Honda Sōichirō and the Rise of Japan’s Postwar Motor Vehicle Industry

By Jeffrey W. Alexander

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For a manufacturing company to achieve success on a global scale, it must be willing to see past its domestic rivals and set its sights on challenging the world’s leading firms. In Japan in the late 1940s, however, few company presidents could foresee a time when their products would outperform Western designs, and almost none could yet compete directly against foreign wares. Many of Japan’s industries were badly crippled by US bombing campaigns late in the Second World War (1939–1945), and as the country struggled to regain its economic footing during the seven-year period of Allied Occupation (1945–1952), many Japanese industrial associations called for tough protective tariffs against superior foreign imports.

One of the few industrialists who resisted this call and argued instead for the technical benefits of open markets was Honda Sōichirō (1906–1991). Later dubbed the “Henry Ford of Japan,” Honda argued that limiting foreign auto imports would only perpetuate the inferiority of Japanese products and assure the nation’s defeat in world markets. No stranger to failure himself, Honda’s experience had taught him that in order to succeed, motor vehicle makers had to amass significant technical skills that could only be earned through unrestrained competition against the world’s top firms, both in the showroom and on the racetrack. Though his tenure was long and he remained at the helm of his company until 1973, the most important lessons of Honda’s career were learned during the turbulent wartime and early postwar eras.

From Master Mechanic to Precision Manufacturer

Honda Sōichirō was born in 1906 in Hamamatsu, in Japan’s Shizuoka Prefecture, some 150 miles from Tokyo. His father, Honda Gihei, was a blacksmith who ran a small bicycle repair shop. The younger Honda was deeply excited about motorcars and airplanes as a boy, and he would occasionally trek by bicycle to see the motor races, which were hugely popular at that time. Keen to pursue a career as an auto mechanic, Honda moved to Tokyo in 1922 at the age of fifteen to take a position as a mechanic’s apprentice at a shop called Art Shōkai. Given little training at the outset, Honda’s prospects took a sharp turn when the Great Kantō Earthquake struck Tokyo and the surrounding region on September 1, 1923. The massive quake destroyed the repair shop, along with thousands of other regional businesses, and prompted nearly all of Art Shōkai’s employees to resign and return to their native homes. Left alone with the owner and the senior apprentice, Honda quickly received very thorough training in auto mechanics and put his skills to use designing and building race cars on the side.1

Honda was passed over for military service when he turned twenty because he was colorblind, and by twenty-one he was made a master mechanic. In 1928, he was permitted by the shop owner to return to Hamamatsu and open his own shop with the same name. He carried on repairing cars and motorcycles, most of which were imported at that time, and he also continued to race his own project cars. However, when he participated in the inaugural race at Tokyo’s new Tamagawa Speedway in June 1936, he flipped his car three times and was thrown from the wreck. Lucky to survive and recover, he soon decided to pursue a career in auto parts manufacturing.

Honda settled on the idea of producing piston rings, which were very complicated to manufacture and were valued in the late 1930s more highly than silver.2 He had seen his former boss attempt to make them during his time as an apprentice, and he obtained the backing of an investor to help him acquire the necessary machinery to open a new company, the Tōkai Seiki, or Eastern Sea Precision Machine Company. The chief difficulty, however, was that Honda lacked a formal education, and he had no knowledge of metallurgy. His attempts to make piston rings by pouring molten metal into a mold called a die, a process called diecasting, was a failure. Only three of the fifty rings that he submitted to the young Toyota Motor Company passed inspection, and the rest were deemed useless.

A self-taught engineer, Honda tackled projects independently, and he made progress chiefly through determined hard work, but some tasks simply cannot be accomplished alone. Though he had had no use for formal education, his struggling company needed help, and he was forced to turn to professors of engineering at Hamamatsu Technical High School—later the engineering department of Shizuoka University. They found that Honda’s piston rings did not contain enough silicone to enable them to expand inside the cylinders and seal the pistons properly. Forced to recognize the importance of study, Honda enrolled part time and studied engineering for two years in order to advance his production trials. When he was finally able to make a quality prototype, he turned over his auto repair shop to his apprentice and became the President of Tōkai Seiki. This chapter in his life affirmed the critical importance of technical skill—a lesson that would inform Honda’s design and manufacturing processes for decades.
Experience Cast in War

During the war years, Honda's piston ring company served a vital role as a munitions producer. In 1941, he developed a host of automated machinery that enabled even unskilled volunteer laborers to mass produce high-quality piston rings for use in trucks built by Toyota, the warships of the Imperial Japanese Navy, and the warplanes made by Nakajima Aircraft (today Fuji Heavy Industries, owner of Subaru). As the war unfolded and more working-age men were drafted, Honda's employees were increasingly untrained women and even schoolgirls, but his automated lines enabled them to continue producing rings for the war effort.

Soon, Honda's talents came to the attention of a company called Nippon Gakki, known today as Yamaha. Originally a producer of musical instruments such as pianos and organs, it employed many expert carpenters, several of whom also fashioned wooden propellers for the Army Air Corps. The work was much too time-consuming, however, and the army was demanding that propellers be made much more quickly and out of steel. Lacking the necessary skills to build such sophisticated cutting tools, Nippon Gakki reached out to Honda and asked him to help design the necessary high-speed milling machines. Honda's lack of formal education, which surprised Nippon Gakki's directors, was no obstacle. He delivered the necessary machines on time, earning him a commendation from Japan's military authorities, who hailed him as an industrial hero. In late 1944, however, Honda's own piston ring plants were bombed by US B-29s. Though he was able to salvage much of the equipment and sell his business to Toyota shortly after the war, his career as a piston ring maker was over.

In the interim, he had again learned valuable lessons, including the importance of pairing untrained workers with automated machinery, rather than relying on master machinists. Combined with the need for technical skill, this lesson would later prove critical.

Rising from the Ashes

Japan's economy was in shambles immediately after the war. Over 140 urban centers were officially designated war-damaged cities, and the nation had lost an estimated one-quarter of its national wealth, plus millions of lives. As the country teetered on the edge of starvation amidst frigid winters and poor harvests, thousands slept under bridges and railway overpasses. Through 1948, millions more returning veterans were steadily repatriated to Japan, and many soon found themselves panhandling in the streets. Japan was required to pay all the costs of the seven-year Allied Occupation, which consumed fully one-third of its national budget, and the government continued to ration foodstuffs for several years.

In this atmosphere, manufacturing automobiles remained unthinkable, and under US General Douglas MacArthur, Allied general headquarters (GHQ) forbade Japan from producing more than 1,000 trucks and 350 passenger cars per year—just enough to maintain basic services and no more. Very few families earned enough to afford a car anyway. For them, the best chance for motorized transportation would have been a small motorcycle, but GHQ also forbade the production of any motorcycles or scooters, and it would not authorize the release of precious materials for their manufacture. Viewing them as suitable only for recreation, GHQ considered such two-wheeled vehicles to be nothing more than "useless toys." Finally, in 1946, a public protest before the Imperial Palace in Tokyo by companies wishing to manufacture scooters convinced GHQ to permit their production—including by the former Nakajima and Mitsubishi Aircraft companies.

At the same time, dozens of entrepreneurs, including Honda, were trying their hands at building and selling an even cheaper form of motorized transportation—the attached-motor bicycle, or gentsuki bike. In the early postwar period, Honda spent a year, like many others, drinking cheap, illegally produced alcohol and working very little. But by summer 1946, together with his younger brother, Benjirō, Honda set up a small shop on the site of his ruined piston ring plant and tried to manufacture something useful. Like many postwar entrepreneurs, they struggled to find a suitable product, and they tried and failed to make a rotary weaving machine, frosted glass panels, and woven bamboo roof tiles. Then, Honda came across a small gasoline-powered motor from a surplus army backpack radio, and he set about attaching it to a bicycle to power the rear wheel by means of a belt. It was not a novel idea, for many others were attempting the same feat, but he and roughly a dozen employees were determined. In September 1946, he founded the Honda Technical Research Institute, and the next month, they succeeded in producing a two-stroke, 50 cc A-Type motorized bicycle.

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The 50 cc Honda A-Type, nicknamed the Bata-Bata, 1947. Source: The Honda Motor Company.


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Much of Honda’s success was due to clever, timely innovation, significant risk taking, and extremely hard work.

and business began to accelerate. One by one, the company issued new models: the 90 cc B-Type cargo vehicle, the 96 cc C-Type, and finally, in July 1949, the 98 cc D-Type “Dream”—the company’s first complete, full-scale motorcycle.7 The Dream was a commercial success, and its popularity raised the company’s profile in the eyes of consumers, for very few of the dozens of rival gentsuki-bike producers were yet capable of making full-sized motorcycles. Equipped with conveyor systems to speed up assembly, Honda’s new plant was soon able to produce 200 A-Type engines per month, parts for which were increasingly made on-site in custom metal dies. The investment in such die casting equipment was enormously costly, but Honda was determined to produce parts to exacting specifications in order to ensure consistency. To him, irregular parts were totally unacceptable, and his line workers would quickly hide their finishing tools and files when the “Old Man” walked by, lest he fly into a rage.8 Honda was known to berate his workers if they were caught trying to modify parts that should have been produced uniformly—and his tirades were fearsome. He demanded accuracy in parts manufacturing for two reasons: so that they could be made by untrained workers instead of master craftsmen and so they could be replaced by distant dealers or mechanics just as easily as they had been installed at the factory.

By this point, Honda was forty-two years old, and he began to enjoy some of the fruits of his labor. Ever the motor enthusiast, he was often seen driving around in sports cars or speedboats, and his rivals noted that though his shop was still small, his engineers were famous for their talent, which paid dividends.9 Still, his firm produced little more than 100 finished machines per month, so in order to reach the next level and become a major player in Japan’s motorcycle market, his company needed to grow dramatically. It had to mass produce on a much greater scale, produce even more of its own parts in-house, and rival not merely the best products in Japan, but the best in Europe. Similarly wracked by war, Europe’s consumers were likewise mobilizing rapidly aboard scooters and motorcycles.

Growth, Racing, and Innovation

In 1949, Honda was introduced to the man who would partner with him in his pursuit of growth—Fujisawa Takeo. Fujisawa had managed a cutting tools manufacturing firm during the war, and many of the companies’ products were also purchased by Nakajima Aircraft. With a mutual understanding of brutal competition necessitated by war and the sobering memory of defeat, the two men shared many perspectives on business, and Fujisawa agreed to join Honda’s company. Honda was a talented inventor and a self-taught engineer with a great deal of experience running assembly lines, but he lacked the financial and managerial skills necessary to plan strategically for the future. This became Fujisawa’s terrain, and supported by an investment from his father, he purchased some of the company’s shares and became the firm’s managing director.

Though Japan’s economy was shrinking in early 1950, things turned around rapidly when the United Nations, led by the US, entered the Korean War in July. Fueled by large orders from the US military for trucks and other war material, Japan’s domestic marketplace suddenly boomed as a series of “special procurements” pumped billions of yen into the economy. Consumers soon demanded cheap motorized transportation, and Honda seized the opportunity to erect a large factory in Tokyo, equipped with conveyor lines and machines for mass producing stamped-metal frames and bodies. Engines produced in Hamamatsu were now assembled into motorcycles in Tokyo, and in order to further improve its processes, Honda applied for a development grant from the powerful Ministry of International Trade and Industry (MITI). In an example of Honda’s daring, the grant required a degree of exaggeration. Aimed at fostering expanded use of die casting of aluminum parts, MITI’s grant program required a minimum monthly output of thousands of units, not hundreds, but Honda ordered an employee to draft the grant application and promise the numbers that MITI wished to see. Satisfied by the production targets pledged by Honda, MITI awarded the company a ¥400,000 development grant in 1950, which it soon augmented with an additional ¥100,000.

Honda’s confidence was not limited to the production floor, for a battle was brewing between Japan’s many motorcycle makers, which numbered well over 100 small firms nationwide. In order to cull the herd of companies (some of which, like Suzuki and Meguro, produced complete motorcycles, while many more simply assembled parts made by others), the motorcycle manufacturers’ association proposed a series of endurance races. Billed as “volcano” races up Mt. Fuji, near Hamamatsu and Mt. Asama in Gunma Prefecture, these private events featured dozens of machines, and ninety-six riders participated in the first Mt. Fuji Ascent Race in 1953. Suzuki won that race, forcing Honda to recognize the importance of racing to the future of his firm, for the winning makers advertised their endurance victories widely, which greatly benefited their brands.10 Honda’s
commitment prompted his racing team to take first, second, and fifth places at the 1955 Mt. Fuji Ascent Race, and Yamaha entered too and won the 125 cc class. The losing firms, many of whose machines broke down and failed to reach the summit, soon went out of business.

At the same time, Honda worked with Fujisawa to design a new machine, the F-Type "Cub"—a simple 50 cc gentsuki bike with a red motor and white gas tank positioned aside the rear wheel. A cute design, the Cub proved hugely popular and prompted yet another expansion of Honda's production capacity—by adding three more plants equipped with Western machinery. Honda personally journeyed to the US in 1952 to examine motorcycle factories and to purchase American machine tools. He also ordered new machines from West Germany and Switzerland. Honda's rationale for this crushing capital expense was as follows:

> In September, we produced more than 1,000 "Dreams" and production of the "Cub" broke through the 5,000 barrier, but although we are now the top makers in Japan, I feel an unbearable sense of shame when I look at our present level of performance from a global perspective. As I remarked in my New Year greeting, my goal is to manufacture products which exceed international standards. I am well aware that there is still a huge gap between our products and those of advanced countries like Britain and the USA. In order to realize our creativity and inventiveness, we need the very best machinery. There is an old saying that "A bad workman blames his tools." I have taken a major decision to purchase the world's best machine tools. The order has already been placed and we are now dealing with the import license formalities. The investment will come to 300 million yen.12

Some of the new machines were installed in the company's new plant in Saitama, near Tokyo, and the rest were set up in a new plant in Hamamatsu, giving Honda a tremendous increase in production capacity—at the total cost of ¥1.5 billion yen. Unfortunately, these new plants came online just as the Korean War came to an end in 1953, which swiftly tipped Japan's economy into recession.

As Fujisawa negotiated with his suppliers, workers, and dealers during the downturn in an effort to carry on, Honda continued to venture out in pursuit of better machinery, better parts production techniques, and more racing victories. His team entered a race in São Paulo, Brazil, in February 1954, becoming the first Japanese motorcycle manufacturer, along with rival Meguro, to compete internationally since the war. However, Honda's riders came in thirteenth out of twenty-five racers, and he unhappily estimated that his motorcycles were at least ten years behind their European rivals. The situation was reminiscent of Honda's failed piston ring prototype—he had been working in the dark and was chastened by the results. Just as before, he had to refocus his efforts, for racing has much more to do with business than with sport. Winning races leads to improved brand recognition and more sales, but losing can quickly lead to bankruptcy or takeover—as would happen to Meguro within a decade.

Honda returned to Japan with newfound resolve, and in March 1954 he issued an open letter to both his employees and his industry rivals. In it, he declared that within a few years, his company would not only enter the famous Tourist Trophy (TT) race on the Isle of Man in the Irish Sea, but win it. His letter stunned his employees. Considered the Olympics of motorcycle racing, this prestigious event was dominated by British and European makers, and no Japanese firm had ever competed there. That summer, Honda went to observe a race at Man, where it was his turn to be stunned. He was chastened to find that the competing British and European machines were not simply tuned-up versions of stock products, like those of Honda's team, but were comprised entirely of high-performance racing parts produced by specialty makers. Honda bought up as many of these parts as he could, stuffing so many of them into his suitcases that they exceeded the weight limit for the return flight to Japan, forcing him to
put on nearly all his clothes at once in order to avoid tipping the scales. By studying these parts closely and reverse-engineering a series of Italian racing bikes purchased from the motorcycle manufacturer Mondial, Honda’s team placed sixth, seventh, eighth, and tenth in their debut at Man in 1959. The next year, fresh off a victory in the 1959 Asama Volcano Race, Honda’s team continued to place sixth through tenth at Man, and in 1961, Team Honda finally prevailed. Its hired European riders swept both the 125 cc and 250 cc races, barring their rivals from the podium. The then-head of Honda finally prevailed. Its hired European riders swept both the 125 cc and 250 cc races, barring their rivals from the podium. The then-head of Honda’s nine-man team at the Isle of Man TT on May 5, 1959. Lead rider Naomi Taniguchi (on bike) finished sixth, followed by Giichi Suzuki and Juno Suzuki.

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MITI (Ministry of International Trade and Industry) and Honda Sōichirō

In 1961, MITI drafted a bill to limit automobile production to just a handful of companies, but Honda Motors was not included. This outraged Honda Sōichirō, and he directed his anger at MITI’s undersecretary, Shigeru Sahashi. In 1983, Honda recalled:
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I simply cannot go along with the idea that in order to protect our jobs we should set limits on the import of foreign cars. Technological competition should be conducted by technological means. No matter what barriers we put in their way, quality products will always find a way in. Good products know no national boundaries. [Being the best] means nothing when you are only comparing yourself with the rest of Japan.
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Twenty years later, director Sakurai Yoshio of the JAMA affirmed Honda’s influence and identified him as the principal advocate of free trade in Japan’s motor vehicle market. As he put it:
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From 1950 to 1953 the feeling we had was a desire to expand and grow, so there was also a Foreign Vehicle Suppression Committee. Its aim was to defend against the importation of foreign vehicles; however, Mr. Honda Sōichirō resisted this idea from the beginning. He said that if we restrained foreign imports, we would remain inferior to them, which was bad, and that this inferiority would lead to our defeat in world markets. In his opinion, we must permit “free” international competition . . . . The so-called era of free trade began with motorcycles.
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Naturally, most of Japan’s surviving motorcycle and scooter producers transitioned by the late 1950s and 1960s to manufacturing their own passenger cars and trucks, including Subaru, Mitsubishi, Suzuki, and Honda, which began selling the Honda “Civic” in 1972. Their early forays into auto production were difficult, but motorcycles and scooters had served as the ideal bridge for former munitions and aircraft makers seeking to become automobile producers. Though his firm was never part of a major corporate family, Honda wielded significant personal and professional influence, and the continuing national and international racing victories chalked up by Team Honda contributed greatly to the advancement of Japan’s technical capabilities and its campaign to conquer foreign markets.

Honda stepped down in 1973 and was replaced as President and CEO by Kawashima Kiyoshi, a talented engineer who had led Team Honda during its early efforts to win the Man TT race. Though Honda remained a director and his advice was still sought out for many years, he turned much of his attention to his auto racing team and to supporting his Honda's nine-man team at the Isle of Man TT on May 5, 1959. Lead rider Naomi Taniguchi (on bike) finished sixth, followed by Giichi Suzuki and Juno Suzuki.

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Foundation, which still supports youth and science education. In 1989, two years before his death, Honda was inducted into the Automotive Hall of Fame in Dearborn, Michigan. In 1995, his company celebrated a significant milestone—sales of Honda Civics reached ten million units worldwide.

NOTES
4. Sakiya Tetsuo, 56.
13. Interview with Sakurai Yoshio, in Hashimoto, ed., 442.
14. From “If You’re Not No. 1 in the World, You Can’t Be No. 1 in Japan (1952).”
15. Interview with Sakurai Yoshio, in Kokusan mōtāsaikuru no ayumi, 443.

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