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Harley Goes to the Far East: Part 2



The Great Depression disrupted financial markets around the world and Japan felt it's effects as the value of Yen continued to drop throughout 1929. At one point, the Yen dropped down to a value of 20 cents, down 30 cents from 1925 averages. This caused the price of imported goods from America to more than double within just one year. Harley-Davidson motorcycles soon went from being transportation vehicles to luxury items almost overnight. Child was faced with either closing down Harley-Davidson Sales of Japan or doing something unheard of in the history of the Motor Company. His choice was to travel back to Milwaukee and convince the four founding members of HD to allow Sankyo Company to purchase exclusive rights to manufacture both motorcycles and spare parts in Japan.

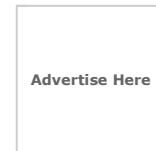
Just one year earlier, this idea would have been quickly dismissed by the Motor Company, but with the Great Depression taking its toll on Harley-Davidson, the four founders agreed to Child's terms. In return Sankyo agreed not to export any of the motorcycles produced in their factory and to continue purchasing Milwaukee built machines until their factory was complete. Child also hired Assistant Factory Superintendent, Fred Barr to help oversee the construction of the new factory in Japan.

The Shinagawa factory, took approximately 5 years to complete and was producing 100% Japanese made motorcycles using parts exclusively manufactured in Japan by 1935. Remarkably, no Japanese workers were ever sent to the US for training. Everything about the production of the motorcycles and parts was learned from Fred Barr and the blue-prints provided by Harley-Davidson. Harley also provided some of the machine tooling, but many machines were purchased directly by the Japanese from outside suppliers.

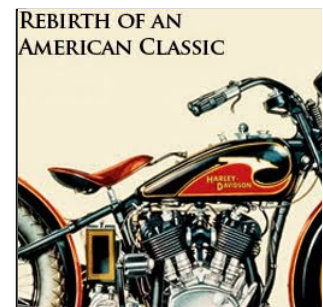


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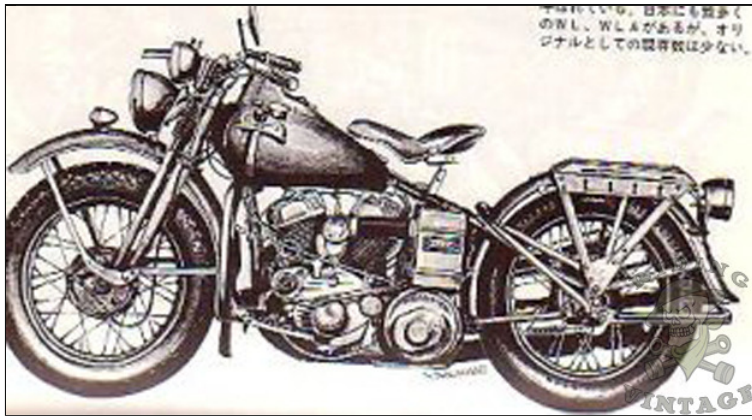


1933 HARLEY-DAVIDSON VL RESTORATION



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

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As the new Japanese built motorcycles began to roll off the line at Shinagawa, something new was coming out of Milwaukee. For the past several years, Harley-Davidson had been developing an overhead valve engine to replace the aging side-valve. It was called the Knucklehead.

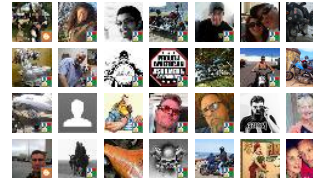


Now that the Depression was over, Harley realized that having a factory in Japan provided competition that they did not want. In order to help lesson the blow of reduced motorcycle sales in Japan, Harley insisted that Sankyo pay a licensing fee for the new knucklehead engines. Sankyo had no interest in the new overhead valve engines as their main clients were the military and commercial entities. The low-compression high-torque flathead engine was much better suited for this type of work than the higher revving knucklehead engine that was replacing it in Milwaukee. Sankyo not only refused to produce to the knucklehead, but went as far as telling Harley-Davidson that they would continue producing the flathead under the name "Rikuo"

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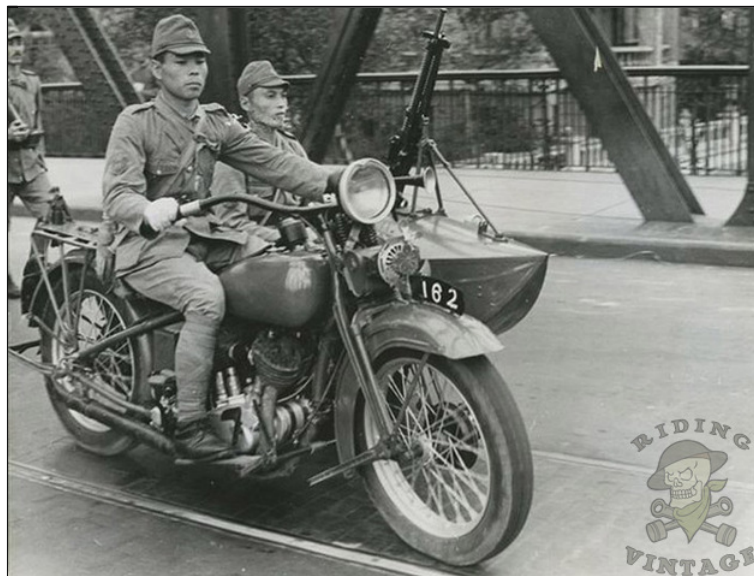
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Harley-Davidson was left with no choice but to completely break ties with the Harley-Davidson Sales Company of Japan, the Sankyo Company and the Shingawa factory. Sankyo continued it's motorcycle production at the Shingawa factory producing the re-badged Rikuo model. This name is loosely translated as "King of the Road", but a more literal translation is "Continent King" which more accurately conveys the purpose of this new motorcycle. That purpose was to transport the Japanese Imperial Army across the Asian continent... The story continues in [Part 3](#).



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