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## III. Two World Systems

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TIME FOR HENRY C. CAREY, NOT HAKIRI

# The Forgotten Legacy of Tsuyoshi Inukai

by Asuka Burke

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At the beginning of the last century, Sun Yat-sen (1866-1925) and Tsuyoshi Inukai<sup>1</sup> (1855-1932) jointly embarked on a mission to introduce the American System of political economy to Asia. While Sun's idea has seen its blossoming today with President Xi's Belt and Road Initiative, in Japan, Inukai's legacy is almost lost in oblivion. That contrast is not a mere difference in economic policy—it is fundamental.

The following report<sup>2</sup> will uncover a shared history of Japan, China, and implicitly the United States, through the life of Tsuyoshi Inukai, to rediscover an idea that once united the three, and could, once again, unite them.

### 1932

To better situate the life of Inukai, let us first start with the year 1932, a turning point in world history. In the United States, despite major opposition from the Wall Street faction inside the Democratic Party, Franklin D. Roosevelt won the presidential election, paving



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*Japanese Prime Minister Inukai Tsuyoshi (seated center) with members of his cabinet in December, 1931.*

the way for a “New Deal” in America. Here was a light at the end of a long tunnel. At the same time, though unbeknownst to many, a similar situation existed on the other side of the Pacific: In Japan, Tsuyoshi Inukai, a student of the American System economist Henry C. Carey, won the prime ministership in the early Spring of 1932. His policy for the new administration was centered on two key issues: first, ending the Japanese invasion of Manchuria, and, second, launching an economic recovery based on a federal industrialization program not unlike FDR's New Deal. With Inukai in office, a potential existed for Japan to turn itself away from fascism, and, instead, rebuild its economy in the aftermath

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1. Inukai is also known as Ki Inukai. His pen name, Mokudo, was taken from Laozi's teaching: “military strength leads the nation to its ruin, as a strong wood will be knocked down.”

2. The research is dedicated to, and owes much to Mark Calney, who first uncovered the Inukai network and inspired this author to continue his unfinished work.

of the global depression. What would have been the course of world history if New Deal policies had been implemented on both sides of the Pacific?

On May 15, 1932, merely two months into his term in office, Inukai was assassinated by a dozen Japanese Imperial Army officers. Conspicuously, the Japanese media at that time was rather quiet about the murder of the Prime Minister, and the sentences against the offenders were so lenient that some among them were released, and assassinated again. From the time of this violent coup until the end of World War II, military generals dominated the office of Prime Minister and the cabinet.

To this day, explanations of Inukai's death as a mere "incident" have been accepted and tolerated. Yet his *life* attests to the contrary; for the British Empire to initiate "the Great Pacific War," his death was a *sine qua non*.

### Henry C. Carey and Tsuyoshi Inukai

Born in 1855, Tsuyoshi Inukai grew up at the time of a great transformation in Japan. For 200 years, under the rule of the Tokugawa shogunate, Japan had closed its door to the rest of the world, limiting its external trade to the Dutch trading post on an artificial island in Nagasaki. That was broken suddenly in 1854 with the opening up of its ports by U.S. Commodore Perry. The Meiji Restoration that followed, united the nation under the Emperor system. The new era was marked by intellectual curiosity for the world outside, as was exemplified by the Iwakura Mission of 1871, in which the entire Japanese cabinet, including Prime Minister Iwakura, left the country for a two-year world tour, to learn from governments abroad. The mission traveled to the United States, Britain, Germany, Russia, Egypt, Singapore, China, and other countries. The new ideas brought back from abroad, in turn, set off extensive policy debates among the intelligentsia in Japan. What economic policy is best suited for the new nation? How should the nation trade with others? What currency system should the nation employ?

There were more questions than answers, but one of



Inukai Tsuyoshi

the epicenters of that policy debate was the American System of political economy versus British free trade doctrine. The American System is characterized by the issuing of national credit for infrastructure and protective tariffs to support national industry. For the champion of the American System at that time, Henry C. Carey, the difference was not merely one of policy. The American System was a flagship operation to prove to the world that the productive potential of labor could be harnessed to elevate the condition of all men—such that humanity might eradicate "the detestable system known as the Malthusian [doctrine], ... thus vindicating the policy of God to man."<sup>3</sup> The successful industrialization of America's northern

states, in the midst of the U.S. Civil War, attests to the validity of Carey's economic policies, as implemented under the Lincoln Administration.

Two members of the Iwakura Mission, Tetsunosuke Tomita and Norikazu Wakayama, in particular, played key roles in promoting the American System in Japan.<sup>4</sup> Tomita met with Henry C. Carey in Philadelphia in 1875. To his visitor from the Far East, Carey gave a sharp warning: "to tell you one thing: Do not trust any white man

3. "... to prove that among the people of the world, whether agriculturists, manufacturers, or merchants, there is perfect harmony of interests, and that the happiness of individuals, as well as the grandeur of nations, is to be promoted by perfect obedience to that greatest of all commands, 'Do unto others as ye would that others should do unto you'—is the object and will be the result of that mission. Whether that result shall be speedily attained, or whether it shall be postponed to a distant period, will depend greatly upon the men who are charged with the performance of the duties of government. If their movements be governed by that enlightened self-interest which induces man to seek his happiness in the promotion of that of his fellow-man, it will come soon. If, on the contrary, they be governed by that ignorant selfishness which leads to the belief that individuals, party, or national interests are to be promoted by measures tending to the deterioration of the condition of others, it will be late." Henry C. Carey, *The Harmony of Interests*, 1864.

4. Wakayama was an advocate for a social security system and started the first life insurance corporation in Japan, which later became known as Meiji Seimei. In 1878, he translated John Byles' *Sophisms of Free-Trade*.

without reason. Look at how certain white men colonized India, and what these people are now exporting to China. Who is exploiting all the resources in India? Who is bringing opium into China and addicting millions? Which nationality of people are planning to trample down Asia, and spread their menacing effects elsewhere? These are the questions you should ask.”

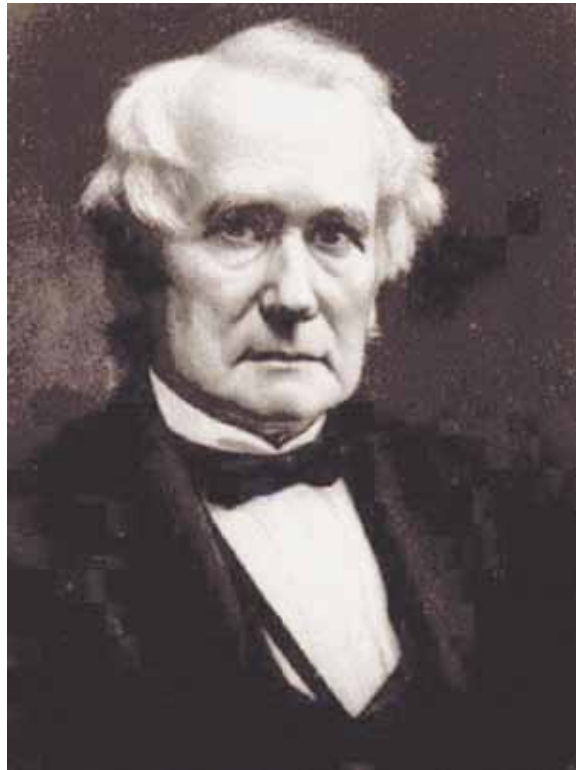
Carey then warned that the free-trade doctrine is

neither for the benefit of your nation nor for the happiness of your citizens, rather it is like drinking very strong and poisonous vodka.

At the end of the meeting, Carey gave Tomita his economics book, and asked him to translate it into Japanese.

Soon after the Iwakura Mission returned home, Tomita became the second Governor of the Bank of Japan, and Wakayama became the first advocate for the national pension system, modeled upon that of German Chancellor Bismarck. Despite their busy schedules, however, they did not fail to find a brilliant young economist best suited for the translation: Tsuyoshi Inukai.

The young Inukai was a virtual nobody until, at the age of 25, he founded the *Tokai Economic Newspaper*, for the promotion of protectionism, in outright opposition to the *Tokyo Economic Magazine*,<sup>5</sup> a loud promoter of the free-trade doctrine. This student of Yukichi Fukuzawa<sup>6</sup> at Keio, well versed in Western economic theo-



Henry C. Carey

ries including the works of Mathew Carey’s network, competently battered the authorities of the free-trade doctrine, not hesitating to call them out by name.

Recognizing his potential, Wakayama and Tomita lent aid to Inukai in his fight against the *Tokyo Economic Magazine*. Serving as a mentor, Wakayama gave Inukai all the books he had on American System economics, and he suggested that Inukai translate Henry C. Carey’s *Principles of Social Science*. Tomita, for his part, wrote an introduction to the book, in which he recounted Carey’s warning as quoted above. Thus, in 1884, Inukai’s translation of Carey’s *Principles of Social Science* was published by the Japanese

Ministry of Finance.

Five years after the publication of Carey’s book, Wakayama and Tomita organized the publishing of *The National System of Political Economy* by Friedrich List, the brilliant German promoter of American System economics. The translator of the work, economist Sadamatsu Oshima, consequently became known as the “Friedrich List of Japan.” Still to this day, the name Friedrich List appears in Japanese public school textbooks as an opponent of Adam Smith’s free trade doctrine.

For Inukai, his work on the American System during his career running the *Tokai Economic Newspaper* forged a solid foundation for the policy outlook which guided his political life as a member of the Diet, beginning in 1890.

### Inukai as a Politician

*Sangyo Rikkoku* (industrialism) was Inukai’s consistent policy throughout the 40-odd years of his politi-

5. The magazine, founded in 1879 by Ukichi Taguchi, was modeled on *The Economist*. Eisaku Ishikawa, translator of Adam Smith’s *The Wealth Of Nations*, served as its lead editor.

6. Fukuzawa (1835-1901) was the intellectual leader of the Meiji Restoration. During the 1840s and 1850s, he was a member of the Dutch Studies movement, a group of young intellectuals who flocked to the Dutch colony at Nagasaki, the only venue for the study of Western science during the Edo period. He became a founder of Keio University,

the first university in Japan, where American professors from the school of Henry Carey and Mathew Carey lectured.

cal life.<sup>7</sup> As Japan lacked resources and land area, he saw it necessary to focus on increasing the productive powers of labor, which he identified as “an immaterial, yet highest form of wealth.” The issuing of treasury bills “to develop science, improve technology, and organize a better transportation system,” was therefore indispensable.

*Sangyo Rikkoku* was a crucial factor to stop the idea of needing military invasions of other nations to obtain resources. At the end of World War I, Inukai made a daring proposal to drastically reduce the military budget by slashing in half the number of army divisions, closing down military elementary schools, and bringing back all the Japanese forces stationed in China. The resources saved, Inukai further proposed, should be used for the industrialization and cultural progress of the nation. The proposal so outraged military commanders that they never forgave Inukai.

At the center of his policy of *Sangyo Rikkoku* was the establishment of the Academy of Science, modeled upon that of Germany. While such an academy had existed in Japan since 1917, it was a privately funded small-scale research center. Inukai called for an upgraded national academy, fully financed by the government, with branches established in all prefectures. He imagined an academy powerful enough to fuel the entire Japanese economy with the highest level of technology possible. He also saw such an academy as providing solutions to the utter failure of the educational system at that time. Instead of raising youth with moral principle, Inukai once lamented, the rampant liberalism of the day produced adults who were “as spiritless as a sea cucumber.”

Besides his commitment to the American System, what drove Inukai as a politician was Confucianism. Jiro Hoshijima, Inukai’s former secretary, sent a letter to Inukai in 1917, the year of Hoshijima’s first election to the Diet, asking him what it means to be a good politician. Hoshijima, who later implemented Inukai’s policy as Minister of Industry and Commerce in the first civilian government after World War II, never forgot what Inukai wrote back to him:

There is nothing special about becoming a pol-

7. This was so in spite of the fact that he changed party eight times, often leaving one out of disgust for its corruption, to start a new one.



*Calligraphy of a Confucian teaching.*

itician, since to be a politician is nothing but to be a human. Unlike other businesses, however, your objective is not your personal gain, but the interest of the whole nation, and of humanity, to which you must be completely dedicated.

Inukai continued:

... It was said that at the age of 70, Confucius followed his heart’s desire without breaking moral principles. I wonder when I myself would be able to gain such a degree of freedom, as there is still a long way to go. Yet, if you ask me what it means to be a politician, that would be my answer. That is the principle.

Unlike his predecessor Yukichi Fukuzawa, Inukai never left Confucianism for the sake of Western ideals. For him, the notion of “*agapē*” in Christianity coincided with the Confucian notion of “*jin*.” In 1929, Inukai visited Confucius’s hometown, Qufu, China, with the hope of creating a Confucius university there. A strong sense of humanism, fostered by Confucianism and the American System, was at the heart of Inukai’s economic policies, a characteristic that made him an enemy of the British Empire.

### **Abraham Lincoln Meets Henry C. Carey**

Across the ocean, in Hawaii, there was a young Chinese revolutionary committed to the realization of the American System: Sun Yat-sen. Educated in Hawaii by American missionaries of the Benjamin Franklin

tradition,<sup>8</sup> young Sun became familiar with Western medicine, the republican form of government, and Christianity, in which he was baptized. Particularly influential in Sun's development as a revolutionary was Abraham Lincoln. Sun's "Three Principles of the People," Nationalism, Democracy, and People's Livelihood, were explicitly modeled upon Lincoln's Gettysburg Address: "government of the people, by the people, for the people." Moreover, Sun saw America's republican form of government as the solution to colonialism in Asia, as he realized that the same British strategy that had been used to divide the United States, was now being deployed against China. In Sun Yat-sen's 1912 appeal "To the Friends of China in the United States of America," he wrote:

We understand too well that there are certain men of power—not to include for the present, certain nations—who would view with a greater or lesser satisfaction an internal rupture in the new Republic [of China]. They would welcome, as a move toward the accomplishment of their own ends and designs, a civil war between the provinces of the North and the South; just as, 50 years ago, there was applause in secret (in certain quarters) over the terrible civil strife in the United States.

Had the war been successful from the South's standpoint, and had two separate republics been established, is it not likely that perhaps half a dozen or more weak nations would have eventually been established? I believe that such would have been the result; and I further believe that with the one great nation divided politically and commercially, outsiders would have stepped in sooner or later and made of America their own. I do not believe that I am stating this too forcibly.

8. Robert Wesser and Mark Calney, "Sun Yat-sen's Legacy and The American Revolution," *EIR*, Oct. 28, 2011.



*Sun Yat-sen in London, 1896.*

If so, I have not read history nor studied men and nations intelligently. And I feel that we have such enemies abroad as the American republic had; and that at certain capitals the most welcome announcement that would be made would be that of a rebellion in China against the constituted authorities.

Thus, once Inukai had come to the forefront of the Japanese political scene, it was only a matter of time before the two revolutionaries found each other. Around 1897, Inukai employed Toten Miyazaki<sup>9</sup> as a secret agent tasked with finding pearls among Chinese revolutionaries who might become collaborators. To Mi-

yazaki's surprise, he found the best of such pearls in his own backyard: After the failure of the Waichow revolt, Sun Yat-sen arrived in Yokohama, Japan. Sun, as a Chinese revolutionary, was already well-known through the earlier publication of his semi-autobiographical *Kidnapped in London*, a true story of Sun's capture in London by a Chinese legation, who, after getting Sun drunk, tried to smuggle him back to China to be executed, as the government had placed a price on Sun's head.

Once having met with Sun in Yokohama, Miyazaki wasted no time bringing "the living example" to Inukai. As expected, Sun and Inukai found a congenial spirit in each other at the very first meeting. Inukai was so impressed by Sun that he immediately pledged his support for Sun's revolution. He furnished him with a house in Tokyo, and took him to meet with leading politicians, including then Foreign Minister Shigenobu Okuma.<sup>10</sup>

9. Young Miyazaki first converted to Christianity and learned English. Soon disillusioned, however, he turned to Pan-Asianism, and traveled across China and South East Asia. All the while, he gained his fame in Japan as a singer of Rokyoku, traditional Japanese narrative singing. Later, he became an author of Sun's biography *33-year Dream*.

10. Inukai's house became a shelter for other prominent Asian revolutionaries of his time, such as Sun's protégés, Chiang Kai-shek, Kim Ok-gyun of Korea, and Rashbehari Bose of India.



*Sun Yat-sen with friends in Tokyo, 1900.*

Through these meetings, Sun recruited Japanese industrialists to finance his revolution. One such financier loved Sun's revolution so much, that after exhausting almost all of his resources, he went so deeply into debt to support the revolution that he had a six-month-long nervous breakdown!

### **The First Venture**

Inukai and Sun's first joint project was to aid the Philippines independence movement led by Emilio Aguinaldo. As this was right after the 1894 Sino-Japanese war, they decided it would be better to win a republic in the Philippines first, to open up a better opportunity for creating a republic in China. Sun, Inukai, and Miyazaki quickly organized six million rounds of ammunition, ten thousand rifles, ten field guns, a pressing machine for gunpowder, one fixed cannon, and a dozen Japanese military experts to be sent, through Taiwan, to the Philippines.

However, their enterprise came to a sudden halt when the ship, overloaded with weaponry, sank in a storm off the shore of Shanghai. Soon after, Aguinaldo was captured by General Arthur MacArthur, who convinced him to pledge allegiance to the United States. For Aguinaldo, now a prisoner

of war, everything seemed lost. Yet, in an ironic turn of events, thirty-two years later, Aguinaldo's follower, Manuel Quezon, would fight side by side with Arthur MacArthur's own son for the Philippines republic. For the Japanese, Chinese, and Filipinos who participated in the planning, this first attempt, despite its utter failure, proved to be the basis for further collaboration among Asian countries for expelling colonialism.

### **The Revolution of 1911**

In October 1911, Sun's network in Wuchang staged a successful uprising against the Qing Dynasty. Sun and his military adviser Homer Lea hurriedly returned from the

United States to score the final victory against the collapsing dynasty. Notably, on their way, they made a quick stop in Europe to arrange a deal that would prevent the Hong Kong & Shanghai Bank (HSBC) and J.P. Morgan from supplying loans to the Qing Dynasty through their newly formed "Consortium for China." By December of 1911, Inukai was in Shanghai to meet with Sun who embraced his old friend with tears in his eyes. The Revolution of 1911 successfully toppled the Qing Dynasty by early 1912, and established the Re-



*Sun Yat-sen at a ceremony after the 1911 Revolution in China.*



*Sun Yat-sen's map for the development of China.*

public of China with Sun as its provisional president.

In the midst of this success, Inukai warned of the British Empire's geopolitical manipulations. His apprehension was vindicated soon after the establishment of the Republic of China in 1912, when its new president, Yuan Shikai, expelled Sun's Nationalist party from the parliament and declared Yuan to be the Emperor! Thus by 1913, Sun had to call for a second revolution, this time against Yuan. Behind Yuan's audacity, of course, was significant financing from the HSBC-led "Five Power Banking Consortium," which enabled him to defy any opposition. In return for payment, the major powers proceeded with further divisions of China: "The 21 demands" of 1915 put several Chinese territories under Japan's sphere of influence, and the Versailles Treaty followed that up with further territorial gains by the major powers.

Yet, this was only a prelude to what was to come later. With Morgan's Thomas W. Lamont as its leading figure, the second Consor-

tium for China unrepentantly financed Japan's imperial scheme to build the Southern Manchurian Railway throughout the 1920s, in the name of the "development" of China. Ironically, in 1931, the Japanese Imperial Army bombed the rail line they had built and blamed it on the Chinese. Under that false claim, Japan invaded Manchuria.

Sun was not the least bit naive about the Empire's machinations. With his publication of *The International Development of China* (1919), Sun made known his daring proposal to make China a new frontier for the world, by developing rail networks, ports, and new

cities, all outside of London's Consortium. To this end, Sun recruited the U.S. emissary Paul Reinsch to create the Sino-International Construction Company to build the proposed rail system.

Sun's keen insight into the situation is expressed in the preface of the book:

*As soon as Armistice was declared in the recent World War, I began to take up the study of the*



*Yuan Shikai (center) at swearing in ceremony as provisional President.*

*International Development of China, and to form programs accordingly. I was prompted to do so by the desire to contribute my humble part in the realization of world peace. China, a country possessing a territory of 4,289,000 square miles, a population of 400,000,000 people, and the richest mineral and agricultural resources in the world, is now a prey of militaristic and capitalistic powers—a greater bone of contention than the Balkan Peninsula. Unless the Chinese question can be settled peacefully, another world war greater and more terrible than the one just past will be inevitable.*



Sun Yatsen

The same concern about geopolitical manipulation against China prompted Sun, from the very beginning of the 1911 revolution, to repeatedly request that Inukai become a top advisor to Yuan Shikai. Inukai, however, turned that offer down, choosing to serve his term in office as a Japanese parliamentarian. For his part, Inukai did continue to pressure the Japanese government to support the 1911 revolution and diplomatically recognize the new Republic, but his efforts were to no avail. As Sun and Inukai both came to recognize, Japan's foreign policy had increasingly mirrored that of the British Empire, especially since the Anglo-Japanese alliance of 1902. That treaty stipulated that Japan and Britain would jointly "intervene" and defend their "special interests" in China and Korea, should there be any disturbance arising in either.



*"All under heaven is for the public," handwritten by Sun Yat-sen, 1924.*

Still, Sun kept insisting that Japan should support the revolution, as he wrote in a letter to Inukai, who relayed the message to the government officials in 1923:

*The Japanese government must recognize the utter failure of its foreign policy regarding China thus far, and offer its support for the revolution. If the revolution succeeds, the people of Vietnam, Burma, Nepal, Bhutan, even India, Afghanistan, and Malay will follow the example of China in gaining their sovereignty from the Empire. The Chinese revolution, therefore, can be a death sentence for European imperialism.*

### The Poisonous Vodka

During the latter half of the 1920s, the increasing influence of Thomas Lamont over Japan further aggravated its imperial tendency. In 1924, he single-handedly refinanced Japan's Russo-Japanese War debt, originally issued by London, for \$150 million: the biggest foreign loan ever made up until that time. As Japan was hit by a catastrophic earthquake in the same year, Lamont, by disguising the loan as an earthquake relief measure, became known as the hero who saved Japan after the earthquake. He even took a national tour, during which he was met with overwhelming jubilation by the population. While gaining greater influence over Japan, Lamont generously encouraged Japan's imperial policies, such as building the Southern Manchurian Railway.

The situation turned even more gloomy. On March 12, 1925, Sun



died of cancer. Two months later, Inukai hosted his memorial service in Japan, and shortly after, he suddenly announced his retirement from politics. Although he did not mention Sun's death as a cause of his retirement, the loss of a kindred spirit with whom he fought together for almost 30 years certainly had great bearing on his decision. As a telling sign of their close relationship, when Sun's grave was moved from Beijing to the capital, Nanjing, in 1929, Inukai was one of four chosen to carry the coffin, despite the declining Sino-Japanese relationship at the time. Among the thousands assembled for the funeral procession, Inukai held a place of honor next to Sun's protégé, Chiang Kai-shek. Their shared commitment, however, was best described by Sun himself in his *International Development of China*:

*The relationship between China and Japan is one of common existence, or extinction. Without Japan, there would be no China; without China, there would be no Japan. Under the principle of Pan-Asianism, Japan and China can together develop the natural resources in the West of the Pacific.*

In 1931, when all glimmers of hope seemed to disappear after Sun's death, and that very choice of *common existence, or extinction* fell upon the hand of Inukai, he suddenly came back into the forefront of Japanese politics as a candidate for Prime Minister. Even though Inukai had nominally "retired," in reality, he remained a member of the Diet, as the voters of Okayama prefecture simply put his name on the ballot, without his consent, and kept electing him! Thus on Sept. 18, 1931, the day the Japanese Army invaded Manchuria, there could not have been a better politician than Inukai to resolve the situation. His determination was such that he put off his real retirement, and, instead, led a vig-



Library of Congress

Thomas W. Lamont, Jr. 1918.

orous and successful campaign for Prime Minister.

His top policy priority was to resolve the Manchurian invasion. As he made it no secret, a rumor that Inukai was going to stop the invasion and fire 30 military officers of a radical faction became known among the top layers of the military. Two days after the formation of his administration, Inukai sent his secret agent Nagatomo Kayano, a friend of Sun, to China to seek a diplomatic solution for the situation. However, his secret letters were intercepted and leaked to the Imperial Army by his own secretary, Kaku Mori.

The second policy Inukai called for was the rapid industrialization of the nation, in opposition to the reigning policy of imperial colonization elsewhere. True to his word, Inukai appointed Korekiyo Takahashi,<sup>11</sup> an enemy of Thomas Lamont and a critic of the Manchurian invasion, as his Finance Minister. For his third major policy, he proposed a reform to rid, not only the political system, but also the people themselves of cor-

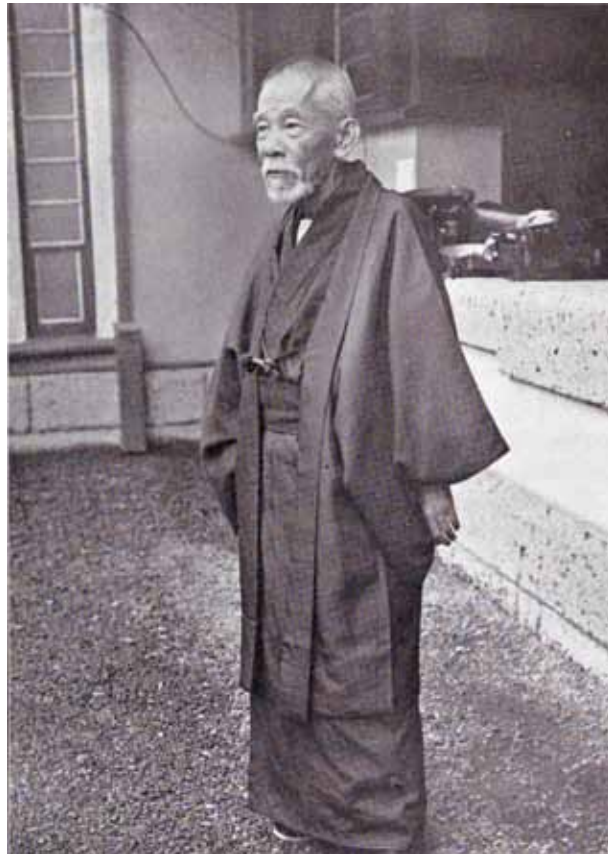
11. In 1867, Takahashi, still a youth, went to Oakland, California and learned English while working as a slave building the Transcontinental Railroad.



Inukai (far left) and Takahashi next to him.

ruption, identifying fascism as one such corruption. Anybody who listens to his campaign address in 1932 will rightly wonder what would have been the course of history if these policies had been implemented. Yet that is exactly the reason why he had to be eliminated.

On Sunday, May 15, 1932, a dozen armed officers of the Imperial Army broke into Inukai's house. They quickly found and surrounded the unarmed old man, who stood there fearlessly in the face of the imminent threat. "I understand, just don't push yourself so hard. Let us talk," said Inukai, and he invited them to his tea room for a dialogue. Caught off guard by Inukai's absolute calmness and unexpected



*Tsuyoshi Inukai at home.*

hospitality, all the officers stood still for a moment, not knowing what to do. When one of them started to take off his shoes, as is customary, to go into the room, the leader of the assassins shouted at once: "There's no excuse! Shoot him!" The next moment, Inukai was shot. Even that was not enough to cause Inukai to lose his nerve. He told his son who had just rushed into the room: "That was such a short distance, and yet they've had only two hits (out of seven). . . . So much for their military training!" Until his last breath later on that day, Inukai kept insisting: "Given a dialogue, they will understand."

What may not have been clear even to Inukai, however, is that he was killed by assassins who had no hatred against him. The trial proceedings of the offenders that took place soon after the assassination, show how the assassins were all controlled, if not literally brainwashed, from the top. Every single offender admitted that he had no animosity toward Inukai personally, and some even admired Inukai as a politician. Nevertheless, they mindlessly claimed that "he had to be killed for a higher end," as this was repeatedly said

by their masterminds, such as Shumei Okawa and Ikki Kita. The sentences given to the offenders were so lenient that some of them took part in other assassinations later. One of these was the coup of 1936, in which Kita was involved. In this, Inukai's Finance Minister, Korekiyo Takahashi, and his pro-American friend, Makoto Saito, then the Interior Minister, were brutally assassinated. Saito, nearly 80 years old, was shot by the dozens of young assassins so many times that doctors had to give up taking the bullets out of his body after removing 47 of them. This assassination further accelerated Japan's drive toward war because these two leaders were key collaborators of Joseph C. Grew, the American Ambassador to

Japan, who sought to avoid the collision course with the United States until 1941. The brutal and numerous murders and assassination plots throughout the 1930s imposed a reign of terror, under which nobody dared to oppose the fascism that now wholly took over the nation. Tokyo sent radical fascists, including those who had participated in these assassinations, to China where their brutality fully exploded in the Nanjing Massacre of 1937.

### **It's the British!**

To simply conclude that Inukai was killed by the radical faction of the Japanese military because he went against their imperial scheme, misses the point. At that time, fascism was promoted not only in Japan, but also in Germany, Italy and elsewhere simultaneously by Wall Street and London. This was an intentional push for a global fascism, aimed at the orchestration of a new world war. Inukai's assassination became an absolute necessity only within this context.

In 1925, the year Sun died, the British naval analyst Hector Bywater published a "fictional story," the novel

titled *The Great Pacific War*. Using the latest and most accurate data available on the resources and capabilities of both Japan and the United States, Bywater developed a fictional account of a new world war that conspicuously matched the reality that was to unfold not long after the publication of the book.

The story begins with a “well-known New York banker” getting a concession to develop iron and coal fields in a region of China considered a territory of Japanese interest. Simultaneously, a mass rally of communists erupts in Japan over the deaths of civilian demonstrators and the arrest of one of the prominent communist leaders. Soon, the communists surround the parliament and a bomb targeting cabinet members is set off inside the building. Then, the Japanese government decides to use the attack by “the communists” as a pretext for establishing a dictatorship, with an eye to expanding its “sphere of influence” in China. In the name of defeating the financial interests behind China’s militarism, Japan conducts a Pearl Harbor-style surprise attack against the United States, the Philippines, the Panama Canal and other places, and takes over Manchuria and other key strategic spots for their resources.

A war between Japan and the United States, the purportedly communist-led “Reichstag fire,” the invasion of Manchuria, and the attack on Pearl Harbor had all been fully scripted by the British Navy, which trained the *crème de la crème* of the Japanese naval officers at the time.

Not only scripted, but also taught: The British provided Japan with intelligence on the British-led attack at the Battle of Taranto in 1940, which required a special technique to attack a target on shore surrounded by very shallow water, just like Pearl Harbor. The Japanese naval officers were even allowed to inspect the actual site of the battle to learn the technique, which was then transmitted to top Japanese generals.

Not only scripted and taught, but, most importantly, financed. Thomas Lamont’s 1924 Second Consortium, which refinanced the war debt, and his financing of the *Zaibatsu*<sup>12</sup> faction whose money was then poured into the Manchurian invasion, fully fed and bred the Japanese Empire. It is obvious that the Japanese fascists, who were an extreme minority at the beginning of the 1930s, could not have been so successful were it not

for external support. This methodology was not limited just to Japan: fascism was promoted globally by London and Wall Street. While Lamont financed Japan’s imperial expansion, he was at the same time handing out a \$100 million loan to Mussolini, describing himself as “something like a missionary” for Italian fascism. Brown Brothers Harriman, Rockefeller’s Standard Oil, and other prominent Wall Street firms similarly fostered fascism in Germany and elsewhere. The United States itself was not immune to such schemes. During the Democratic convention of 1932, Morgan banking interests, which owned a good chunk of the Democratic Party, led a massive campaign to get Roosevelt off the ballot. Though Roosevelt, by a slight margin, succeeded in winning the Democratic Party nomination, later—on Feb. 15, 1933—an assassination attempt was made against his life, right before his inauguration. And if that was not enough, within less than a year, the Morgans and the Du Ponts were caught plotting a military coup d’état against the new Roosevelt administration. Major General Smedley Darlington Butler, who was approached by the Morgan agent Gerald MacGuire to lead an army of veterans, foiled the coup at the last minute by exposing the plot to the Congress.<sup>13</sup>

Though the full account of the British geopolitical manipulation is not the central subject of this current report, it is evident that the Empire had in mind “a higher end” for which the life of Inukai had to be terminated. Not only would Inukai’s friendship with China have most certainly spoiled the Empire’s scenario for war between Japan and America, but his familiarity with the American System of political economy could have brought about profound cooperation across the Pacific. The British Empire could not tolerate this outcome. Thus the course was set for the assassinations of Inukai and his circle, and, soon after, for the lives of more than sixty million souls to be violently terminated in the deadliest conflict ever known in human history.

### **A Spiritual Salvation: 1945**

On the morning of Sept. 2, 1945, the butchery of World War II was brought to a close with the official armistice signed on the deck of the battleship *USS Missouri*. The Japanese delegation which attended the signing had written their wills to their families prior to

12. Industrial and financial business conglomerates in the Empire of Japan.

13. [“Wall Street Backed The Plot To Kill FDR,”](#) *EIR*, Oct. 21, 2011.



Imperial War Museum/W.G. Cross

*General Douglas MacArthur (center) reads Japanese surrender terms on board USS Missouri in Tokyo Bay.*

the event, as they expected that they would be executed by their former enemy on the spot. To their surprise, they were treated as diplomats of a sovereign nation. There was no violence, nor even a word of condemnation. General of the Army Douglas MacArthur's speech on the occasion exemplified the spirit of the time:

Men since the beginning of time have sought peace. Various methods through the ages have been attempted to devise an international process to prevent or settle disputes between nations. From the very start, workable methods were found in so far as individual citizens were concerned, but the mechanics of an instrumentality of larger international scope have never been successful. Military alliances, balances of power, Leagues of Nations, all in turn failed, leaving the only path to be "by way of the crucible of war." The utter destructiveness of war now blocks out this alternative. We have had our last chance. If we will not devise some greater and more equitable system, Armageddon will be at our door. The problem basically is theological and involves a spiritual

recrudescence and improvement of human character that will synchronize with our almost matchless advances in science, art, literature, and all the material and cultural developments of the past 2,000 years. It must be of the spirit, if we are to save the flesh.

In reporting back the surrender ceremony to the Emperor, a member of the Japanese delegation made the honest reflection that Japan, if it had been victorious, would not have treated the former enemy with such magnanimity.

After all, we were not beaten on the battlefield by dint of superior arms. We were defeated in the spiritual contest

by virtue of a nobler idea. The real issue was moral—beyond all the powers of algebra to compute.

### **A Spiritual Salvation, Today**

It is this spirit that separates present-day China from Japan and the nations of the trans-Atlantic region today. While some people in the latter group may viciously pursue rivalry with China over GDP, or military might, nevertheless, that very method of thinking—British imperial geopolitics—is no match for China's nobler idea, which "elevat[es] while equalizing the condition of man throughout the world," to borrow Henry C. Carey's words. A new global infrastructure network and ambitious national space programs including fusion research, are redefining the relationship of man and nature, ushering in the new era of mankind as a space-faring species.

Is Japan ready to join with China in this "spiritual contest"? Or, will it remain the country of "spiritless sea cucumbers"? The answer is yet to be heard from those who represent today the daring spirit of Tsuyoshi Inukai. While his life was suddenly and violently terminated, his legacy lives on, and quietly awaits its revival.