

# Victory, Riots, and Rejection: The Russo-Japanese War, Japanese Nationalism, and the Collapse of the Harriman-Katsura Memorandum

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## Manchuria: A Brief Overview

Manchuria is a vast, resource-rich region in Northeast Asia. Today, it comprises the three Chinese provinces of Liaoning, Jilin, and Heilongjiang. Historically, it also extends north of the Amur River in present-day Russia. It is a vast plain nestled between three main mountain ranges: the Greater Khingan (west), Lesser Khingan (northeast), and Changbai (southeast). The soil in the plains is fertile black soil, and the region is also full of coal, iron, and valuable mineral mining deposits, making Manchuria a coveted frontier.<sup>1</sup>

For hundreds of years, Manchuria was a diverse mosaic of cultures battling for influence. Before the 17th century, it had been shaped by three main groups. These included Chinese farmers pushing north, Mongol nomads pushing west, and the native Tungusic people. From this region, the Manchu people (originally known as

the Jurchen) emerged as one of the Tungusic peoples. The Manchus, under their leader Nurhaci (1559-1626), who unified the tribes under the Eight Banners military system, began to push South against the failing Ming dynasty.<sup>2</sup> His son, Huang Taiji (1592-1643), consolidated his rule by conquering Inner Mongolia, bringing Manchuria under his control, and invading Korea. With these conquests, Huang Taiji proclaimed the Qing dynasty and changed the name of the Jurchens to Manchu in 1635.<sup>3</sup> It was ultimately Nurhaci's grandson, the Shunzhi Emperor (1638-1661), who became enshrined as Emperor in Beijing in 1644 and was the first Manchu to rule over China proper, with the Qing dynasty ruling over China until 1911.<sup>4</sup> Ironically, it was under Manchu rule that Manchuria began to be slowly integrated into China. The Qing initially restricted Han Chinese migration to preserve Manchuria, then eventually

<sup>1</sup> South Manchuria Railway Company, *Manchuria, Land of Opportunities* (New York: South Manchuria Railway, 1922), 32-33

<sup>2</sup> Pamela Kyle Crossley, *The Manchus* (Oxford, UK; Malden, MA: Blackwell Publishers, 2002), 212.

<sup>3</sup> Crossley, *The Manchus*, 208.

<sup>4</sup> Crossley, *The Manchus*, 97.

relented, partly to counter Russian influence, leading to a flood of settlers and farmers.<sup>5</sup>

By the 19th and 20th centuries, Manchuria was primarily Chinese. At that time, a new external force was encroaching upon Manchuria, the Russian Empire. Following their slow but steady eastward expansion across Siberia, the Russians sought an ice-free, warm-water port on the Pacific Ocean rather than their northern port of Petropavlovsk-Kamchatsky. The weakness of the Qing state and its defeat in the Opium Wars gave the Russians an opportunity, which they leveraged through several exploitative treaties. The Treaty of Aigun (1858) and the Convention of Peking (1860) ceded over one million square kilometers of territory north of the Amur and east of the Ussuri rivers to Russia.<sup>6</sup> This acquisition of the region (later referred to as Outer Manchuria) allowed the Russians to develop a port at Vladivostok, setting up a permanent Russian military presence in 1860, firmly positioning them on the stage as a power player in Northeast Asia.<sup>7</sup>

The construction of the Trans-Siberian Railway in the 1890s intensified preexisting tensions. Russia used the railway to project power into the Far East, bringing supplies, settlers, and

soldiers all the way from Moscow. In 1896, Russia secured permission to build the Chinese Eastern Railway, which was a shortcut across Manchuria to access Vladivostok more efficiently.<sup>8</sup> Two years later, in 1898, Russia signed a 25-year lease on the Liaodong Peninsula through the Pavlov Agreement, gaining control of Port Arthur (now Lushun), a strategically important ice-free harbor, securing their warm-water naval base when construction was completed in 1908.<sup>9</sup> Together, the railway network and access to Port Arthur significantly expanded Russia's military and economic influence in the region. For Japan, which also viewed Manchuria and Korea as vital to its security and interests, Russia's growing presence posed a direct challenge and heightened tensions between the two powers.

The Japanese were beginning to realize their own ambitions on the Asian mainland. In 1895, they had brutally defeated the Qing dynasty in the First Sino-Japanese War and forced China to cede the Liaodong Peninsula in the Treaty of Shimonoseki.<sup>10</sup> However, Russia, France, and Germany forced its return in an affair known as the Triple Intervention.<sup>11</sup> This humiliated the Japanese and created a deep animosity that would last for decades. With the previously mentioned

<sup>5</sup> South Manchuria Railway Co., *Manchuria, Land of Opportunities*, 4.

<sup>6</sup> Nicholas V. Riasanovsky, *A History of Russia*, 4th ed. (New York: Oxford University Press, 1984), 390.

<sup>7</sup> Riasanovsky, *History of Russia*, 390.

<sup>8</sup> Riasanovsky, *History of Russia*, 401.

<sup>9</sup> R. M. Connaughton, *The War of the Rising Sun and the Tumbling Bear: A Military History of the Russo-Japanese War, 1904-5* (London: Routledge, 1988), 30.

<sup>10</sup> Connaughton, *War of the Rising Sun*, 5

<sup>11</sup> Zachmann, Urs Matthias. "Imperialism in a Nutshell: Conflict and the 'Concert of Powers' in the Tripartite Intervention, 1895." *Japanstudien* 17, no. 1 (January 2006): 62.

Russian acquisition of the Liaodong Peninsula in 1898, a territory the Japanese saw as their rightful prize, the stage was set for conflict.

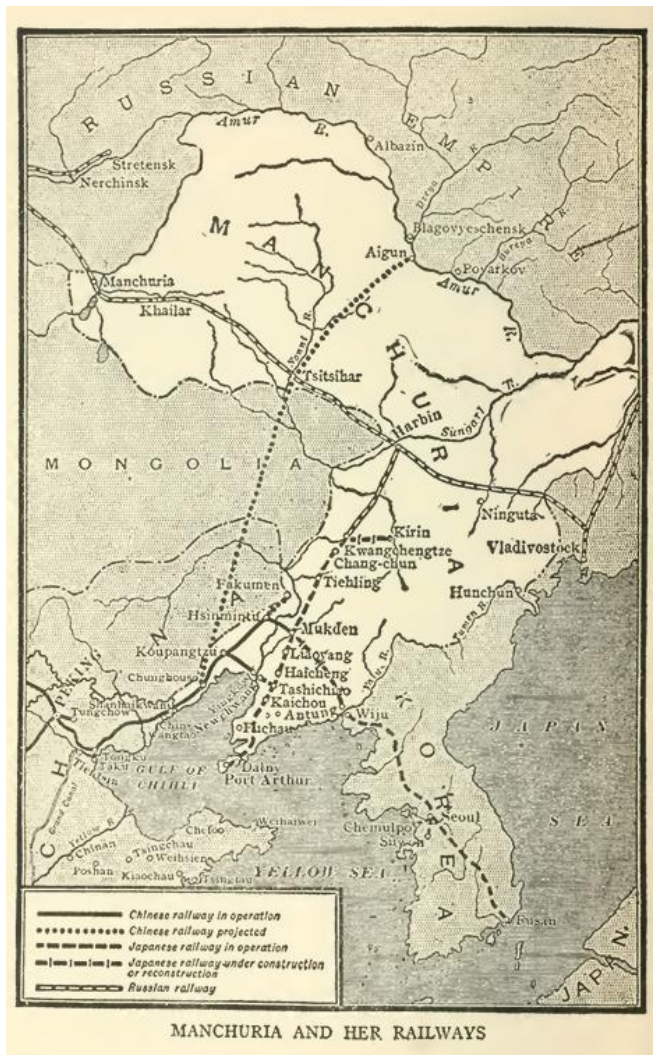


Figure 1. Kennan, George. *Manchuria and Her Railways*. Map. In E. H. Harriman's *Far Eastern Plans*. Garden City, NY: The Country Life Press, 1917.

## The Russo-Japanese War

Over the next decade, Russia and Japan were engaged in a tense competition over the spoils of the rapidly decaying Qing Empire. The Japanese and British signed an alliance in 1902, deterring

other European powers and leading them to be increasingly emboldened to confront Russia.<sup>12</sup> Russia, meanwhile, was facing a schism between the cautious approach of Finance Minister Sergei Witte, who was staunchly against war, and a rival faction led by Aleksandr Bezobrazov. Bezobrazov urged aggressive policies and eventually pushed Tsar Nicholas II to be more confrontational.<sup>13</sup> Russia reneged on its promises to withdraw troops from Manchuria following the Boxer Rebellion.<sup>14</sup> They also moved to assert control over timber concessions in Korea. The Japanese decided that the time for diplomacy was over.

On the night of February 8-9, 1904, a squadron of Japanese destroyers launched a surprise assault on the Russian fleet anchored at Port Arthur, igniting the Russo-Japanese War.<sup>15</sup> The war that followed was a large-scale industrialized conflict. Japanese forces besieged Port Arthur for 5 months, capturing it after suffering enormous casualties.<sup>16</sup> On the land front, the Japanese pushed back Russian forces at the Battle of Mukden, the largest land engagement of the time. However, the decisive blow came at sea. On May 27-28, 1905, Admiral Tōgō Heihachirō's fleet annihilated the Russian Baltic Fleet at the Battle of Tsushima. The Japanese sank or captured almost every Russian vessel. All eleven of Russia's battleships were lost, seven captured, and four sunk.<sup>17</sup> For the first time in modern

<sup>12</sup> Connaughton, *War of the Rising Sun*, 8.

<sup>13</sup> Connaughton, *War of the Rising Sun*, 82.

<sup>14</sup> Connaughton, *War of the Rising Sun*, 72.

<sup>15</sup> Connaughton, *War of the Rising Sun*, 31-32.

<sup>16</sup> Connaughton, *War of the Rising Sun*, 206.

<sup>17</sup> Vladimir Semenov, *The Battle of Tsushima: Between the Japanese and Russian Fleets, Fought on 27th May 1905*, trans. A. B. Lindsay, 160-161.

history, a non-European power had decisively destroyed a major European empire.



Figure 2. Tōjō Shōtarō, Admiral Tōgō on the Compass Deck of the Mikasa at the Start of the Battle of Tsushima, painting, c. 1905-1906.

The victory came as a shock to the world and firmly established the Japanese as a serious naval power. The Russians had to sue for peace. The war ended in September 1905 with the Treaty of Portsmouth, mediated by U.S. President Theodore Roosevelt. Under the terms of the treaty, Russia transferred the lease (from the Pavlov Agreement) of the Liaodong Peninsula, including Port Arthur, and the southern branch of the CER (Chinese

Eastern Railway), which was renamed the South Manchuria Railway (SMR).<sup>18</sup> The victory came at an enormous cost for the Japanese. Between 80,000 and 90,000 soldiers were killed.<sup>19</sup> The Japanese public was upset that the treaty had failed to secure an indemnity from Russia. As Kennan notes, "an immense mob of patriotic rioters attacked the residence of the Home Minister" following the announcement of the

<sup>18</sup> South Manchuria Railway Co., *Manchuria, Land of Opportunities*, 68.

<sup>19</sup> T. J. Mitchell and G. M. Smith, *Medical Services: Casualties and Medical Statistics of the Great War, History of the Great War*. (London: H.M. Stationery Office, 1931), 6.

treaty.<sup>20</sup> Into this volatile moment stepped the American financier E. H. Harriman.

It was this tumultuous landscape that E.H. Harriman confronted when he arrived in 1905 to propose his joint American-Japanese venture. He arrived seeking to acquire the SMR from a Japan that was financially strained by the cost of the war and the lack of a Russian indemnity. The war had left Manchuria devastated with an uncertain future, its prizes to be divided by the victors, and an ambitious Harriman, searching to acquire the cornerstone for his plans of a global transportation network.

### **E. H. Harriman: The Master Builder**

Harriman, the key figure of this story, was born in 1848 in Hempstead, New York.<sup>21</sup> The son of an Episcopal clergyman, he left school to work on Wall Street as an errand boy. His financial skills were apparent from a very young age, and he became a member of the New York Stock Exchange at just twenty-two. This early jump into the financial world would provide a strong foundation for his later ventures.

His entrance into the railroad industry came through his marriage to Mary Williamson Averell in 1879. Harriman's father-in-law was president of the Ogdensburg and Lake Champlain Railroad Company, and in 1881, at the age of thirty-three, he acquired the rundown Lake Ontario Southern

Railroad.<sup>22</sup> After reorganizing and rebuilding it, he sold it to the Pennsylvania Railroad for a very significant profit. The venture gained him a reputation as a master of revitalizing failing and dilapidated railroads. His career took another turn in 1897, as he joined the board of the Union Pacific Railroad.<sup>23</sup> The UPR was bankrupt, but Harriman rose quickly to become the chairman of the executive committee by 1898 and president in 1903.<sup>24</sup> Under his leadership, Union Pacific underwent massive modernization and transformed into an efficient, profitable company. From 1901 to 1909, he served as the president of the Southern Pacific Railroad and, at the peak of his power, controlled a vast, domestic railroad network. This included the Union Pacific, Southern Pacific, the Illinois Central, and the Central of Georgia. He was also involved in a steamship enterprise with Wells Fargo. He amassed a massive fortune somewhere between \$150-200 million dollars.

Harriman's ambitions were not deterred by borders. George Kennan writes that he dreamed of "a round-the-world transportation line, under unified American control, by way of Japan, Manchuria, Siberia, European Russia and the Atlantic Ocean."<sup>25</sup> This railroad and steamship line "would unite for commercial purposes four of the most populous countries on the globe" and allow the United States to control the commercial

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<sup>20</sup> George Kennan, *E. H. Harriman's Far Eastern Plans* (Garden City, NY: The Country Life Press, 1917), 13.

<sup>21</sup> Kennan, George. *E.H. Harriman: A Biography* (Houghton Mifflin), 1922, 5.

<sup>22</sup> Kennan, *E. H. Harriman*, 61.

<sup>23</sup> Kennan, *Harriman's Far Eastern Plans*, 20.

<sup>24</sup> Kennan, *E. H. Harriman*, 174.

<sup>25</sup> Kennan, *Harriman's Far Eastern Plans*, 5.

activities of much of Asia and Europe.<sup>26</sup> This dream seemed a farce to many, but Harriman was not to be deterred and had laid out the stages of how to enact his plan. He would first secure control of the South Manchuria Railway (recently acquired by Japan from Russia), then buy the Chinese Eastern Railway from the Russians, and eventually acquire rights over the trans-Siberian line to the Baltic Sea.<sup>27</sup> The South Manchurian Railway was Harriman's first target for his global commercial circuit, and in the autumn of 1905, he set out to Tokyo to try and claim it.

E.H. Harriman arrived in Yokohama on the evening of August 31, 1905, to a nation fresh off an imperial triumph, but still dealing with domestic turmoil. His reception was warmer than he had anticipated. Representatives from the Bank of Japan as well as the Mitsui Company greeted him "as soon as the anchor was down."<sup>28</sup> Once he arrived in Tokyo, he dined with Prime Minister Katsura Tarō and Count Inoue Kaoru, one of the powerful *genrō*, or elder statesmen, who were incredibly influential.<sup>29</sup> At this dinner on September 4, Harriman praised the Japanese "great strides in the art of war" but urged his hosts to "look to the arts of peace."<sup>30</sup> He publicly signaled his intention that American and Japanese businessmen "may be brought into closer relationship."<sup>31</sup>

Unfortunately, Harriman's timing was not ideal. The Treaty of Portsmouth was signed the next day, on the 5th of September, and the Japanese public was not satisfied. Having routed the Russian navy and soundly defeated a great power, the public believed that they were entitled to extract a monetary indemnity from Russia, something the treaty had been unable to secure. When the Japanese public learned of this, a mob of rioters surrounded and eventually attacked the minister's residence, as well as police stations and streetcars across Tokyo.<sup>32</sup> Due to the anti-foreign sentiment and the attacks on U.S. and Russian buildings in particular, the government sent Harriman and his entourage to Nikko for a few days while the rioting calmed. Harriman's personal physician, Dr. Lyle, was hit when a crowd mistook him for a Russian. The tense atmosphere of public unrest and anti-foreign sentiment would later be a key factor that decided the fate of the proposal.

Unfettered, Harriman continued to press onward. After a tour of China and Korea, he returned and, after a few days of work, finalized his preliminary agreement with Prime Minister Katsura. The memorandum, signed on October 12, 1905, envisioned an agreement with "joint and equal ownership" of the South Manchuria Railway.<sup>33</sup> The corporation would be organized

<sup>26</sup> Kennan, *Harriman's Far Eastern Plans*, 5.

<sup>27</sup> Kennan, *Harriman's Far Eastern Plans*, 6.

<sup>28</sup> Kennan, *Harriman's Far Eastern Plans*, 7.

<sup>29</sup> Kennan, *Harriman's Far Eastern Plans*, 10.

<sup>30</sup> Kennan, *Harriman's Far Eastern Plans*, 10-11.

<sup>31</sup> Kennan, *Harriman's Far Eastern Plans*, 12.

<sup>32</sup> Andrew Gordon, "Social Protest in Imperial Japan: The Hibiya Riot of 1905," *The Asia-Pacific Journal*, 12, no. 29 (July 20, 2014), 3.

<sup>33</sup> Kennan, *Harriman's Far Eastern Plans*, 23.

under Japanese law and initially "operated with Japanese control," but changes would eventually be made to ensure "a final equalization of representation and control."<sup>34</sup> The railroad would be beholden to the Japanese government if war broke out, but the government assured Harriman that it would protect the railroad against aggression and compensate him for services rendered. Later that afternoon, he left Japan. Bound for San Francisco, believing that progress had been made and he had "started something."<sup>35</sup>

### **The Collapse of the Harriman-Katsura Memorandum**

Three days after Harriman left, Baron Komura Jutarō, the Japanese Foreign Minister, returned from the United States with the final version of the Portsmouth Treaty. The treaty had been negotiated from August 6 to 30 at the Portsmouth Navy Shipyards.<sup>36</sup> Komura was the main Japanese representative and had been the architect of many of the treaty's terms. He would

also be the man who would ultimately put an end to Harriman's proposal.

Komura had been born in 1855 to a low-ranking samurai family on the southern Japanese island of Kyushu. He was a textbook example of the transformations that took place under the Meiji Restoration, having been selected by the Ministry of Education as one of the first Japanese students to study abroad.<sup>37</sup> He graduated from Harvard Law School in 1878. His roommate was Kaneko Kentarō, another statesman who was a strong proponent of a U.S. Japanese alliance. After his return to Japan, he joined the diplomatic corps and rose rapidly through the ranks, helping draft the Treaty of Shimonoseki, ending the First Sino-Japanese War. Komura served as the minister of Korea and became the ambassador to Washington in 1898.<sup>38</sup> By 1901, Komura had been appointed Foreign Minister under the leadership of Prime Minister Katsura. He was the negotiator of many treaties, including the Boxer Protocol, the aforementioned Anglo-Japanese Alliance of 1902, and the Portsmouth Treaty.<sup>39</sup>

<sup>34</sup> Kennan, *Harriman's Far Eastern Plans*, 24.

<sup>35</sup> Kennan, *Harriman's Far Eastern Plans*, 26.

<sup>36</sup> Connaughton, *War of the Rising Sun*, 272.

<sup>37</sup> Connaughton, *War of the Rising Sun*, 272.

<sup>38</sup> "The Marquess Komura; A Notable Career," *The Times* (London). November 25, 1911.

<sup>39</sup> Connaughton, *War of the Rising Sun*, 8.



Figure 3. Negotiating the Treaty of Portsmouth, 1905. Baron Komura Jutarō is seated second from left on the near side of the table. Source: P. F. Collier & Son, Russo-Japanese War (New York, 1905).

Unlike Katsura, Komura never met Harriman and "had not been impressed, as had his colleagues, by the latter's forceful personality."<sup>40</sup> Komura doubted sharing control of the SMR with someone with whom he was unfamiliar. He also feared that Harriman's agreement would damage his own career in Japan and could complicate things with the Chinese. Katsura saw a potential business partner, whereas Komura saw a foreign capitalist whose involvement in Japanese politics could complicate matters and rile up a public who had already displayed their anti-foreign sentiment. Komura argued that Article VI of the Portsmouth Treaty required that the Chinese give consent for any railway transfer, and thus the

Harriman-Katsura memorandum was incompatible with the treaty.<sup>41</sup> Within a week, the cabinet (*chozen naikaku*) reversed course and rejected Harriman's memorandum.

By the time he was back in San Francisco, Harriman received the news in a cable from the president of the Industrial Bank of Japan, Juichi Soyeda, explaining that China's consent for the project had only been secured on the condition that the railway "be worked by a company composed exclusively of Japanese and Chinese shareholders."<sup>42</sup> The *coup de grace* was brought in a January 1906 cable from Prime Minister Katsura, who had resigned from his position as prime minister following public outrage over his

<sup>40</sup> Kennan, *Harriman's Far Eastern Plans*, 32.

<sup>41</sup> Kennan, *Harriman's Far Eastern Plans*, 27.

<sup>42</sup> Kennan, *Harriman's Far Eastern Plans*, 36.

failure to secure an indemnity from Russia. He expressed "regret that, in view of the above circumstance, he is compelled to ask you to regard the memorandum of October 12, 1905, as of no effect."<sup>43</sup> With that final blow, Harriman's bid to secure the South Manchuria Railway was extinguished. The collapse was not a lack of faith from Katsura; it was due to Komura's doubts about American capitalism, as well as his assessment of the Japanese public's sentiment, which would strongly oppose such a memorandum. He just happened to use the circumstances of the treaty to nullify the action taken in the Harriman-Katsura memorandum.

Harriman had grossly miscalculated the situation. As a master of railroads in the U.S., he thought in terms of profit, efficiency, and capital, and assumed that the financial strain on Japan following its war would compel it to sell the SMR. Instead, the Japanese, who had paid in blood for the SMR, regarded it much more as a trophy and used it to project power into their burgeoning empire. He also underestimated the political ramifications that selling the railroad would bring from the Japanese public, already furious over the lack of indemnity. Komura thought in terms of his own political career and the national destiny of Japan. His decision proved to be correct, given the fallout of Katsura and his forced resignation; he would likely have faced massive pushback for the

sale. This memorandum's failure marked a pivotal moment when the newly born Japanese confidence was sky-high. Japan had modernized rapidly in the decades following the Meiji Restoration of 1868 to avoid the fate of states like China, destabilized, exploited, and torn asunder by Western intervention and internal strife.

### The Meiji Restoration

The Meiji Restoration began in 1868 with a revolution that overthrew the Tokugawa shogunate (which had ruled since 1603) and restored nominal rule to Emperor Meiji (1852-1912). The transformation in policy was much more drastic. The new generation of Meiji leaders was largely drawn from the samurai class, especially from the southwestern regions of Japan. They implemented sweeping programs of modernization, which were designed to protect Japan from Western exploitation. The feudal *han* system was abolished and replaced with prefectures by 1871, centralizing state authority.<sup>44</sup> The samurai warrior class was replaced by a conscript army with standardized military training.<sup>45</sup> The government also sent missions abroad to study Western thought, politics, and military systems, such as the Iwakura Mission (1871-1873) headed by Iwakura Tomomi, traveling through the United States as

<sup>43</sup> Kennan, *Harriman's Far Eastern Plans*, 35.

<sup>44</sup> Yuichi Hosoya and Masayuki Yamauchi, eds., *Modern Japan's Place in World History: From Meiji to Reiwa* (Singapore: Springer, 2023), 5.

<sup>45</sup> Hosoya and Yamauchi, *Modern Japan's Place in World History*, 28.

well as Europe.<sup>46</sup> Universal education, railroads, telegraph lines, and industrial development were all implemented through state-sponsored programs. The core national slogan at the time was *fukoku kyōhei*, meaning “rich country, strong army.”<sup>47</sup> The goal of all of these programs had been to avoid the fate of Qing China, carved into spheres of influence by European powers. By 1905, they had thoroughly surpassed the goals they had begun in 1868. The Japanese could now beat the West at its own game; it would not be easily strong-armed into economic concessions.

To understand why Harriman’s offer was doomed to fail, one must understand three interconnected factors: the Hibiya riots and the anger of the Japanese public, the Meiji Restoration and the intense nationalism it cultivated, and the mismatched worldviews between American commercial capitalism and Japanese imperial nationalism. With these factors understood, it is clear why Komura and the *genro*, who were an extraconstitutional oligarchy of elder statesmen who wielded supreme political power in Japan from the 1889 Meiji Constitution until the early 1930s, were opposed to this memorandum and ended Harriman’s vision.

## The Treaty of Portsmouth and the Hibiya Riots

The anger over the treaty that Kennan described soon turned murderous. Early in the evening of September 5, a crowd of protesters began to gather at Hibiya Park. As Andrew Gordon writes, “Because the Japanese public had been bombarded with reports of victory after victory, expectations of a profitable peace settlement were high, and the outrage when this did not materialize was enormous.”<sup>48</sup> When they arrived, they found the gates to the park barricaded by the police. Despite the crowd swelling to about 30,000 people, the police were still unwilling to open the park.<sup>49</sup> The crowd then turned riotous and began to rampage through the city throughout the night and into the next day. They specifically targeted buildings associated with Russia and the United States.

The government was forced to declare martial law on September 6th.<sup>50</sup> By the time authorities finally restored order on September 7, the scale of destruction was staggering. The mobs had destroyed or damaged more than 350 buildings and almost three-quarters of all police boxes in the capital.<sup>51</sup> Some significant buildings targeted included the Ministry of Foreign Affairs, the House of the Prime Minister, churches, mission houses, and the House of the Home

<sup>46</sup> Ian Nish, *The Iwakura Mission to America and Europe: A New Assessment* (Richmond, Surrey: Japan Library, 1998), 7.

<sup>47</sup> Joanna Luisa B. Obispo, “Japan’s *Fukoku Kyohei*: A Continuous Pursuit of Economic and Military Powers,” (February 2017): 56.

<sup>48</sup> Gordon, “*Social Protest in Imperial Japan*,” 5.

<sup>49</sup> Gordon, “*Social Protest in Imperial Japan*,” 7.

<sup>50</sup> Andrew Gordon, “The Crowd and Politics in Imperial Japan: Tokyo 1905-1918,” *Past & Present*, no. 121 (November 1988): 141.

<sup>51</sup> Gordon, “*Social Protest in Imperial Japan*,” 3.

Minister.<sup>52</sup> Several properties of the American diplomatic mission were vandalized. Harriman himself felt this violence during his visit, having to be escorted back to the legation with armed guards.<sup>53</sup> Dr. Lyle and Secretary McKnight were also targeted. Kennan claims that the violence against them was not explicitly anti-American, being that the crowd couldn't see them in the darkness. However, Gordon's assessment and the attacks on the American diplomatic mission make this unlikely; the attacks were deliberately anti-foreigner, and by extension, anti-American. The human cost was also brutal, as seventeen rioters were dead, and hundreds of policemen and

civilians were injured. The government arrested over 2000 people for the riots, and martial law was not abolished until November 29th.<sup>54</sup> The violence in Tokyo led to other demonstrations in cities like Kobe, Osaka, Yokohama, Kyoto, and Nagoya.<sup>55</sup>

The Hibiya riots demonstrate a crucial reality that the Americans could never understand: that the Japanese public simply would not tolerate any agreement that would sell the spoils of its victory to foreigners. Komura understood this and feared that agreeing to the Harriman memorandum would "increase his own unpopularity in Japan" and ignite a political firestorm.<sup>56</sup>

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<sup>52</sup> Gordon, *"Social Protest in Imperial Japan,"* 16.

<sup>53</sup> Kennan, *Harriman's Far Eastern Plans*, 15.

<sup>54</sup> Kennan, *Harriman's Far Eastern Plans*,

<sup>55</sup> Gordon, *"The Crowd and Politics,"* 141-142.

<sup>56</sup> Kennan, *Harriman's Far Eastern Plans*, 32.



Figure 4. Unknown. Demonstrators in Hibiya Park During the Hibiya Incendiary Incident. Photograph. September 5, 1905.

Even though the Japanese treasury was depleted and the deal made financial sense, as they desperately needed capital, the political ramifications of announcing a joint American-Japanese railway enterprise in the midst of this political unrest would have been catastrophic to his own political career and to the country as a whole. As previously mentioned, Prime Minister Katsura was forced to resign on January 7, 1906, largely due to the public outrage over his indemnity failure.<sup>57</sup> Saionji Kinmochi replaced him as prime minister, a member of the *Seiyūkai*, Katsura's rival party.<sup>58</sup> Thus, Komura saw the

writing on the wall from the Hibiya riots. To block Harriman's proposal was not simple obstructionism; it was his prioritizing his own survival in a turbulent period.

### Aftermath and Legacy

The loss of his October 12th memorandum did not dissuade Harriman. Kennan notes that his "ill success... did not shake his faith in the practicability of the enterprise but merely led him to consider other means of bridging the gap."<sup>59</sup> The prize was still fixed, but a major obstacle stood in his way. The Chinese were opposed to losing control of any more of their railroads to

<sup>57</sup> Lesley Connors, *The Emperor's Adviser: Saionji Kinmochi and Pre-War Japanese Politics* (London: Routledge, 1987), 20-22.

<sup>58</sup> Connors, *Emperor's Adviser*, 23.

<sup>59</sup> Kennan, *Harriman's Far Eastern Plans*, 38.

foreign entities. They had also recently agreed with the Japanese not to construct any new railway lines near the SMR. Harriman briefly considered a line going 1200 miles across the Gobi Desert.<sup>60</sup> The terrain would be far too difficult, with temperatures reaching over 40 degrees Celsius in the summer and -40 degrees Celsius in the winter, along with dry plateaus and dunes, as well as the logistical nightmare of constructing the route. Harriman had to pivot again, looking for an alternative.

He found some hope in a new ally, the young Willard Straight. Straight was a young Cornell graduate who had worked in the region since 1901, in Korea, China, and Manchuria.<sup>61</sup> He worked as a Reuters correspondent during the Russo-Japanese War, and he became the American Consul General in Mukden (Shenyang).<sup>62</sup> Straight helped Harriman by becoming his eyes and ears in Manchuria. In September 1907, a British corporation had secured the rights from China to extend the Chinese Imperial Railway and eventually connect it to the trans-Siberian at Qiqihar (Tsitsihar).<sup>63</sup> Straight attempted to secure an alliance between the British and Harriman, thus circumventing the Japanese entirely and cutting them out of the picture.<sup>64</sup> However, back

stateside, the Panic of 1907 (also known as the Knickerbocker Crisis) triggered a recession and caused the U.S. stock market to fall nearly 50%.<sup>65</sup> Thus, raising substantial funds was unachievable.

By 1908, when things had calmed, Harriman made another attempt. Straight had gotten a memorandum from Tang Shaoyi, a Chinese official, for a \$20 million loan to build a railway in Manchuria.<sup>66</sup> Kuhn, Loeb & Co. agreed to undertake the loan through Harriman's influence.<sup>67</sup> In November 1908, disaster struck: the Guangxu Emperor and the Empress Dowager of China both died.<sup>68</sup> The new regent, Prince Chun, dismissed Tang's ally, warlord Yuan Shikai. This dismissal left Tang without any substantial support within China, and eventually, the loan dropped. Harriman continued to try desperately to negotiate with the Russians and the Japanese. By summer 1909, he had become mortally ill, but had secured a tentative promise from the Russian state to recommend selling the CER to American interests; it was too little, too late.<sup>69</sup>

Harriman died on September 9, 1909, at the age of sixty-one.<sup>70</sup> His railroad empire, including the Union Pacific, Southern Pacific, and vast network of smaller railroads and steamships, passed into the hands of others. His massive

<sup>60</sup> Kennan, *Harriman's Far Eastern Plans*, 39.

<sup>61</sup> Herbert David Croly, *Willard Straight* (New York: The Macmillan Company, 1924), 18.

<sup>62</sup> Croly, *Willard Straight*, 67.

<sup>63</sup> Kennan, *Harriman's Far Eastern Plans*, 40.

<sup>64</sup> Croly, *Willard Straight*, 238.

<sup>65</sup> Ellis W. Tallman and Jon R. Moen, "Lessons from the Panic of 1907," *Economic Review*, Federal Reserve Bank of Atlanta, 75, no. 3 (May/June 1990): 8.

<sup>66</sup> Kennan, *Harriman's Far Eastern Plans*, 43.

<sup>67</sup> Kennan, *Harriman's Far Eastern Plans*, 44.

<sup>68</sup> Crossley, *The Manchus*, 195.

<sup>69</sup> Kennan, *Harriman's Far Eastern Plans*, 45.

<sup>70</sup> "Harriman Dead. News Delayed. Financier's End Came at 1:30 o'clock, with His Family About His Bedside," *The New York Times*, September 9, 1909.

dream of a global transportation line, stretching around the world, had died with him. As Kennan laments at the end of his account, "there was no one left in America capable of undertaking, much less of carrying through, such a colossal enterprise."<sup>71</sup>

## Conclusion

The failure of the Harriman-Katsura memorandum, and thus Harriman's larger vision, was not simply a business deal that had failed due to diplomatic technicalities. Instead, it was a collision between two ideologies that were fundamentally different in their goals and worldview, and thus incompatible. Harriman, representing American commercial capitalism, believed that the South Manchuria Railway was simply a commercial asset. Drawing on his experience as a railroad magnate, he assessed in terms of fiscal benefit and thought in terms of goals of efficiency and profit. He assumed that Japanese financial exhaustion from the Russo-Japanese War would compel them to cooperate.

However, the Japanese viewed the South Manchuria Railway in a very different light. They had just defeated a major European power for the first time in modern history and were setting up their own imperial expansion. They saw a railway, won at the cost of nearly 100,000 lives, that could

serve as the strategic backbone of their new empire on the Asian continent. The Hibiya riots demonstrated that the Japanese public would not be tolerant of any agreement that would be seen as selling out the country to foreigners. Foreign Minister Komura understood this and saw the ramifications if he proceeded with the memorandum. Prime Minister Katsura saw a business partner, while Komura saw a foreign businessman, whose involvement would inflame an already volatile public and could compromise Japanese hegemony over Manchuria. Thus, he made his decision for political survival.

The failure of the memorandum marks a critical turning point. Japan, emboldened by its successes against Russia and still feeling the Meiji legacy, chose to exercise exclusive control instead of shared investment. This set a precedent of American commercial pressure and Japanese strategic resistance, first in Manchuria and later seen across the Pacific. Harriman was never able to claim his prize, and all of his subsequent attempts failed. The railway was a mirror to both parties, and they saw vastly different things in it. Harriman saw, in his own reflection, a global network of commerce. The Japanese saw a hard-won empire that was not to be divided up and shared.

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<sup>71</sup> Kennan, *Harriman's Far Eastern Plans*, 45.

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