impossible for them, upon this basis, to construct a science which contemplates the human faculties as acting freely in accordance with their own laws; and to contemplate them as acting under partial and uncertain restraints, is to clog the problem with an insurmountable difficulty. (In reading certain Economists, one might be led to think that the products of industry were not made for man, but that man was made for the products.) . . .

We are to regard man then as the lord, not the slave of Nature, but no arbitrary lord – as acting in accordance with fixed laws of his own being, all of which exercise their due force, and none of which are suspended, any more than the law of gravitation – as securing freedom for that harmonious exercise of all his faculties, in which happiness consists, by means of the intelligence which enables him to apprehend the inevitable necessity that the physical laws must operate, and teaches him how to avoid opposing the irresistible, and how to make it work for him. . . .<sup>2</sup>

Man's office in the world is that of engineer; all his real power is mental. It is a waste of power for him to take that upon himself, which can be better and more cheaply accomplished by brute matter. He ceases to do so just in proportion as, by studying the laws which his Creator has imposed on the material world, he rises to his Creator's design and becomes its master.\*<sup>3</sup>

In the footnote that Smith injects into that last sentence, we are provided with an insight into his own intellectual advancement, later seen in *The Tokio Times*. That footnote is an extensive quote

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<sup>1</sup> E. Peshine Smith, *A Manual of Political Economy*, Henry Carey Baird, Philadelphia, 1872, p. 16.

<sup>2</sup> *Ibid.*, p. 17.

<sup>3</sup> *Ibid.*, p. 74.

from Horace Mann, the famous advocate of public education from Massachusetts who filled the Congressional seat left vacant by the death of John Quincy Adams, states in part:

Had God intended that the work of the world should be done by human bones and sinews, he would have given us an arm as solid and strong as the shaft of a steam engine. . . . But, instead of iron arms and Atlantean shoulders, and the lungs of Boreas, he has given us a mind, a soul, a capacity of acquiring knowledge, and thus of appropriating all these energies of Nature to our own use. Instead of telescopic and microscopic eyes, he has given us power to invent the telescope and microscope. Instead of ten thousand fingers, he has given us genius inventive of the power-loom and printing press. Without a cultivated intellect, man is among the weakest of all the dynamic forces of Nature: with a cultivated intellect, he commands them all.

In his *Manual*, E. Peshine Smith makes the same scientific observation that Henry Carey does earlier in *Principles of Political Economy*, that physical matter in the universe is neither created nor destroyed (in Nature or by man) but is only transmuted. However, Smith goes further in his *Manual* to also apply this concept to “force” (i.e. energy). His development of the idea of wealth, or value, is that based, not on the monetarist concept of money, but on man’s application of force upon matter to alter its form into ever-newer products that cheapens its cost of production and improves the culture of man. Ultimately, it is that intangible quality of the human being which makes him unique and capable of accomplishing that task. Though neither matter nor force are added or diminished in the universe, Smith identifies in the essays of *The Tokio Times* that quality of Man that does:

In this world, nothing is created except human souls and the souls of other animals, if brutes have souls.

Every particle of matter was made from some other matter already existing, which; has only been changed in shape and quality. . . .

Everything except souls, comes out of the earth, the water and the air. Everything except souls, returns to the earth, the water and the air. There is no increase of matter, no diminution of matter. The only possible increase is in the souls, which live a little time in human bodies but never perish. As the number of souls living at any one time in a nation increases, its strength and wealth increase; for their intelligence directs and controls the changes of matter, so as to make every change contribute some fresh advantage to mankind – more food, more clothing, better houses, more spare time to refresh the body by rest from labor and the soul by innocent amusement and by studies which give it greater power to control the changes of matter.<sup>4</sup>

It is only those discoveries of the physical principles of the universe and their applications which, transmitted to succeeding generations, becomes eternal. Each soul is that creative principle of the human mind capable of spanning the centuries, building on the accomplishments of those who came before, and developing mankind’s ever increasing higher-ordered, dominion over Nature.

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<sup>4</sup> *The Tokio Times*, February 17, 1877; Vol. I, No. 7; p. 80.

## Population is Wealth

The second installment of “Notes on Political Economy” that appeared in *The Tokio Times* dealt with the Malthusian fraud of over-population, proving, as the author states, “Population is Wealth.” In his polemic, he uses the example of “Belgium versus Britain” and takes that idea directly from *A Manual of Political Economy*. The first quote is from *The Tokio Times*, followed by that from the *Manual*:

The kingdom of Belgium is more densely populated than any other country which we have accurate information. But the Belgians, besides feeding themselves, raise beef and mutton, pork, eggs, butter and grain which they send to feed the people of Great Britain; while hundreds of thousands of people flee away, or are driven away, from Great Britain every year because the policy and government of Great Britain are directed by writers and speakers who falsely imagine that there are too many people in that kingdom to be able to live comfortably on its islands.<sup>5</sup>

The people of Belgium are able, by making their population, animal and human, the most dense of any country in the world, to raise beef, mutton, pork, butter, and grain, cheaply enough to admit of their exportation to England, to feed people who believe in over-population.<sup>6</sup>

## Sense Perception versus the Mind

In Chapter III of the “Notes on Political Economy” we again see that quality of intellect which E. Peshine Smith possess (as shown above from his *Manual*), displayed in using the science of astronomy to prove the idea that the powers of the human mind – “the soul” – supersede the brutish existence of mere sense perception. To fully appreciate this, the entire quote is necessary:

It is now known that no force can be created or destroyed. The sum total of forces, active and potential, can neither be increased nor diminished. One kind of force may be transformed, or may transform itself, into another kind; just as is true of matter. Matter and force alike are always changing in form and quality, but not in quantity. This great truth, the highest and broadest truth yet discovered in relation to physical nature—that is to say, the whole world of things, and properties or qualities of things, outside of souls, of intellectual powers and moral qualities—was entirely unknown, or at most it was only suspected, forty years ago. Until this truth became known, it was impossible that there should be anything like a science of Political Economy; that is, a doctrine precise and certain, that will enable men to explain what has happened, and what is now happening, and to predict what will happen under circumstances that can be ascertained. A French astronomer, Le Verrier, proved by calculation that there must be a planet which no man’s eye had ever seen in a certain quarter of the sky;<sup>7</sup> because the motions of other known planets could not be such as they were, unless

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<sup>5</sup> *The Tokio Times*, February 17, 1877; Vol. I No. 7; pp. 80-81. Note that Chapter I and Chapter II appeared in the same issue.

<sup>6</sup> E. Peshine Smith, *A Manual of Political Economy*, Henry Carey Baird, Philadelphia, 1872, p. 204.

<sup>7</sup> This is a reference to Urbain Jean Joseph Le Verrier (1811–1877) who, after studying astronomy at the Ecole Polytechnique, became Director of the Paris Observatory and discovered the planet Neptune. He is also known for identifying the slow precession of Mercury’s orbit around the Sun that could not otherwise be explained by Newtonian mechanics.

the unseen planet existed. He predicted that if men looked for a few nights, which he mentioned, in a direction which he also stated, they would, with powerful telescopes, discover the planet. The astronomers looked and they did discover it. No astronomer could control this planet in the heavens. But nations can control Matter and Force, upon this earth, as a man guides and manages a horse. The human intellect can rule Matter and Force to the advantage of a people, when it understands the laws by which Matter and Force are governed. How could there be a doctrine, teaching nations how to make the laws of Matter and Force work for their advantage, when the greatest of those laws was unknown?<sup>8</sup>

### The Breakthroughs of Henry Carey

At the end of Chapter IV of *The Tokio Times* essays, the author states:

This great principle governing Distribution was first published nearly forty years ago, by the eminent American teacher, Henry C. Carey. It has been received as a noble truth by the most enlightened men of all nations,—with, possibly, one solitary important exception.<sup>9</sup>

That “exception” is, of course, Great Britain. In his *Manual*, Mr. Smith makes more than one reference to the historic achievements of Henry Carey in making political economy a true science and the “forty years” of silence prior to those breakthroughs of Carey:

The issue, nevertheless, has been, that grossly material estimation of man, which disregards all that is truly human in his nature, and has brought upon Political Economy, thus worked out, the name of the Dismal Science.

Mr. Henry C. Carey led the way, in the better method, by his conclusive refutation of the theory of Ricardo in regard to the occupation of land, which, for forty years, has been dominate with English Economists. This fiction was an inference as to a *physical* fact, from “laws of the human mind,” and was for that long period accepted as a fact, without a single Economist, before Mr. Carey, thinking it worth while to test its accuracy by direct observation.<sup>10</sup>

The single circumstance which at present demands our attention is , that the natural progress of society in the work of settlements, is from the less productive to the more productive soils, and of course from feebleness and poverty to wealth and power.

It is remarkable that a fact of so striking a character, and involving so important consequences, should never have been observed, or if observed never have been announced, as universally occurring in the history of every community, until it was announced by Mr. Carey, in “The Past, the Present, and the Future,” published in 1848, and marking that year as a new era in the annals of Political Economy. He establishes it as a law of Nature, a portion, and a fundamental one, of the great law of progress and improvement. It had not merely escaped the attention of all Economists previous to Mr. Carey, but for forty years the whole body of them in England, and the greater portion upon the Continent, had believed, and many still continue to believe, that the fact and the law are directly the reverse of those stated by him.<sup>11</sup>

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<sup>8</sup> *The Tokio Times*, February 24, 1877; Vol. I No. 8; pp. 88-89.

<sup>9</sup> *The Tokio Times*, Vol I, No. 10, March 10, 1877; pp. 113-115.

<sup>10</sup> E. Peshine Smith, *A Manual of Political Economy*, p. iii.

<sup>11</sup> *Ibid.*, pp. 46-47.

## Nation Building versus Free Trade

A significant portion of the “Notes on Political Economy Designed Chiefly for Japanese Readers” is devoted to proving that Japan must focus on those policies which enable it to develop its domestic economy and productive powers of labor. Consequently, Japan needs to avoid the British pitfall of Free Trade, with its Svengali-like illusion of the alleged advantages of “cheap imports” of products at the expense of developing its domestic economy. The acceptance of such an ill-fated delusion is abundantly clear today, for example, in the United States which, to its own detriment, has swallowed the British Free Trade doctrine ‘hook, line, and sinker.’

The final Chapter of *The Tokio Times* concludes with a warning against such a danger:

The people that once begins the improvement of its productive power, finds every step in its progress more easy than the last; while every moment that it permits itself to be driven on the downward path, diminishes its ability to make a stand or retrace the way. On the other hand, there is an immediate and palpable disadvantage in resistance. It involves an apparent sacrifice, that of paying a larger *price*, counted in coin, for domestic wares, than that at which they are offered by the foreign nation. Such, at least, is the temporary effect. If it be made to appear that this effect is to be permanent, and that the money-price is a true indication of the cost in labor at which the foreign wares can be procured, the property of substituting domestic production from abroad, must be justified by other than mere economical considerations.<sup>12</sup>

In discussing the European rulers of nations still comprised of peasants, unable to participate in their own governance, Mr. Smith states in his *Manual*:

Their policy will be dictated by the instincts of producers, and not by that of shopkeepers [a reference to Great Britain]. They will look to the aggregate of production, not to the rate of profits in trade, as the test of national prosperity. Accordingly, the great continental nations, France, Russia, the German States – united in the Zollverein or Customs Union – have practically repudiated the idea which has so long controlled the commercial policy of England.<sup>13</sup>

### Notes on Editing of the “Notes on the Political Economy”

This is the first time that this collection of essays has been made readily accessible to the public, since they were first published in *The Tokio Times*. They have been faithfully transcribed here from the original, with only minor corrections of spelling and editing, including the following:

- All footnotes are listed sequentially for this complete compilation of essays, and not by individual Chapter
- Chapter VI was mis-numbered in the original as “Chapter V”

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<sup>12</sup> *The Tokio Times*, Vol III, March 23, 1878; p. 163.

<sup>13</sup> E. Peshine Smith, *A Manual of Political Economy*, p. 152. The Zollverein was the concept generated by the great German promoter of the American System of Political Economy, Friedrich List. See his book, *The National System of Political Economy*.

- Spelling changes from the original text:
  - defence = defense
  - enures = inures
  - woollen = woolen
  - artizans = artisans
  - Kioto = Kyoto
  - The word “Tokio” (Tokyo) remains unchanged

Special thanks to Motoki Kasai for his assistance in researching *The Tokio Times*.