Harris wrote a letter to the State Department and dispatched it with the *Mississippi.*

"I regret to inform you that Mr. Heusken, my Dutch interpreter, left me this afternoon without giving me a single day to provide a substitute.

"I have strong suspicions as to the means that were used to induce Mr. Heusken to act in a manner so contrary to the rules of propriety and integrity, and to leave this legation at a most important juncture, and in a manner so well calculated to embarrass and injure the interests of the United States."

Harris thus became the first to point a finger, by suggesting that Heusken had been buying cobangs.

"But as they are only suspicions, I do not feel warranted in giving you any particulars until what is now suspicion shall become ascertained fact. I cannot obtain an interpreter at once, but I shall use all possible efforts to procure such temporary aid as will prevent injury to our affairs in this country."

Here, also, Harris avoided touching on the substance of his suspicions.

The next day, July 6, Rutherford Alcock had returned to Edo, more determined than ever to deal with the currency question and the Bakufu's attempt to ghettoize the foreign community in Yokohama. Hearing that Alcock was back, Harris went to the British legation that day. He came straight to the point: "I have grave suspicions concerning Mr. Heusken's conduct."

Alcock, however, had no idea what he was talking about. But he did not ask Harris any questions.

"Until I find a successor to Mr. Heusken, I would like you to lend me one of your Dutch interpreters."

When Alcock granted his request, Harris was overjoyed.

Heusken, on the other hand, was satisfied with Harris's letter in which he ceded to the translator's blackmail. He had won the contest of wills—and a fair share of the profits.

He sent Harris a reply saying that he would return to work.

Now Harris had another problem: the nasty letter about Heusken that he had sent to the State Department. The *Mississippi* had already borne it away from Edo. It would not be possible to call it back. Harris dashed off a second letter, saying that it had all been a misunderstanding and that Heusken had left his employment believing that he had Mr. Harris's permission to do so and that he had returned to service the moment he realized that his impressions were wrong. The State Department officials who read both letters, one following so closely on the other, were doubtless puzzled and annoyed.

Harris made the same desperate excuse to Alcock: "It's all been a misunderstanding."

He knew, however, that simply saying the incident had been a misunderstanding lacked credibility. If a misunderstanding had indeed existed, Harris must supply a reason for it. In the latter part of his letter, he presented a lengthy argument for increasing Heusken's salary. Heusken, he said, envied the higher salaries of the British interpreters. This had led to the misunderstanding and his subsequent unfortunate conduct.

Among the members of the British mission, Alcock's salary was the highest: £1,600 per annum, which at a rate of four dollars to the pound, was equivalent to $6,400. The Japanese secretary received £500 ($2,000), the first assistant, £405 ($1,620), and the student-interpreters, £200 ($800). Heusken's annual salary was $1,500.

But the British government forbade all diplomatic personnel in Japan to engage in trade on their own accounts, either directly or indirectly, or to become the agent of a private firm.

At this time, little distinction was made between diplomats and merchants. The lack of such a distinction strongly affected the conduct of diplomacy and gave rise to varied abuses. In line with its policy toward Japan, the British government did not allow its diplomats to pursue commercial activities but raised their salaries by way of compensation. Many foreign service officers decided to come to Japan specifically for the higher salaries. Therefore, Heusken's salary was nearly equivalent to that of his British counterparts, and was by no means low.

Harris, nevertheless, used Heusken's salary to distract the State Department from his real reason for leaving his post:

"I respectfully inform you that I cannot retain the services of Mr. Heusken or procure a competent person in his place for less than $2,500 per annum, and I trust that you will be pleased to authorize me to pay that sum."

This letter had its intended effect: beginning from January 1, 1860—the following year—Heusken's annual salary was raised to $2,500. This flap, caused by Harris's greed, ended with Heusken receiving an unexpected bonus.

Harris had had a long history of financial scrapes, one that had begun in New York, where he was born and raised.

Harris had originally run a crockery store in New York with his elder brother, John, who was in charge of buying china and earthenware in London. Harris's heavy drinking, however, drove the business nearly into ruin. When his brother finally wrote demanding that the partnership be dissolved and added that he would return from London and run the business himself, Harris absconded with the store's money and headed for East Asia by way of San Francisco.

Once there, Harris made his way as a supercargo—a humble itinerant trader who bought goods in one port and sold them in another.

A supercargo lived from day to day, with no savings or permanent home. As he approached fifty, Harris began to think of the future: he did not want to be a lowly supercargo, roaming the seas, for the rest of his life. He started to consider a new line of profession. Should he return to New York and try his luck there? But an encounter with his brother was likely to have unfortunate consequences. The only place he could work was East Asia, where he knew the ropes and had many friends and associates.

Initially, his aim was to become a consul at one of the open ports on the China coast, but when Perry opened Japan to the world, Harris changed his plans. Returning to the United States, he campaigned energetically for the post of consul general to Japan. Fortunately for Harris, his brother had died by this time and could not interfere.

Harris did not achieve his goal easily, however. In a letter to one of Harris's friends, Secretary of State William Marcy commented that "the President is hesitating."

Harris did not have a suitable background for a diplomat: he had never studied or practiced law. President Franklin Pierce may have perceived Harris as just another unemployed job seeker without the proper qualifications. If so, his concern was well founded.

But the dearth of other qualified candidates forced Pierce to appoint Harris to the post of consul general and send him to Japan.

Other than his annual salary, which had been paid in advance, Harris did not have a cent in savings. In fact, he was deeply in debt. He went to Japan hoping to raise enough money to pay off his debts and earn a nest egg for his old age.

Japan was the perfect country for Harris. His annual salary as consul general—$5,000—was exceedingly generous compared with the $1,000 paid a consul on the China coast. At this time, European diplomats moonlighted as traders. Harris, however, could not expect to do much business in Shimoda.

Consuls also had a side income from the port entry fees levied on ships from their home countries that sailed into port. But ships rarely came to Shimoda.

The most important reason for fixing Harris's annual salary at $5,000 was concern that the Japanese might triple prices for foreigners, as they had in Perry's time.

When the Japanese, in negotiating the currency question, agreed to exchange currency weight-for-weight, Harris's cost of living fell to one-third. Penniless and in debt, Harris could now accumulate savings—his one indispensable "friend" in his old age.

He left for Japan excited with the expectation of profits to come but worried that the Japanese might not give him what he wanted. He was not disappointed. For Harris, Japan was just as Marco Polo had described it: "the land of gold, Cipangu."

But now Harris's ruthless quest for gold had finally been exposed.

In Shanghai, Harris had sold his cobangs to Augustine Heard & Company.

E. M. Dorr, the man Harris had brought with him from Shanghai to serve as vice-consul in Kanagawa, was also employed as an agent for Augustine Heard. It would be more accurate to say that Harris had purposely appointed an agent of Augustine Heard to the post of vice-consul. The advantage was mutual—for Dorr, it was much more prestigious to have the title of vice-consul than to be a mere merchant engaged in trade. Through their dealings in cobangs, the two men developed a mutually profitable relationship.

But even though Harris had made the people at Augustine Heard & Company solemnly promise never to speak of his cobang dealings, the rumors proved hard to stifle and were soon being whispered throughout the American community in Shanghai, finally reaching the ears of U.S. government investigators.

The United States government was appalled. What on earth was Harris trying to do? It was as though they had sent one thief to catch another. Charging Harris with suspicion of improper conduct, the government sent the letter relieving him of his investigation into the misdeeds of the *Powhatan*'s officers and crew.

Harris was shocked: even though he had taken every precaution, the government had somehow found him out. Rereading the order dismissing him from the investigation, Harris shuddered. His avaricious secret self had been revealed to the world.

When Harris had first come to Japan, he had never dreamed he would be the first to sign a commercial treaty with the Japanese. He presumed that that honor would go to Sir John Bowring, the British minister plenipotentiary, who was supposed to come to Japan soon after Harris stepped ashore at Shimoda. But the outbreak of the Arrow War prevented Bowring from leaving China, and the glory of concluding the first commercial treaty with Japan fell to Harris. His achievement would become an indelible part of Japanese history. If not for this

unexpected besmirching, his name would have gone down in history with laurels.

How should he respond if the government asked him to explain the situation, which it was certain to do? What should he do if he received a reprimand or warning? Harris had to come up with a plausible alibi. Heusken's death, which occurred soon after, was a kind of blessing. If nothing else, it sealed his accomplice's lips.

Harris still had to determine how much his colleagues knew.

He was certain that word of his doings had reached Washington via Shanghai. What about the British minister? The French minister? Had they heard? If they had, they would be even more hostile to him than before because they would know that he had been buying cobangs from the Japanese since before the start of treaty negotiations and the Yokohama gold rush. They might be whispering that even now. In any case, they would doubtless find out sooner or later. Harris began to grow desperate.

Finally, he came up with a plausible excuse: what if he had received the cobangs as a favor, a present from the Japanese government? He had not asked for them himself. That, he hoped, might be the avenue of escape he was looking for.

He had no idea whether it would convince his government or his colleagues, but it represented his best hope. He would have to change his attitude and become more friendly toward the Japanese government. In return, they might well present him with cobangs as a token of friendship. At least, he had to make others think it was possible. It was not too late to start.

He was just about to begin his show of friendship when Heusken was killed. On the day of the funeral, Alcock proposed a meeting of the ministers from the five treaty nations. Harris understood what Alcock hoped to accomplish by this meeting. By all rights, Harris should have called it himself. But instead he followed his newly hatched plan: he made a great show of supporting the Japanese government and opposing Alcock. Harris was well aware that his position was unnatural and the arguments he advanced to defend it were farfetched. Even so,

he stubbornly stuck to his guns. In the end, he reluctantly parted company with the others and remained behind in Edo. Thus, his life of maddening isolation had begun.

In Yokohama, the British and other foreign merchants greeted Alcock with cold stares.

Foreigners in Yokohama, led by the British merchants, had recently organized the Yokohama Club, whose rules expressly forbade entry to officers of the British legation and consulate.

They cast a hostile eye at Alcock and barred him from their club because he had had his official letter to Vyse circulated among British merchants in Yokohama and then, to further chastise them, had it printed in the *North China Herald.*

Now that profits from buying and selling cobangs had declined, foreign merchants in Yokohama would not even look at them. Alcock, however, had harshly criticized the foreign merchants, calling them "Jews" and complaining that they were so busy hunting for cobangs that they had completely abandoned normal trade. The foreign merchants did not take this abuse lying down. To a man, they rose up in protest. Many even wrote letters to the *North China Herald.*

But the letter that made the greatest impression was contributed by an anonymous Dutchman from Nagasaki, not Yokohama.

> The merchants came to Japan to make money. When they first arrived they found that the currency was being exchanged and that this exchange was permitted under the provisions of the treaties. This included the purchase of gold, which was not prohibited in the least. They paid handsomely for this gold, at exactly the price demanded. They then sent the gold they had bought to China. What was shameful about that? It was not the part of the merchants to warn or advise the Japanese government concerning the harmfulness of this trade. Therefore, I do not think that it is something for which foreigners in Japan should be criticized.

The anonymous Dutchman thus defended the actions of the foreign merchants, saying that Alcock's criticisms of them were unfounded.

> The problem lies elsewhere. Was it right for the envoys of European nations not to say anything to the Japanese government? Shouldn't they have tried to stop the trade sooner? I think that they knew the situation. Why didn't the diplomatic representatives do anything? I do not want to pursue this point too far. Perhaps many of the diplomatic representatives, occupied as they were with a succession of new tasks, did not notice.

In his last sentence the writer seemed to be implying that the diplomats had been protecting their own profits from cobang speculation. And that, in fact, had been the case.

The anonymous Dutchman also had something to say about the currency question:

> The Japanese government claimed that engraving the ichibu with the government stamp tripled its value. And that was correct, after a fashion. Just as the government said, the ichibu was a substitute currency, like paper notes. Therefore, the diplomatic representatives were wrong to demand that the ichibu and dollar be exchanged weight-for-weight. Exchanging currency by that method would inflict unfair losses on the Japanese.

Some of the foreign merchants in Yokohama began to say that this anonymous Dutchman might just be right.

Harris, however, had said that no nation had ever managed to accomplish such a thing since the history of the world began. The Japanese, he had claimed, would not be able to prevent

counterfeiting, no matter how severely they punished offenders. The Dutchman was saying that the Japanese government was in fact doing what Harris had claimed was impossible. The Yokohama merchants began to support the Dutchman's views. That disturbed Alcock greatly.

One more thought occurred to him. Harris's arguments had once struck him as airtight. But what the Dutchman was saying also made sense, at least hypothetically. By raising the value of gold and establishing the same gold-to-silver ratio as other nations, the Japanese had finally solved the currency problem. But they had been too slow to act. So much gold had flowed out of the country that the Japanese had nearly given up hope. Alcock, however, could not bear to pursue this line of thought to its logical, painful conclusion.

Alcock managed to incur the resentment of the foreign merchants in Yokohama not only for the reasons mentioned above but also for invoking a special diplomatic privilege that, by a strange alchemy, heightened feelings against him even further.

In the closing days of the Edo Period the Japanese adopted what was, in effect, a "floating exchange-rate system," just as the United States and other nations did in 1971, when they cut their currencies free of their gold "anchor" and let them float on world foreign exchange markets.

The currency float began soon after the Bakufu stopped exchanging 10,000 ichibus per day, using the pretext of the palace fire. Yokohama had been a lively hive of commercial activity until the exchange of ichibus had been halted. But no one could buy goods without ichibus. Trade was unidirectional: goods flowed from Japanese to foreign merchants and money (i.e., ichibus) flowed from the foreigners to the Japanese. Japanese merchants almost always had ichibus on hand. Foreign merchants, in turn, tried to buy them. Thus, the buying and selling of ichibus began, with the market price of ichibus changing from day to day.

On February 21, 1860, the Japanese government raised the

price of gold. Soon after this hike, $100 bought about 270 ichibus.

On a weight-for-weight basis, $100 was worth 311 ichibus. The dollar had fallen because Japanese merchants did not always want to sell ichibus, even though they still had plenty, and foreign merchants still wanted to buy them. Also, the Japanese retained their aversion to dollars, which were rarely seen outside the open ports. This was about one year before Alcock withdrew to Yokohama.

The dollar continued to sink steadily. Three months later, in May, $100 dropped to 250 ichibus. Harris, Alcock, and Bellecourt, who were all still on good terms at that time, felt the situation had come to a head.

The Japanese customs authorities (the Edo Period tax office) were obliged by the currency article of the commercial treaties to exchange currency weight-for-weight for a period of one year only, after which time the diplomatic representatives in Edo could obtain ichibus only by going to Yokohama and exchanging dollars at the money changers. The exchange rate in Yokohama was 250 ichibus to $100. The diplomats had thus suffered a loss of 60 ichibus per $100.

On May 18, 1860, with only one month to go before the one-year period stipulated in the treaties ended, Alcock met with Wakisaka and Ando and asked for permission to exchange $2,500 per month for legation use, beginning July 1—the first anniversary of the opening of the ports.

"One hundred dollars is worth three hundred and eleven ichibus," said Alcock. "Let's say that you set aside eleven ichibus, or about four percent, for reminting expenses. All you have to do is remint dollars into ichibus. You will not suffer any loss."

The Bakufu was about to ask for a delay in the opening of the two ports and two cities. The Japanese agreed to Alcock's request so that he would view their own more favorably. The Bakufu and the diplomatic representatives exchanged the following protocol:

"First, $2,500 per month will be reminted into ichibus and

transferred to the legation in Edo and the consulate in Kanagawa to supply their needs.

"Second, every three months, $3,000, or $1,000 per month, will be reminted into ichibus and transferred to the consulates in Nagasaki and Hakodate to supply their needs."

This protocol established a diplomatic privilege that had the magical property of transforming dollars into ichibus.

After this, the exchange value of $100 climbed to 290 ichibus, but fell sharply to 235 ichibus at the end of July, after which it leveled off at the 200 mark, where it stayed for some time. This was followed by a period when it hovered between 200 and 250 ichibus. Only Alcock and the other diplomats had the privilege of exchanging $100 for 300 ichibus under the protocol. But what did this privilege mean?

Consider the extended period during which $100 was worth 200 ichibus.

Diplomats had the privilege of exchanging $100 for 300 ichibus. Suppose one exchanged $100 for 300 ichibus through the Bakufu, although the market rate was $100 for 200 ichibus. If the diplomat took his 300 ichibus to a money changer in Yokohama, he could sell them for $150. His original capital was $100. His profit was thus $50—fifty percent. All he had to do was change dollars for ichibus at the special diplomatic rate and then sell them at the market rate.

The exchange limit for the legation in Edo and the consulate in Kanagawa was $2,500 per month. If the legation staff conducted the above-mentioned manipulations, they could turn a profit of $1,250 every month. At the British and French legations, this money was distributed to the staff in proportion to their salaries. Ernest Satow, a young British diplomat who came to Japan while Alcock was on leave in England and eventually became fluent in Japanese, wrote about this period in his memoirs, *A Diplomat in Japan*:

> Where the money came from that was thus transferred to the pockets of officials can be best explained by those who are versed in economical questions. For my own part, I cannot look back on that period without shame, and my only excuse, which is perhaps of little worth in the court of history, is that I was at the bottom of the ladder, and received the proportion paid to me by those who were in charge of the business.

In the case of America, however, in place of "legation" and "consulate," the protocol read: "Two thousand five hundred dollars per month shall be reminted and transferred to the minister in Edo and the consul in Kanagawa to supply their needs."

Who decided this? Harris, of course. When he drafted the American protocol, Heusken was still alive. According to this protocol, Heusken did not have the right to exchange even one yen at the special rate. This oversight may have been a point of contention between Heusken and Harris. After Heusken's death, Harris was able to use this privilege as he pleased.

Harris, a minister, received $1,500 of the allotted $2,500 and Dorr, a consul, $1,000. When the exchange rate was 200 ichibus to $100, Harris could thus earn $750 a month or $9,000 a year. Dorr's earnings were $500 a month or $6,000 a year. Of course, the exchange rate did not remain at 2 to 1 indefinitely. But even when the rate rose to 230 ichibus to $100, Harris could make $5,400 a year and Dorr, $3,600.

Harris's annual salary was $5,000. Financially, he was a very fortunate man.

The British legation in Edo and the consulate in Kanagawa had a total staff of six. The allotted $2,500 was paid out in proportion to their salaries. Alcock's salary was $6,400 (£1,600). It was raised to this level both to put him on a par with Harris and to compensate him for being forbidden to engage in trade. The Japanese secretary, who was second in rank, received $2,000, the first assistant, $1,600, and the student interpreters, $800 annually. Alcock's share, which was calculated in proportion to his salary, enabled him to clear a profit of about forty percent. When the exchange rate was 200 ichibus to $100 he could make $3,600 a year, and when it was 230 ichibus, $2,100.

Although this did not equal Harris's profit, it was a substantial sum.

It had not been his intention, but Alcock had in effect created an absurdly unfair diplomatic privilege. Private citizens, particularly the foreign merchants in Yokohama, were not about to overlook this "unfair advantage." Having been so severely handled by Alcock for their buying of cobangs, they nursed a grudge against him that bordered on hatred. They criticized Alcock harshly in the *North China Herald.*

The anonymous Dutchman from Nagasaki fired the following salvo in support of their anti-Alcock campaign: "If the diplomatic representatives are invoking this privilege on the pretext that the cost of living is high, they are being ridiculous. If their pay is insufficient, they should apply to their home governments for an increase."

Though he was showered with abuse, Alcock did not decline to avail himself of his new diplomatic privilege.

Yokohama was not a pleasant place for Alcock. After several unsuccessful attempts to have himself invited back to Edo by the Bakufu, he returned on his own after a month so that he could save face, if nothing else. He had gained no concrete results by withdrawing to Yokohama.

Unceremoniously reinstated in Edo, his withdrawal to Yokohama having neither resolved nor proven a thing, Alcock brooded angrily. How, he asked himself, had things reached such a pass? Despised by the foreign merchant community in Yokohama, indeed, banned from their so-called Yokohama Club! He smiled bitterly at the presumption of that pack of thieves.

The Dutchman and his cursed letter, Heusken's murder, Harris's inexplicable defection to the Japanese on every point—things were turning uglier and uglier. Alcock's ulcer had become an almost constant torment to him. God, how sick he was of the plain rice-gruel his Japanese cook incessantly put before him!

No, he told himself, I by no means regret having brought about the special higher diplomatic exchange-rate privilege. Not after what I have endured in this country. The merchants have made astronomical fortunes, and yet they dare to revile me for this. That and showing them to the world for what they are, a lot of hypocrites, he thought, his thin lips twisting into a grimace.

Alcock was finding the need to redeem himself in the eyes of the world becoming uppermost in his mind. How it galled him that a man can fulfill his duty in every particular and yet be denied the esteem he deserved while scoundrels like the merchants and Harris went unscathed. He could not trust his posthumous reputation to the ignorance of others. It was clearer than ever before—he would, indeed he must, write the definitive version of his life and work in Japan. He applied himself with renewed vigor to his daily journal entries.

6

Crossfire

FEBRUARY 1861–AUGUST 1862

When Alcock was appointed consul general to Japan, he made up his mind to do two things. One was to make a thorough study of the Japanese language. Once in Japan, he eagerly studied Japanese whenever he could spare time from his official duties.

The other was to write a book about Japan.

Alcock, however, was not the only foreigner to come to Japan with that ambition. Heusken, despite his lack of formal education, was another. In fact, nearly all of the reasonably literate foreigners who came to Japan at this time were potential authors. Since Perry's visit to Japan, several books about the country had appeared: the ghostwritten *Personal Journal of Commodore Matthew C. Perry*, the *Narrative of the Earl of Elgin's Mission to China and Japan* by Lawrence Oliphant, secretary to Lord Elgin, the minister plenipotentiary who negotiated Britain's commercial treaty with Japan, and *Fregat Pallada (Journal of a Voyage to Japan)* by Russian author Ivan Alexandrovitch Goncharov.

Alcock had been an early reader of Perry's *Journal* and Elgin's *Narrative*. He had also read the accounts of travel in Japan by Engelbert Kaempfer and Carl Peter Thunberg, physicians attached to the Dutch factory at Dejima.

Alcock realized, however, that these books contained nothing more than surface observations made under restricted conditions. For example, none provided satisfactory accounts of

Japan's political arrangements, feudal system, industrial development, cultural level, or such particulars as the structure of family relationships and the status of women. For a period of about seventy or eighty years before Japan closed itself off from the rest of the world at the start of the Edo Period, the Portuguese and Spanish had traveled freely about the country, recording their observations. Alcock discovered that no books of that type had been written about Japan since then.

As the diplomatic representative of Great Britain, Alcock had been favored with the opportunity to reside in Edo, the Japanese capital. He could also travel freely in the interior any time he pleased, a privilege granted only to diplomatic representatives. He was the first to enjoy such a chance since the early Portuguese and Spanish, and was eager to use it to write a book about Japan.

Although not in the habit of keeping a journal, Alcock began one so that he could jot down thoughts and impressions that might otherwise slip away.

Now that one year had passed, his journal had grown to a considerable size. Alcock was eager to be the first since the Portuguese and Spanish to publish a description of Japan as seen from the inside. He decided upon *The Capital of the Tycoon* as his working title.

Of course, he could make arrangements with a London publisher by mail, send the manuscript, and have it published sight unseen. But that would require a great deal of time and trouble. If at all possible, the best way would be to return to England and guide the book through publication himself. He could even correct the galley proofs. How else could he be sure they would get it right? Alcock began to long for a chance to return to England.

He had another reason for wanting to go home. Ever since the death of his wife in 1853, Alcock had been living alone. He was thoroughly tired of that type of life. Unfortunately, the European population in East Asia was almost entirely male. Females were either married women or their young, innocent

daughters. It was nearly impossible to find a suitable partner. It would be much easier, however, in England.

As he was approaching the end of his first year in Japan, Alcock applied to his home government for a leave of absence. About this same time, he received a request from the Bakufu for a delay in the opening of the two ports and two cities.

Alcock's position regarding the treaty had remained unchanged: at all costs, first and foremost, the treaty must be fulfilled. When the Japanese government came to him with this request, however, his attitude was different. During his second meeting with Minister of Foreign Affairs Ando, Alcock announced that "the way has been cleared for you to dispatch a minister plenipotentiary to Britain to resolve the question." In other words, he was inviting the Japanese to send a minister plenipotentiary to England. Alcock hoped to use this as an opportunity to accompany the envoy and return home.

But the Bakufu vacillated and the days passed. Heusken's death, the falling out with Harris, the removal to Yokohama, and subsequent return to Edo kept Alcock totally occupied, with little time to pursue anything else.

Immediately upon his return to Edo, Alcock had to retrace his steps to Yokohama and leave for Hong Kong on official business. A defendant had appealed a decision that Alcock had handed down while serving in his judicial capacity as Canton consul to a superior court in Hong Kong.

Although the superior court ruled that Alcock's decision had been legally correct, it ordered him to pay a fine of $2,000 for some trivial procedural errors. He returned to Nagasaki feeling that he had endured an incredible, thoroughly unpleasant ordeal. His first stop in Japan was Nagasaki.

It was rumored in Nagasaki's European community that the anonymous Dutchman who had written the caustic letters castigating the foreign diplomatic corps was a certain Pompe van Meerdervoort, a Dejima physician. Originally a member of the second educational corps dispatched by the Dutch government

to Japan to share western learning and technology, van Meerdervoort taught western medicine to Japanese students at the Nagasaki Naval Institute. The first institution of its kind in Japan, the institute had been founded in Nagasaki in 1855. When the second educational corps returned to Holland, van Meerdervoort stayed behind and continued to teach: he played a major role in the early history of modern medicine in Japan. Among the Japanese he was known simply as "Pompe."

After landing in Nagasaki on his way back from Hong Kong, Alcock heard the rumors about the identity of the author of the letters criticizing him and the other diplomats.

Van Meerdervoort's accomplishments in Nagasaki were well known to Alcock. In addition to teaching medicine to the Japanese, he had founded a hospital where British seamen were often treated.

Alcock had once been a doctor himself. He was deeply curious about this physician who, though unknown in Europe, had come to the farthest shores of the Far East to teach modern medicine to half-civilized students, unaided and alone. Ordinarily, his would be a story that Alcock would have felt compelled to include in *The Capital of the Tycoon.* But this physician had taken sides with the Japanese government and foreign merchants against the diplomatic representatives. Alcock found him provoking beyond words. He did not make even a passing reference to van Meerdervoort's accomplishments in *The Capital of the Tycoon.* Thus Alcock had his small revenge.

Partly to be able to add color to the descriptions in *The Capital of the Tycoon,* Alcock took a leisurely trip overland from Nagasaki to Edo. He arrived back in Edo on July 1, 1861, exactly two years after the opening of the ports.

One of those who met him on his arrival was Lawrence Oliphant, the author of the *Narrative of the Earl of Elgin's Mission to China and Japan.* Oliphant, who had come to Japan three years earlier as the secretary of James Bruce—the eighth Earl of Elgin—was still a young man, though his hairline was rapidly receding. He was a cheerful, outgoing type, bursting with youthful curiosity. Three years earlier Oliphant's opposite number

had been Iwase, who had negotiated the commercial treaty with Harris. At that time, just prior to his dismissal by Ii, Iwase had displayed an insatiable thirst for knowledge and enlightenment. Expressing a strong desire to study the English language, he had made a highly favorable impression on Oliphant. Also, the cost of living for foreigners had been extraordinarily low. All this had made Oliphant paint almost too rosy a picture of Japan. He had written about it as though it were a paradise.

Every time he looked into the pages of Oliphant's *Narrative*, Alcock was overcome with disgust.

He doesn't understand a thing, he thought. Oliphant had been dispatched to Japan to serve as British representative while Alcock was away on a leave of absence.

The next day Alcock quickly began preparing for his trip home. That night, however, the British legation was attacked by a large band of assassins.

Alcock escaped unharmed and the legation staff suffered no fatalities. Oliphant and the Nagasaki consul were severely wounded, however, with Oliphant receiving bad cuts on the arm and neck.

Perhaps now he understands the situation here a little better, thought Alcock, with a hint of triumph.

Ordinarily, such an attack on the British legation would have scuttled negotiations to delay the opening of the two ports and two cities. If Alcock had not been in a hurry to return to England, he would have done just that. But Alcock was determined to return home, not only to find a wife, but to ensure that his book about Japan would be the first. He could not allow himself to become entangled in the aftermath of the attack and in the negotiations to delay the opening of the two ports and two cities: he had other, higher priorities. He urged the Japanese to send a minister plenipotentiary to Europe so that he could use the Japanese mission as an excuse to return home.

Responding to Alcock's encouragement, the Bakufu decided to dispatch a diplomatic mission to Europe, and the British government agreed to receive it, partly out of curiosity: government leaders had a strong desire to meet these exotic, "half-civilized" islanders.

The Japanese mission boarded the frigate *Odin*, a steamer supplied by the British, and set off for Europe on January 23, 1862.

Alcock had planned to leave with the Japanese mission, but the orders approving his leave of absence were delayed, finally arriving in March. On receiving them, Alcock quickly completed his travel preparations and left for Yokohama.

Unfortunately, no British ships-of-war were in port. He could ask for passage aboard a trading ship, but there was the humiliating possibility that he might be refused, considering his standing among the merchants. Luckily, a Dutch man-of-war happened to be in Yokohama. The Dutch minister, de Wit, was on good terms with the captain and persuaded him to accept Alcock as a passenger. Alcock left Yokohama on March 23.

Two Japanese accompanied him, Fuchibe Tokuzo and Moriyama Takichiro. Both were high-ranking officials in the office of foreign affairs.

Moriyama had been permitted to join the trip at Alcock's strong recommendation. He was a seasoned interpreter whose career had begun with Perry's first visit to Japan. No one knew more about the Bakufu's dealings with foreigners. He had also participated in the negotiations with Harris.

Harris had often boasted to Alcock that he had signed a commercial treaty with Japan without having even a single warship. But Alcock harbored doubts as to what had in fact happened. He had requested that Moriyama be allowed to accompany him, hoping to find answers to this and many other questions.

One in particular weighed heavily on his mind: the question of whether the negotiations to delay the opening of the two ports and two cities would go smoothly. Realizing that there was no harm done in granting Alcock's request—and that it might aid the negotiations—the Japanese permitted Moriyama to go on the trip.

From Shanghai, mail steamers sailed to Europe twice a month. Alcock was not on bad terms with the foreign merchants in Nagasaki. If he boarded a Shanghai-bound merchantman there, he could easily catch the mail steamer that left for Europe on April 7. Alcock thus reckoned that he would have ample time to spare. But his ship encountered strong headwinds, and even with the aid of the auxiliary steam boiler, took eleven days to reach Nagasaki, instead of the anticipated four.

When he arrived in Nagasaki, Alcock was chafing at the bit. Fortunately, he found a British gunboat stopping there on her way to Edo. The captain was laid up in Nagasaki with smallpox. With the captain away from the ship, recuperating in British Navy lodgings, Alcock was easily able to make the gunboat execute an about-face. The gunboat, with Alcock aboard, sped for Shanghai. Unfortunately, it arrived just after the regular mail steamer had departed for Europe—Alcock had missed his connection by a hair.

When a downcast Alcock disembarked, he learned that the British admiral was staying in the city, and quickly informed him of his predicament. The admiral dashed off an official letter and ordered a man-of-war to carry it and Alcock to Hong Kong in time to catch the steamer. Boarding the warship, Alcock finally overtook the Europe-bound steamer in Hong Kong.

The journal that he had been keeping daily as raw material for his book was now enormous. During the tedious two-month voyage, Alcock put it in order. He also made preparations for adding new material on a theme he had not even considered when he had first thought about writing a book: a defense—addressed to foreign merchants in Yokohama and newspaper editors in China—of his policies and actions.

Persuaded by the letters of the anonymous Dutchman, the editors of the *North China Herald* had taken a firm stand against Alcock. Recently, their anti-Alcock campaign had reached its vituperative peak. After Alcock left for England, the *Hong Kong Press* joined in the campaign. These newspapers mercilessly

pilloried the now-absent Alcock in their columns. "The British envoy has unfairly obtained large profits using his ichibu exchange privilege," claimed one editorial.

Alcock's profits were minor compared with Harris's, besides which, his expenses were substantial, and he had had to pay the $2,000 fine levied on him by the superior court in Hong Kong. His fortune had actually shrunk since his arrival in Japan. Even so, Alcock was being criticized for unfair profiteering.

"He has tried to placate and curry favor with the Japanese through an endless series of spineless concessions," stormed another editorial. "The attack on the British legation was caused by personal hostility toward the British minister."

The newspaper attacks against him had escalated to a hysterical height. Alcock was being subjected to a crossfire of criticism.

Alcock did not deign to respond to his critics. Were he to deliver his rebuttal, they would once again descend on him like a pack of wolves—that much was certain. Alcock was saving his counterattack for his book. This had become one of his main motivations for completing it.

The mail steamer went as far as Pointe de Galle, Ceylon, where passengers bound for Europe had to transfer to another mail steamer. After stopping for the mail in Bombay, they crossed the Arabian Sea.

From Pointe de Galle, the heat intensified unbearably. After stopping at Aden, the ship made its way up the Red Sea. It was a voyage through a scorching hell. Even reading was nearly impossible. All he could do was talk with Moriyama, the veteran interpreter who had been serving the Bakufu since the time of Perry. Alcock realized that if he wanted Moriyama to talk, a certain finesse would be necessary. Starting in with direct questions would have caused the interpreter to withdraw even further. But since leaving Pointe de Galle, Alcock had managed to completely break down the interpreter's reserve. He intended to probe Moriyama thoroughly while he had the chance, even though the heat made every kind of effort exhausting.

By this time, Moriyama could speak Dutch like a native and English well enough to exchange ideas: no barrier existed to a mutual understanding between the two men. Alcock leisurely conducted his interviews when the sun had set and the deck had cooled or when they took their meals in the first-class dining room. Moriyama was surprisingly frank:

"For a long time we have regarded England as we would a terrible wild beast. When we signed the commercial treaty, the American minister told us that our concern was not misplaced and that England was actually even more frightening than we had feared. Therefore, we quickly concluded the treaty with the American minister to give us a shield against England."

Harris had frequently boasted of having concluded a commercial treaty with Japan without receiving any kind of material aid or using any kind of coercive measures. In short, he had achieved a victory of reason, argument, and diplomatic skill. Listening to Moriyama, Alcock began to piece together what had actually motivated the Japanese to sign. At the time, of course, England had been thrashing China in the Arrow War.

That night Alcock wrote in his journal:

> By stressing the threat of the allied expeditionary force, Harris was able to win advantage and prestige for the United States. It was just as though he had invaded the country without spending a single penny. On the other hand, all that England gained was an unsavory reputation as a demanding, bellicose nation. Harris is truly a genius.

Moriyama, however, did not tell Alcock everything. He did not tell Alcock that Harris had badgered him in bringing three, then five, then ten cobangs to the American consulate. He also neglected to tell Alcock about the Kichi episode. While Harris was in Shimoda, he had asked Moriyama to procure a woman. Moriyama communicated Harris's request to the local authorities, who then ordered low-ranking officials to pay a certain Kichi to go, unwillingly, to Harris. After only three days he tired

of the woman and dismissed her. That was fine with Moriyama, but Harris begrudged them the money he had promised and stalled for four months before paying it.

After beginning his solitary existence in Edo, Harris had taken a divorced woman from Zenpukuji Temple to his room on the condition that she stay just one night. Moriyama knew all the particulars of this incident as well, but did not mention them to Alcock.

Also, when Harris was still at Shimoda, he had shown Moriyama Perry's *Journal*. Before Perry's arrival, Moriyama had spoken casually in broken English with a sailor aboard the *Preble*, which had come to Nagasaki to pick up shipwrecked whalers.

Hearing that there was an interesting Dutch interpreter aboard who could speak English and liked champagne, the author of the *Journal* had gone to meet him. Taking an instant liking to Moriyama, he had mentioned him in a journal entry. When he saw this description of himself, Moriyama was surprised, but was even more astonished when, on returning to Edo, he learned that Perry's *Journal* had already been rendered into Japanese by the Edo office of translation.

When Harris arrived in Japan, however, the *Journal* had not yet been published. It came into his hands via Washington, Hong Kong, Hakodate, Edo, and Shimoda. Before turning the *Journal* over to Harris, the Bakufu—or, more precisely, Hotta—had kept it in Edo for four months and had it translated. Of course, the translators at the office of translation and Hotta, who saw their work, knew of Moriyama's words and actions. The Bakufu did not permit its interpreters to engage in private conversations with foreigners. They were wary of these men who had mastered a foreign tongue and were therefore capable of carrying on secret business with the "enemy."

Had this incident occurred during Ii's rule, Moriyama would have been severely punished. Fortunately for him, Hotta was in charge. Moriyama's services were essential for conducting the negotiations with Harris. Also, Hotta was not particularly troubled about Moriyama's slip of the tongue and never criticized him for it.

During Ii's regime, Moriyama had kept himself in check

and behaved with greater caution. Now Ii was gone and Kuze and Ando were in charge. The new Bakufu leaders had created a brighter, freer atmosphere, but Moriyama knew a sudden reversal coulld occur at any time. He remained on his guard, even during the trip to Europe.

It had been a long voyage. At times, he was tempted to unburden himself to Alcock. But if he spoke carelessly, the British minister might write a book that would be translated and read by top-ranking government officials. If that happened, Moriyama would really be in trouble. Therefore, he meted out his information carefully.

Although he was uncertain as to what Moriyama was really thinking, Alcock was favorably impressed by the interpreter's reserved, silent bearing: it was very samurailike. As an Englishman, he found it far preferable to flattery or fawning overfamiliarity. Alcock did not press Moriyama to make involuntary revelations.

Disembarking at Suez, Alcock journeyed overland to Alexandria via Cairo. At Alexandria he boarded a ship that stopped at Malta, a British colony. Disembarking at Marseilles, he traveled by train through France, crossed the English Channel and arrived in London on May 30.

Among European nations, compensation for concessions was a basic rule of diplomacy.

British officials told the Japanese mission that if England were to grant them a delay in the opening of the two ports and two cities, it would expect something in return. The Japanese responded by offering to reduce tariff rates and remove various barriers to trade.

While these negotiations were in progress, the Japanese stubbornly attempted to carry out rather strange instructions from their home government. The instructions ordered them to "gain the approval of the treaty nations for the withdrawal of the ichibu and the circulation of a half ichibu one-and-a-half times heavier."

Their instructions, which had already been prepared when Alcock landed at Yokohama, were to seek approval for the circulation of a coin identical to the nishu, the coin which had been withdrawn soon after it was issued amid a storm of foreign criticism. The Bakufu had surely had a purpose in giving the diplomatic mission these instructions. Alcock, however, did not understand what that purpose was and did not try very hard to do so. Later, he casually presented the instructions, with relevant documents attached, to the Treasury and asked for their opinion.

In return for offering various types of compensation, the Japanese mission obtained approval for a five-year delay in opening the two ports and two cities and concluded what came to be known as the London Protocol. The mission, together with Moriyama, then left for Holland, the next country on their itinerary, on June 12.

Meanwhile Harris, having become more intimate with the Bakufu—and estranged from his fellow westerners—after his 180-degree shift in attitude, was living a life of utter isolation in Edo. Now that his home government was about to find out about his cobang profiteering in Shimoda, his only thought was how to escape from Japan.

But where could he go? He had many friends in Hong Kong, Canton, and Macao. But those places were all too close to Edo, Yokohama, and Shanghai. Word of his misdeeds might easily follow him there.

The isolation was unendurable. He had to find a place of refuge where he had friends and where his cobang profiteering would not come back to haunt him. That place could only be New York, where he had been born and raised. Luckily, the only obstacle to his plans—his elder brother—had been removed long ago.

While in Shimoda, Harris had saved enough money to live on for the rest of his life. Although he continued to turn a tidy profit by exercising his diplomatic ichibu exchange privilege, when he tired of his solitary existence in Edo, Harris lost no time in asking his home government to recall him.

He did not want to resign, but to be recalled. For Harris, ever on the lookout for his own economic advantage, the difference was crucial. If he were to submit his resignation, he would not only cease to draw his salary as soon as it was accepted but have to pay seven or eight hundred dollars out of his own pocket for travel expenses. Were he to be recalled, however, the American government would take care of everything.

In April 1861, when Harris thought his request should be reaching the authorities, the United States was thrown into turmoil by civil war. Abraham Lincoln succeeded James Buchanan as president and William H. Seward replaced Lewis Cass as secretary of state. The U.S. government, which had been about to reprimand Harris, now had no time to bother with a minister to a small unknown country on the other side of the world. It neither reprimanded him, recalled him, nor answered his request.

Undeterred, Harris dispatched a second request, which also went unanswered. He was finally forced to submit his resignation. On July 10, nine days after the attack on the British legation, Harris sent his letter of resignation to President Lincoln. He could not wait any longer: even if he had to pay his own way, he wanted to leave Japan as soon as possible and return home.

Harris gave poor health and advanced age as his reasons for resigning. These were thin excuses.

Born in 1804, Harris had been nearly fifty-two when he took up his post in Shimoda—not a young man even then. When he wrote his letter of resignation, he was fifty-six years and nine months old—not that much older than when he had first arrived.

His health had been indifferent even before he had come to Japan. Before concluding the treaty, he had suffered a near-fatal illness. Thus neither of the reasons he advanced for his resignation represented new developments.

The day after penning his letter of resignation, Harris wrote the following about the attack on the British legation in a dispatch that he sent by separate envelope:

> There is a party in this country who is opposed to the presence of any foreigners in Japan, and, in addition to this there is a very strong dislike to the English in particular, which feeling seems to attach especially to Mr. Alcock. He was absent from this city for some three months, during which time the utmost quiet prevailed; yet within thirty-six hours of his return the attack in question was made on him.
>
> I am happy to say that these prejudices do not extend to our citizens in this country, and I think I am personally popular among all classes of Japanese.

In actuality, the Japanese attacks were not directed at the Americans, the British, or a particular British minister, but were indiscriminate. The British minister had made himself conspicuous by traveling about the country gathering "color" for his book, and from the viewpoint of the attackers, the staff of the British legation contained the most "game." It was for that reason that they were chosen as the targets of the attack. Both of Harris's claims were unfounded: that the Japanese distinguished between British and Americans, and that he himself was "personally popular." Here he was also implying that it would have been entirely natural for such a popular fellow to receive a present of cobangs from the Japanese.

This dispatch was not of pressing interest to U.S. government officials. For those who knew the real situation, however, it was a joke. Harris had started speculating in cobangs soon after coming to Shimoda. That had been disgraceful enough, but even worse was the fact that U.S. citizens in Yokohama had petitioned for Harris's dismissal.

They rightly claimed that "the minister has done nothing either directly or indirectly to serve American citizens living in Yokohama or help them uphold their treaty rights."

They also demanded the dismissal of Dorr for the same reason.

Soon after arriving in Yokohama, Harris had entrusted Dorr with all matters related to the city. A proud and haughty

man, Harris regarded the citizens of Yokohama as beneath him. Dorr, however, had little time to spare for his duties as vice-consul: although he was later to sever his connection with the company, at this point he was exclusively occupied with his work as the agent of the trading firm of Augustine Heard & Company.

The two men did work diligently to enrich themselves through cobang profiteering, however. But their efforts in this line did little to make them "personally popular" among their fellow Americans in Yokohama.

Harris confined himself in Edo, not daring to leave. A sociable man, Harris found the isolation hard to bear. He often complained of his difficult situation in letters to the widow of a friend from his Hong Kong days, Kate Drinker, and her daughter. The day that he drafted his letter of resignation to President Lincoln, he also wrote to Mrs. Drinker:

> You have no doubt heard the news of the murder of my secretary, Mr. Heusken, last January. [Here Harris brazenly defended his decision to oppose the other diplomatic representatives.] This affair has broken off all intercourse between me & the French and English legations, which makes my position here a very isolated one—I go down to Kanagawa once in a while and visit the Missionary ladies (there are three families) who are very agreeable persons, but with this exception, my life is almost as isolated as it was while living at Shimoda.

In Shimoda Harris had had Heusken for companionship. Other than Heusken, who spoke only broken English, his only "friend" had been Moriyama. There had also been Inoue Kiyono, the Prince of Shinano and governor of Shimoda, who would usually listen to him if he ranted and raved long enough. In Edo, however, he had no one to talk to. Day after day, Harris tasted the hellish bitterness of isolation.

During this time, Harris's demeanor toward the Japanese

government had changed completely. Indeed, he had no alternative but to ally himself with the Bakufu. When Bakufu officials consulted him, he had to respond with at least a show of sincerity and warmth.

Harris had quickly agreed to a delay in the opening of the ports and asked the U.S. government to grant its approval. When the government consented, the Bakufu came to trust and respect Harris even more. In a letter to Harris, Minister of Foreign Affairs Ando modestly asserted that "we trust you as we would a teacher." As history has recorded, Harris became known as the Bakufu's advisor and "benefactor."

Enduring the pain of isolation, Harris continued to lie low in Edo until he could make his escape from Japan. He had long ago sullied the lofty reputation he had earned for his diplomatic labors. He had paid a high price for the cobangs he had collected on the sly in Shimoda, never dreaming he might be found out.

Harris's resignation was accepted. His replacement, Robert Hewson Pruyn, together with the new Kanagawa consul, George S. Fisher, arrived in Japan on April 25, 1862. Pruyn was a fitting successor to Harris: he was later to embezzle money that the Bakufu advanced him for the purchase of a warship. The U.S. government apparently had a predilection for sending unsavory characters to the newly opened Japan. Harris turned over his duties to Pruyn and left Japan on May 8, one month and a half after Alcock's departure for England.

Following in Alcock's footsteps, Harris headed home via Europe. Although he worried that Moriyama might say something "unexpected" to Alcock, Harris reassured himself that it wouldn't matter even if he did: he was putting Japan behind him, never to return.

Many travelers sailing to America from Europe, including Harris, boarded steamers leaving from Liverpool. On the way, Harris stopped off in London, but did not call on Alcock, who was there at the time.

Instead, he quietly departed for his old hometown, New York. Upon arriving, he left immediately for Washington to finalize his resignation.

At this time, Americans bragged of Harris's Treaty of Edo and Perry's Treaty of Kanagawa as the greatest diplomatic coups in America's brief history.

Two years earlier, the young nation had enthusiastically welcomed the Japanese mission when it came to Washington to exchange instruments of ratification. The newspapers were full of news about the exotic visitors. Harris had produced and promoted this event, which had so deeply stirred and excited the American people. Moreover, Harris's treaty, which had been concluded by one man alone, without the aid of a single warship, would shine on in the annals of American diplomacy.

This kind of success story flattered Americans' view of themselves. Some scholars have written that, after his return, Harris and his achievement faded into oblivion because America was in the midst of a civil war. Actually, the opposite is true. At the height of the war, when Americans were pitted brother against brother in a mortal struggle for the future of the nation, Harris—the great treaty maker between the United States and Japan—should by all rights have been the center of attention. President Lincoln would ordinarily have led the nation in extolling the hero who had accomplished such tremendous deeds. But this did not happen.

Harris, the great hero, had secretly committed an act—cobang profiteering—that hard-working, God-fearing Americans considered despicable.

In the confusion of wartime, the ever-lucky Harris managed to escape chastisement, but officials in the State Department were aware of his misdeeds. Also, they had by this time received the petition from the U.S. citizens in Yokohama calling for their minister's dismissal. They thus gave Harris a chilly reception. After hastily announcing his resignation to official Washington, Harris returned to New York and took up residence on

Fourth Avenue.

Now in utter disgrace with his government, Harris firmly clung to the one "friend"—his savings—that would never fail him. Harris settled in to a comfortable retirement, his fortune made.

After seeing the Japanese mission safely off to Holland, Alcock began to write his long-planned book, The Capital of the Tycoon. *While so occupied, he was also able to accomplish the second goal of his trip back to England: he met and became engaged to the widow of a missionary.*

All in all, the writing of the book was an extremely satisfying interlude for Alcock. After his many years in the Far East, it was soothing to sleep in an English bed, eat well-cooked English food and drink lovely claret. And he found the act of writing itself to be an excellent balm for his overwrought nerves: as the author, he and he alone controlled the creation of a world.

By the end of 1862 The Capital of the Tycoon *had been completed, proofed, and printed. All that remained was to bind it. Alcock eagerly anticipated its publication, when he would be covered in glory as the first European to write in-depth on Japan in the last two hundred fifty years. He felt fitter than he had in ages.*

7

Revenge

December 1862

One day in late December, Alcock received a summons from an official of the Exchequer. He wished to discuss the currency question, about which Alcock had inquired nearly half a year earlier.

The Japanese diplomatic mission had stubbornly insisted on fulfilling Mizuno's instructions to "gain the approval of the treaty nations for the withdrawal of the ichibu and the circulation of a half ichibu one-and-a-half times heavier." Not understanding the meaning of these instructions, Alcock had casually sent a letter of inquiry, along with the relevant documents, to the Treasury, after which he put the matter out of his mind.

The one who had summoned him was George Arbuthnot, a Treasury official and an influential expert on banking and currency. On December 24 Arbuthnot finally finished writing his *Report on the Japanese Currency to Lords of the Treasury.*

What could he have to tell me? wondered Alcock as he left for the Treasury.

Arbuthnot greeted Alcock cordially. "First, I'd like to apologize for the delay in completing my report. This is a rather difficult problem. Let me first tell you my conclusion," he continued. "The Japanese claims concerning the currency question seem to be essentially correct."

The Japanese had claimed that the ichibu's actual value was not defined by its silver content and was effectively tripled by engraving the coin with a government stamp. In effect, Arbuth-

not was saying that the Dutch doctor in Nagasaki and the Europeans in Yokohama were right. Alcock had heard this opinion before.

"I see," said Alcock. "In other words, you are saying the Japanese government has done what no other country in the world has been able to do."

"So it would seem," said Arbuthnot. He did not mince words but continued, saying, "The confusion in the Japanese currency system has been the direct result of coercive actions by the foreign representatives, who have consistently ignored the views of the Japanese side."

Alcock blanched: he was one of those foreign representatives—in fact, he was their leader.

"You have probably heard about the flow of cobangs out of the country," said Alcock. "After arriving in Edo, I and the other foreign representatives immediately advised the Japanese government to triple the value of the cobang. If the Japanese government had followed that advice, the outflow of cobangs would not have occurred and the confusion could have been avoided."

Alcock defended himself with a rising desperation. Arbuthnot waited for him to finish and then quietly continued:

"That was a mistake. I would like to explain why, point by point. Please don't misunderstand: I did not call you here today with the intent of criticizing you. You and the American minister fully deserve censure for your actions, but I would like to set all that aside for the moment. I would like you to listen so that you may know the truth of the matter."

Alcock fixed Arbuthnot with a frozen stare, hoping to intimidate him into silence. But Arbuthnot proceeded undeterred.

"My report concludes that the provision for the weight-for-weight exchange of currency in Article Ten of the British treaty violates various basic international principles and flouts accepted standards of behavior among European nations. My grounds for making such a statement are described in detail in the report. I urge you to read it. To be frank, many of the facts that I have

learned reflect on the honor of you and other diplomatic representatives, but I have kept those facts confidential.

"As you know, official documents of this nature are filed and depending on the circumstances, made public in one or two years. We do this because we cannot predict what would happen if the Japanese were to see this report and learn the truth. They would probably not stop with a demand for redress. If this matter is not carefully handled, it could lead to a rupture of diplomatic relations. In other words, Mr. Alcock, it could harm the national interest. If the Japanese government were to try other means—such as appealing to international opinion—not only would the national interest be affected, but you and the other diplomatic representatives in Japan, as well as high-ranking foreign office officials, would become, at best, a laughingstock.

"You must understand this, sir. You have not only served as Her Majesty's first representative in Japan—you have been reappointed to the same post. It would be too absurd if you were to remain ignorant of the truth. It would also be unfair to the Japanese government."

Alcock had not yet grasped the full import of what Arbuthnot was telling him, but he did understand that the problems he had caused had been brought before the bar, as it were, and that a harsh judgment had been handed down against him.

"When Commodore Perry visited Japan, the Japanese claimed that they had tripled the value of the ichibu by engraving it with the government stamp. Later, they retracted that claim, then reasserted it. In short, they bungled repeatedly. Let us set aside for a moment the question of why they made those blunders. When you and the other diplomatic representatives arrived in Yokohama, they made the same claim and prepared a coin called the nishu.

"You and the American minister asserted that no country in the history of the world had ever managed to successfully increase the value of its currency with a mere stamp. You claimed that if the Japanese were to try it, counterfeiting would immediately become rampant and that, in the end, they would fail. But

what would happen if silver were not in the hands of ordinary citizens, which happens to be the case in Japan?

"Until trade under the commercial treaties began, Holland's monopoly trade with Japan was supervised by the Japanese government and, prior to that, by the Dutch East India Company. According to the company's records, the Japanese government has been importing gold and silver, particularly silver, via Holland and China for nearly one hundred years. These precious metals are used exclusively for coinage. Surely you've noticed that the Japanese do not adorn themselves with jewelry, nor do they eat with metal implements, as we do. When the Spanish and Portuguese were free to travel about Japan, it was a gold- and silver-producing country, but later the amount of gold and silver mined declined rapidly. Therefore, Japan continues to import these metals.

"But despite this decline, what do you think would happen if the government were still to have exclusive possession of the mining and sales rights for gold and silver? Common citizens would not be able to make counterfeit coins, even if they wanted to—that's what would happen, sir.

"Allow me to state my conclusion first: the Japanese were correct. The value of the ichibu was indeed tripled by engraving it with the government stamp. The minister of foreign affairs told you and the others that the ichibu was an auxiliary currency, like paper and leather notes. He also said that it would be impossible to exchange ichibus and dollars weight-for-weight. You understand now, don't you?"

Alcock did not reply.

"For example, say we have a paper or leather note—either will do—with 'ten pounds' written on it. Let us also say that this paper or leather note is official tender. But even if it weighs as much as one Mexican dollar, that one dollar is not the same as ten pounds. The same logic applies in this case. There may have been some confusion because the ichibu and dollar are both silver, but why did you not at least listen to the Japanese government's explanation, which was, in fact, correct? As far as I can see in the record, there is no indication that you did so."

Alcock avoided Arbuthnot's piercing gaze. He was right, of course. Not once had Alcock given the Japanese explanation serious consideration, in spite of their many attempts to make him understand, not to mention those of the Dutch letter-writer from Nagasaki.

"Why did the Japanese government issue such a currency? Obviously, to supplement its revenue. It would not have been feasible to slash the silver content by two-thirds all at once. As the minister of foreign affairs informed you, the government gradually reduced the silver content of the ichibu to one-third. Eventually, every time the Japanese government issued one ichibu, it could make a two-ichibu profit. It had done something truly wonderful. It's a story to make the beleaguered financial ministers of Europe green with envy. I have not investigated this, but I believe that the Japanese government has been able to generate an enormous revenue."

Alcock was stunned: he had never foreseen that Arbuthnot would say such things.

"Habit is dangerous, sir. You have often told us that Japanese government officials are incompetent and frequently replaced. Consequently, awareness of what kind of currency they were issuing may have dissipated with each change of regime. Also, the consciousness that they were obtaining an enormous revenue from this source may have dimmed. It must have, or they wouldn't have done anything so stupid as to raise the value of gold, which degraded the currency. By doing so, the government lost all the revenue that it had obtained by issuing ichibus.

"Some people must have been aware, however vaguely, that the ichibu is a currency that actually possesses three times its value in silver content. Accordingly, the claim was asserted on some occasions, and on others retracted."

Alcock wished he could wake up and find that this was only a bad dream. His first thought was to bolt from the office, but he couldn't move: he felt as though he'd been fixed to the spot.

"It's important that you understand *why* the ichibu is actually a currency that can be assigned three times its material worth.

The Japanese government told you that Japan had adopted the gold standard—their gold being in the form of cobangs—and that the ichibu, a silver coin, was an auxiliary currency. They were right, you know.

"In his second letter to you, the minister of foreign affairs stated that five cobangs had the gold content of a twenty-dollar gold piece. The mint later confirmed that statement. Somehow, the Japanese have come to possess a method of accurately analyzing gold content. They found that one cobang is equivalent to four dollars. In the Japanese monetary system, one cobang is worth four ichibu. Consequently, one dollar in Japan is equivalent in value to one ichibu, just as the Japanese claimed. The ichibu is one-third as heavy as the dollar. But even though it weighs only one-third as much, it has the same value. In other words, engraving it with the mint stamp does indeed triple its value."

Alcock was gradually beginning to understand the Japanese currency system. He felt frightfully ill all of a sudden.

"You reported that the ratio of gold to silver in Japan was one to five. That one-to-five ratio, however, was actually that of Japanese gold to silver coin, an auxiliary currency. That ratio was indeed one to five. You seemed amazed that the ratio of gold to silver was so unusually low, but that was nothing to be surprised about."

Alcock realized that Arbuthnot was right.

"You have perhaps heard of Gresham's law: bad money drives out the good. It is a law universally applicable. In this case, the good money is gold coin—the cobang. The bad money is silver coin—the ichibu. Because of Gresham's law, the gold coin was stored away deep in Japanese vaults. Soon after the opening of Yokohama, however, a premium was placed on gold and cobangs came pouring forth."

To Alcock, Arbuthnot had the look of an avenging angel. The man continued relentlessly:

"Think back, if you will, to your first visit to Nagasaki. You reported that the Japanese severely restricted the exchange of currency, that the foreign merchants could not sell their goods,

that Japanese goods did not become cheaper in barter trade, and that the Japanese disliked the dollar and would not accept it.

"Let's first consider the restrictions on currency exchange. The original exchange rate was one ichibu to the dollar. It then rose to three ichibus to the dollar. You know what happened, sir. Because foreigners could obtain triple the number of ichibus for their dollars, the prices of all Japanese goods fell to a third of what they had been.

"It may be easier to understand this way: let's say a Japanese merchant has thirty ichibus' worth of goods to sell. Originally, a foreigner would have paid thirty dollars for them. But because of a mistaken exchange rate, he need only pay ten dollars. Did you never once ask yourself, sir, why the prices of goods in Japan were one-third what they were on the China coast?

"The Japanese did not want that exchange rate, but they were pressured into accepting it by the specter of foreign military power, specifically, ours. So they felt that they had no choice but to exchange their money at that rate. Given such circumstances, it was only natural that they would impose severe limits on that exchange."

In his second letter, the minister of foreign affairs had written that if Japan consented to foreign demands, foreigners would be able to buy Japanese goods at one-third their true price. Arbuthnot was saying that the Japanese claim, which the foreign representatives had completely disregarded, was essentially correct.

"The reverse side of that coin was reluctance of the Japanese to buy foreign goods. Initially, the Japanese could buy one dollar's worth of goods for one dollar. But with an exchange rate of three ichibus to the dollar, the Japanese had to spend triple the ichibu to buy one dollar's worth of goods. In other words, an exchange rate of three ichibus to the dollar made foreign goods three times more expensive than they should have been. Again, it was only to be expected that these goods would not sell."

In short, Arbuthnot was saying that the minister of foreign