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In Search of the Origins of the Modern Japanese Economy : History of the Civilization of Great Merchant Families and Zaibatsu

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In Search of the Origins of the Modern Japanese Economy —History of the Civilization of Great Merchant Families and *Zaibatsu*—

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PREFACE

The present age is said to have no paradigm. The early Edo period and the Meiji Restoration period had none, either. During the upheaval of those periods, great merchant families of the Edo period and *zaibatsu*, comprehensive family-holding companies of the early modern age, established unique business systems responsive to their times. They played leading roles in the *bakuhan* and modern economies, respectively. We can see in them the prototype of modern Japanese business groups. Distinctive traits peculiar to Japanese economics and management have descended from the Edo-period great merchant families through *zaibatsu* to modern business groups.

This short essay will deal with the paradigms of the Edo period and early modern period. The great merchant families and *zaibatsu*, which led the

economies of their times, will be positioned in historical context. There will be little opportunity to develop an assumption in which both would be combined, or make any reflections on the history of civilization. Many questions are thus to be left untouched. I hope various opinions will be presented on them in discussions.

1. PARADIGMS OF THE EDO PERIOD AND ENTREPRENEURIAL ACTIVITIES OF GREAT MERCHANT FAMILIES

In his recent work *Hikaku Bunmei* [1985], Ito Shuntaro divided human history into five epochs—those of the mankind revolution (from 2,000,000 B.C. to 10,000 B.C.), agricultural revolution (from 10,000 B.C. to 3,500 B.C.), urban revolution (from 3,500 B.C. to 1,500 B.C.), spiritual revolution (from 700 B.C. to 300 B.C.) and scientific revolution (from 17th century afterwards), each representing a great change in our civilization.

Furthermore, Ito assumes the time from 1950 to be the sixth epoch of revolution in civilization, naming it the “human revolution” epoch.¹⁾ What matters at this stage will be, according to Ito, the “integration of mind and material”.

Aside from the current civilizational-historical period facing us, the fifth epoch of the scientific revolution, according to Ito’s division, seems to be especially important in relation to this essay; this scientific revolution gave rise to the “Industrial Revolution”, creating a modern, industrial civilization. With reference to this situation, Ito says²⁾:

“[it] founded a modern industrial civilization by inevitably combining science with technology and thus carrying out the “Industrial Revolution.” It also allowed the West to dominate the world. This must have been the very origin of ‘Western predominance’ in the past three-hundred-year history of the world”
[Ito 1985]

Interestingly, we find in this passage Ito’s unique view on what he calls “Western predominance” expressed in reference to the relations between the scientific revolution and the Industrial Revolution. The Edo period, which is to be discussed in this section, needless to say, extended for about two hundred and seventy years until the Industrial Revolution. It occurred during the interval between the fourth and fifth epochs of spiritual and scientific revolution, respectively, according to Ito’s division. Ito recognizes no major upheaval in civilization during the period between the third century, B.C. and the sixteenth century, A.D., a time span 1900 years. Though the appropriateness of this claim could be questioned, there is no question about the argument that the Edo period included the time when the foundation of the modern industrial revolution was established. In this section, the ac-

1) Ito, Shuntaro (伊東俊太郎) 『比較文明』 東京大学出版会 1985 pp. 51-78.

2) Ito, Shuntaro (伊東俊太郎) 『比較文明』 東京大学出版会 1985 p. 70.

tivities of great merchant families and the paradigms of their activities will be discussed as a main subject, with reference to their relation to the modern economy.

The Edo period of some 270 years can be divided in many ways, in accordance with different viewpoints. Most generally, however, it is divided into these three periods; the period extending from Keicho (1596–1615) to Shotoku (1711–1716), that from Kyoho (1716–1736) to Kaei (1848–1854) and that from Ansei (1854–1860) to Keio (1865–1868). The first period was the era of the formation and development of the *bakuhan* system of rule; the second, that of its transformation; and the third, that of its dissolution, beginning with the opening of ports and ending with the Meiji Restoration. Though each unquestionably represented a different situation, they shared common paradigms characteristic of the Edo period—that is, a society based upon the *kokudaka* system of land measurement, the separation of warriors and peasants, the building of castle towns, the policy of national seclusion (*sakoku*), the system of alternate attendance (*sankin-kōtai*) and a value system based upon Confucian principles of morality. Together, they formed the historical foundation for the emergence of great merchant families during the Edo period, who pursued their entrepreneurial activities throughout that age of national upheaval. The great merchant families established their own system of management based upon the family business organization. Their management system provided the prototype for the formation of comprehensive family-holding companies (*zaibatsu*) that emerged after the Meiji period, as indicated by Yasuoka Shigeaki.³⁾ The following pages will outline each of the aforementioned paradigms.

(1) Creation of a society based upon the *kokudaka* system of land measurement

The basic conditions for the formation of the *bakuhan* order were provided by the *kokudaka* system of land measurement and the separation of warriors and peasants. Land valuation by Taiko, otherwise known as Toyotomi Hideyoshi, played a decisive role in the establishment of the *kokudaka* system. Taiko revised the conventional *kandaka* system of tax-rice valuation in which the amount of tax-rice for each field was represented by an amount of coins. He adopted, instead, *kokumori* (average rice crop per unit area of field) as the standard for the imposition of rice tax; the *kokumori* was multiplied by the actual area of field to estimate the *kokudaka*. *Kokudaka* in this context represents the productive capacity, or crop size, of rice of the land. The *kokudaka* for each field was thus estimated based upon actual measurements of the field. The estimates for all fields were totaled to give the productive capacity of each village, *muradaka*. As described in Jikata Hanreiroku (recorded from 1791), *kokudaka* was “equivalent to *muradaka*.” This description was an expression of the common social principle of the Edo period as well. Through this *kokudaka* system of land valuation, *bakuhan* rulers built up a

3) YASUOKA, Shigeaki (安岡重明)「日本における財閥の原型—鴻池・三井を素材とした試編—」DOSHISHA DAIGAKU JINBUNKAGAKU KENKYUSHO (同志社大学人文科学研究所) (ed.)『社会科学』Vol. 1, Nos. 3–4, 1966. YASUOKA, Shigeaki (安岡重明)『財閥形成史の研究』ミネルヴァ書房 1970.

firm system for political control of their domains as well as for stable procurement of tax-rice. The system enabled them to grasp the productive capacity of the land in their domains and of the peasants who cultivated it. The implementation of the *kokudaka* system formed the basis for the *daimyō chigyō* system, which contributed to the solid establishment of the *bakuhan* system of rule.

In the early period of Edo *bakufu* rule, the national *kokudaka* was estimated at about 30 million *koku*, 75% of it being from *daimyō* domains, 23.4% from the *bakufu* domains, 1.3% from the domains of temples and shrines and 0.3% from imperial domains. The economic regime of *daimyō* domains was not by origin a self-sufficient one. It was required to purchase special goods from the Kinai district, including weaponry, clothing and craftworks. To secure capital for purchasing those commodities, central markets were established, in which a great amount of the tax-rice collected was exchanged for cash. Osaka played an important role as the center of all the markets in the country and was later to be known as the "kitchen of Japan". The foundation of this reputation was already laid in the early Edo period. The principal contributors to the creation of those central markets were great merchant families from the early Edo period. Later, their function was more specialized as rice-warehouse intendants (*kuramoto*) or bankers (*takeya*).

(2) Separation of warriors and peasants and the formation of castle towns

The separation of warriors and peasants and that of merchants and peasants constituted part of the intrinsic principles of the *bakuhan* order. Under that system, feudal lords of *daimyō* domains (*han*) separated their retainers from traders and manufacturers by having each of these two groups collectively settled in a different quarter. Together, they formed castle towns typical of those of the Edo period. The castle towns played the principal part in the provincial economy and made great contribution to its development.

The policy of separation of warriors and peasants had already been implemented prior to the Edo period. Together with the execution of Taiko land valuation (Taiko-kenchi), Hideyoshi issued an order to collect *katana* swords (*katanagari rei*), confiscating all weapons including bows, spears and firearms from peasants. He thus ensured the peasants' bondage to the land to enforce the separation of warriors and peasants and that of merchants and peasants. Concurrently, Hideyoshi tried to organize local *samurai* warriors and village representatives (*nanushi*) into groups of feudal retainers, while separating *samurai* from any productive process. Under Hideyoshi's rule, the prototype of the *bakuhan* system of rule was provided. With the foundation of the hierarchy among classes of warriors, peasants, artisans and merchants, warriors secured status as a ruling class, whereas strict restrictions were imposed upon the daily lives of those belonging to other classes. With this, a division of work developed in the relationship between towns and villages. The *kokudaka* system of land measurement mentioned earlier, may also be regarded as having resulted from this separation of warriors and peasants.

The formation of castle towns was attributed, as indicated above, to the separation of warriors and peasants, and merchants and peasants as well. Towns of the Edo period included not only those castle towns in *daimyō* domains (*han*) and the three principal towns of Edo, Osaka and Kyoto, but also port towns, post towns and temple towns. Among these, castle towns were especially important in economic development during the Edo period.

Discussing characteristics of Japanese cities, John W. Hall sees some similarities between their process of development and that of Western cities, though the former was primarily influenced by China.⁴⁾ Hall defines the historical characteristics of Japanese cities by comparing them with their Chinese and European counterparts. Moreover, concerning castle towns of the Edo period, he was surprised by the fact that most of these castle towns were built during the relatively short interval between 1580 and 1610. He even suggests it is unlikely that any comparable period of urban construction can be found elsewhere in world history.⁵⁾

With the formation and development of the domain economies centered on castle towns, three great cities emerged. Osaka functioned, as described above, as the central market for the sale of tax-rice collected by domains, whereas Edo prospered as an enormous consumer city, a result of collective settlement by *daimyō* retainers related to the system of alternate attendance (*sankin-kōtai*). Meanwhile, Kyoto, the residence of the emperor, developed not only as a city symbolic of Japanese values but also as a city which produced a great variety of handicrafts ranging from clothing, firearms, artistic goods and production tools, to medicine.

In order to supply *daimyō* and their retainers with military supplies and the articles of daily life, a great number of merchants and artisans assembled in the castle towns of the various *daimyō* domains. They tended to reside in designated areas, according to their specialities, thus creating neighborhoods of specialized merchants and artisans, with names like Uo-machi (fish merchants), Yaoya-machi (green grocers), Chaya-machi (tea dealers), Gofuku-machi (clothing traders), Tep-po-cho (firearms dealers), Daiku-machi (carpenters), Kawara-machi (tile makers), Tatamiya-machi (floor mat makers) and Kon'ya-cho (indigo dyers). In addition, castle towns had areas for *samurai* residences and for temples and shrines, and were clearly divided into three types of districts. Accordingly, these towns were intentionally located, planned communities. In many cases, they were constructed after renovating or reorganizing existing temple towns (*monzen-machi*), post towns (*shukuba-machi*) or port towns (*minato-machi*).

Merchants who led the urban economy included those who supported the financial base of the *daimyō* domain as money-exchangers or bankers⁶⁾, those who played a leading role in operating the system of domain-managed monopsonies⁷⁾, those who worked hard to provide loans to various *daimyō* domains and other

4, 5) John W. HALL and Marius B. JANSEN, (eds.), *Studies in the Institutional History of Early Modern Japan*, 1968 pp. 169-170, 176. HALL, John W. 「城下町と近世の都市化」 John, HALL and Marius B. JANSEN, (eds.), MIYAMOTO, Mataji (宮本又次) and SHINPO, Hiroshi (新保博) (trans.) 『徳川社会と近代化』 ミネルヴァ書房 1973 pp. 186-187.

various types of merchants. Some of them were local great merchant families, second only to their urban counterparts like the Mitsui, Konoike and Sumitomo.

(3) Implementation of the policy of national seclusion

Along with the creation of a society based on the *kokudaka* system of land measurement, the separation of warriors and peasants and the formation of castle towns, the implementation of the policy of national seclusion and the system of alternate attendance (*sankin-kōtai*) realized by the *Bakufu* during the Kanei period (1624–1644) had significant effect on economic development during the Edo period.

The policy of national seclusion was implemented by the *Bakufu*, step by step through the means of five acts issued one after another between 1633 and 1639. The objective of this policy was to establish a state based on the *bakuhan* regime, through the reinforcement of the system of feudal land-ownership. The policy represented the establishment of a blockade regime—an accomplishment realized in the process of augmenting feudal peasants' bondage to the local economy, reinforcing the tax-rice system and promoting the formation of central markets for the sale of rice and corns.

As to the advantage or disadvantage of the policy of national seclusion, many opinions have appeared since before the War. Sugimoto Isao, expressing his opinion after the War, regarded it as a policy to suppress commercial capital so as to maintain the *bakuhan* system rule, and Hayashi Motoi, regarded it as an attempt aiming at a monopoly of the trade by the privileged raw-silk traders' association (*Itowappu-nakama*). Iwao Seiichi emphasized a Dutch scheme to monopolize trade. John W. Hall, on the other hand, contradicting the opinion that the *sakoku* policy prevented Japanese society from getting significant incentives from abroad, thereby causing a stagnation, called attention to the fact that national seclusion did not noticeably interfere with the potential for cultural or intellectual growth of the Japanese nor interrupt learning from the West whatever was considered of practical value. In short, the policy of national seclusion was meaningful in that it enabled the *Bakufu* to monopolize trade, preventing *daimyō* from the western part of the country from becoming too powerful, and strengthening the *Bakufu's* control over domestic networks of distribution.

The implementation of the policy of national seclusion deprived so-called *shuinsen* traders of their business foundation. The *shuinsen* traders were active in the early Edo period as international merchants. They were represented by

6) Re: The case of Amagasaki-han, SAKUDO, Yotaro (作道洋太郎)「尼崎藩の財政金融と泉屋利兵衛」尼崎市史編集室編『地域史研究』Vol. 3, No. 2. 1973. SAKUDO, Yotaro (作道洋太郎)「泉屋利兵衛の系譜と創業」尼崎市史編集室編『地域史研究』Vol. 3, No. 3. 1974.

7) Re: The cotton monopsony system begun in 1821 by Himeji-han, HOZUMI, Katsujiro (穂積勝次郎)『姫路藩綿業経済史—姫路藩の綿業と河合寸翁一』1962 pp. 88–101. SAKUDO, Yotaro (作道洋太郎) and MAEJIMA, Masamitsu (前嶋雅光)「姫路藩」『新編物語藩史』Vol. 8 新人物往来社 1977 pp. 239–242.

Suminokura Ryoi, his son Yoichi (Soan) and Chaya Shirojiro from Kyoto; Sueyoshi Kanbee and his son Magozaemon from Hiranogo-cho in Setsu; Oga Kurozaemon from Hakata; and Suetsugu Heizo from Nagasaki.

The *sakoku* policy marked a turning point from the age of early privileged merchant families to that of newly established merchants (*shinko chōnin*) promoting domestic trade. Representatives of those "new" merchant families were the Mitsui, Konoike and Sumitomo. It should be also noted that towards the end of Kanei period, many rice-warehouse intendants (*kuramoto*), who served as officials for various *daimyō* domains in the "kitchen of Japan," Osaka, during the early days, became rice-warehouse intendants for merchants. With the development of a commercial system composed of wholesalers (*ton'ya*) and brokers (*nakagai*), Osaka markets were firmly established as the central markets for the various *daimyō* domains throughout the country.

(4) Institutionalization of the system of alternate attendance (*sankin-kōtai*)

The institutionalization of the system of alternate attendance (*sankin-kōtai*) helped destroy the economic system under the *sakoku* policy, characterized by different power bases maintained by some 280 *daimyō*, by putting it under nationwide control. One of the earliest example of attendance at Edo was made by Maeda Toshinaga in 1602. In 1608, allied *daimyō* (*tozama*) were required, as proposed by Todo Takatora, to offer their family members and senior retainers as hostages. The practice was institutionalized in 1635. It was then established by the revised and enlarged edition of *samurai* ordinances (Buke Shohatto). The application of this practice, originally limited to the *tozama daimyō*, was extended to the house *daimyō* (*fudai*) as well in 1642. As a result, the system under which *daimyō* were to reside in Edo and at their home alternately every one year, was firmly established.

This restriction policy on *daimyō* caused financial hardship in the *daimyō* domains. Travelling costs incurred from trips to and from Edo; and expenses incurred for the residence in Edo pressed the domain's finances. *Daimyō* domains, without coinage, could not but resort to various countermeasures, such as issuance of special *han* currencies (*hansatsu*)⁸⁾, provision of capital by means of *daimyō* loans and the increase of revenues through domain-managed monopolies.⁹⁾

They had their annual tax-rice (*kuramai*) from their domain shipped to Osaka and stocked at Osaka rice warehouses. They needed to exchange it for cash through the Dojima rice market. The stage where rice warehouse intendants (*kuramoto*) and authorized bankers (*akeya*) were to enter was thus prepared.¹⁰⁾

8) About *fudamoto* for the issuance of *han* currencies by Amagasaki-han, see SAKUDO, Yotaro (作道洋太郎) 『日本貨幣金融史の研究』 未来社 1961 pp. 50-54.

9) In Hiroshima-han, Thirteen castle-town merchants organized a group named "才覚銀御用十三人組", with a view towards overcoming a financial crisis in their *han* in 1733. As to its activities, see SAKUDO, Yotaro (作道洋太郎) 『近世日本貨幣史』 弘文堂 1958 pp. 213-215.

Under the system of alternate attendance (*sankin-kōtai*), Edo grew to be an enormous city with a population of over one million people. With the improvement of highways connecting *daimyō* domains to Edo and the posts along them, this capital city became the center of transportation, the distribution economy and culture. It created a unique, cultural structure, the influence of which was still to be felt in the early modern age.

(5) Establishment of a value system

Functioning as the nucleus for a value system (behavioral principles and standards of life) in the Edo period, Confucian principles of morality made enormous contribution to the maintenance of the *bakuhau* order. In this value system, we can see the origin of Confucian capitalism developed after the Meiji period and the prototype of family management practices established in the interval between the late Meiji period and the early Showa period.

Hirschmeier and Yui Tsunehiko indicated that the Edo-period value system was distinguished by three facets—vertical, horizontal and time continuity. These facets clarify historic characteristics in the conduct codes of Edo-period merchants.¹¹⁾

Of the above three facets, vertical continuity is distinguished by a vertical, hierarchical order and the separation of public and private matters. The hierarchy consisted of four classes of warriors, peasants, artisans and merchants. Chu-tsu-school Confucian ethics as feudal doctrine provided the foundation for its order.

Secondly, horizontal continuity in the value system refers to the group-oriented conduct codes which emphasized commitment to groups. This is often demonstrated in the social order for rural communities and urban merchant family groups, with the 'family' as center. The growth of such communities and groups produced codes for and consciousness of role expectations, sometimes resulting in the tendency towards formalism or too great of an emphasis on principles.

The third facet, time continuity, was demonstrated in the tradition of ancestor worship, charisma of the founder and the organization of traditional performing arts or culture headed by particular families (*iemoto*). Many family precepts, house laws and constitutions of merchant families and guild (*kabunakama*) rules and regulations were also based upon those traditional values.

A considerable number of the family precepts (*kakun, kaken, kahō-sho*) of merchant families were, however, codified at the time when the inflation-based Genroku economy made a turn to the deflation-based Kyoho economy.¹²⁾ They were intended to adjust the business management practices of the merchant families to various conditions arising from the changing society. We can recognize a not

10) As to the transition process from rice-warehouse intendants as *han* administrator to those as merchants, see SAKUDO, Yotaro (作道洋太郎) 『近世封建社会の貨幣金融構造』 塙書房 1971 pp. 294-307.

11) HIRSCHMEIER, J. and YUI, Tsunehiko (由井常彦) 『日本の経営発展—近代化と企業経営—』 東洋経済新報社 1977 pp. 52-60.

always conservative but sometimes active stance in the management of great merchant families, who attempted to reorganize and reinforce their management systems.

(6) Various types of great merchant families

Business paradigms from the Edo period and the growth process of the great merchant families, as discussed above, built up a historical foundation for the Industrial Revolution realized after Meiji. As a result, prior to Ito Shuntaro's "scientific revolution", two different types of revolution were accomplished in the some 270 years of the Edo period: an urban revolution and a commercial revolution. The urban revolution was initiated by the construction of castle towns by *daimyō* domains throughout the country. The commercial revolution, on the other hand, was brought about by vigorous entrepreneurial activities of the early great merchant families and the then newly-established merchants. What should be noted is that a unique, "traditional feature with group-oriented principles"¹³⁾ was acquired in the process. Thus, this feature demonstrated a historic trait of the early modern age, rather than that of the "pre-modern age."¹⁴⁾

In Japan, as Hayami Akira has already pointed out the industrial revolution was preceded by an industrious revolution.¹⁵⁾ Peasant and merchant conduct and ideology were motivated by economic incentives. The importance of industriousness—a virtue widely regarded as most Japanese—was stressed. Thus, characteristics which were indispensable for industrialization were fostered among the people. In this way, the foundation for the modernization of Japan was prepared in the Edo period. A market mechanism was formed as the *bakuhau* administration promoted the establishment of a political entity. In those days people

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- 12) Re: The family precepts of the Mitsui, Konoike and Sumitomo in the Kyoho period, see SAKUDO, Yotaro (作道洋太郎)『江戸時代の上方町人』教育社 1978 pp. 99–102. MIYAMOTO, Mataji (宮本又次)「鴻池家の家訓と店則」. MIYAMOTO, Mataji (宮本又次) (ed.)『大阪の研究』Vol. 3 清文堂出版 1969 pp. 70–109. SAKUDO, Yotaro (作道洋太郎) (ed.)『住友財閥』日本経済新聞社 1982 pp. 59–67. Incidentally, as many as some 30 to 40 or sometimes even 50 extended family units, belonged to the extended family (*dozoku*) enterprises of the Mitsui, Konoike and Sumitomo. They included *bunke* (related branch houses) and *bekke* (unrelated branch houses) under the leadership of *honke* (main house).
- 13) ITO, Shuntaro (伊東俊太郎)『比較文明』東京大学出版会 p. 46.
- 14) The Edo period corresponds to the early modern age in European history. The propriety of the Japanese translation "*Kinsei*" for "early modern age" was questioned by Otani Mizuo a long time ago. See OTANI, Mizuo (大谷瑞郎)『幕藩体制と明治維新』亜紀書房 1962 pp. 3–14. OTANI, Mizuo (大谷瑞郎)『世界史のなかの日本史像』亜紀書房 1981 pp. 18–27. Umesao, Tadao gave me useful information on the usage of "*Kinsei*" and "*Kindai shoki*".
- 15) HAYAMI, Akira「近世日本の経済発展と Industrious Révolution」SHINPO, Hiroshi (新保博) and YASUBA, Yasukichi (安場保吉) (eds.)『近代移行期の日本経済』(数量経済史論集 Vol. 2) 日本経済新聞社 1979 pp. 12–13. NISHIKAWA, Shunsaku (西川俊作)『日本経済の成長史』東洋経済新報社 1985 pp. 33–36.

associated the whole country (*tenka kokka*) with Japan, and a state (*kokka*) with a *daimyō* domain (*han*).¹⁶ Prior to the establishment of the national economy in the modern age, the Edo-period Japan saw the formation of all-state economy.¹⁷

Enormous changes in *bakuhan* society depended on the entrepreneurial activities of the Edo-period merchants, as repeatedly pointed out before.¹⁸ Of merchant activities extended throughout the country, Miyamoto Mataji gave detailed descriptions in his *Kinsei Shonin Fudoki* (1971). In it he threw light upon economic development in the Edo period from the viewpoint of the history of merchants. Dividing the land into seven districts—Tohoku, Kanto, Chubu, Kinki, Chugoku, Shikoku and Kyushu, Miyamoto explained in his work how the representative merchants of each district explored a distribution market.

Those merchants, from the various districts throughout the whole country, can be classified into several types. Among them are: city merchants known as great merchant families of the three capital cities, like the Mitsui, Konoike and Sumitomo; local merchants who supported the *han* economy as castle-town merchants in about 280 *daimyō* domains; and peddler-turned-retailers who accumulated capital through peddling at the outset of their career like, for example, Omi merchants and Toyama medicine merchants.

Their enterprises differed based upon the forms of enterprise. They were either personal or joint enterprises. The joint enterprises also showed different types of management, according to the forms of capital consolidation. The Mitsui, Konoike and Sumitomo, whose business management was equally based on family bonds, differed from one another.¹⁹ Of the three, the Mitsui had the family business enterprises consisting of six *honke* (main house)—with one heir's house (*sōryōke*) among them, and five *renke* (affiliated house). These eleven houses operated the joint family business enterprises based upon the form of indivisible joint ownership. They founded their business headquarters, *omotokata*, in Kyoto in 1710, through which they maintained the most powerful organization of the many great merchant families. The Mitsui family succeeded in overcoming the tur-

16) Chikugo Yanagawa *Hanshi* (domain warrior) MIYOSHI, Yorei (三善康礼) referred to the *han* domain in the sense of "state" in his book 『御国家損益本論』 (edited in 1842). See SAKUDO, Yotaro (作道洋太郎) 『日本貨幣金融史の研究』 未来社 1961 pp. 137-158.

17) Horie, Yasuzo explained the concept of "all-state economy" this way: "I call it the 'all-state economy' when a national distribution network was established in spite of many independent, domain economies." (HORIE, Yasuzo (堀江保蔵) 『日本経済史読本』 東洋経済新報社 1968 p. 107.) Horie tried to distinguish an all-state economy in the historical category from a modern national economy.

18) See SAKUDO, Yotaro (作道洋太郎), MIYAMOTO, Matao (宮本又郎), HATAKEYAMA, Hideki (畠山秀樹), SEOKA, Makoto (瀬岡誠) and MIZUHARA, Masamichi (水原正亨) 『江戸期商人の革新的行動—日本の経営のルーツ—』 有斐閣 1978.

19) SAKUDO, Yotaro (作道洋太郎), MISHIMA, Yasuo (三島康雄), YASUOKA, Shigeaki (安岡重明) and INOUE, Yoichiro (井上洋一郎) 『日本経営史』 ミネルヴァ書房 1980 pp. 52-55.

moil of the Meiji Restoration, and established a comprehensive family-holding company system (*zaibatsu*) as early as the Meiji period. Their success is attributed to the fact that the foundation had already been built during the Edo period.

2. PARADIGMS OF THE EARLY MODERN AGE AND ZAIBATSU FORMATION

At the time of the Meiji Restoration, Japan was urgently required to, above all, achieve economic independence to resist pressure from the developed countries of Europe and America, avoid the possibility of semi-colonization, and attain an unified nation. The modernization of Japan was considered possible only through industrialization.

The industrialization of Japan was spurred by strong nationalism.²⁰⁾ Top-down capitalization was promoted by the Government, which upheld two objectives: building a rich country with a strong army, and increasing production and promotion of industry. In those days, European countries and the United States were eager to place the Japanese economy in the framework of world capitalism. Under such international circumstances, the Meiji Government led the industrialization of its country with all its might.

According to the Gerschenkron model, the industrialization of underdeveloped countries requires a 'new deal in emotion' and those who are to carry out the reform should be aware of the 'turning of a stage', 'dissipation of the past' and 'arrival of a new era'. Successfully fulfilling these requirements, Japan created the new value system deemed necessary for economical development. It was accomplished under the leadership of the Government through the activities of the business groups which brought modern Japanese industry into existence. Japan thus succeeded in solving the national problem of economic independence.

The early modern period, which includes the upheaval of the Meiji Restoration and the following years, was marked by a challenge from Western civilization and a subsequent, entrepreneurial response to it. Paradigms from this age may be found in these two points: industrialization under the guidance of the Government and an ideology of national interests. These two points will be discussed below, according to five different aspects—that is, the Government policy of increased production and the promotion of industry, new development of an ideology of national interests, formation of a capitalism based on Confucian morality, emergence of merchant administrator capital and establishment of *zaibatsu* business enterprises.

20) J. Hirschmeier considered the spiritual core of the movement towards economic independence to be a new form of *son'no joi* spirit in some sense. He observed sharply a spiritual continuity maintained from the end of Bakufu to the Meiji Restoration period. HIRSCHMEIER, J. 『日本における企業者精神の生成』 TSUCHIYA, Takao (土屋喬雄) and YUI, Tsunehiko (由井常彦) (trans.) 東洋経済新報社 1965 p. 115.

(1) Government policy of increased production and promotion of industry

In his recent work, "*Naze Nihon wa seiko shitaka—Senshin gijutsu to Nihonteki shinjo* (1984)," Morishima Michio stated that Japan started as a country of state capitalism²¹⁾, pointing out the Meiji Government founded state enterprises in such industrial areas as deemed important from the viewpoint of state development.²²⁾ His opinion should be noted as it clearly defines characteristics of Japanese capitalism. Arguable as it may be to apply Morishima's concept of state capitalism to the early Meiji period in question, it is undeniable that many enterprises strategically necessary for rapid industrialization were run by the Government.

With a view to the implementation of its increased-production-and-industry-promotion policy, the Meiji Government created the Ministry of Industry to "promote one hundred industries" or to "preside over all the affairs concerning industry" (*Kobusho jimushotei*). Equipped with the three departments of mining, railroad and telecommunications and production, the Ministry implemented a state industry policy for the purpose of realizing a strong country with a strong army able to confront all countries. Prior to the creation of this Ministry, the Government announced a policy in the first year of Meiji to the effect that the main industries, in particular, the military industry, would be put under state management. In addition, they started to operate factories and mines taken over from the old *bakufu* and *daimyō* domains. Some examples of the major ones are the following²³⁾:—

- (a) Tokyo Arsenal (government-managed since the 1st year of Meiji, 1868),
- (b) Osaka Arsenal (1871),
- (c) Yokosuka Naval Arsenal (1868),
- (d) Nagasaki shipbuilding Yard (1872),
- (e) Hyogo Shipbuilding Yard (1872),
- (f) Ishikawajima Shipbuilding Yard (1868),
- (g) Akabane Kosaku Bunkyo (1872),
- (h) Fukagawa Kosaku Bunkyo (1875),
- (i) Shinagawa Glass Factory (1877), and
- (j) Government-managed mines: Sado (gold mine), Ikuno and In'nai (silver mine), Kosaka and Ani (copper mine), Kamaishi and Nakakosaka (iron mine) and Miike and Takashima (coal mine) (1868–1879).

In addition to the Ministry of Industry, the Government created the Ministry of Home Affairs in June, 1874. The Minister of Home Affairs, Okubo Toshimichi, energetically executed a plan for increasing production and promoting industry. The Ministry engaged in the mechanization-industrialization of the textile industry as well, annexed the Tomioka Spinning Factory, a government-managed model fac-

21, 22) MORISHIMA, Michio (森嶋通夫) 『なぜ日本は「成功」したか?—先進技術と日本の心情—』TBSブリタニカ 1984 p. 122.

23) SAKUDO, Yotaro (作道洋太郎) 「経済近代化の起点」MIYAMOTO, Mataji (宮本又次) (ed.) 『日本経済史』青林書院新社 1977 pp. 170–172.

tory, to the Kankoryo of the Ministry of Home Affairs, and in 1878, they founded Shinmachi Waste Cocoon Spinning Factory.

As for the cotton spinning industry, the Government made Sakai Spinning Factory (founded in 1871) a government-managed model factory, after having taken it over from its founder, the old Satsuma *han*, and founded Hiroshima Spinning Factory (1881) and then Aichi Spinning Factory (1882) both as government-managed factories. Furthermore, it sold ten sets of two-thousand-spindle spinning frames purchased from England, to some regional persons of importance, in yearly installments over a period of ten years without interest. It had the purchasers open spinning factories at nine important places. They included Shimotsuke Spinning Factory (Tochigi), Ichikawa Spinning Factory (Yamanashi), Shimada Spinning Factory (Shizuoka) and Enshu Futamata Spinning Factory (Shizuoka), Mie Spinning Factory (Mie), Toyoi Spinning Factory (Nara), Tamashima Spinning Factory (Okayama) and Nagasaki Spinning Factory (Nagasaki), all founded between 1883 and 1886. These factories were generally known as the ten principal spinning factories (*jukkibō*). As for woolen goods, the Government founded Senju Woolen Mill in 1880 to manufacture woolen fabrics.

The Government owed not a little to technical guidance conducted by "employed foreigners (*Oyatoi*)"²⁴⁾ in introducing new industrial technology during the implementation of its industrial policy.

Such direct commitment of the Government to industrial development was later replaced by an emphasis on an indirect protection policy. The turning point came when the "General Rules Concerning the Transfer of Government-managed Factories to Private Ownership" was enacted in November, 1881. The objective of these rules was to prevent government-controlled enterprises from interfering with the rise of private enterprises. In reality, however, it was only after 1885 that transfers were carried out on a large-scale. They occurred one after another from 1886 to 1887, until in 1888, the Government transferred to private ownership its last possession, Miike Coal Mine, which was an excellent mine. As is so widely known, this Miike Coal Mine was to become the most lucrative enterprise for its purchaser, Mitsui; it developed into the key enterprise for the formation of the Mitsui *zaibatsu*. These transfers of government-owned industries into private-ownership resulted in the rise of politically-affiliated industrialists and *zaibatsu* business enterprises. These points will be discussed later.

(2) New development of the concept of *han* interests

Alexander Gerschenkron assumed five basic models of industrialization in backward countries.²⁵⁾ Called Gerschenkron models, they include; (1) high-speed industrialization, (2) early development of heavy industry, (3) creation of originally

24) UMETANI, Noboru (梅溪昇) 『お雇い外国人』 vol. 1 鹿児島研究所出版会 1968.

25) GERSCHENKRON, A. *Economic Backwardness in Historical Perspective*. 1962, pp. 5-30. NAKAGAWA, Keiichiro (中川敬一郎) 『比較経営史序説』 東京大学出版会 1981 pp. 55-67.

large-scale plant, (4) institutional instruments used in carrying out industrial development and (5) ideology for industrialization. Among them, an ideology for industrialization in the Japanese case appears to correspond to the newly-developed unique "national affairs consciousness"²⁶⁾ or "ideology of *han* interests,"²⁷⁾ whose root can be traced to the Edo period.

The ideology of *han* interests was formulated with principles which supported various policies implemented for the purpose of the independence of the *han* economies. Having studied the history of this ideology during the Edo period, Fujita Teichiro recognized its essence in some ideological principals which encouraged a tendency of various domains to escape from central market restrictions, movement towards the independence of *han* economies and the emergence of a self-sufficient theory regarding *han* products.²⁸⁾

With a view to the realization of *han* interests, many domains applied domain-managed monopsony measures and restricted domain-goods circulation within their domains by founding domain-goods managing offices. Along with them, *han*-currencies managing offices were founded as well, to attain the independence of the *han* economies and adjust revenues and expenditures in domain finances.

When the domains failed to maintain equilibrium between revenues and expenditures, they issued *han*-currencies as financial resources. In many cases they overcame the crisis of their *han* economy by means of *daimyō* loans. These loans were provided by Osaka bankers who served as domain rice-warehouse intendants (*kuramoto*) and money-exchangers as well. The monopsony system, *han*-currencies issuance, and *daimyō* loans all contributed to realizing domain interests.

In 1785, Hayashi Shihei, a Confucian scholar from the middle of the Edo period, presented a *joshō* (statement of his views) to the head of the Sendai-*han*. In its last part, he wrote of his design to combine *han* currencies (*chohei*) with domain goods to serve domain interests.²⁹⁾ His statement tells us that the *han* currencies and domain goods (produced in the domain based upon the monopsony system) were closely linked with domain interests.

Nakagawa Kei'ichiro saw a modern sense of state affairs in the history of Edo-period *bakuhan*-managed factories. He proved that it still works as a behavioral standard for contemporary businessmen.³⁰⁾

Morishima Michio discussed the investment activities of the former *samurai*

26) NAKAGAWA, Keiichiro (中川敬一郎)『比較経営史序説』東京大学出版会 1981 pp. 156-159.

27) See FUJITA, Teichiro (藤田貞一郎)『近世経済思想の研究—「国益」思想と幕藩体制—』吉川弘文館 1966.

28) See FUJITA, Teichiro (藤田貞一郎)『近世経済思想の研究—「国益」思想と幕藩体制—』吉川弘文館 1966 p. 39.

29) HAYASHI, Shihei (林子平)『上書』(日本経済叢書 Vol. 15) 日本経済叢書刊行会 1915 p. 39. FUJITA, Teichiro (藤田貞一郎)『近世経済思想の研究—「国益」思想と幕藩体制—』吉川弘文館 1966 p. 43.

30) NAKAGAWA, Keiichiro (中川敬一郎)『比較経営史序説』東京大学出版会 1981 p. 159.

class whose capital resources came mainly from the government securities specially issued for the nobles and *samurai* (*kinroku kōsai*). According to his opinion, the *samurai* norm for investment was—different from that of merchants—non-economical. Former *samurai* made decisions to invest on the basis of national needs or interests. Many of them had a strong sense of the state with a considerably exact knowledge of national interests. Morishima valued the fact that industrialists motivated by national interests tended to find a sense of mission or achievement in the introduction of Western industrial technology itself, rather than in the procurement of profits.³¹⁾

Such an ideology of national interests, or sense of the state, did not only provide government-managed enterprises and the new enterprises managed by former *samurai* with a motive, it also provided one to industrialists who endeavored to transform traditional family business management inherited from the Edo period on. Hirose Saihei (1828–1911), a contributor to the foundation of the Sumitomo-*zaibatsu*, was among them. In his entrepreneurial activities, we can see a unique sense of national interests working as a norm in the regulation of business activities.³²⁾

Hirose's example was not exceptional, but showed a trait commonly shared by all the principal characters who led the formation and development of *zaibatsu* enterprises. On this point, Yasuoka Shigeaki stated that managers of *zaibatsu* enterprises were strongly aware of the obligation of *zaibatsu* to the development of the state, while serving their *zaibatsu* bosses, they tried to make their enterprises contribute to the state.³³⁾ He cited the examples of Nakamigawa Hikojiro and Dan Takuma of the Mitsui, Soda Heigoro of the Mitsubishi, Hirose Saihei, Suzuki Masaya and Ogura Masatsune of the Sumitomo and Yuki Toyotaro of the Yasuda. As was pointed out by Seoka Makoto, the very essence of *zaibatsu* may be found in this sense of the state.³⁴⁾

The base for this sense of the state was molded by Confucian ideology which demanded morality to govern a merchant house and the nation for peace. It provided great merchant families of the Edo period with a conduct norm, as has already mentioned.

(3) Formation of confucian capitalism

Morishima Michio has made a persuasive argument about the Confucian capitalism peculiar to Japan. While discussing the relation between government-led economic development and an entrepreneurial spirit based on Confucian morali-

31) MORISHIMA, Michio (森嶋通夫) 『なぜ日本は「成功」したか?—先進技術と日本的 心情—』TBSブリタニカ 1984 p. 125.

32) RE. SUMITOMO SHUSHI-SHITSU (住友修史室) (ed.) 『広瀬幸平 半世物語』住友修史室 1982. SAKUDO, Yotaro (作道洋太郎) (ed.) 『住友財閥』日本経済新聞社 1982.

33) YASUOKA, Shigeaki (安岡重明) 『日本の財閥』(日本経営史講座 Vol. 3) 日本経済新聞社 1976 p. 31.

34) SAKUDO, Yotaro (作道洋太郎) (ed.) 『住友財閥』日本経済新聞社 1982 pp. 265–288.

ty and *samurai* temperament, he explicated the circumstances under which oligopolistic enterprises and *zaibatsu* were formed.³⁵⁾

It is extremely well-known that the greatest leader of Japanese capitalism, Shibusawa Ei'ichi, played a leading role in the business world by founding the First National Bank (1873) and many other enterprises. He regarded Confucian morality as a guiding spirit for capitalism. In his writing, *Rongo to Soroban* (1916), he demonstrated a unique management doctrine. This doctrine of his, called '*Rongo-soroban* doctrine' (Confucianism-calculator doctrine) may be the best expression of the characteristics of Japanese-Confucian capitalism.

Cited below is a paragraph from the opening of *Rongo to Soroban*³⁶⁾:—

"... what we consider to be most important according to present-day morality, may be a book titled *Rongo*, the discourses of Confucius compiled by his disciples. With *Rongo* on one hand, we have *soroban* on the other. So unmatched and farfetched as this association may appear to be, in my view *soroban* owes greatly to *Rongo*, and vice versa, for true applications of our riches. That is why I always insist that *Rongo* and *soroban* are both extremely separate and extremely close...."

As is shown in the above statement, Shibusawa sought a linkage between Confucian morality with *Rongo* as its starting point and rational entrepreneurial activities symbolized by *soroban*. Citing various examples in our daily-life experiences, he showed the essence and form of Confucian capitalism. Many of his views seem to remain applicable even to the present situation.

Shibusawa's '*Rongo-soroban* doctrine' was a good description of the ideological situation during the period of economic change. It also described entrepreneurial activities of a man who made a strenuous effort for more than half a century, to establish a new businessman status for traditional entrepreneurs. With reference to this point, Hirschmeier compared Shibusawa with Fukuzawa Yukichi, an educationalist as well as a supporter of English liberal economics. According to Hirschmeier's opinion, both Shibusawa and Fukuzawa, though different in style, contributed to the creation of the new status appropriate for the entrepreneurs. Hirschmeier had high esteem for Shibusawa's sense of balance which enabled him to hold the best traditions of Japan together with the most advanced ideologies and methods of the West.³⁷⁾

In Shibusawa, a tradition of Chinese civilization shown in Confucianism and

35) MORISHIMA, Michio (森嶋通夫)『なぜ日本は「成功」したか?—先進技術と日本の心情—』TBSブリタニカ 1984 p. 129.

36) 『渋沢栄一伝記資料』Vol. 41 渋沢栄一伝記資料刊行会 1962 p. 348. KUSAYANAGI, Taizo (草柳大蔵) (ed.)『渋沢栄一述 論語と算盤』大和出版 1985 P. 21. A similar reissued edition was published by Kokusho Kankokai (国書刊行会) as well (1985). The appearance of these two books may be attributed to the general interest in the historical ideology shared by the Meiji period and the present age—both being marked by the lack of paradigms.

the impact of Western civilization derived from his visit to the Paris International Exposition in 1867, co-existed. His excellent intuition made him one of the greatest leaders of the capitalistic economy of modern Japan.

(4) Emergence of politics—affiliated capitalists (*seishō*)

It is well-known that politics-affiliated capitalists (*seishō*) made a conspicuous contribution to the promotion of the Meiji Governments' policy to increase production and promote industry and to industrialization led by the Government. They were particularly active in the transfer of government-managed enterprises to private ownership. *Seishō* is not a concept from academic terminology. Yamaji Aizan used the term a long time ago in his *Gendai Kinkenshi* (1908). He discussed the historical background of the emergence of *seishō*, stating, "... as the Government interfered in the development of private industries, there naturally emerged a class of people—those we tentatively call *seishō*."³⁷⁾

Kajinishi Mitsuhaya classified *seishō* into three types: the first being the offspring of privileged merchant families from the Edo period, such as the Mitsui, Sumitomo and Konoike; the second, newly-established entrepreneurs who, starting penniless, amassed enormous wealth in the turmoil of the Meiji Restoration, like Iwasaki Yataro, Yasuda Zenjiro, Fujita Denzaburo, Okura Kihachiro, Asano Soichiro and Furukawa Ichibei; and the third, leaders of Japanese capitalism in Eastern and Western Japan, like Shibusawa Ei'ichi and Godai Tomoatsu.³⁹⁾

The activities of these entrepreneurs as *seishō* differed in degrees: some showed strong characteristics, while others did not. Entrepreneurial activities of Minomura Rizaemon of the Mitsui, Iwasaki Yataro of the Mitsubishi, Fujita Denzaburo, Okura Kihachiro, Asano Soichiro and Furukawa Ichibei relatively distinct characteristics typical of *seishō*. On the contrary, those of the Konoike, Yasuda Zenjiro and Shibusawa Ei'ichi did not. Though, Hirose Saihei and Godai Tomoatsu of the Sumitomo did engage in activities in a *seishō*-like manner, Sumitomo leaders were not so active as the Mitsui or Mitsubishi. We find the strongest characteristics of *seishō*, as pointed out by Kajinishi Mitsuhaya, in the Mitsui, Mitsubishi, Fujita, Okura, Asano and Furukawa groups, who were to develop into *zaibatsu* from *seishō* capital through the transfer of government-managed enterprises.⁴⁰⁾

Not all the representative, privileged merchants from the Edo period became *seishō*. Nor did all the representative *seishō* form *zaibatsu* enterprises. This fact seems to indicate the transitory character of *seishō* capital.

37) HIRSCHMEIER, J. 『日本における企業者精神の生成』 TSUCHIYA, Takao (土屋喬雄) and YUI, Tsunehiko (由井常彦) (trans.) 東洋経済新報社 1965 p. 146.

38) KAJINISHI, Mitsuhaya (梶西光速) 『政商』 筑摩書房 1963 p. 10.

39) KAJINISHI, Mitsuhaya (梶西光速) 『政商』 筑摩書房 1963 p. 11-13.

40) Re: The actual condition of the transfer of the government-managed enterprise and related *seishō* capital, see KOBAYASHI, Masaaki (小林正彬) 『日本の工業化と官業払下げ—政府と企業—』 東洋経済新報社 1977 pp. 138-139.

(5) Establishment of *zaibatsu* enterprises

Seishō capital was active in the years from the beginning of Meiji to the 1870's and 1880's, after which time assuming a distinguished shape as Konzern, *zaibatsu* began to gain strong control over the industrial world of Japan in the years from the late Meiji through Taisho to the early Showa. The Mitsui *zaibatsu* organized Mitsui & Co. in 1909, following a diversification of management. Mitsubishi, on the other hand, founded Mitsubishi & Company, Ltd. in 1893 prompted by the death of Iwasaki Yataro in 1885. Sumitomo incorporated Sumitomo Sohonten (Headquarters) into Sumitomo & Company, Ltd. in 1921. Thus, the three greatest *zaibatsu*, the Mitsui, Mitsubishi and Sumitomo, which were to influence the Japanese economies as comprehensive family-controlled, holding enterprises, each founded a holding company as their central, control organization.

Zaibatsu could be defined in many ways. Summarizing all the past studies on this subject, Yasuoka Shigeaki defined the features of *zaibatsu* as simply as this: "*Zaibatsu* is a group of business enterprises held and controlled by a family or *dōzoku* (extended family), whose main business division (or enterprise) is large enough to have a major impact on the national and regional economies."⁴¹⁾

Yasuoka listed the following points as basic features of *zaibatsu*:—

- (1) Exclusive ownership limited to *zaibatsu* family (a feudal system of control by the family);
- (2) Multiple business operations by a parent company (holding company);
and
- (3) Major business division has social influence.

With those features, Japanese *zaibatsu* had a kind of peculiarity compared with their counterparts in the Western countries, though certain commonalities did exist. Their distinctiveness must have come from their deeply-rooted linkage with cultural, social and economic structures of this country—this point probably deserves more discussion.

Zaibatsu may be classified in many different ways, according to the basis of classification. In one way, they can be classified into four groups. The first group includes comprehensive *zaibatsu* like the Mitsui, Mitsubishi and Sumitomo. The second consists of those that developed as financial *zaibatsu*, like the Yasuda, Konoike and Nomura. The third consists of family enterprises that developed into *zaibatsu* as one of their business divisions expanded, prompted by the transfer of government-managed enterprises to their ownership. It includes the Fujita, Okura, Asano, and Furukawa. Finally, those *zaibatsu* collectively called newly-established Konzern (or *shinkō-zaibatsu*) constitute the fourth group. They developed in the years following the Manchurian Incident, when the Japanese economy was directed towards militarization and heavy-industrialization. The Nittchitsu, Nis'so, Nissan,

41) YASUOKA, Shigeaki (安岡重明), etc. 『財閥の比較史的研究』 DOSHISHA DAIGAKU JIN-BUNKAGAKU KENKYUSHO (同志社大学人文科学研究所)(ed.) ミネルヴァ書房 1985 p. 5.

Riken, Mori and Nakajima belong to this group.

Of the *zaibatsu* mentioned above, some were enormous, and some, medium- or small-sized. Some are called Taisho *zaibatsu* with reference to the period of their emergence.

In addition, there are regional *zaibatsu* with diverse business operations exclusively held and controlled by regional, wealthy families.⁴²⁾ Among these are the Sōma (Hakodate), Mogi (Noda, Chiba Pref.), Nakano (Kanatsu, Niigata Pref.), Katakura (Suwakawagishi, Nagasaki Pref.), Suzuyo (Shimizu), Nakamori (Handa, Aichi Pref.), Jin'no, Toyota and Itō (Nagoya), Terada (Kishiwada, Osaka Pref.), Tatsuuma (Nishinomiya), Sakaguchi (Yonago), Kaijima (Shimonoseki), Yasukawa (Tobata, Fukuoka Pref.), Aso'o (Iizuka, Fukuoka Pref.) and Ishibashi (Kurume).⁴³⁾

The comprehensive *zaibatsu*, Mitsui, Mitsubishi and Sumitomo excluded, the above *zaibatsu*, national or regional, seem to have mixed features. As a result, some are unquestionably *zaibatsu*, while the others are not, in a strict sense. Though no further classification will be made here, this would provide an important viewpoint for comparison between Japanese and overseas *zaibatsu*.

A comparison, if conducted, would throw light upon Japanese traits in the "history of the civilization of great merchant families and *zaibatsu*" as this essay is sub-titled. As stated in the "Preface", this essay was meant to present the paradigms of the Edo and early modern periods and discuss the role and function of the great merchant families and *zaibatsu*, without extending into considerations of the history of civilization. I hope to deliver a short memo or something with reference to this point.

42) Re: The definition of regional *zaibatsu*, see MORIKAWA, Hidemasa (森川英正) 『地方財閥』日本経済新聞社 1985 pp. 15-18.

43) MORIKAWA, Hidemasa (森川英正) 『地方財閥』日本経済新聞社 1985 pp. 26-27

