The Business Role of Japanese Wealth Holders in the early 20th Century: an analysis of networks and activities during the process of industrialisation

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Abstract

This thesis sets out specifically to investigate business wealth holders in modern Japan. It includes the study of businessmen, landlords or even peers who were engaged in business and commerce as founders, owners or investors. It attempts to locate their social, historical and business characteristics in the context of the early 20th century, when Japan emerged as one of the economic powers of Asia, having passed through the transitional period of the late 19th century. The research focuses primarily on characteristics related to the development of Japanese business, and incorporates some comparisons with contemporary members of the European bourgeoisie, especially in Britain and Germany. The second major concern is to analyse Japanese business through an investigation of those wealth holders who succeeded in the modern business world by managing to survive the transition from the pre-modern to the modern economic system. The third and final focus is on the relationship between the state and wealth holders. Chapter 1 of the thesis explains the methodology adopted for the research, along with a detailed explanation of the data and sources utilised. Chapter 2 seeks to establish a profile of Japanese wealth holders in the prewar period. Data on estimated wealth, class and social structure is presented, with some comparisons with Britain and Germany. Chapter 3 deals with the role of wealth holders in the development of modern Japanese business, in relation to the role of the business family and business organisation. Chapter 4 focuses on the relationship between wealth holders and the state. This chapter consists mainly of an analysis of the formation of informal networks through marriage, and the operation of various state honours. A major finding of the research is that the Japanese household (ie) system strongly influenced wealth holders' attitudes towards business, and their business activities.
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Note on Conventions

Abbreviations

The following abbreviations are used in the text and notes (consult the bibliography (and especially chapter 1 for the Japanese materials) for complete information on the publications listed below):


MNZSJSS: Meiji Nihon Zenkoku Shisanka Jinushi Shiryo Shusei, edited by Shibuya Ryuichi; the compilation of data and information of Japanese wealth holders and landlords in the Meiji period. 5 volumes.

TBSJS: To-Do-Fu-Ken betsu Shisanka Jinushi Soran, edited by Shibuya Ryuichi; the compilation of data, information, materials and primary sources of Japanese wealth holders and landlords from the late 19th century to the middle of the 20th century. 65 volumes.

TSNZSJSS: Taisho Showaki Nihon Zenkoku Shisanka Jinushi Shiryo Shusei, edited by Shibuya Ryuichi; the compilation of data, information and primary sources of Japanese wealth holders and landlords from the Taisho to the middle of Showa period. 7 volumes.

Japanese Names

Japanese name in this thesis are given in Japanese order: family name first, followed by given name.

Japanese Terms

All of Japanese terms in this thesis are basically written in the Hepburn style of romanization. However, the macron (long mark which is utilised to indicate all long vowels) is not utilised in this thesis.
Chapter 1: Introduction

1.1. Introduction

Just as in the case of Rothschilds and Armstrong in Britain, or Krupp and Siemens in Germany, a small number of individuals represented the business world in pre-war Japan. Mitsui, Iwasaki (the owners of Mitsubishi), Sumitomo, Yasuda, who were the owners of so-called *zaibatsu*, became one of the symbols or icons of the pre-war Japanese economy. Their activities, both socially and economically, have been symbolized as an indispensable factor for the progress of modern Japanese history. The triumphs of these families in the business world and their abundant wealth also signified the visible and unbelievable distance between the rich and poor in pre-war Japan, and thus led to public antagonism, from both left and right wing. Moreover, the *zaibatsu* have been considered as a driving force for the rise of militarism in the 1930s and the Sino-Japanese war, later the Great Pacific War, because of their greediness to expand their external markets to Asia. This view was common among the GHQ economic bureaucrats, who condemned the business activities of the *zaibatsu* and consequently undertook their dissolution in the early postwar period of Japan.¹

These unique individuals, that is, the owners of the *zaibatsu*, and the *zaibatsu* themselves, have become a major subject of academic research, aimed at analysing and interpreting some of the largest questions in modern Japanese history, for example, the nature of the government-led economic system, the nature of war aims in pre-war Japan, and the nature of disputes between capitalists and workers.² However, although many studies have been presented and published, many of their studies have tended to analyse their subject from a Marxist perspective, in the context of a postwar Japanese academic world strongly influenced by Marxist theory.³ In addition, the research has usually tended to focus on *zaibatsu* or particular business groups, and therefore researchers did not tend to consider individual businessman as a single social group from a socio-historical perspective.

² For example, see K. Oishi, *Nihon Sangyo Kakumei Kenkyu*, (Tokyo, 1975).
However, this trend has gradually changed as recent studies have begun to challenge the old perspectives on modern Japanese economy and history. These recent studies have paid more attention to collective and quantitative analysis in addition to traditional case studies. In particular, empirical research on businessmen or local wealth groups as an elite group or as a segment of society’s upper class has provided new and somewhat different perspectives from the more traditional view. Also this research has become an important part of the subject not only for political or economic historians, but also for business historians, who have been primarily concerned about the peculiarities of Japanese business organization or the management system. These businessmen or local elites, whose wealth played a significant role in the development of business and the economy in pre-war Japan, are known in Japanese as *shisanka* or *meiboka*. It is they who are the subject of this thesis.

It should be noted that these Japanese terms have some particular connotations, so that they do not wholly correspond to the term *bourgeoisie* in English. The difference in definition partly reflects differences in historical development between Japan and Europe. The concept of *shisanka* or *meiboka* contains somewhat vague characteristics if we compare these specific terms with *bourgeoisie* in English or *Bürgertum* in German. In short, *bourgeoisie* indicates a social group of the upper-middle class whose wealth is based on various economic activities with the exception of the agricultural sector. In addition, they are separated from the old elite groups, such as landowners or the aristocracy, because of their different habitual or social customs. In the case of Germany, although *Bürger* means citizen if translated into English, the *Bürgertum* itself was divided into two categories. While the *Besitzbürgertum* (propertied bourgeoisie) had characteristics in common with the *bourgeoisie*, and can therefore be regarded as having the same meaning as *bourgeoisie*, there was another group, which was called the *Bildungsbürgertum* (educated bourgeoisie), which mainly included university educated professionals, for instance, lawyers or professors.\(^4\)

However, none of these examples are appropriate for explaining the definition of

\(^4\) The explanation of these terms is based on the description in J.Kocka, ‘Einleitung’ in Kocka (ed.), *Bürger und Bürgerlichkeit* (Göttingen, 1987), pp.7-20.
Although "shisanka" can be directly translated into English as 'wealth holder', this group differed from the bourgeoisie since it included landlords or the non-business elite. This stemmed from the nature of their economic activities during the period of industrialization in pre-war Japan. In contrast to the gentry in Britain or the Junker in Prussia, who were reluctant to directly invest or engage in business, Japanese landlords and the local elite had no hesitation in enthusiastically engaging in business activities. Furthermore, it was not rare in rural or local areas for Japanese merchants to have their own estates and thus they were not only engaged in commerce, but also in agriculture. Therefore, it is not possible to separate landlords or local non-business elites from the category of shisanka in terms of their business activities. A certain difference from the definition of bourgeoisie is therefore apparent.

In the case of meiboka, the terminology becomes even more vague. In general, meiboka indicates a wealth elite, and thus indeed includes merchants, businessmen or landlords. However, the code of social behaviour of meiboka was in part similar to that of the gentry in Britain. Nominally at least, their business activities, such as investment or the establishment of firms in their local community, were aimed at contributing to the community as a form of local economic development, rather than achieving profits for themselves. The term therefore denotes a pillar of the local community. Thus, even though there is still debate about the definitions of both these two terms, in the current study both terms will be understood to include a wide range of middle or upper middle class groups who were engaged in business for themselves. The groups contained under these two headings of shisanka and meiboka are referred to in this thesis as wealth holders.

The group considered in this thesis consists of the wealth holders who were active during the pre-war period (1868-1937). However, the main target of the research is not to look at meiboka or shisanka in general at a national and local level, but to look at the top of Japan's wealth elite. Particular attention will be focused on the upper

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5 Although it is still a debatable point, my definition of shisanka (wealth holder) is based on Abe and Tanimoto's definition. See Abe and Tanimoto, 'Kigyo Bokko to Kindai Keiei, Zairai Keiei' in Miyamoto and Abe(eds.), Nihon Keieishi, vol.2 (Tokyo, 1995).

6 This period is quite broad, from the starting point of the Meiji Restoration to the beginning of the Sino-Japanese War. By contrast, it is usual for the period between the First World War and the Second
echelons of both groups measured according to their wealth. The Japanese wealth holders that are the subject of this thesis therefore represent the top of the hierarchy within the meiboka and shisanka groups. As will be explained in a later section, these Japanese wealth holders also possessed a level of wealth that enables comparison with the European wealthy bourgeoisie of the same period. With regard to the time scale, this thesis will mainly discuss the latter half of the pre-war period, from the early 20th century, when Japan gradually became one of the world’s economic powers. Given the difficulty of dividing wealth holders into several distinct categories, a wide range of social groups will be included into my analysis. Thus, in line with the definitions discussed above, not only are businessmen or merchants included, but also professionals, landlords or members of the aristocracy are all considered as wealth holders. This signifies that categorization does not depend on particular social or economic factors, for instance, whether or not they were active in any kind of business or commercial sector. In addition, this thesis is somewhat unusual since it does not focus on any special region or sector. The analysis itself will be done at a national level, and the criterion for the selection of wealth holders is the amount of their wealth, as will be discussed below. This approach allows us to show that the top wealth holders were extremely rich in the pre-war period in Japan, and were therefore certainly isolated from the majority of Japanese, both economically and socially.

This research sets out specifically to investigate business wealth holders in modern Japan. It will include the study of modern businessmen, merchants, landlords or even peers, who were engaged in business and commerce as founders, owners or investors. It will attempt to identify their social, historical and economic characteristics in the context of prewar Japan. The period covered by this research is the early 20th century, when Japan emerged as one of the economic powers of Asia, having passed through the transitional period of the late 19th century. In this period, as will be shown below, accurate data and information on wealth holders' wealth became available, largely as a consequence of greater economic and political stability.

This research will firstly focus on the characteristics of the development of Japanese business. In this context, particular attention will be concentrated on the question of World War to be called the 'interwar period'.
similarities and differences in Japanese wealth holders’ business and investment activities compared with those of contemporary members of the European bourgeoisie. The contemporary British and German cases, both of which strongly influenced the establishment of the prewar Japanese business system, will be utilized for partial comparative analysis. The second main point of concern will be the analysis of Japanese business through an investigation of those wealth holders who succeeded in the modern business world by managing to survive the transition from the pre-modern to modern economic systems. It will therefore include research on some of the ‘peculiarities’ of Japanese business, for instance, the methods of adaptation and integration of western business systems, such as the management system or business organization, within traditional merchant houses or newly founded Japanese firms. The third and final focus deals with the relationship between the state and wealth holders. Particular attention will be focused on whether Japanese wealth holders were dependent on the state in terms of their business activities and social behaviour. This will also be connected with the question of whether or not the Japanese economy and society was shifting towards convergence with western countries, since Japanese wealth holders are likely to have represented at the time one of the most westernized groups in terms of social life and behaviour compared to the majority of Japanese society.

1.2. Themes and debates

Although numerous studies about Japanese wealth holders, including both case studies and theoretical analyses, have been done by many Japanese researchers, a certain number of issues remain unclear even now. The existing studies have been inclined to focus on businessmen, merchants or local shisanka to explain or analyse Japanese economic development. Also, as mentioned earlier, until the recent period, this field of study has been strongly influenced by a Marxist conceptual framework. In addition, among Japanese wealth holders, landlords have usually been divided into a separate category for research, since landlords were considered by Japanese academics, especially of those who were strongly influenced by Marxist thought to be significant for the interpretation of certain characteristics of modern Japanese history,
such as the exploitation of tenants by large landlords. The studies of landlords have tended to be categorized as part of Japanese agricultural history or as a separate field within economic history. Therefore, while there are plenty of works and studies about wealth holders in some detail, it is rare to find any analysis of Japanese wealth holders in a broader and comparative perspective.

Before explaining about the characteristics and content of this thesis, it is necessary to reconsider the study of wealth holders in historical perspective. Moreover, in order to be able to compare the similarities and difference offered by the Japanese case, we need also to focus on the progress of research in the case of Europe, especially in Britain and Germany. Following this part, the importance of comparative research will be explained with regard to categorization, terminology and methodological approach. The latter part of this chapter will explore the methods and sources used in this thesis. Mainly Japanese sources, both quantitative and qualitative, will be discussed in detail, in addition to giving a brief explanation of the sources used for the European cases. Finally, the specific aims of this thesis and the content of each chapter will be presented.

1.2.1 Japan

In discussions of Japanese economic development, the continuities and discontinuities between the pre-war and postwar economies form a significant focus of debate. This debate is closely associated with interpretation of the legacy of traditional (or reinvented) factors from Japan's past. In addition to discussions of the role of the state, these debates have, therefore, been the main focus point of researchers on Japanese economy and business from a variety of perspectives. Until recently, since the characteristics of Japanese economic development were considered as the key to analysis of the postwar 'miracle', almost all researchers, in particular non-Japanese, found themselves attempting to discover the most acceptable and reliable historical explanation for the contemporary modern Japanese economy.

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The interpretation of economic 'success' is also related to the utilisation of the particular terminology of 'modernisation' (kindaika) in the Japanese historiography. In contrast to the Euro-American academic world, which has frequently debated the definition of 'modernisation', there has been no debate around its interpretation in the Japanese academic world. In the context of modern Japanese history, it seems self-evident to Japanese researchers that the entire historical process of modern Japan, including its economic success and the political failure represented in the militarism of the mid 20th century, was connected to the process of 'modernisation' during the period from the late 19th to the mid 20th centuries. This perspective also reflects a self-consciousness of Japanese from the Meiji period onwards, as some American and European academics have pointed out, which constituted a dichotomy between the 'advanced' west and the 'underdeveloped' east, and a process whereby Japanese internalised this concept to overcome the social and economic backwardness of Japan itself. It may be assumed that the interpretation of 'modernisation' has become more difficult, since recent Japanese studies has suggested that 'modernisation' is also related to the dichotomy of 'tradition' and 'modern' in modern Japanese history. As Andrew Barshay has analysed in his study of the Japanese Marxist view of modern Japanese historiography, the concept of 'tradition' of Japanese Marxists was, along with 'modernisation', utilised to particularise modern Japanese capitalism and its experience. The terminology of 'modernisation' in Japanese historiography is therefore extremely vague and ambiguous. However, even now, it is apparent that this particular term has undoubtedly dominated the Japanese historiography of Japanese academics, including research on Japanese economic and business history.

In the early postwar period, research in Japan on modern Japanese economic development was mainly dominated by two theories. On the one hand, Marxist ideas, with particular innovations adopted with a view to applying Marxist-Leninist theory to the Japanese case, exercised a strong influence in the academic world, in particular in the social sciences. On the other hand, the so-called Otsuka Historiography (Otsuka Shigaku), named after Otsuka Hisao, probably the most influential economic

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8 See for example, E. O. Reischauer, 'Not Westernization But Modernization', in H. Wray and H. Conroy (eds.), Japan Examined (Honolulu, 1983).
10 For an example of the particular Marxist view, see K. Oishi, Nihon Sangyo Kakumei Kenkyu, (Tokyo,
historian in the early postwar period, formed the other mainstream in this field. Broadly speaking, Otsuka’s theory added some perspectives from Max Weber’s theories to those of Marxism, and considered Britain as the ideal model of modern capitalism. Although these two mainstreams were to some extent different in their interpretation of the modern Japanese economy, both consistently took the view that analysis of commercial wealth or financial wealth in the modern period was of lesser importance than industrial development in understanding the driving force of Japanese industrialization.

This situation gradually changed, in particular from the early 1980s, when academic works about modern merchant capital in Japan began to be published and appear in academic journals. The survey, collection and publication of old data, particularly quantitative data, contributed to changing the view of merchants in prewar Japan. These works signified the active and dynamic role of commercial wealth in the transitional period of modern Japan, from the end of the Tokugawa period to the early Meiji period. Nevertheless, research about the development of commercial capital has remained relatively scarce compared with analysis of industrial or agricultural development in prewar Japan. If we look at the work of a number of recent researchers on commercial capital, we find that scholars’ methods can be divided into several broad categories. Some research has focused on the relationship between the early economic development of Japan and the structure of human resources. Secondly, the analysis of ownership and control from case studies of modern Japanese firms, in particular through research on the business systems of the zaibatsu, has also demonstrated some significant factors in modern Japanese business history. In addition, the recent trend of research has gradually shifted towards looking into the business activities and business networking of wealth holders at a local level, while a number of researchers have continued to look at these things at a national level.

From a historical perspective, debates about the social origins of businessmen in modern Japan have long taken place with a view to explaining the nature of...
entrepreneurship in Japanese economic development. From the early 1960s to the 1980s, this formed the centre of debates relating to Japanese wealth holders, since it was important to analyse whose initiatives had led the process of modernization in the business sector. It was clear that a few critical representatives, for instance, Shibusawa Eiichi, or Godai Tomoatsu, who undertook modernization in the business sector as well as promoting Japanese industrialization, with the certain cooperation of the new Meiji government, had originated in the former samurai class. For this reason, it was argued that modernization in the business sector was overshadowed by government initiatives during the period of the transitional economy. It was also believed that after the Meiji Restoration the lower samurai class, who had been technocrats of feudal domains or in the territory of the Shogunate, became the major source of human resources for the transitional Japanese business world of the late 19th century. However, this conception was based on studies from limited sources and the image of contemporary observers who criticized merchants as being less innovative and reluctant to change their own business customs. Therefore, it can be said that this view also indicated the bias of contemporary political and business leaders.

Although many Japanese scholars have insisted on the role of the samurai as innovative entrepreneurs, many studies attacking this old conception have emerged. Over time researchers gradually gave less priority to the role of the samurai class, while the role of local and urban wealth holders, including merchants or landlords, has become an important factor for the analysis of human resources. In the English language literature, Yui and Hirschmeier conceded that Japanese businessmen came from both samurai and merchant groups, although they also insisted that priority should be given to the former group. Some researchers outside Japan also traced the change of trends shown in Japanese writing. Kozo Yamamura stressed the assumption that less priority should be given to the samurai, from his empirical research on samurai income. Nakamura Takafusa also emphasized the contribution of merchant

13 For example, see T. Tsuchiya, Nihon Shihonshugi no Keteishi teki Kenkyu, (Tokyo, 1954).
14 For an example of a pioneering work, which focused on the role of merchants, see H. Mannari, Bijinesu Elite, (Tokyo, 1965).
16 See K. Yamamura, A Study of Samurai Income and Entrepreneurship (Boston, 1974).
groups to the establishment of and investment in modern firms.\textsuperscript{17}

However, the debates themselves have not been concluded even now.\textsuperscript{18} This is largely due to the limitations of the research methods used in the previous period. These debates were based on collective research from biographies and autobiographies to trace the social origins of numerous businessmen or business leaders. As the debate deepened, researchers were confronted with the problem that almost all the data from these sources only covered urban areas, and were therefore inappropriate for explaining any general trend for businessmen at the national level. From the 1990s, some researchers have begun to introduce quantitative data analysis on a greater scale. Although the results from such analysis at the national level are not yet complete, some preliminary findings also support the important role of merchants, and the need to reconsider the relationships between merchants and newly established firms.\textsuperscript{19}

On the other hand, Japanese businessmen have also been analysed from the perspective of managerial change. Such studies are crucial in analysing long-term change in employment and training systems associated with the politics of power in Japanese firms. The peculiarity of the process of the founding of the modern company system, and the influence of the Japanese family system (the \textit{ie}, whose role has been emphasized by some scholars\textsuperscript{20}) in business organization is a major part of this complex debate. In addition, debates relating to this field have focused on the issue of whether modern Japanese business is convergent with or divergent from the contemporary western case. These studies are mainly divided into two streams, that is, the more theoretical approach and the more empirical historical approach. Although both these two approaches basically depend on case studies of firms, in particular case studies of \textit{zaibatsu}, and the two share certain characteristics, a difference of perspective towards modern Japanese business and how it should be interpreted

\textsuperscript{17} See T. Nakamura, \textit{Nihon Keizai}, (Tokyo, 1980), especially, pp.94-98.


\textsuperscript{19} Abe Takeshi and Miyamoto Mataro have conducted this project. Both of them are professors of economic history in Osaka University. I would like to express my gratitude to Professor Abe for showing me their paper, presented at the Japan Business History Conference in 1999(Abe and Miyamoto, 'Meiji ki ni okeru Shisanka Shokogyosha no Kosei').

\textsuperscript{20} For example see I. Mito, \textit{Ie no Ronri}, 2 vols. (Tokyo, 1992).
separates the two approaches.

The more theoretical approach is represented by the works of Morikawa Hidemasa, who has been influenced both by Marxist ideas, and by A. D. Chandler's analysis of the managerial hierarchy system. Especially, many of Morikawa's recent works reflect Chandler's theories relating to the transition of modern firms from family capitalism to organizational capitalism. In addition, in his analysis, Morikawa has assigned importance to the convergence of the Japanese business system with the western business system as a whole. According to his interpretation, which is informed by case studies of Japanese firms and salaried managers, there was a long-term change from family (and capitalist) ownership to management by salaried manager. Morikawa has also considered the conflict between personal investors and managers in firms during the period of prewar Japan, suggesting that this conflict represented a negative attitude towards management on the part of personal investors, who were less interested in day-to-day business and more concerned with profit. This therefore caused problems for salaried managers who wished to reinvest the profits of firm to expand their scale of business, and who had to confront the difficulty of sharing the firm's profits with investors. From Morikawa's perspective, it can be said that even though some theoretical convergence is significant in his analysis, he also emphasizes the role of certain peculiarities in modern Japanese business, such as the corporate governance system or the lesser importance of personal investors, as positive factors for Japanese economic development, in both the prewar and postwar periods.

In contrast to this argument, some Japanese historians have placed more emphasis on the historical and socio-cultural influences on the business system. Yasuoka Shigeaki, whose studies have largely focused on the continuities and discontinuities of

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24 Takeda Haruhito provides another perspective on these peculiarities in Japanese business. See H. Takeda, *Zaibatsu no Jidai*, (Tokyo, 1995), and *Nihonjin no Keizaigainen*, (Tokyo, 1999).
traditional business customs in modern Japanese business, is a prominent example of this ‘historical’ approach. Yasuoka’s research does not imply that Morikawa ignores the historical evolution of Japanese business. However, if we contrast the two approaches, we see that Yasuoka mainly stresses the importance of internal influences on the prewar Japanese economy, while Morikawa emphasizes external influences on prewar Japanese business. Most of Yasuoka’s studies are concentrated on research on the Mitsui zaibatsu and traditional merchant houses in the transitional period of the economy. On the basis of this research, Yasuoka explains the role of the business activities of merchants whose business customs and systems had originated in the Tokugawa period, and shows how these provided a ‘soft-landing’ for the modern Japanese economy, especially given the chaotic situation resulting from the Meiji Restoration.\(^{25}\) Moreover, Yasuoka’s case study of the Mitsui zaibatsu indicates the progress of efforts to ‘invent’ a modern Japanese business which was a complex mixture of western business systems and traditional Japanese business customs.\(^ {26}\) In general, among Japanese business historians, Yasuoka’s approach is more empirical historical rather than theoretical. What is certain is that Yasuoka has become part of the mainstream in Japanese business studies.

Recent trends in studies about wealth holders or businessmen have also provided new research looking at local economies. Recently, some scholars have highlighted the contribution of local wealth holders in adjusting and fixing a modern business and economic system in Japan. In this field, the business and social networking of wealth holders in terms of their capital investments, case studies of wealthy local industrialists, especially those engaged in the traditional manufacturing sector, and research on the retailing and marketing activities of local merchants, have all been crucial subjects. Networking analysis has primarily been based on quantitative analysis of the data from shareholders’ lists as well as personal and formal data. As this kind of research has evolved, it has become apparent that the networking of local merchants took the form of personal and area networking. Moreover, this networking itself had a strong impact on their business, leading, for instance, to cooperative investment in newly established firms by merchant groups as part of a risk-sharing


On the other hand, case studies of local industrialists also indicate that their business was, to some extent, associated with risk-taking. It is apparent that from the Meiji Restoration, the shift in economic and business policy made the national economy more centralized, and that this policy heavily depended on the economic and industrial development of particular sectors and regions. Thus it provoked a downward spiral and disastrous depression in some local economies. To recover from this miserable situation, local wealth holders needed to establish new and modern business systems not only for their own survival but also to help the local economy, in addition to creating new markets for their products or goods. In other words, they were certainly conscious of the fact that their business activities could contribute to boosting the local economy, and therefore the social stability of local communities. This condition made their business part of a sort of code of honour, but it also led to considerable danger of loss or bankruptcy in their businesses as a consequence of their commitment to local politics.

As regards social networking and the contribution of local wealth holders to regional economic development, some studies have focused on the business activities of local merchants in the prewar period. Among this research, the approach of Suenaga Kuniaki’s work is characterized by a focus not only on the domestic business networking of merchants but also on their attempts to expand their external markets, for example, in Japanese colonies or states to which Japanese had emigrated. Therefore it may be said that the interest in Suenaga’s research lies in its interpretation of the existence of some sort of cosmopolitanism in business among modern Japanese merchants. His case studies of Omi merchants, who had been active on a national scale during the Tokugawa period, attempts to analyse the transformation in their business in prewar Japan, in particular their response to the challenge of creating new markets by the integration of traditional marketing skills.


and the modern business system, though their scale of business was not so large.  

Suenaga also shows how the success of their challenge was based on their experience in Tokugawa Japan since the federal nature of the economic system had given to their domestic retailing operations a certain 'cosmopolitan' tendency. As Suenaga's analysis indicates, studies of local merchants have had some influence on Yasuoka’s approach, and, to some extent, on the historical approach more broadly.

The result is that this research and these debates have become fruitful sources for explaining and analysing modern Japanese business, including the characteristics of businessmen and wealth holders. However, certain problems may be identified, in that these works have not embraced several important perspectives. The most crucial problem is the ignorance of gender issues. It was not rare before the modernization period for women in Japanese merchant house to take responsibility for merchant house management or day-to-day business. Nevertheless, in many cases, as modernization and industrialization progressed, women gradually vanished, or were forced to vanish, from the business world, devoting themselves to their households. Undoubtedly, this circumstance signifies a change in the ie system within merchant houses as a result of institutional reforms and social changes in Japan. However, researchers who have emphasized the significance of the ie system for the formation of modern Japanese business have not really pointed out the change in women’s roles inside the business world. Moreover, there is hardly any research which has chosen women as the subject of modern Japanese business studies. This is probably due in part to the shortage of female researchers in this field.

In addition to this serious omission, existing research invariably lacks a comparative perspective, even though modern Japanese business introduced various western systems, from the legal to the industrial, to accommodate to, or compete with, external rivals. While many studies have focused on convergent factors rather than divergent factors within modern Japanese business, it is clear that, in many respects, the peculiarities of modern Japanese business have been exploited when it comes to any explanation of the postwar success of the Japanese economy. Therefore,

30 For example, see R. Hayashi (ed.), *Henkakuki no Shonin Shihon*, (Tokyo, 1984).
31 For a rare example see R. Hayashi, *Josei no Kinsei*, (Tokyo, 1993), even though this book is about

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research in this area has not changed the image of the 'uniqueness' of Japanese business along with that of Japanese businessmen. Furthermore, recent comparative studies have been inclined to focus on case studies, thus lacking a broader perspective in which to locate the research.\textsuperscript{32}

Finally, although quantitative and empirical methods have frequently been utilized for the analysis, businessmen's social networks and the process of change in Japan from pre-modern merchants to modern and westernized businessmen have rarely been researched from the simultaneous perspective of both economic development and social change.\textsuperscript{33} Some recent research, however, attempts to interpret the reforming of the pre-modern class system of modern Japan in terms of social restructuring.\textsuperscript{34}

Thus, on the one hand, the number of works and studies of Japanese researchers is enormous, and to some extent, extremely detailed. On the other hand, the research itself tends to be narrow, precluding a focus on significant factors, which might enable some expansion of, or radical change in, the existing analytical approach. In contrast to this situation, research on the European bourgeoisie or businessmen has advanced in the context of some comparative analysis, looking both at economic factors and at a socio-cultural level, and utilizing a combination of quantitative and qualitative methods. In particular, it has become clear that earlier class structures within European countries have greatly influenced the modern European economy.

1.2.2 Britain

Britain has long been considered as the archetypal industrialized country in the modern era, and therefore has usually been interpreted as an 'ideal' model for comparative analysis. In this view, the British model was indicated as showing the 'normal' way for historical progress towards modernization and industrialization, in the era of Tokugawa Japan and focuses not only on business activities,\textsuperscript{32} For example, see T. Yui and H. Morikawa (eds.), Kokusai Hikaku Kokusai Kankei no Keieishi (Nagoya, 1997).

\textsuperscript{33} 'Westernization' in the business world signifies the reforming of the economy and business organization, including private and public reform, for example, the establishment of legal institution and a financial system, based on the contemporary European system, in addition to the establishment of modern infrastructure.

\textsuperscript{34} For example, see H. Sonoda, Seiyoka no Kozo (Kyoto, 1993), and Sonoda (eds.), Shizoku no Shakai Rekishigakuteki Kenkyu (Nagoya, 1995).
contrast to other 'peculiar' and 'tragic' ways, especially those of Germany or Japan.\textsuperscript{35} The cooperation between democracy and industrialization in modern Britain has become a powerful theme in much modern historiography. The rise of the British bourgeoisie as a result of the so-called 'Industrial Revolution' and 'Bourgeois Revolution' also corresponded with interpretations focusing on the prominent position of the industrial sector in the modern British economy. On the other hand, the pre-industrial elite, which consisted of the aristocracy and landowners, has tended to be considered as a declining power in the modern period, especially in Britain.\textsuperscript{36}

However, as other methods of analysis, in particular econometric methods, have begun to impact on the interpretation of economic growth in modern Britain, these studies have been forced to modify their former perspectives on the Industrial Revolution and the modern British economy. Newer studies indicate that even in the stage of relatively rapid growth generated by the Industrial Revolution, the agricultural sector still remained a significant force of economic activities and a major source of national income. The share of the agricultural sector in national income, and the high level of its contribution to employment until the middle of the 19\textsuperscript{th} century, signifies the power of this sector as well as that of the pre-industrial elite, who owned a large part of the arable and farming land throughout Britain.\textsuperscript{37} Research on the growth in productivity has also pointed to the relatively low growth in the industrial sector even in the late 19\textsuperscript{th} century, when agricultural output absolutely declined.\textsuperscript{38} Also studies on the growth rate of the service sector in modern Britain have assigned an equivalent importance to this sector, arguing that it contributed to economic growth in Britain as much as did the industrial sector.\textsuperscript{39} Consequently, these studies began to challenge older views of the modern British economy, in addition to the historical myth of modern Britain that had been generated.

Empirical studies have also called into question the interpretation of a whole range of

\textsuperscript{35} For example see Otsuka, 'Kindai Kigyoka to sono Keifu', in \textit{Otsuka Hisao Chosakushu} vol. 9 (Tokyo, 1969).
\textsuperscript{36} See D. Cannadine, \textit{The Decline and Fall of the British Aristocracy}, (New Haven, 1990), and D. Spring (ed.), \textit{European Landed Elites in the Nineteenth Century}, (Baltimore, 1977), for example.
older views on indicators of social change during the modern period. These studies are, to some extent, more detailed, which meant that they were in themselves sufficient to break with older views, and not based on an ambiguous and unreal image of modern British society. This research also tended to focus on the continuity of the old elite as an element of social, political and economic power, rather than on their social discontinuity consequent on radical changes during the Industrial Revolution. Among works of this kind, Rubinstein’s research on millionaires and multi-millionaires in modern Britain is especially significant, and has had a great impact in changing earlier perspectives. Utilizing probate records to estimate millionaires’ wealth from the late 19th to the early 20th centuries, Rubinstein emphasised that even though the proportion of the total number accounted for by the pre-industrial elite relatively declined throughout the period, British millionaires were not represented only by the industrial bourgeoisie, but also by the commercial and financial bourgeoisie. Rubinstein’s long-term analysis also showed that while industrial millionaires were the largest group among the wealthy bourgeoisie, their regional distribution indicated the predominant position of the London area, which was mainly non-industrial and was the centre of the financial sector. In addition, among industrial millionaires, traditional sectors like brewing were the largest group, and not millionaires from the cotton industry. From these results, Rubinstein pointed out the relative importance of the non-industrial bourgeoisie in modern Britain. In another work, he also stressed the gradual integration of the British bourgeoisie with the pre-industrial elite through educational influence, for instance, through the entering of bourgeoisie sons into public schools. He disputes, however, that this caused any decline of the British economy, since their choice of profession after completing higher education was quite business-oriented. At the same time, Rubinstein’s analysis of the predominant position of the non-industrial bourgeoisie, and his denying of the negative impact of the cultural influence of the pre-industrial elite on the bourgeoisie, has provoked some criticism from his opponents.

41 Ibid, p. 88.
This shift in the focus of research about modern Britain has also stimulated the growth of studies of the role of the financial sector in modern Britain. In this sense, many researchers have looked at the contribution of the City of London, as a worldwide financial centre and a huge source of British wealth, and at the financial bourgeoisie. These studies have emphasised the integration of the financial bourgeoisie with the pre-industrial elite, both socially and economically, and the assistance this gave to the survival of the old elite and its cultural values. Informal networking with the political and social elite through non-business meetings, marriage or friendship from their study at public schools, caused the assimilation of the financial elite into the old elite, and thus enabled them to exercise influence in politics or the economy. The financial elite's social and political attitude was also in strong contrast with that of the industrial bourgeoisie, who were basically outside this assimilation because of the difference in cultural values between the newly emerging upper class of industry and finance capital. However, the extent to which industrialists who succeeded in business and became rich wished to assimilate into a new national elite or not, remains a topic of debate among researchers.

Recent studies of modern Britain have assigned some importance to the financial and commercial sector as a driving force of modern British economic development. One particular example is shown in the debate about 'gentlemanly capitalism' in modern Britain. Cain and Hopkins, who elaborated the concept of 'gentlemanly capitalism' in their long-term and broad analysis of the British Empire, stressed a number of significant points as follows. Firstly, they focused on the non-industrial sector, such as commerce or finance, to achieve a reconsideration of modern British capitalism. They indicated that greater improvement and innovation within the commercial and financial sectors, and not just the Industrial Revolution, contributed to the British economy. Secondly, they emphasised the influential power in British economic policy of the financial and commercial elite, which was assimilated into the old political elite. In contrast to this elite, the role of the industrial elite was more


For details, see Y. Cassis, *City Bankers, 1870-1914* (Cambridge, 1994).

For example, see L. Stone and J. C. F. Stone, *An Open Elite?* (Oxford, 1986), and F. M. L. Thompson, 'Life after Death: How Successful Nineteenth-Century Businessmen Disposed of their
marginal, and its influence remained at the local level. Thirdly, the continuity in long-term policy of modern Britain may be summarized as depending on the newly integrated gentlemanly elite and its political philosophy. Although this interpretation has provoked controversy and debate among researchers, it is certain that Cain and Hopkins' studies have contributed to a rethinking of modern British history, in addition to a rethinking about the British bourgeoisie.

Consideration of long-term changes within modern British history have thus indicated the strong presence of the pre-industrial elite, which had been considered as a declining power in the modern period as a result of the Industrial Revolution. This elite still maintained its power both politically and socially through integration with other influential groups, notably the financial and commercial bourgeoisie, both of which could share its social values and traditional customs. Studies of modern British capitalism and the bourgeoisie have focused on the question of modernity within British society, but it is clear that none of these studies has shown the existence of a radical reorganization in social and class structure in modern Britain. These perspectives have also forced a shift in the historiography of other European countries, such as Germany, whose historiography had excessively idealized modern British society, in contrast with the 'backwardness' in modern society in Germany that was considered as having led the country to National Socialism. This German perspective will be considered next.

1.2.3 Germany

Many researchers who have studied modern German history have been convinced that from the early 19th to the middle of the 20th century, German society in its entirety chose a different path from other western European societies for reasons of tradition, outlook, different internal social structure and enthusiastic national consciousness, even though the state system was not totally centralized until the 1930s, when the Nazis took hold of the political power and the democratic political system. It has been frequently stated that the road to this great tragedy was initiated with the failure


of the German bourgeoisie in the 19th century to transform Germany into a liberal and democratic state. The existence of two groups within the German bourgeoisie, that is, the Bildungsbürgertum (educated bourgeoisie) and the Besitzbürgertum (propertied bourgeoisie) caused conflict between the two, both socially and politically.\footnote{For example, see H-U Wehler, *German Empire 1871-1918* (Leamington Spa, 1985) for detail.} The weakness of the bourgeoisie in the face of the pre-industrial and authoritative elite during the period of the unification movement had a decisive impact in that these bourgeoisie, in particular those who were propertied, were unable to expel the old elite from political power. All they could do was seek assimilation into traditional power groups through abandoning modern and liberal values. Their betrayal of democracy, known specifically as the 'feudalization of the bourgeoisie', separated them from the rest of the European bourgeoisie and changed their social and political attitude towards something altogether more authoritative and suppressive.\footnote{For details see, J. Kocka et al(ed), *Bürger und Bürgerlichkeit im 19 Jahrhundert*, (Göttingen, 1987).}

Consequently, their ambiguous position and the alliance with the old elite during the period of Imperial Germany and the Weimar Republic led to the rise of the National Socialism. This assumption forms part of the so-called Sonderweg, a distinct path of modern German history, and thus Sonderweg theory long dominated modern German historiography.\footnote{See H-U. Wehler, *German Empire, 1871-1918*, esp. chap 2.}

However, the Sonderweg and 'feudalization' theories as a component of the overall approach to German history have fallen into disfavour in recent years. The first backlash came from historians researching modern German history in Britain, who were undoubtedly influenced by British social historians, like Hobsbawm or Thompson. In the early 1980s, David Blackbourn and Geoff Eley initiated an attack on the Sonderweg theory. They questioned what they considered the excessive idealization of modern British society by German historians, who criticized the social backwardness of contemporary Germany in contrast to Britain, arguing that British social structure resolved elements of backwardness and traditional customs. They also emphasized that the transition of Germany into a modern state during the 19th century certainly depended on the rise of the bourgeoisie, who benefitted substantially from the 'revolution from above' by the German state, for example, the unification,\footnote{For Sonderweg theory, see R. Dahrendorf, *Gesellschaft und Demokratie in Deutschland*, (Munich, 1965), esp. pp.62-64.
economic growth through state intervention or the formation of standards for the social system. In addition, they argued that during this period bourgeois values became dominant in many areas of German society. As explained above, their interpretation was indeed a challenge to earlier perspectives on modern German history. Therefore, it provoked a serious and enthusiastic debate among historians who studied modern Germany, both German and British. International debate thus also partly contributed to the opening up of debates and the development of comparative research on the German bourgeoisie.

Comparative research based on empirical studies of the bourgeoisie gradually appeared from the middle of the 1980s. A significant role in this research was played by an international group of researchers who jointly discussed and conducted research at the University of Bielefeld, in Germany. Their contribution was published as a three volume set edited by Jürgen Kocka, a famous social historian. The studies in this book mainly consist of comparisons between the German bourgeoisie and other European bourgeoisies, from various aspects, like the difference in economic activities, status, self-consciousness or mentality. Without doubt, these endeavours have been successful in their attempt to place modern German history in a European context, and to give a broader and precise vision of the interpretation of the German bourgeoisie. Also from this research, it is apparent that the German bourgeoisie shared many common characteristics with other European bourgeoisies, in particular the British or French, who were considered to be influential in many areas of society, including the political area. Even though there has been some criticism from other researchers, who have pointed out that these scholars’ definition of bourgeoisie is too narrowly determined, this type of comparative research has been quite influential on later studies focused on the so-called German bourgeoisie, like businessmen and merchants.

Studies of the German bourgeoisie have been inclined to emphasise the bourgeoisie’s tendency towards ‘feudalization’. The bourgeoisie’s failure to hold a predominant

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54 This criticism is especially from Lothar Gall. See, for example L. Gall, ‘Stadt und Bürgertum im Übergang von der traditionalen zur modernen Gesellschaft’, in Gall (ed.), Stadt und Bürgertum im Übergang von der traditionalen zur modernen Gesellschaft (Munich, 1993).
position within the German state was considered to have led to a negative assimilation into the pre-industrial elite. In this sense, the ‘feudalization of the bourgeoisie’ was defined as a phenomenon that opposed or reversed modernity or the development of a modern society, shown through the ennoblement of the bourgeoisie on retirement from the business world, their alliance with the authoritarian state to secure their status, and the formation of a coalition with the pre-industrial elite through marriage or choice of profession. As newer empirical studies carefully examined and analysed new data, the results of the research cast doubt on this concept of ‘feudalization’. Some of the pioneers of these studies, such as Friedrich Zunkel’s research on businessmen in the Rhineland and Westphalia in the middle of the 19th century, provided limited evidence for the ‘feudalization’ of these businessmen. However, in the 1980s, the existence of major weaknesses in the feudalization thesis became apparent to many historians and sociologists. In addition, as quantitative methods began to be introduced into this field of study and as empirical studies became more elaborate, many researchers became suspicious of the concept of ‘feudalization’. Some researchers stressed the relative lack of significance for businessmen of the ties with the pre-industrial elite, and study of businessmen families who were newly ennobled indicated the separation of those groups from the old aristocracy. Karin Kaudelka-Hanisch’s study of holders of the title ‘Commercial Councillor’, which was the state title specifically awarded to honour businessmen, signifies the pride and self-awareness of businessmen in relation to their economic activities.

Recent trends in studies of the German bourgeoisie show a further expansion in interest among researchers, though many of these works assign importance not only to business and economic factors, but also to political and social factors. Augustine’s study of the wealthiest businessmen in Wilhelmine Germany explains the similarities and peculiarities of the wealthy German bourgeoisie in terms of their business

activities and social status. She basically stresses that the wealthiest German businessmen, who were considered to have had easy access to the pre-industrial elite because of their enormous economic and financial power, and who had been closely identified with the model of 'feudalization' of the bourgeoisie, had hardly ever lost their consciousness of being businessmen. Although in some cases, a minority lost confidence in their own traditional social and economic values, and their social behaviour was gradually assimilated into that of the pre-industrial elite, the majority remained active in the business world, since they never forgot that the source of their influence and power rested on their business activities. In addition, in their private life, including marriage and the upbringing of children, they were indeed highly strategic. On the one hand, sons of businessmen were expected to inherit their father's businesses, and therefore it was rare for a son's choice of profession or private life to lie outside his father's expectations or decision. On the other hand, the role of daughters was to expand the social network through marriage. However, Augustine concludes that the wealthiest businessmen in Imperial Germany remained in a somewhat isolated position in relation to the political and pre-industrial elite, in contrast to Britain.\textsuperscript{59} While Augustine's study has had a major impact on research on the German bourgeoisie, other recent studies have discussed the role in Imperial Germany of the financial elite, a core element in the study of the European bourgeoisie.\textsuperscript{60} Boris Barth's study of the banking and financial elite in Imperial Germany indicates the relationship between banking activities and foreign policy, and the link of the financial elite with the political elite.\textsuperscript{61}

The trend in studies of the modern German bourgeoisie has, therefore, become more convergent with trends found in the study of the European bourgeoisie more broadly. Comparative research has made it apparent that the modern German bourgeoisie, which had been assumed to be distinct from other western bourgeoisies in a number of respects, in particular in their social and political attitude, in fact shared many common characteristics with them. This also signifies the contribution of comparative research to analysing them in a broader perspective. In addition, it is clear that these

\textsuperscript{59} For details, see D. L. Augustine, \textit{Patricians and Parvenus}, (Oxford, 1994).
\textsuperscript{60} For pioneering work in this field, see F. Stern, \textit{Gold and Iron}, (New York, 1977).
\textsuperscript{61} See B. Barth, \textit{Die deutsche Hochfinanz und die Imperialismus}, (Stuttgart, 1995), and also Barth, 'Weder Bürgertum noch Adel', \textit{Geschichte und Gesellschaft}, 25-1 (1999); M. Reitmeier, 'Bürgerlichkeit als Habitus', \textit{(Geschichte und Gesellschaft}, 25, 1999).
studies have not ignored any of the political and unusual social characteristics that may have led to the final tragedy of modern German history. This indicates the strong impact of the Sonderweg thesis among researchers even now, although the concept of ‘feudalization’ has almost disappeared and lost its impact on German historiography.

1.3. The Importance of Comparative Research

From the brief description of the existing progress of research, outlined in the previous section, it is apparent that there are certain differences in method, analysis and tendency of research among these three countries. Even in the case of definition of the terminology for the so-called bourgeoisie, the various definitions indicate strong social, cultural and traditional influences that have certainly made a comparison difficult. It is clear that the terms bourgeoisie, Bürgertum, shisanka or meiboka, all of which are broadly defined as including the wealthy individuals (in particular those who are propertied), have partly differing meanings and characteristics. None of these words can be wholly translated into another language, and while some of the terms have embraced a broad variety of social groups within the definition, some terms only embrace the social group which was engaged in economic and business activities. Moreover, the nature of historical progress and the different power statuses of the three countries, as well as the extent to which they were developed or a late developer, created peculiarities in each case. However, it should be noted that there can be no doubt that a commitment to the development of the nation-state, which was closely associated with a process of modernization and industrialization, and a commitment to modernity, constituted a common characteristic of bourgeoisie, Bürgertum and shisanka. Taking a long-term perspective, these groups were never totally anti-modern or anti-capitalistic, and gained various benefits from social, economic and political reform.

In addition to the social and economic differences in the characteristics of these groups themselves, there is also a clear distinction in the style and the methodology of research on them, in particular of European and Japanese research. On the one hand, the studies of the European bourgeoisie, in both Britain and Germany, have placed the research in a broader and longer-term historical context. Recent studies have made extensive use of empirical and comparative methods, and have gained fruitful results,
which have been able to give a new perspective on the analysis of bourgeois society and its social influence. The new trend has also contributed to breaking down the barriers within historical research, which had been very distinct, since many historians, politically either left or right, had tended to focus on internal factors which had made their historical view quite narrow and somewhat 'nation-based'. Therefore, although socio-cultural factors were significant in forming clear differences among the European bourgeoisie, and it is certain that there was little consolidation over national boundaries (even in the case of the Jewish bourgeoisie in some European countries, although this might have been doubted by many contemporary observers),

the new research has indicated a relatively more powerful status and position of the European bourgeoisie than indicated by previous research, and has shown that they shared a common attitude towards modernity and their economic activities as the true source of their power and influence.

On the other hand, in the case of Japan, research on wealth holders was for a long time left to political, economic and business historians. This meant that research and studies in this area tended to focus on certain specific factors, for example, the style of the business, their authoritative attitude towards the working class, or their informal alliances and coalitions with power elite groups. While this tendency has produced numerous detailed works in each of these historical areas, it has also caused a lack of long-term social and historical perspective. This is especially true of business history. Researchers who have emphasized either the internal or external influences on the formation of modern Japanese business have tended to focus their attention and interest especially on Japan itself. In some cases, influential foreign theories have been introduced to expand the perspective of the study. However, comparative analysis has relatively rarely been pursued for research into modern Japanese business. This is also due to a systemic problem in historical studies in Japan, namely that many researchers have just concentrated on the analysis of the plentiful sources and literature available, and therefore have only assigned importance to the interpretation of the peculiarities of the Japanese historical experience. Moreover, cultural values or bias in interpretation has constituted an invisible barrier to comparison. Even though Marxist historians, who were long the mainstream of the academic field, have

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exploited comparative analysis for criticising social 'backwardness' and the existence of some 'feudalistic' characteristics in modern Japan, their studies have hardly ever been associated with any reconsideration of Japanese 'peculiarities'. Thus, even though, as mentioned in the above section, studies of the bourgeoisie in the three countries have gradually shifted towards looking at the role of the financial and commercial sector rather than the industrial sector, the analytical approach to such research is self-evidently distinct in both the Japanese and European cases.

Undoubtedly, this difference in methodological approach and historical progress has to some extent pushed studies of the Japanese bourgeoisie into an isolated position and poses certain difficulties for comparison. However, it is plausible to argue that some similarities can be discovered between Japan and the contemporary European case. The introduction into modern Japan from the late 19th century of Western models, economic, social and political, caused a merging with the traditional Japanese system. The emergence of new wealth holders who enthusiastically engaged in the modern business world as a result of the reform and transformation of the Japanese state signifies the partial move by the Japanese business system towards the standards set by western business. This was conducted through export-oriented development in Japanese business and the importance of external trade for the Japanese economy. Also, institutional changes, such as those in the educational system, significantly contributed to minimizing the differences in social behaviour between the Japanese and western bourgeoisie. Apart from these social and institutional changes, there is evidence that in the role of commercial and agrarian wealth during the modern period, we can find similarities between the European commercial and agrarian elite and that of Japan. These observations provide some justification for the importance of comparative research and analysis between the Japanese and European cases. However, it should be stressed that in contrast to Britain and Germany, both of which were industrialized and had secured the position of 'developed' countries during the late 19th – early 20th centuries, Japan was still in the position of a developing country, and this situation did not change until the post World War II period. Therefore, the analytical perspective must be not simply to find any peculiarities or similarities in the case of Japanese business and wealth holders, but to analyse how the combination of traditional, non-traditional and newly created factors was structured, and how it
functioned on an economic and social level.

1.4. Methods and Sources

Methodologically, my research on modern Japanese wealth holders is a combination of two approaches, that is, quantitative data analysis and a non-quantitative approach embracing the consideration of socio-cultural factors. Although quantitative methods can be extended in the direction of econometric analysis, the approach utilized here is to use basic statistical data to analyse social aspects, such as the social status or social behaviour of wealth holders. Therefore, my research will be oriented towards a social history rather than purely economic history approach. However, the combination of these two methods is crucial for my thesis. On the one hand, the quantitative method is useful for analysing Japanese wealth holders as a group, so that they can be examined in a broader context. In addition, since numerous studies of the European bourgeoisie have researched them as a social group, and comprehensive quantitative analysis has been utilised for this research, this method will make a comparative analysis of Japanese wealth holders easier. Collective data analysis is also more convenient for researching wealth holders at the national level, in particular for interpreting regional trends and differences, the degree of concentration of personal wealth, or identifying leading sectors or social groups within wealth holders. On the other hand, the qualitative analysis used in my thesis is crucial for examining social and political attitudes that cannot be determined by quantitative analysis. This approach would seem to address the weakest point of the quantitative analysis, namely its inability to comprehend the social or cultural factors which undoubtedly constituted a dynamic in Japanese wealth holders’ activities, especially in the business world. The implications of traditional or newly invented elements within wealth holders’ social behaviour also cannot be unveiled without the introduction of a non-quantitative approach.

The reliability of both quantitative and qualitative data sets is crucial to my analysis. Though utilizing both methods can reduce or minimize possible errors in the results of the research, the question of actual reliability is more complex, as will be explained in more detail in later sections. In the case of the quantitative data set, which will be discussed in more detail below, there are likely to be some errors and omissions. In
this case, the use of qualitative evidence, for instance, biographies or autobiographies, may be able to supplement these data. This is necessary if the quantitative analysis focuses on personal data, like, for example, age, date or place of birth. On the other hand, these qualitative materials also provide fascinating information about the individuals who are the object of the analysis, especially about their life and social behaviour. However, it should be noted that in many cases, the information provided by these qualitative materials might to some extent be fictional rather than reliable and non-fictional. In particular, any discussion relying on data contained in autobiographies must be a cautious one, since the writers tend to inaccurate and selective memories, for example where there are references to issues such as childhood.

The remaining parts of this chapter discuss the materials and sources, which have been utilized in my thesis. The quantitative materials must be explained in detail, not only to show the historical progress made in data collection, but also to enable some discussion of the characteristics or bias of the Japanese sources and materials. Also, the nature of the qualitative materials will be discussed so as to identify their particular characteristics. In addition the secondary sources used will be outlined.\(^{63}\)

1.4.1. Quantitative Sources

Although there exist abundant sources on Japanese wealth holders, these materials are dispersed everywhere throughout Japan, and some important materials, in particular official documents, may well have been destroyed during the period of the Second World War. Thus, there have been serious limitations on individual researchers’ ability to access and search these materials at a national level. However, fortunately, the collection of materials about Japanese wealth holders has advanced rapidly, and improved in recent years. The most reliable comprehensive sources have been edited and published through the efforts of a single academic researcher. These are, *Meijiki Nihon Zenkoku Shisanka Jinushi Shiryo Shusei* (Compilation of Materials on Wealth Holders and Landlords in the Meiji period); *Taisho Showaki Shisanka Jinushi Shiryo Shusei* (Compilation of Materials on Wealth Holders and Landlords in the Taisho and

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\(^{63}\) See also the appendix part of this thesis for further detail of data compilation.
These compilations were all produced as part of a project to collect prewar Japanese surveys and other data initiated in the early 1960s by Shibuya Ryuichi, who had been an academic fellow of the Institute of Agricultural Research, an external organization of the Ministry of Agriculture, Forestry and Fishery. At first, the purpose of this project was to collect surviving surveys of local landlords, since many old official collections, including registers or lists of landlords, had been disposed of after the postwar land reform. Therefore, the searching, collecting and editing of these data or documents at a national level was both significant and necessary. Although, to some extent, the project needed the assistance of Shibuya’s colleagues, it was mainly conducted by the individual efforts of Shibuya himself.

From the end of the 1960s to the early 1970s, this data collection was extended to include data on local wealth holders, including merchants and businessmen, and the interest of the project began to shift towards analysis of the role of local wealth holders in modern Japanese economic development and their contribution to business and economic activities. Further collections of surveys, in particular at national level, became the main focus of this project, and since the 1980s the results of this extensive research have been published as major compilations. This work has recently been completed, and all the materials collected by Shibuya have been published as the three multi-volume compilations mentioned above.

These comprehensive compilations comprise, therefore, enormous and wide-ranging data sets, which can be utilised for academic research. If we focus on this huge data set, we can identify certain characteristics within the sources that have been collected. These data can be divided into several categories, both official and private. Within both sets of data, further sub-categories can be identified from sources and references. Many of the official data sets, though with some exceptions, concentrate on the

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64 The date of publication of these three bibliographies is as follows: R. Shibuya (ed), *Meijiki Nihon Zenkoku Shisanka Jinushi Shiryo Shusei*, 5 vols. (Tokyo, 1984); Shibuya (ed), *Taisho Showaki Nihon Zenkoku Shisanka Jinushi Shiryo Shusei*, 7 vols. (Tokyo, 1985); Shibuya (ed), *To-Do-Fu-Ken betsu Shisanka Jinushi Soran*, 65 vols. (Tokyo, 1985-1999). In the following, these three texts are abbreviated as *MNZS/JSS*, *TSNZS/JSS*, and *TBSJS*.
agricultural sector, especially providing data on the scale of landholding among Japanese landlords. This type of investigation was not only conducted by the Ministry of Agriculture and Commerce, but also by local governments. This indicates that agricultural policy was undoubtedly a central issue for the prewar Japanese government, since much social and political instability was regarded as being largely caused by the landlord system. However, in contrast to the landlords who owned estates in local and rural areas, official investigation of urban landlords, whose income largely depended on rents from urban properties, in particular in metropolitan areas, is hardly ever reflected in the data researched by government. Apart from research on contemporary landlords, some official tax records, showing the income structure of major taxpayers in detail, are also included in these compilations. However, these data are not available across the board. A huge amount of official tax records would seem to have disappeared during the Second World War, and it is impossible to examine the remaining data in any time series, or at a national level, as will be discussed later.

As mentioned above, official investigation of prewar Japanese wealth holders tended to be concentrated on landlords. It is also apparent that public research in the Japanese colonies in the prewar period, including Taiwan and Korea, also focused on landholding. In the case of Korea, after the annexation of the Korean Kingdom in 1910, the office of the colonial government regularly conducted surveys of landlords, in particular of those who were Japanese immigrants. Also in Taiwan, the colonial government investigated in detail the nature of estate management undertaken by Japanese farming immigrants. Although one should be cautious about emphasizing the bias within Japanese governmental investigation from remaining documents, it is plausible to suggest that official research was inclined to pay attention to landholding or landlords' activities rather than to commercial or industrial wealth holders.

55 For detail see introductory part of Shibuya (ed), MNZSJS, vol. 1.
66 Only private research about this type of landlord can be found among the references in these collections. For example see, Tokyo Shinai ni okeru Takuchi hoka Tochi Chosasho, in TBSJS, Tokyo Section.
67 Although the first census was conducted by the Ministry of Agriculture and Commerce, the following census was undertaken by the Chosen Sotoku-fu (Korean Colonial Office). These censuses are called Naichijin Noji Keitisha Shirabe, and are in DBSJS, Chosen Section.
68 For example see, Taiwan Sotoku-fu Shokusan Kyoku, Taiwan Nogyo Shokumin no Kaku Kobetsu Keieigaiyo oyobi Shimei Ichiran (1931) in DBSJS, Taiwan Section.
On the other hand, privately collected data sets indicate a broader interest in wealth holders. If we look at national level investigations, there are substantial lists of national merchants and industrialists. These lists are called Shokonin Meiroku (List of merchants and industrialists) or Shokoroku, and are available from 1913 to 1930. They cover a wide range of information, giving for instance, the names of merchants and industrialists, and the names of the firms or merchant houses which they managed, along with data about income tax and corporate tax. Some of these listings cover several tens of thousands of people, and thus have been utilised for quantitative analysis of modern Japanese merchants and industrialists. However, the definition of merchant or industrialist in these lists is quite unclear, since some owners of big business, especially the zaibatsu owners, are not included in this data set. Therefore, it is certainly difficult to trace data on the very rich group of wealth holders from either of these sources. In addition, the existence of these lists may possibly signify that Japanese and Japanese society may have assigned less importance to the secrecy of information or the violation of privacy than in some other countries. This tendency becomes very apparent if we shift our eyes to the lists of wealth holders' wealth or assets, which were compiled privately.

Lists of wealth holders according to their wealth have a strong tradition in Japanese history. The oldest list can be traced back to a date of publication in the mid-Tokugawa period, although copies of these lists had almost disappeared before the Meiji Restoration. Notwithstanding the great transition within Japanese society during the late 19th century, these lists continued to be published. The oldest lists of wealth holders were called Meiyokagami or Banzukehyo, names that utilised as a model the rankings assigned to sumo wrestlers. The Meiyokagami or Banzukehyo only contained the names and addresses of wealth holders who were specifically wealthy merchants, since the existence of landlords was officially denied by the Tokugawa government under the quasi-federal system of feudal lords that existed. To confirm the status and number of wealth holders without providing any sort of statistical or official information, these lists utilised the ranking of sumo wrestlers as a means of

69 Shokonin Meiroku and Shokoroku were collected in each prefectural section and the colonial section of DBSJS. The full name of both materials is Nihon Zenkoku Shokonin Meiroku 5th Version (1913), and Dainihon Shokoroku 11th Version (1930).
70 This project has been done by Abe Takeshi and Miyamoto Mataro, and some of the preliminary results are presented in Abe and Miyamoto, 'Meijiki ni okeru Shisanka Shokogyosha no Kosei', in Abe
identification. Therefore, for instance, the status of yokozuna, who is at the top of the sumo wrestlers' hierarchy, would be used in the Meiyokagami or Banzukehyo to indicate prominent wealthy merchants. Ozeki (second ranking), sekiwake (third), and komusubi (fourth) etc., downwards could all be used as a conversion table for the ranking of wealth holders. It was easy for many Japanese to understand the meaning and ranking of wealth holders by means of these lists. In addition, even though the true purpose of the publication of these lists is uncertain, it is plausible that these lists were made to encourage business competition among wealth holders.

This initial type of list had already disappeared by the middle of the Meiji period. Instead of Meiyokagami or Banzukehyo, a new type of list of wealth holders, based on tax payment or estimated total assets, began to emerge. These new lists partly depended on relatively scientific methods of investigation and wealth estimation, and needed long-term research and many investigators. Therefore, the publication of these lists was conducted by large organizations, like newspaper publishers or private detective companies. Also data on the income tax payment of wealth holders began to be widely available in the form of lists available to the public through publishers. In addition, the publication of new types of list partly resulted from the crucial influence of investigations into wealth holders conducted in European countries or the United States. However, even though some doubt remains about the methods used for estimating wealth holders' assets, it is very difficult to trace any accurate data on this during the Meiji period. Firstly, scientific methods of data collection began to be introduced no earlier than the beginning of the 20th century, and the data sets, both official and private, tended to be incorrect and inaccurate because of delays in taxation reform and fluctuations in economic circumstances in Japan. This situation contributed to the existence of great differences in methods of calculating and estimating wealth holders' wealth. Secondly, although from the late Meiji period (in the early 20th century), pioneering lists based on scientific methods began to emerge, the first list of 1901 did not disclose data about the estimated wealth of wealth holders. This list only provided data concerning the names of wealth holders whose estimated wealth was over 500,000 yen in the late Meiji period, since the publisher who


71 For detail on this see the introduction by Shibuya, MNZS/SS, vol. 1. Shibuya also points out that there is a possibility that publishers changed the ranking in the lists in line with particular merchants'
conducted the research was afraid that individuals contained in this list would suffer from violation of their privacy, and that the data that appeared might be inaccurate. Therefore, the emergence of more detailed lists had to wait until the early Taisho period.

In 1916, a new list gave information about wealth holders' estimated wealth, along with names, addresses and occupations. The list was published in the form of a supplement of a newspaper. The name of this list was *Zenkoku 50man yen ijo Shisanka Hyo* (List of Japanese Wealth Holders with Estimated Wealth in Excess of 500,000 yen), and its publisher was Jiji Shinposha, a leading newspaper publisher. Although this publisher had earlier disclosed data on wealth holders, it was the first time estimated wealth data were provided. According to the preface of this list, the company had spent a long time on the investigation, from January to September of 1915, and the researchers had carefully estimated wealth holders' assets by utilising time price data for the shares which they owned, minimizing the estimated level of wealth to avoid any sort of inaccuracy. Though this list does not provide any additional information, for example by including brief profiles or biographies, the publication of this list had a major impact on the publishing of wealth holders' lists in that no subsequent lists omitted estimated wealth data.

Also it should be noted that, even though the purpose was different, the government also secretly investigated wealth holders in this period, with a view to confirming political tendencies among wealth holders. As a result of the era of Taisho Democracy and the introduction of a new general election system, in 1924 the Home Ministry attempted to collect various information about the leading taxpayers who had the right to choose and send representatives to the Upper House of the Diet. The secret document that resulted contains information on wealth holders, including their occupation, curriculum vitae, political party supported, tax payment and wealth. However, the document itself had a strongly political aim and therefore the concern with wealth was just an additional piece of information for political analysis.

requirements, since these ranking lists greatly influenced their business.

Although many lists estimating wealth holders’ assets, were published after the appearance of the 1916 list by Jiji Shinposha, other publishers’ lists lack reliability and accuracy since their methods were inadequate and their investigations often quite inappropriate. Nevertheless, Jiji Shinposha suddenly terminated publication of its list after 1916, and a reliable list of wealth holders’ wealth did not again appear until the early Showa period. In the early Showa period, Kodansha, another famous publisher, again initiated publication of a list of wealth holders, which was called Zenkoku Kinmanka Dai Banzuke (The List of National Wealth Holders). The survey itself was conducted by Teikoku Koshinsho, a private detective agency, which had been established in 1921. The purpose of the publication was uncertain. However, such a list was published three times, in 1929, 1931 and 1934. The reason for frequent publication was quite apparent; economic depression and severe inflation required frequent reconsideration of wealth holders’ estimated wealth, which largely constituted fluctuating assets, like shares or properties. It was also said that the third and final list, which was called 50man yen ijo Zenkoku Kinmanka Dai Banzuke (The List of National Wealth Holders with wealth in excess of 50man yen), took over six months to compile, and that Teikoku Koshinsho utilized nearly two thousand employees at 58 branches nationwide for this investigation. After the publication of this final 1934 list, this type of list never again appeared in the prewar period. It is plausible to argue that social insecurity and antagonism towards wealth holders groups from militant groups or the working class may have forced the abandonment of the disclosure of wealth holders’ data. In addition, terrorist incidents, like the assassination of Dan Takuma, the chief executive of the Mitsui Holding Company, and the rise of militarism exacerbated existing social uncertainties.

The quantitative data used in this thesis is based on this type of wealth holders’ list. In particular, the Zenkoku 50man yen ijo Shisanka Hyo, briefly outlined above, is a significant source on wealth holders as defined in my research. In addition, Taisho Shoki no Dai Shisanka Meibo (List of wealth holders in the early Taisho period) which was edited by Shibuya and based on the former list, with additional information

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75 Two of the three lists are collected in TSNZSS. See Kodansha, Zenkoku Kinmanka Dai Banzuke, (1931), and Kodansha, 50man yen ijo Zenkoku Kinmanka Dai Banzuke, (1934) in TSNZSS, vol. 1. There is no extant copy of the 1929 list.
about wealth holders' occupations or their estates, has been utilised to confirm the wealth holders' data. Those wealth holders who will be researched were those living in the Japanese Empire, including the colonies (Taiwan and Korea), whose estimated wealth, according to the data of the two lists, exceeded one million yen in 1916. If we convert 1 million yen to GBP at the contemporary exchange rate, this was equivalent to approximately £100,000. The data shows 768 Japanese wealth holders in this category; they included the most prominent business figures, members of the aristocracy and local merchants.

There are two significant reasons why the data from 1916 has been chosen. Firstly, the data on British and German millionaires, which I will utilize for comparative analysis, is mainly drawn from before 1914. In addition, in the case of German millionaires, it is virtually impossible to trace and estimate their wealth during the period of the Weimar Republic, which was a period of great upheaval in both the economy and society. For this reason, I decided to use the 1916 data, as this probably corresponds most closely to the European data sources used for comparison. Secondly, data for Japan from after this period are likely to include the business parvenus (narikin) whose wealth was based on the great economic boom of the First World War, and who in many cases rapidly declined after the 1920s. The existence of this group may be associated with inaccuracies in the data, since narikin were distinct from the wealth holders' group with which I am primarily concerned, both because of the difference in their speed of wealth accumulation and because of their different position in society. I therefore abandoned the idea of utilizing data from after 1918 as my basic data set. Moreover, the 1916 list which I have utilized, is based on a survey of estimated wealth undertaken in 1915, and thus is likely to have omitted the wartime narikin.

In order to trace the survival of wealth holders from the Taisho period through to the Second World War another list has been utilized, in particular the 50man yen ijo Zenkoku Dai Kinmanka Banzuke, to ascertain the existence of any fluctuations in

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77 This list was originally published in Chiho Kinyushi Kenkyu 16 (1984) and later was collected on TSNZSSJ, vol.1.
78 Exchange rate of the yen vis-à-vis the GBP in 1916 was about 10 yen =£1. See T. Nakamura, Economic Growth, p. 34.

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social status and wealth accumulation. Although, the publication of the 1916 and 1934 lists were not undertaken by the same publisher, the methodology and style of the surveys for both lists were very similar, thus utilizing these two lists should be more reliable and accurate, when compared with using other wealth holders’ lists. Furthermore, from these two lists, we are able to analyse certain trends in Japanese wealth holders over time.

Overall these wealth holders, who were millionaires in the Japanese context, unquestionably constituted a key elite in Japanese society at that time. However, if we check these lists of wealth holders, many questions regarding possible inaccuracies in estimated wealth obviously emerge. Tax statistics or tax records from the prewar period are hardly ever found now as easily accessible sources. Many of these records may be assumed to have disappeared during the Second World War. Even in the documents contained in the multi-volume compilations, we are confronted with difficulties in identifying reliable official sources. According to their editor Shibuya, a rare available exception in these compilations is the detailed tax records of leading taxpayers in the Kansai, Shikoku, Hokuriku and Tohoku areas. Tax records of the first three areas are found in documents from a 1924 survey, and in the case of Tohoku the records date from 1928.79 There also exist some tax records of the Tokyo area, dating from 1922.80 However, it is impossible to compare the information in these tax records with that in the wealth holders’ lists, since these records lack much information about other regional areas. Moreover, the record on Tokyo lacks information about numerous wealth holders, since the record itself was compiled under the chaotic situation after the Kanto Earthquake. Another possible accessible source is the income tax records occasionally produced by some publishers.81 However, these records only include data on income tax, and are thus insufficient to estimate the overall tax payment of each wealth holder.

79 The Osaka Tax Office conducted the survey of the former three areas, and the latter was done by the Sendai Tax Office. See Osaka Zeimu Kantokukyoku, Daisanshu Shotoku Dainozeisha Shotoku Kinshirabe, (1924) in TBSJS Kinki Volume; Osaka Zeimu Kantokukyoku, Toyama Ishikawa Fukui Sanken Daisanshu Shotoku Dainozeisha Shirabe, (1924) in TBSJS Toyama Ishikawa Fukui Volume; Osaka Zeimu Kantokukyoku, Daisanshu Shotoku Dainozeisha Shirabe, (1924) in TBSJS Tokushima Kagawa Kochi Volume; and Sendai Zeimu Kantokukyoku, Daisanshu Shotokuzei Kojin Eigyo Shuekizei Dainozeisha Shirabe, (1928) in TBSJS Tohoku Volume.

80 See Tokyo Zeimu Kantokukyoku, Shokogyo Shogyo no Shotoku Dainozeisha Shirabe, (1922), in TBSJS Tokyo region vol. 1.

Consequently, it is not possible to assess the accuracy of the data in these wealth holders lists by comparing them with official tax records. Nevertheless, in some cases, the estimations on these lists can be compared with data in other documents. In the case of Niigata, where landlords were at the top of the local social hierarchy, a local newspaper publisher compiled a list of Niigata wealth holders in 1916, at the same time as the Jiji Shinposha’s list was published. The methodology and style of survey of the two are almost identical. The Jiji Shinposha’s list indicates 28 wealth holders in Niigata with fortunes of over one million yen, while there were 32 wealth holders in this category according to the local paper’s list. Although there is no way of testifying which list is more accurate, there is the possibility of there being some missing data in the Jiji Shinposha’s list. Another case study that can be cross-checked is through looking at data on Sumitomo Kichizaemon Tomoito, who was actually the owner of the Sumitomo Zaibatsu. In 1915, when the survey of the Jiji Shinposha was conducted, Sumitomo had not established their own holding company, and their business organization was still in the style of an individual merchant house. This means that at this time the assets of Sumitomo’s business organization could be equated with the owner’s fortune. According to the review of their annual accounts, the total assets of Sumitomo Sohonten in 1915 was approximately 50 million yen, which contrasts with the Jiji Shinposha’s estimation of 70 million yen. Although there must be an assumption of some statistical manipulation within the official Sumitomo data, in particular relating to assets such as properties, land and holdings of antiques or works of art, which were presumably more easily concealed, in order to reduce further the tax burden, the possibilities of error and miscalculation in the Jiji Shinposha list cannot be eliminated.

Nevertheless, these examples do not seriously undermine the reliability of the Jiji Shinposha’s list. A comparison with the official tax record, for example in the case of Kansai, which provides information about large taxpayers whose annual income exceeded 30,000 yen (about £3,000), indicates that information in this document came

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82 See Nikkan Niigatasha, *Echigo Chikamochi Meikan* (1916), in *TBSJS Niigata region vol. 1*.
close to accounting for and naming all wealth holders in the Kansai area.\footnote{See, Osaka Zeimu Kantokukyoku, \textit{Daisanshu Shiotoku}, in \textit{TBSJS Kinki Volume.}} This evidence indicates that even though we cannot prove to what extent the wealth holders' estimation was fully accurate, the data on the list does actually contain representative Japanese wealth holders in terms of their wealth. In addition, some researchers have already utilised this list as a reliable source for analysing certain aspects of modern Japanese wealth holders.\footnote{For example, see K. Ishii, 'Nihon Shihonshugi no Kakuritsu', in K. Ishii et al (eds.), \textit{Koza Nihonshi}, vol. 6.} Therefore, though the estimates in the Jiji Shinposha's list cannot be regarded as completely accurate, since Jiji Shinposha did not disclose in any detail the process and methods for wealth estimation, it can be said that of all the quantitative data sources, this list can be assumed to be one of the most reliable, and it certainly provides data on prominent wealth holders throughout Japan. It can also be assumed that this list was influential in establishing the standard for survey methods for the publication of wealth holders' lists from the Taisho period. Thus, the reliability of this list can be taken as evidence for the accuracy of the other list utilised here, the Teikoku Koshinsho survey, which will be utilized to explore the survival of wealth holders over the longer-term.

Unfortunately, these lists as they stand do not contain any biographical information. They thus have to be supplemented by other data sources. These other data are taken from other published sources, for example biographical dictionaries or the equivalent of \textit{Who's Who}. Materials of this kind can be utilized to collect personal data, including data on the social origins or status of wealth holders, and to investigate the existence of personal networks within these groups. Among these published sources, the most famous biographical dictionary is the \textit{Jinji Koshinroku}, published by a private investigative company,\footnote{\textit{Jinji Koshinroku} was published by Jinji Koshinsha, and the publication was irregular until the postwar period. The date of publication are, 1903, 1908, 1911, 1915, 1918, 1921, 1925, 1928, 1931,} which provides a great deal of personal data, such as curriculum vitae or family data. However, although it was regarded as one of the most reliable sources until the end of the Taisho period, \textit{Jinji Koshinroku} dramatically lost its reliability after the start of the Showa period. This was due to a shift in the methods of investigation. From the early Showa period, the publisher of \textit{Jinji Koshinroku} abandoned his own collection of information. Instead of direct investigation, the company sent questionnaires to prominent individuals appearing in the \textit{Jinji}}
Koshinroku to collect the information. This caused serious damage to the reliability of the Jinji Koshinroku, and many mistakes and errors began to appear in this biographical dictionary.\textsuperscript{87} This evidence therefore suggests that other supplementary sources are necessary for checking personal data. For businessmen or merchants, the most reliable source of additional information is the Zaikai Jinmei Jiten (Biographical Dictionary of Businessmen), which was published irregularly.\textsuperscript{88} In addition, data from biographies, autobiographies, archival sources and secondary sources can be added to compensate for additional lacking or unknown data omitted from the biographical dictionaries. Some brief explanation is also needed of the characteristics and problems in utilizing these qualitative materials, and this will be discussed in the next section.

1.4.2. Other Sources

The question of the quality and reliability of biographies and autobiographies is very complex and partly associated with certain characteristics of these materials written in Japanese. Most biographies of wealth holders, in particular those who were prominent businessmen or merchants, including company owners and investors, were written by hensan iinkai (editorial committees),\textsuperscript{89} established within each firm after the death of an individual. The characteristics of biographies edited by these committees are invariably apparent. The committees selected anonymous writers, possibly including some academics but mostly consisting of employees of the firm, to write the biography. In many cases, the committee did not disclose information about these anonymous writers, and only they received permission to access many potentially more reliable sources, including letters or diaries, which were collected through the hands of the committee and to which access might be prohibited after the biography was published. Nominally, in order to maintain the objectivity of the account in the biography, many of the data sources were kept secret. However, these biographies were usually inclined to praise and honour the social and economic contribution of the

\textsuperscript{87} This information was provided by Prof. Yui Tsunehiko, and I would like here to express any appreciation of his help.

\textsuperscript{88} For example see Ozorasha (ed.), \textit{Showa Senzen Zaikai Jinmei Dai Jiten}, (Tokyo, 1993) and Jitsugyo-no-Nihonsha (ed.), \textit{Zaikai Bukkosha Ketsubutsu Den}, (Tokyo, 1936).

\textsuperscript{89} In some cases, the hensan iinkai is called henshu iinkai or kinen iinkai etc, but the meaning is the same.
dead person, and thus they often avoided focusing on many aspects, especially the
darker side of individuals. Also, it is hardly possible to check the references which
were utilized for writing, since many biographies do not contain any footnotes or any
sort of bibliographical references. The anonymity of the biographers also causes
certain idiosyncrasies in the publication style; editor, book title and publishers could
all be the same.⁹⁰ Therefore, even if we want to use them just to check personal data,
we need to have a certain scepticism about the accuracy and reliability of the
information which is provided in such biographies. Only a few biographies are
regarded as reliable in a genuine sense, since there is a lack of any tradition of critical
biography as in the European case.⁹¹ The quality of other biographies written by
professional journalists often remained at a low level in terms of reliability, and
sometimes contained little information about the private lives of the subject. In
contrast, a few exceptional cases can be found, in particular the case of the famous
entrepreneur Shibusawa Eiichi. In this case, abundant data collected from both private
and public sources, were published as a huge multi-volume set of collected
documents.⁹²

Similar problems pertain to the case of autobiographies. The publication of
autobiographies was quite rare among wealth holders, and some of these
autobiographies come in the form of a transcripted dialogue with the writer. This may
suggest that autobiographies are even less reliable than biographies written by
anonymous writers. Other accessible sources in this field are company histories,
although these can be just as problematic as the former two sources.⁹³ Therefore, it
should be noted that these qualitative materials will be utilized as supplementary
sources, but not as the main data source. This also means that in spite of the apparent
abundance of sources, there will be a number of individual cases for which no
information is available, especially if individuals were not prominent or famous

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⁹⁰ See also Morikawa, Zaibatsu, p.249 for further information on this issue.
⁹¹ For an exceptional case of a Japanese biography of a wealth holder, see for instance, Mitsui
Hachiro’emon Takamine Den Hensan Iinkai (ed.), Mitsui Hachiro’emon Takamine Den, (Tokyo,
1988). This was written and edited by reliable academic researchers, and covered various information,
including personal and business with the cooperation of Mitsui Bunko (Mitsui Archives).
⁹² These documents are edited and published as Shibusawa Eiichi Denki Shiryo, over 70 volumes by
Ryumonsha, the memorial organisation of Shibusawa Eiichi(Tokyo, 1952-70).
⁹³ The descriptions of individuals, like owners or prominent managers, in Japanese company histories
tend to make them appear divine, and therefore they can be virtually useless for acquiring personal data.
However, there are again some exceptional cases, particularly if the editing and writing has been
conducted under the auspices of prominent academics.
wealth holders.

Extensive and comprehensive materials relevant to wealth holders also exist in private and public archives in Japan, in the form of official or secret documents. However, compared to private archives in European countries, the quality and characteristics of collected references and materials among Japanese private archives are quite distinct and very variable, even in the case of the archives of the former zaibatsu. One of the most reliable private archives is Mitsui Bunko, which contains private and public primary sources relating to the former Mitsui zaibatsu, along with its affiliates. This archive has also frequently published primary business materials relating to the Mitsui.\textsuperscript{94} In the case of Mitsubishi Shiryokan, the archive of the former Mitsubishi zaibatsu and one of the divisions of the Mitsubishi Economic Research Institute, the collection of primary sources from former affiliates has been continuing, although many documents are still to be collected. However, the archive has not obtained permission to collect family documents from the Iwasaki families, the former owners. The case of Sumitomo is more complex. The Sumitomo Shiryokan, the Sumitomo Archive, which is located in Kyoto, only holds documents from before the end of the Tokugawa era, and many documents from the Sumitomo Holding Company were destroyed after the GHQ occupation of the headquarters of the Sumitomo Holding Co. in Osaka, and many private documents disappeared during the period of the Second World War. Former affiliates have not provided or disclosed any of their official documents to the Sumitomo Archive.\textsuperscript{95} Access to other private archives, too, is often confronted with difficulty since many archives have been reluctant to disclose data to the public, making it accessible to their employees.

The situation for collecting materials from public or official archives is also rather patchy. Despite pressure to disclose information, many ministries and official organizations have not totally disclosed all documents and data, even in the case of prewar documents. One of the most difficult cases in terms of access to documents and data is that of the Ministry of Finance, which may be assumed to be in possession of official tax records or related documents. There are, however, some official

\textsuperscript{94} These business materials are published as Mitsui Jigyoshi (The history of Mitsui's business) by Mitsui Bunko (4 vols.; Tokyo, 1966-2001).
\textsuperscript{95} This information was provided by Yamamoto Kazuo, the Vice-Director of the Sumitomo Archive. I
archives which have been particularly useful for the quantitative and qualitative investigation required for this thesis. Firstly, the Kokuritsu Komonjo Kan (The National Archives of Japan) has a large volume of files and documents on wealth holders being considered for titles, official rankings and decorations. These files and documents, jokun saikasho (files on candidates for decoration), and joi saikasho (files on candidates for non-aristocratic titles) are useful for analysing the relationship between the state and wealth holders, since it must be assumed that appropriate information was utilised by the government of the time in order to try and establish control over wealth holders. Also the granting of titles or other awards may be considered to have been a way of honouring their contribution to the state through their economic activities. Secondly, the Kunaicho Shoryobu (The Archive of the Imperial Household Ministry) holds documents that contain some information about ennobled wealth holders, most of whom tended to be prominent businessmen. This data is useful for analysing various aspects and characteristics of the ennoblement system in Japan, and for reconsidering whether or not this system was utilized to strengthen the predominant position of the aristocratic and bureaucratic elite. In addition to these documents, other official documents can be explored to try and acquire further information on Japanese wealth holders or Japanese business policy.

The information and data on Japanese wealth holders, therefore, has come largely from primary sources, as described above. By contrast, the materials and sources used in this thesis to introduce comparisons with the European bourgeoisie, especially the British and German bourgeoisies, have mainly been secondary sources, because there already exists an abundance of detailed work on the bourgeoisie in these two countries. As explained in section 1.1.2., Rubinstein's work is particularly useful for the British case, since his subject of research, British millionaires, includes those who were part of the pre-industrial and non-business elite, thus making the comparison with Japanese wealth holders easier. In the case of Germany, many of the works concentrate on the period of Imperial Germany, since data for after this period tended to be scarce and unreliable. Of these works on the German bourgeoisie, Augustine's work on the wealthiest businessmen in Imperial Germany has been particularly helpful for comparative analysis. However, unfortunately, Augustine's data set

greatly appreciate his helpful comments.
lacks information of non-business wealth holders in Imperial Germany, the group which can be assumed to comprise the pre-industrial and aristocratic elite, and which is likely to have formed a significant element in German wealth holders group as a whole, as in the case of Britain. Therefore, further data has been acquired from other secondary sources, in particular works focusing on pre-industrial or rich aristocratic groups in Imperial Germany. Some other academic works have utilized the same data source, *Jahrbuch der Millionäre Deutschlands* (The Yearbook of Millionaires in Germany), which was the main source for Augustine’s quantitative analysis, for their data interpretation.96

1.5. The Structure of the thesis

The final task of this chapter is to outline briefly the content of each chapter. The main body of the thesis consists of three substantive chapters. Chapter 2 seeks to establish a profile of Japanese wealth holders in the prewar period. Data on estimated wealth, class and social structure will be presented, with some comparisons with Britain and Germany. The regional distribution of wealth holders and their area of economic activity, which is highly significant for any analysis of sources of wealth during the prewar period, will be explored in some detail. Other data, for instance the categorization of firms by sector with which wealth holders were engaged or participated as director or manager, will also be analysed. In addition, the survival rate of wealth holders, in particular of those who were able to avoid collapse or bankruptcy as a result of economic recession, financial crisis and the great depression during the 1920s and 1930s, will be discussed, with a view to examining the concentration of wealth among particular individuals, and identifying the extent to which wealth concentration was related to the business expansion of any particular industrial sector. Also throughout this chapter, the role and economic contribution of merchants in the prewar Japan economy will be a major object of focus, since this perspective may enable reconsideration of modern Japanese economic development.

The next chapter (chapter 3) deals with the role of wealth holders in the development of modern Japanese business. Particular attention will be focused on the Japanese

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business organization system, in relation to the role of the business family and business organization. Both a socio-historical approach and the approach of business history will be utilized to identify the complex structure of Japanese family businesses, which tended to be a combination of family ownership and professional management control. The education of wealth holders who were owners or managers, their choice of profession, and long-term changes in recruitment systems, will be examined in order to explain trends in the attitudes and behaviour of wealth holders towards their business. Analysis of the structure of wealth holders' business organization will form a significant part of this consideration, and will provide an opportunity to consider some of the characteristics of the Japanese business system in the prewar period. Certain aspects of the system of holding companies, the influence of traditional business structures and organization, notwithstanding the introduction and establishment of modern business systems, and the tension, conflict and cooperation between owners and salaried managers within wealth holders' firms, will all be considered as key elements in this business historical analysis. This chapter will also attempt to briefly illustrate convergent and divergent factors within Japanese business through the prism of wealth holders.

The final substantive chapter (chapter 4) will focus on the relationship between wealth holders and the state. The main content of this chapter will be an analysis of the operation of various state honours, like titles, decorations and ennoblement, which may be assumed to symbolise the state's attempts to control prominent elite groups, and engender support for government and national policy. Both quantitative and qualitative methods will be utilized to examine various aspects of wealth holders and the Japanese state, with a view to exploring nationalist sentiments, and changes in their social behaviour. The most significant question in this chapter is to ask to what extent wealth holders' business activities were appreciated by the state, and whether the granting of these honours was seen as a sort of compensation for wealth holders. Consideration of social networking through business connections and other forms of networking, for example through marriage, will also make up a part of this chapter, to incorporate an element of social history and enable comparative analysis.
Chapter 2. Perspectives on Japanese Wealth Holders

2.1. Introduction

As mentioned briefly in the previous chapter, research on Japanese wealth holders has especially focused on some of the most notable and wealthiest individuals and most famous business leaders. In particular, since these people have been considered as key individuals for any interpretation and understanding of the characteristics of the pre-war Japanese economy and business, numerous works, both in Japanese and English, have been published. However, although zaibatsu owners played a significant role in terms of their wealth accumulation and business expansion, and pre-eminent business leaders, like Shibusawa Eiichi or Godai Tomoatsu, clearly contributed to the introduction and establishment of a modern business system throughout Japan, they were not a majority among Japanese wealth holders as a group. In addition, the concentration of research on particular individuals has meant that analysis has largely ignored the questions of which sector or which industry became a major source of personal wealth, or which social group had a predominant position among wealth holders.

This chapter sets out to analyse and interpret the composition of Japanese wealth holders, who represented the Japanese wealth elite, utilising a quantitative approach. Particular attention will be focused on the grouping of wealth holders into regional and occupational categories, and also to the survival of these wealth holders throughout the pre-war period. Analysis of these factors is highly significant in a number of respects. Firstly, the regional distribution of wealth holders manifests some of the characteristics of pre-war Japanese economic development. It can also be used to suggest the existence of regional differences within leading industrial or business sectors as a source of wealth holders' wealth. Secondly, a focus on the class structure of wealth holders by occupational categories and social group will demonstrate which category or group constituted the majority among the wealth holders. In addition, it will indicate the extent to which it was only the modern business sector that contributed to personal wealth accumulation. Thirdly, the survey of wealth holders' survival is important to confirm how these wealth holders maintained their position as a wealthy elite. This
survey can also indicate the impact of economic upheaval, in particular from the 1920s, for instance, financial crisis or the great depression, on both wealth accumulation and business activities.

In addition, in this chapter, comparative analysis, especially comparison with the contemporary British and German cases, will form a crucial part of the consideration, since it can be utilised as a measurement of the level of economic development, and of inequality in wealth distribution within Japanese society. Comparative analysis is also an indispensable part of this chapter if we are to explain similarities and differences in the class structure of wealth holders, especially when it comes to considering landlords and the aristocracy, where the Japanese experience differs greatly from the European examples. Furthermore, it is also useful in analysing the characteristics of regional distribution, for instance, in looking at the extent to which regional development in business emerged within particular areas, or at its concentration in a particular metropolitan area, as in the case of current developing countries.

2.1.1. Brief Explanation of the Data Set

Before moving to the main sections of this chapter, it is necessary to explain about the data set. As indicated in the introductory chapter, the data set on Japanese wealth holders in the early 20th century is based on one particular data source, that is, 50man yen ijo Shisanka Hyo, the list of the wealth holders whose wealth exceeded 500,000 yen, published in 1916 by the newspaper publisher, Jiji Shinposha. The list has already been explained in some detail in the first chapter. However, although it was published publicly, the method of the investigation remains uncertain (even though it was emphasised that a scientific method had been utilised for wealth estimation). Therefore, it is unclear to what extent the estimation of the wealth holders' fortune was entirely accurate. It may be assumed that comparison with official data, for example, tax records, would make it possible to evaluate the correctness of this particular list. Unfortunately, access to the official data sources is extremely limited not only due to the barrier of bureaucratic control of these data, but also because of the disappearance of much pre-war official data due to its destruction by fire or other means, during the period of the Second World War. However, although it is difficult to discover useful sources at the national level, the recent publication of certain data sources, like the
above mentioned To-Do-Fu-Ken betsu Shisanka Jinushi Shiryo Shusei, has opened the way to comparing the 50man yen ijo list with official local data sources, included in this material. The most reliable such source is Dai Nozeisha Shotokukin Shirabe, official information from the Osaka Tax Office, published privately in 1924, which incorporates data on several local areas where the Osaka Tax Office had responsibility for tax collection, for instance, the Kansai, Shikoku and Hokuriku areas.\(^1\) This publication provided information on the annual income of particular individuals, including the large wealth holders and professionals, for instance, doctors, lawyers and artists. In the case of the wealth holders, it covered those whose annual income exceeded 30,000 yen (about £3,000) in 1924. Despite some differences if compared with 50man yen ijo, since this official record is slightly different in the time scale and duration of the investigation, and it focused only on the level of annual income, it may be regarded as useful for checking whether or not the wealth holders of these areas considered in this thesis (in this case, the yen millionaire in 1915) also belonged to the category of high taxpayers according to the official record. Through cross-checking the 50man yen ijo with the official data, it is apparent that none of the 1915 wealth holders in these areas were outside of the official record. In addition, according to the official record, the majority of the wealth holders considered in this thesis also had a certain level of annual income, which exceeded 50,000 yen (over £5,000). Therefore, even though it has only been possible to check the data for particular local areas, and it is not possible to estimate the total assets of the wealth holders from the limited official record, a look at this official record does indicate that the wealth estimates in 50man yen ijo are likely to have been relatively accurate, and the wealth holders in the list undoubtedly represented the upper echelon of the wealthy elite in modern Japan.

There is also another problem relating to the formation of the data set. The content of this chapter largely depends on the results from quantitative analysis of the data set compiled for this thesis, based on various collected information from wealth holders’ lists (in particular, the 1915 list), biographical dictionaries and biographies. As indicated earlier, the utilisation of various sources is largely due to the limited information available in 50man yen ijo which only covers the name, occupational status, estimated wealth and place of residence of wealth holders. However, even in the case

\(^1\) The Osaka Tax Office Dai Nozeisha Shotokukin Shirabe, (1924), in TBSJS Kinki Volume, esp. pp.25-94.
of this limited information, certain criticisms have come from some academic researchers with regard to the accuracy of the information, making it necessary to double or triple check the limited information from 50man yen ijo. For example, Morikawa has cast some doubt on the accuracy of the information in this list, noting one particular case, that of Tsukamoto Sadaemon, who was a notable textile merchant in modern Japan. Morikawa indicated that although in the 1915 survey, Tsukamoto is identified as a wealth holder in Shiga prefecture, which is located in the Kansai area, Tsukamoto had already moved the headquarters of his business to Tokyo from the early Meiji period, thus with regard to his business activities, Tsukamoto was no longer a wealth holder of his native prefecture.2 However, according to the biographical dictionary Jinji Koshinroku, the formal address of Tsukamoto's residence was still Shiga prefecture in the early Taisho period, and even in the later version of Jinji Koshinroku in the early 1930s, the information was no different. Moreover, the record of the Osaka Tax Office in 1924 indicates that Tsukamoto paid his tax in his native prefecture, Shiga, since the record includes data on his annual income.3 Consequently, with regard to his formal residential address, Tsukamoto was officially categorised as a resident of Shiga prefecture. This case also reinforces the assumption that information from 50man yen ijo is likely to be accurate. Nevertheless, as Morikawa insists, it should also be assumed that some local wealth holders, in particular those who were engaged in business activities, had their business centre or headquarters in urban areas, in either Tokyo or Osaka. In addition, in the case of aristocratic wealth holders, even if they are defined as local wealth holders in the 1915 list, all were compelled to live in Tokyo from the early Meiji period as a result of governmental policy, and it was rare for them to live in their main address, located in a local area.4 However, as the case of Tsukamoto signifies, it seems likely that in terms of tax payment, they paid their tax in their native prefecture, except for those who decided to move permanently their formal residential address to Tokyo. Therefore, in this thesis and in this chapter, the categorisation of wealth holders with regard to their place of residence, which is crucial for the analysis of the regional distribution of wealth holders in the later section, will be based on the data from 50man yen ijo. This evidence also suggests that in general the

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2 See Morikawa, Chiho Zaibatsu (Tokyo, 1984), p.46.
3 See 'Dai Nozeisha', p.29, in TBSJS Kinki Volume.
4 This was particularly true of former feudal lords. For instance, the Mori family, the former feudal lord of Choshu domains, still formally lived in Yamaguchi prefecture, their native place, even though they were, in fact, residing in Tokyo.
data from 50 man yen ijo can be regarded as reliable and accurate when it comes to defining who the wealth holders were, including their estimated wealth. It may also be assumed, therefore, that the publisher of the list was not wrong in insisting that the investigation was conducted according to scientific method.

Finally, with regard to analysis of the survival of the wealth holders, the attempt to confirm the extent of the survival of these wealth holders into the later pre-war period, another wealth holders list will be utilised, as indicated earlier. This is 50 man yen ijo Zenkoku Kinmanka Banzuke, which was issued in 1934 based on a 1933 survey. The details of this survey were discussed in the previous chapter. In this section, the main purpose of the analysis is to discuss and explore the changes which occurred in the regional distribution of wealth holders, and in addition in their social class structure, as evidenced by their wealth accumulation. Particular attention will be focused on the difference between those members of the wealthy elite who increased their fortunes, and those who suffered a decline compared to 1915. Although the time span from 1915 to 1933 was a really short period of less than 20 years, Japan experienced various changes during this period, with the economic boom in the late 1910s followed by relative stagnation in the 1920s and then the suffering of the Great Depression from the end of the 1920s, not to mention the 1927 financial crisis. These events had a great impact not only on those members of the wealthy elite within the traditional sector, but also on those within the modern sector. This section will consider the extent of continuity and discontinuity within the wealth holders’ group resulting from the change in their business environment.

2.2 General View

In 1915, when the survey 50 man yen ijo Shisanka Hyo utilized as the basic data set of this thesis took place, the political and economic climate of Japan was encountering a range of problems. Although in the late 19th century, Japan experienced economic take-off and rapid growth, the Japanese economy tended toward stagnation after the early 20th century because of the heavy financial burden caused by the military expenditure of the Russo-Japanese war. The excessive issue of financial bonds during this period and constant deficits from the import surplus worsened the government’s
financial position, and therefore had a negative impact on the Japanese economy itself.\(^5\)

Even in 1915, after the outbreak of the First World War, economic recovery remained sluggish. Although there was a great demand for industrial goods from European colonial areas, which were suffering from the interruption of trade with the homelands, and this led to a great shift in the economic situation, its positive impact became quite apparent only after 1916. Thus, even Japanese wealth holders were confronted with relatively difficult conditions in this period, especially in economic terms.

It is also widely accepted by many researchers that the early 20\(^{th}\) century was the period of ‘family capitalism’ in Japan, which had some resemblances to similar cases in Europe and America. Not only the zaibatsu, but also many firms, enterprises and merchant houses took the form of family-organized and family-run businesses in this period, while the establishment of corporations had rapidly become popularised at the same time.\(^6\) This may be regarded as indicating an easier situation for personal wealth accumulation by those wealth holders.

The number of Japanese wealth holders identified by this study whose estimated wealth exceeded 1 million yen is 768, including businessmen, merchants, landlords, members of the aristocracy and other professionals. However, the data included some Japanese who were running their own businesses outside of Japanese territory. If we omit these people from the data set, the total number of wealth holders is 763.\(^7\) Also, since the data includes not only Japanese in the main islands, but also the Japanese colonies, the Korean peninsula and Taiwan, there were some Korean and Taiwanese-Chinese within the wealth holders’ group.\(^8\)

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\(^6\) For the summary of this perspective see, M. Miyamoto ‘Kaidai’, in Miyamoto and Abe (eds.), *Nihon Keieishi* vol. 2. for example.

\(^7\) Of these five people, four were residents of the United States, and the remaining one lived in Singapore.

\(^8\) Although 50 man yen ijo Shisanka Hyo includes data on Japanese wealth holders in Manchuria and mainland China, there were no such wealth holders whose wealth exceeded 1 million yen.
Table 2.1 Distribution of wealth holders by estimated wealth

<table>
<thead>
<tr>
<th></th>
<th>(A)</th>
<th>Absolute number of (A)</th>
<th>(B)</th>
<th>Absolute number of (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 50 million yen</td>
<td>2.3</td>
<td>18</td>
<td>25.2</td>
<td>650 million</td>
</tr>
<tr>
<td>10 to 50 million yen</td>
<td>4.7</td>
<td>37</td>
<td>16.5</td>
<td>478 million</td>
</tr>
<tr>
<td>5 to 10 million yen</td>
<td>9.6</td>
<td>74</td>
<td>18.5</td>
<td>427.6 million</td>
</tr>
<tr>
<td>3 to 5 million yen</td>
<td>10.3</td>
<td>79</td>
<td>10.1</td>
<td>260.5 million</td>
</tr>
<tr>
<td>2 to 3 million yen</td>
<td>14.0</td>
<td>107</td>
<td>8.8</td>
<td>229.6 million</td>
</tr>
<tr>
<td>1 to 2 million yen</td>
<td>59.1</td>
<td>448</td>
<td>20.9</td>
<td>534.75 million</td>
</tr>
<tr>
<td>Total (in percentage)</td>
<td>100.0</td>
<td></td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Total (absolute)</td>
<td>763</td>
<td>763</td>
<td>2580.45 million yen</td>
<td>2580.45 million yen</td>
</tr>
</tbody>
</table>

Note (A) percentage depending on total number within each group
(B) percentage depending on total amount of wealth within each group

Sources: Calculated from Zenkoku 50man yen ijo Shisanka Hyo (published by Jiji Shinposha; Tokyo, September, 1916), and R. Shibuya (ed.), Taisho shoki no Dai Shisanka Meibo, Chiho Kinyushi Kenkyu 16 (1984); both lists were later compiled in R. Shibuya (ed.), Taisho Showa Nihon Zenkoku Shisanka Jinushi Shiryo Shusei vol. 1 (Tokyo, 1985).

The distribution of wealth holders’ wealth is shown in Table 2.1. If we focus on the grouping of wealth holders with regard to their estimated wealth, the majority had a fortune of less than 3 million yen. About 57 percent were in the category of between 1-2 million yen, and 14 percent 2-3 million. As for the rest, about 10 percent of the total held 3-5 million, and 10 percent 5-10 million. Only 9 percent of the total had fortunes of more than 10 million yen. However, if we consider this grouping according to the total amount of estimated wealth of each group, the majority of wealth holders had less than one-third of the total amount of wealth held by the group, that is, those possessing 1-2 million yen accounted for about 20 percent of the wealth, and those with 2-3 million yen around 9 percent. For the other groups the result is as follows: the 3-5 million yen group held about 10 percent of the wealth, the 5-10 million yen group 7 percent, and those above 10 million yen 44 percent of the total wealth. This result indicates a concentration of wealth in the hands of the top group of the wealth pyramid. In other words, it also signifies an inequality of wealth distribution within the wealth holders’ group.

Nevertheless, the comparison with contemporary European wealth holders, in particular in Britain and Germany, provides another perspective on the Japanese case. Rubinstein’s famous work on British millionaires indicates that between 1900 and 1919,
according to estimates from probate records, 502 wealth holders left a fortune of over £500,000.\(^9\) In Japan, only 129 (about one quarter) match this category. Rubinstein's most recent research shows that from 1800 to 1899, there were 7461 wealth holders who left fortunes of over £100,000.\(^10\) In addition, Nicholas' study on British businessmen in the late 19\(^{th}\) and early 20\(^{th}\) centuries, sampling from the *Dictionary of Business Biography*, utilizes for his analysis 790 British businessmen who left non-landed estates of over £100,000.\(^11\) Although this figure does not represent the total figure for wealthy British businessmen in this period, it does also suggest a great difference in the extent of personal wealth accumulation between Britain and Japan.

German data on wealth holders also provides material for comparative analysis, and shows major differences with the Japanese case. Augustine's work on the wealthiest businessmen in Imperial Germany, is based on an analysis of 502 businessmen whose wealth exceeded 6 million marks (£300,000 if converted into contemporary GBP) in the 1910s. Augustine also explains that if the minimum wealth is downsized to 5 million marks (£250,000), the size of the group approximately doubles.\(^12\) Although her study does not include German wealth holders in other social groups, like the aristocracy, *Junker*, or professionals, the size of this group, too, is about two and a half times larger than in the Japanese case (208 of them had wealth equivalent to more than 3 million yen (£300,000)). In addition, even though it is not nationwide data on Germany, the official statistics for Prussia, which constituted the largest territory within the German Empire, shows 3426 taxpayers listed in Prussia in the period between 1912 and 1914 as having a fortune of over 2 million marks (£100,000).\(^13\) If we compare this with the Japanese data, Prussian wealth holders were thus nearly five times as numerous as Japanese wealth holders. These results also, of course, indicate the existence of differences in the level of wealth accumulation, which are likely to reflect the difference in economic power, and the level of economic development of the three economies. Consequently, as may be expected, these results from a comparative perspective partly demonstrate the relative backwardness of the Japanese economy in

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13 Calculation based on *ibid*; p.22. Augustine also points out that there are some missing data in *Jahrbuch*.
contrast to Britain and Germany.

However, if we compare Japanese wealth holders' wealth with the country's contemporary GNP, it indicates another aspect of these wealth holders. The total amount of their estimated wealth reaches about 2.58 billion yen, equivalent to about 51 percent of Japanese GNP in 1915 (estimated at 4.991 billion yen).\textsuperscript{14} This signifies the existence of an extraordinary concentration of wealth among this group given the strength of the contemporary Japanese economy. The data also shows the concentration of wealth in the hands of particular groups. For example, the total estimated wealth of the top four zaibatsu families in 1915 was over 540 million yen, which was equivalent to nearly 11 percent of the total GNP that year. Among those four zaibatsu families, at the top of the apex stood the Mitsui families, the owners of Mitsui zaibatsu (which was a complex of 11 families, the descendants of the founder, who all held the wealth in common)\textsuperscript{15} and the Iwasaki families, the owners of the Mitsubishi zaibatsu. The estimated wealth of each of these two sets of families accounted for over 200 million yen. In some cases their wealth exceeded that of the richest members of the European bourgeoisie, for instance, Bertha Krupp von Bohlen und Halbach, the wealthiest individual in Imperial Germany with estimated wealth of 283 million marks (£14.15 million).\textsuperscript{16} Following these two families were the Yasuda families, the owners of the Yasuda zaibatsu (70 million yen) and Sumitomo Kichizaemon Tomoito, the owner of the Sumitomo zaibatsu (also 70 million yen). In addition, the greatest fortunes were concentrated in the hands of the owners of the so-called old zaibatsu, like Furukawa Toranosuke (60 million), Fujita Heitaro (50 million), Kuhara Fusanosuke (40 million), and Okura Kihachiro (30 million). All of these were the owners of the zaibatsu, which had been named after them. This indicates that the prestige of these old zaibatsu owners was enormous, not only in terms of their economic power, but also in terms of their wealth accumulation, and they undoubtedly held a predominant position and status in prewar Japanese society.

On the other hand, the wealth holders who stood at the bottom of this pyramid
(estimated wealth: 1-2 million yen) also comprised a significant element in terms of their business activities. Most of those who belonged to this category, as will be discussed in a later section and in a later chapter, played an indispensable role in Japanese economic development. It is also true, however, that this group certainly consisted of individuals who were super-rich if their wealth is compared to that of most other social groups. Even in the case of this group, their total wealth accounted for 11 percent of the total GNP at this time.

Consequently, in a general perspective, these Japanese wealth holders clearly represented the upper echelons of society in terms of their fortunes. Although they were definitely a small group in relation to the total population of Japan, their wealth accumulation had reached an extraordinary and overwhelming level. In addition, while the Japanese economy was still at a relatively underdeveloped stage in this period, (this is particularly apparent in contrast to the British and German cases), the data on Japanese wealth holders does in part indicate an enormous difference in their relative economic power. In relative terms some of these Japanese wealth holders possessed wealth accumulation and fortune equal to, or far in excess of those of the richest members of the European bourgeoisie. The comparison with the contemporary Japanese GNP also testifies to a concentration of national wealth in the hands of this particular group. Thus, it signifies the greater level of wealth inequality within prewar Japanese society.

2.3. Regional Distribution

It has to be noted briefly, that, to a considerable extent, economic policy and reforms throughout the initial modern period in Japan strongly influenced the formation of a class of wealth holders and also their regional distribution. Although the impact of the Meiji Restoration had tended to be nationalistic and not revolutionary with regard to the political field, it played a significant role as far as concerns the reconstruction and renovation of the Japanese economy and Japanese business. While many wealth holders who were engaged in the business sector had suffered from the abolition of previous protection, such as had been offered by the guild system, as well as by the initial failure of economic reforms followed by economic depression and inflation, the establishment of new infrastructure, particularly the railway network, created new
business opportunities and consequently stimulated in the late 19th century a boom in the establishment of firms (something referred to in Japanese as kigyo bokko). On the other hand, this situation was also connected with the decline of regional economies in many areas, especially those which lay outside of this new infrastructure network. Thus, unlike the economy in Tokugawa Japan, which was characterized by the relative importance of regional economies, modern Japanese economic development began to concentrate on a number of particular commercial centres. This situation, too, strongly influenced the distribution of the regional wealthy elite, which is shown in Tables 2.2 and 2.3. It has often been considered that prewar Japan had dual economic and commercial centres, that is, Tokyo, the capital of Japan, and Osaka, the center of commerce and the textile industry, which was the leading industrial sector in prewar Japan, well-known as 'Manchester of the Orient' throughout this period. The data on wealth holders also suggests this assumption. Of the Japanese wealth holders in the survey, more than 50 percent were concentrated just on these two areas (30 percent in Tokyo and 23 percent in Osaka).

Table 2.2 Regional distribution of wealth holders

<table>
<thead>
<tr>
<th>Region</th>
<th>(A)</th>
<th>(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hokkaido</td>
<td>1.9</td>
<td>1.2</td>
</tr>
<tr>
<td>Tohoku</td>
<td>3.2</td>
<td>1.8</td>
</tr>
<tr>
<td>Kanto</td>
<td>5.4</td>
<td>3.6</td>
</tr>
<tr>
<td>Chubu</td>
<td>9.4</td>
<td>5.8</td>
</tr>
<tr>
<td>Hokuriku</td>
<td>1.7</td>
<td>1.1</td>
</tr>
<tr>
<td>Kansai</td>
<td>14.4</td>
<td>11.1</td>
</tr>
<tr>
<td>Shikoku</td>
<td>1.9</td>
<td>0.7</td>
</tr>
<tr>
<td>Chugoku</td>
<td>3.2</td>
<td>1.9</td>
</tr>
<tr>
<td>Kyushu</td>
<td>3.7</td>
<td>3.1</td>
</tr>
<tr>
<td>Colonies</td>
<td>2.0</td>
<td>0.8</td>
</tr>
<tr>
<td>Tokyo</td>
<td>30.0</td>
<td>46.2</td>
</tr>
<tr>
<td>Osaka</td>
<td>23.3</td>
<td>23.7</td>
</tr>
<tr>
<td>Total (in percentage)</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total (absolute)</td>
<td>763</td>
<td>2580.45 million yen</td>
</tr>
</tbody>
</table>

Note (A): percentage depending on total number within each area
(B): percentage depending on total value of wealth within each area
Sources: calculated from; Zenkoku 50man yen ijo Shisanka Hyo and Taisho shoki no Dai Shisanka Hyo

Table 2.3 Occupational distribution in each areas (percentage of the total sample (left side): absolute number of the sample (right side))

a) Metropolitan areas (Tokyo, Osaka) and Kanto, Kansai

<table>
<thead>
<tr>
<th>Occupational status</th>
<th>Tokyo</th>
<th>Kanto</th>
<th>Osaka</th>
<th>Kansai</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landlords</td>
<td>2.6</td>
<td>6</td>
<td>9.7</td>
<td>4</td>
</tr>
<tr>
<td>Aristocracy</td>
<td>22.3</td>
<td>51</td>
<td>2.7</td>
<td>1</td>
</tr>
<tr>
<td>Primary sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial sector</td>
<td>3.9</td>
<td>9</td>
<td>14.6</td>
<td>6</td>
</tr>
<tr>
<td>Service sector</td>
<td>45.2</td>
<td>103</td>
<td>60.9</td>
<td>25</td>
</tr>
<tr>
<td>Zaibatsu families</td>
<td>7.8</td>
<td>18</td>
<td>2.3</td>
<td>4</td>
</tr>
<tr>
<td>Salaried manager</td>
<td>16.3</td>
<td>37</td>
<td>12.1</td>
<td>5</td>
</tr>
<tr>
<td>Professionals</td>
<td>0.9</td>
<td>2</td>
<td>0.5</td>
<td>1</td>
</tr>
<tr>
<td>Others</td>
<td>0.9</td>
<td>2</td>
<td>6.8</td>
<td>12</td>
</tr>
<tr>
<td>Total (%)</td>
<td>99.9</td>
<td>100.0</td>
<td>99.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total (abs.)</td>
<td>228</td>
<td>228</td>
<td>41</td>
<td>41</td>
</tr>
</tbody>
</table>

Note: Note: the category of regions is based on regional districts as defined in Japan, except the case of Tokyo and Osaka, since a large number of business wealth holders were concentrated in both prefectures. The prefectures which made up each regional district are as follows:
Kanto: Kanagawa, Chiba, Saitama, Ibaragi, Gunma, Tochigi.
Kansai: Hyogo, Kyoto, Shiga, Nara, Wakayama.
Figures do not total 100 percent due to rounding.
Source: As Table 2.1.

b) north and central Japan

<table>
<thead>
<tr>
<th>Occupational status</th>
<th>Hokkaido</th>
<th>Tohoku</th>
<th>Chubu</th>
<th>Hokuriku</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landlords</td>
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Note: The prefectures which making up each regional district are as follows:
Hokkaido: Hokkaido only.
Tohoku: Aomori, Morioka, Akita, Yamagata, Miyagi, Fukushima.
Hokuriku: Toyama, Ishikawa, Fukui.
Chubu: Niigata, Nagano, Yamanashi, Shizuoka, Aichi, Gifu, Mie.
Figures do not total 100 percent due to rounding.

c) south Japan and colonies

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Note: The prefectures of each regional district are as follows:
Chugoku: Okayama, Tottori, Shimane, Hiroshima, Yamaguchi.
Shikoku: Kagawa, Tokushima, Kochi, Ehime.
Kyushu: Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, Okinawa.
Colonies: Taiwan and Korea.
Figures do not total 100 percent due to rounding.
Although this geographical pattern certainly differed from that of current Japan, and even Tokyo did not at that time form the great metropolitan area that it does now (the Kanto area, which includes seven neighbouring prefectures as well as Tokyo metropolitan area), if we put together the data for the whole area equivalent to the current metropolitan area, the figure for Tokyo reaches about 35 percent of the total number. In addition, in the case of Osaka, while the present metropolitan area (now including five other neighbouring prefectures) at that time consisted of a number of relatively independent economic zones, each of these economic zones already depended on economic demand and business networks in Osaka. Therefore, if we add data on the other five prefectures to that for Osaka to cover the whole of the contemporary Kansai area, the figure reaches about 37 percent. On this basis, wealth holders in the two metropolitan areas accounted for 73 percent of the total number of wealth holders. In contrast, except in the Chubu area, which includes one of the pre-existing commercial centres, Aichi, and in Niigata, a focus of landlords, with 9 percent in each case, other regions are hardly represented at all in the sample. No other regions, even some which were industrially significant zones, or the Japanese colonies, accounted for over 5 percent of the total. It is unlikely that this perspective would have to be revised even if possible mistakes in the data necessitated some corrections, and even if the figures needed to be downsized to the 500,000 yen level to clarify general tendencies in regional distribution.

This result in terms of regional distribution is substantially different from the cases of Britain and Germany. In Britain, debate is still continuing about regional wealth distribution and the importance of particular business sectors. On the one hand, Rubinstein has emphasised that the British economy has been more financially and commercially oriented throughout the modern period. From various research, he has pointed out that London, in particular the City, has been the source of British wealth. According to his recent data set, about 46 percent of British wealth holders in the 19th century, with £100,000 wealth at their deaths, were in London. On the other hand, utilizing quantitative and econometric analysis, Nicholas has recently criticized

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18 In the introductory part of TSNZ/SJS vol. 1, Shibuya presents a brief analysis of wealth holders based on the 50 man yen ijo. Among 2201 wealth holders with estimated wealth of 500,000, no other minor region reached more than 5 percent of the total figure. Also in this case, Tokyo and Osaka stand out as having the predominant position. See, TSNZ/SJS vol. 1, ‘Kaidai’, p.8-9.
Rubinstein’s hypotheses. From his data analysis, he has concluded that even in the context of the super wealthy, who were the subject of Rubinstein’s research, there is no explicit wealth dichotomy, i.e. that industrial wealth was less significant than commercial and financial wealth – along the lines of region and occupation. However, leaving aside the correctness or otherwise of these hypotheses, these results do not match with or offer similarities to the Japanese situation.

Though this only relates to the case of businessmen, and some differences might possibly emerge through analysis of data on other social groups, the German case again offers a different example of the impact of historical aspects – in this case a strong characteristic of provincialism in the German economy – on the distribution of wealth holders. Augustine’s data seems to correspond with the Japanese case to some extent, since Greater Berlin and Potsdam, the capital and financial centre in Germany, and the western provinces of Prussia, the centre of German heavy industries, had almost equal weight in the distribution of wealth holders, at 23 and 24 percent of the total number respectively. However, unlike in the Japanese case, major regions for wealth distribution were spread more widely into other areas, for instance, the Hanseatic cities (14 percent), the province of Hesse (10 percent) and the Saxonies (both Prussian province and the Kingdom 10 percent). In the case of regional distribution, therefore, neither Britain nor Germany manifest any sort of similarities. The distribution of Japanese wealth holders was not heavily concentrated on one particular area like in Britain (if Rubinstein’s hypothesis is correct), but did not spread into several areas as in Germany.

The following section offers an analysis of Japanese wealth holders in terms of their regional distribution. Particular attention will be focused not only on the two areas of Tokyo and Osaka in which they were highly concentrated, which are important in analysing and explaining regional characteristics, but also on other minor regions,

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21 See Augustine, Patricians, p.16.
22 Ibid; p.16 Although some possibility of the need for revision may be indicated, the need for a radical reconsideration is less likely. Lieven’s analysis of the German aristocracy signifies that the only thing possibly in need of change (in this case, by including data on the aristocracy) is the adding of Silesia as one of the major regions for German wealth holders, since many aristocratic wealth holders, most of whom ran mining businesses, were concentrated in this region. Other aristocracies tended to spread into major regions where non-noble wealth holders lived. See Lieven, The Aristocracies, pp.60-71.
consideration of which will signify other aspects of modern Japanese economic development in terms of its regional features. Data relating to these areas is summarised in Table 2.3 (see page 63). In addition to the Tokyo and Osaka areas (including neighbouring areas), four regions are chosen for the analysis of regional distribution, that is, Aichi, Niigata, Fukuoka and the colonies (including both Taiwan and Korea). All of these regions had a relatively small number of wealth holders compared to Tokyo and Osaka, but can also be considered as centres of regional economies. In addition, each of these areas enables us to highlight some of the characteristics of the modern Japanese economy. Analysis of the Japanese colonies can also testify to the degree of economic penetration by Japanese settlers, and any economic diversity between Japanese, Koreans and Taiwanese-Chinese. The distribution of wealth among Japanese and colonial peoples can indicate the extent of any inequality of wealth and hence say something about the colonial economic relationship.

2.3.1. Highly Concentrated Areas

a) Tokyo

There is no doubt that even in the prewar period, because of its significant position as a political and economic centre, Tokyo was the city in Japan with the pre-eminent position and status. Moreover, although Japanese wealth holders were less concentrated on the Tokyo area than might be expected from its economic importance (about 30 percent of all wealth holders were in Tokyo), the level of wealth concentration in this geographical area shows an extraordinary position in terms of total wealth accumulation. The total amount of wealth held by wealth holders in Tokyo reached about 1.167 billion yen, which accounted for 46 percent of total wealth among Japan’s wealth elite as indicated in the 1915 data set. This is partly due to the concentration in Tokyo of the greatest fortunes. Out of the big four zaibatsu, three of the families and owners of the big-four zaibatsu, Mitsui, Iwasaki and Yasuda, were in Tokyo, as well as the Okura and Furukawa families. The estimated wealth of these families alone was over 560 million yen, about 48 percent of the total fortunes of wealth holders in Tokyo. Undoubtedly, their presence gives much importance to the Tokyo area, compared to Osaka, the second area of concentration, whose wealth holders accounted for wealth of only half the value of those in Tokyo. Meanwhile, other greater wealth holders were
also inclined to reside in Tokyo. Of the 129 wealth holders possessing wealth of over 5 million yen (£500,000), nearly half were in Tokyo (61 people: 47 percent). Thus, although the prewar period was considered to have been one of dual economic centres, Tokyo by itself overwhelmed other regions because of the power of its wealthy elite.

Turning to occupational distribution, the Tokyo area also had a greater diversity compared to other regions. Firstly, among wealth holders, the aristocracy made up 22 percent of the wealthy elite in Tokyo. This aristocratic group is hardly found at all in other regions, and formed a major group only in Tokyo. However, unlike in Europe, the wealth of the aristocracy was not based on any sort of agricultural revenue or farm management, since they were basically landless nobles, as will be discussed in a later section. The high percentage of the aristocracy in Tokyo was also largely the result of government policy after the Meiji Restoration. Following the dissolution of the feudal domains, the Japanese aristocracy was ‘invented’ as a new social class, in imitation of the European aristocratic system, which was taken as a model. Many of its members, who were mainly former feudal lords and members of the old court aristocracy, were forced to live in Tokyo, since this class was created under a government initiative to maintain the ‘blue-blood’ of the Emperor’s family. Also in respect to promoting political centralization, it was considered that it might be better for the government to separate these aristocrats from their previous domains.

On the other hand, in contrast to this group, only a really small number of landlords is found in the Tokyo data. Only six landlords are included for this area, and except for one case, all were engaged in property management. This may be taken as an indication of the progress of urbanization within the Tokyo area, and also the minor role of the agricultural sector in terms of wealth accumulation in this area. In addition, most of this small number of landlords were former merchants, who mainly utilised their estates for property investment. This was partly due to the radical change in class structure in the modern period. After the Meiji Restoration, many former samurai lost their pre-eminent status and suffered from poverty because of their lack of sources of income. Therefore, they were forced to sell their own houses, which were situated in the central

23 This figure excludes businessmen who had been ennobled.
24 For detail, see Y. Sakamaki, Kazoku Seido no Kenkyu vol.1. (Tokyo, 1987), pp.86-88, and also Kasumikaikan(ed), Kazoku Seido Shiryoshu, (Tokyo, 1985), p 34.
area of Tokyo; this situation created great business opportunities not only for merchants, but also for some wealthy nobles, in particular those who were interested in the property business.25

Peculiarities of wealth holders in Tokyo also appear in the occupational distribution according to business sector. Except for zaibatsu owners and salaried managers, Tokyo’s business wealthy elite mainly consisted of merchants and businessmen who were engaged in the service sector (over 90 percent of those engaged in business). In contrast to the pre-eminent position of this group, few of the business elite were engaged in the industrial sector. Other research also testifies to this unique distribution. Although the result is still limited because of the enormous data sets, quantitative analysis of prewar merchants and businessmen in Japan by Abe and Miyamoto also points out that the main group among wealthy merchants and businessmen in Tokyo was not those involved in the industrial sector, but retailers of traditional commodities and industrial goods since the late Meiji period.26 Abe and Miyamoto have also indicated that, compared to other regions, a relatively large number of merchants and businessmen in Tokyo were in the financial sector, something characteristic of Tokyo as a retailing and financial centre.27

These results broadly correspond with the results of the analysis of data in this thesis. Of the 103 of Tokyo’s wealthy elite engaged in the service sector (about 45 percent of Tokyo’s total wealth holders), 48 (about 46 percent of the group) were engaged in the financial sector, including banking, stock broking, insurance, and what is called in Japanese shichiya (pawn broking). Some of this group also ran such business as sub-businesses in addition to their main business of retailing.28 This situation is likely to have been accelerated by the rapid development during this period of the Tokyo Stock Market, and those who were engaged in the stock broking business were located in Kabutocho, the financial centre of Tokyo.

27 See Abe and Miyamoto, ‘Meiji no Shisanka’, especially p.243-45.
28 Only Japanese literature is available for information on Shichiya. See R. Shibuya, Nihon no Shichiya,
If we focus on the type of entrepreneurs, we find that salaried managers comprised the main group among the wealthy elite in Tokyo, accounting for about 16 percent of the total (37 out of 228). And about 43 percent of these salaried managers were those who worked at the holding companies of zaibatsu or their affiliates. This indicates that not only the zaibatsu owners, but also the professional managers in the zaibatsu benefited from their business expansion and became rich. Moreover almost all of the zaibatsu professional managers within the wealthy elite came from Mitsui and Mitsubishi, and include well-known business figures. Many of them also occupied a higher position among the wealth holders’ group. This group includes, for example, Masuda Takashi, the managerial supervisor of Mitsui zaibatsu (estimated wealth 5 million yen); Akaboshi Tetsuma, who later became a director of Mitsubishi Holding Company (5 million yen); Dan Takuma, later chief director of the Mitsui Holding Co. (3 million yen), and Kagami Kenichi, later a director of Mitsubishi Holding Co. (2.5 million yen). On the other hand, apart from those zaibatsu managers, there are among the Tokyo wealth holders a number of salaried managers who ran several firms’ businesses, occupying a top management position at each. Although this characteristic will be discussed in more detail in a later chapter, we may note here that this tendency in part indicates the significance of well-educated human resources for the development of modern Japanese business.29

Undoubtedly, all these characteristics contributed to the predominant position of the Tokyo area in terms of wealth accumulation and also in terms of the level of economic development. However, this regional contribution does not necessarily imply economic expansion into sub-urban areas or neighbouring prefectures, in contrast to the present situation. If we add to Tokyo data the figures for the Kanto area, which currently forms the Tokyo metropolitan area, we find that this surrounding area was almost totally isolated from the wealth accumulation or economic activities of the Tokyo area. Except for Kanagawa, all other prefectures in the Kanto area had fewer than five wealth holders of over 1 million yen.30 Moreover, most of these few wealth holders were devoted to purely local business activities. In Kanagawa, one of the neighbouring

(Tokyo, 1982).


30 Even if we reduce the level of wealth considered to 500,000 yen, no other prefecture (except Kanagawa) had more than 20 wealth holders.
prefectures of Tokyo, there was a relatively large number of wealth holders (28 people). However, this figure is only about one-tenth of the figure for Tokyo, and the main business of wealth holders in Kanagawa was foreign trading through the port of Yokohama, the largest international trading port in Japan. In particular, they specialized in trading of Japanese export goods, like tea, silk and cocoons, and one-quarter of all Kanagawa wealth holders were engaged in reeled silk and cocoon trading. While these traders established business networks between the regions of silk production, their business was not directly related to the economic activities in the Tokyo area. In addition, there were few wealth holders here who had business relationships with the Tokyo area as investors or managers. Most of their wealth accumulation depended on local business and the specialization in external trade.

Consequently, this evidence signifies that even in the prewar period, Tokyo stood at the top of the hierarchy in terms of wealth accumulation, but that this area was not dependent on the manufacturing sector for its business activities, but on the commercial and financial sector. The presence of the zaibatsu in Tokyo casts a strong shadow over any analysis of wealth holders in this area, both through their owners' wealth and in addition through the wealth of their rich salaried managers. The relatively high percentage of the aristocracy among the wealthy elite also characterized the wealth holders' group in Tokyo. However, the wealth holders in Tokyo additionally enjoyed a position rather separate from the sub-urban and neighbouring areas. Even within the Tokyo area, wealth holders were concentrated on several particular districts, including the old commercial centre, in the case of native Tokyo merchants. This signifies the lack of geographical expansion into neighbouring areas despite the expansion of business networks to a national level. This, it may be suggested, constitutes a significant difference between Tokyo and the Osaka area, the other major centre of business and economic activities in Japan, where the city of Osaka tended to form part of an integrated regional business network with its neighbouring areas.

b) Osaka and the Kansai area

In contrast to the Tokyo area, the Osaka area exhibits several different characteristics, partly caused by the difference in its history. During the Tokugawa period, Osaka was undoubtedly the largest commercial centre along with Edo (later Tokyo), since the
market for rice, which was not only the staple but also utilized as a means of currency, was located in Osaka.31 However, from a regional perspective, there was another commercial centre in the neighbouring area of Osaka, that is, Kyoto, formally the capital of imperial Japan and the centre of the textile industry during this period.32 In addition, the neighbouring area of Kyoto, which was called Omi (later forming part of Shiga prefecture), was the centre for merchants whose trading networks had expanded nationwide.33 Even though these regional areas underwent relative decline after the start of the modern period, their economic power had not totally vanished. Moreover, from the middle of the 19th century, another economic centre emerged in the west sub-urban area of Osaka. Kobe, another centre of external trade along with Yokohama, did not form an independent economic area by contrast with Yokohama, since Osaka totally depended on Kobe for the shipping trade. Because of the geographical features of the port of Osaka (the sea of Osaka is shallow for some distance from the shore), it was really inconvenient for large ships and steam ships, which were the main vehicles for the modern shipping trade, to access the port of Osaka. Instead of Osaka, Kobe rapidly developed as a maritime centre, not only nationally but also regionally. Thus, it may be argued that unlike the Tokyo area, both socially and economically Osaka formed part of the larger regional area, known as Kansai (or Kinki).34

The wealth holders in Osaka formed the second largest group within the national wealthy elite. However, if we include other wealth holders in the Kansai area because of the regional characteristics described above, the total number reaches 287, equivalent to about 38 percent of all Japanese wealth holders.35 This figure is considerably in excess of that for the Tokyo group, and almost the same as that for the whole of Kanto, the regional area including Tokyo and Kanagawa. However, in terms of wealth accumulation, the total wealth of the Kansai wealth holders was smaller than that of Tokyo. The total wealth of the Osaka wealth elite was about half (52%) of the Tokyo figure. Even if we include data on the remainder of the Kansai area, the total is

31 See O. Wakita, Kinsei Osaka no Keizai to Bunka, (Kyoto, 1994), for details.
32 For this case, in particular the relationship between the development of the textile industry in Kyoto and the importing of raw silk see, K. Tashiro, ’17,18 Seiki Higashiajia Ikinai Keoki ni okeru Nihongin’, in H. Kawakatsu (eds.), Ajia Koekiken to Nihon Kogyoka, (Tokyo, 1991).
34 Kansai or Kinki mainly consists of the six prefectures from the modern period, that is, Osaka, Hyogo, Kyoto, Shiga, Nara, and Wakayama.
35 However, if we exclude those from Nara and Wakayama prefectures, which probably formed a more independent area in economic terms, the total is 277.
not equivalent to Tokyo’s, amounting to about three-quarters as much (about 77 percent). On the other hand, although this sample includes businessmen, merchants, landlords and members of the aristocracy, the details of the distribution of wealth holders show a relative homogeneity in this Osaka group compared to the Tokyo one. While the service sector held a predominant position in Osaka as well as in Tokyo, nearly half of the Osaka wealth holders (about 47 percent) belonged to the merchant category. Also, if we sub-categorize this group, about 80 percent of them were engaged outside the commercial sector as manufacturer. Those wealth holders who can be categorized as members of the modern business elite, including the executive members of family companies (most of which were zaibatsu or zaibatsu-style companies) or salaried managers, comprised about 30 percent of the total sample. Landlords and ‘traditional’ industrialists (those engaged in the production of Japanese traditional commodities) account for similar percentages in this distribution (about 9 percent of the total in each case). By contrast, members of the aristocracy are rarely found in Osaka, or in any prefecture of the Kansai area. Only two individuals out of the total of 287 belong to this category, and even if we attempt to include ennobled businessmen, only five are added. Thus, these results indicate that in Osaka and the Kansai area, it was the business wealth elite that had the predominant position.

There is no doubt that among the business wealthy elite, the group whose members belonged to the traditional sector, like merchants or traditional industrialists, formed the mainstream in Osaka and the Kansai area. However, if we compare the amount of wealth of the traditional and modern sectors, we can find a major difference in the scale and speed of accumulation in the two sectors. The distribution of wealth holders by their estimated wealth clearly signifies this situation. 56 percent of wealth holders in the Kansai area had less than two million yen as their fortune, and almost one quarter had a fortune of 2-4.9 million yen. The rest had assets of over 5 million yen.

Although the greatest wealth holders considered in this thesis were not a totally homogeneous group with regard to their pattern of wealth accumulation, it is clear that they were concentrated in the modern sector. In particular, in Osaka as well as in Tokyo, many of the mega-rich, whose wealth was estimated at over 10 million yen, were those involved in the formation of the zaibatsu or zaibatsu-style business systems in this period or later. These Osaka wealth holders also included some of the most famous
businessmen (or even businesswomen, although it was rare for women to be directly engaged in business) in Japanese business and economic history. At the apex of the wealth pyramid in this area stood Sumitomo Kichizaemon Tomoito of Osaka, the owner of Sumitomo, one of the big-four zaibatsu, whose estimated wealth was 70 million yen. In the ranking of wealth holders, he was followed by the old zaibatsu owners who have already been mentioned in the previous section in the ranking of the national wealthy elite, namely Fujita Heitaro (Osaka; 50 million yen) and Kuhara Fusanosuke (Osaka; 40 million yen). Other leading wealth holders had similar characteristics, for example, Konoike Zen’uemon (Osaka; 15 million yen), who came from one of the largest merchant houses in Osaka, along with Sumitomo, and from the family that owned the Konoike zaibatsu, which was relatively more local than the other old zaibatsu. We also find Kawasaki Yoshitaro (Kobe; 15 million yen), the inheritor of Kawasaki Shipbuilding, later Kawasaki Heavy Industry, and Suzuki Yone (Kobe; 15 million yen), the female owner of the Suzuki Trading Company, the company whose problems provoked the financial crisis in Japan in the late 1920s. These great fortunes were concentrated in the prefectures of Osaka and Hyogo, particularly in the coastal provinces and in the centres of business, Osaka and Kobe cities. These characteristics also establish the existence of certain differences between Kansai and the case of Tokyo, where the mega-rich were concentrated solely in the inner-city area of Tokyo. Also, in contrast to this top group, the estimated wealth of many of the individuals involved in the traditional sectors was less than 2 million yen, and their scale of business was relatively small.

In addition to these differences between the large-scale wealth holders and the small ones, in terms of the speed at which they accumulated wealth, the distribution of occupation indicates certain differences among the prefectures. As a whole, the distribution of wealth holders by prefecture in the Kansai area was as follows: about 60 percent lived in Osaka, followed by Hyogo (about 18 percent), Shiga (9 percent), and Kyoto (8 percent). The remaining two prefectures (Nara and Wakayama) accounted together for 5 percent. In general, except for in Osaka and Hyogo, the other Kansai prefectures were dominated by traditional merchants and manufacturers. For instance, in Shiga, about 70 percent of these wealth holders were engaged in the textile sector and
60 percent were kimono merchants (and had been since the Tokugawa period). Modern industrialists and salaried managers are rarely found. Kyoto also demonstrates the same tendency as Shiga. In Kyoto 65 percent were engaged in textile and traditional manufacturing. Moreover, although the total number of individuals was quite small in Nara and Wakayama, all of them were engaged in the traditional sector, with involvement in, for example, forestry and traditional goods retailing.

In contrast to these prefectures, in Hyogo and Osaka, the distribution indicates dual tendencies, namely towards the traditional sectors and towards modern industry. On the one hand, in Hyogo, a quarter of wealth holders were engaged in rice wine making. This was for historical reasons. In the Tokugawa period, Hyogo (in particular the coastal area which was named Nada) was the largest centre of rice wine makers and they had been very wealthy from this period. On the other hand, Hyogo was also a centre of trading, shipping and related industries. About 30 percent of wealth holders were engaged in this sector. Moreover, about 14 percent belonged to the salaried manager category. In Osaka, the distribution shows a more complex structure. The most notable part of the wealthy elite in Osaka generally consisted of those in the modern sector, like zaibatsu, trading or shipping, and these form the top group. Salaried managers also comprised a relatively large group in Osaka (13 percent), however none of this group worked at zaibatsu affiliates, in contrast to Tokyo. The middle and bottom of the hierarchy consisted of the merchant group, and about 55 percent of the total belonged to this category. The service sector, including merchants and businessmen, formed the largest group among the wealthy elite in Osaka as well as in Tokyo (about 63 percent), and about 38 percent of this group was engaged in the financial sector. To some extent, therefore, Osaka shares the same characteristics as Tokyo.

Nevertheless, the data for Osaka and Kansai also show certain differences compared to Tokyo. The degree of regional integration indicates a partial unity of this area in terms of economic and business activities. The relatively advantageous position of the

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36 For details about the relationships between local economic development in the modern period and local merchant houses, see for example Shigaken (ed.), Shigakenshi (Shiga, 1980), and Yasuoka (eds.), Omi Shonin, esp. chs. 5 and 6.
37 For example, see Wakayamaken (ed.), Wakayama Kenshi: Kingendai I (Wakayama, 1970), pp.714-716. The reason for the development of forestry is described in ibid, pp.505-520.
38 Their activities in the transition period are described in Nishinomiya (ed.), Nishinomiya Shishi (Nishinomiya, 1966), pp.464-83.
traditional sector also represents a sharp contrast to the Tokyo area, where there was more variety in occupational distribution and where the zaibatsu had the predominant position. The distribution of wealth holders in this region thus undoubtedly signifies some further characteristics of the prewar Japanese wealth elite.

2.3.2. Other Areas

It has already been mentioned how the concentration of wealth holders in these two areas of Tokyo and Osaka was a key characteristic of the pattern of economic development and wealth accumulation during the prewar period, even though Tokyo enjoyed greater prominence than Osaka and the Kansai area. In contrast to these areas, however, other regions were clearly less important, and experienced a relative decline in their economic status. Nevertheless, the pattern of wealth in some regions signifies other characteristics relating to their regional economies, which also constitute part of the overall aspect of Japanese economy and business. The following section deals with three regions, which formed a middling group of wealth holders, in addition to the colonial area of Taiwan and Korea. All three of the regions located in the Japanese main islands, Aichi, Niigata and Fukuoka, show the diversity of prewar Japan’s wealthy elite, as well as some other aspects, for instance, the survival of regional wealth elites, the role of local landlords for regional economic development, and the pattern and progress of the development of Japanese heavy industry. Also, focusing on the colonial area will help to portray the pattern and difference in wealth distribution among Japanese, Taiwanese-Chinese and Koreans.

a) Aichi

Geographically, this area is located between the two largest economic centres, Tokyo and Osaka. Although this prefecture is now well known as a centre of the Japanese automobile industry – exemplified by Toyota –, the situation was largely different earlier in the modern period. As noted above, the position of regional economic centres in the era of Tokugawa Japan gradually declined after the Meiji Restoration, due to the centralization and integration of the national economy, especially of business networks. Geographic location in some cases seemed to act to deepen the economic crisis. However, because of the relatively large scale of the Aichi regional economy and the strong presence of a regional wealthy elite, this area managed to survive while
maintaining its economic independence, and avoiding the penetration of economic and business power from other influential areas. This also pointed to wealth holders in Aichi being more homogeneous in terms of their occupational structure, since there was a lack of newcomers from other regions. In addition, in this period, there were no particular big businesses in the Aichi area. This created difficulties for the entry of big firms' salaried managers as wealth holders.

The data on Aichi wealth holders strongly show the extent to which it was characterized by regional limitations in terms of the scale of its indigenous business. With few exceptions, this group (numbering 22 in total) consisted mainly of regional merchants and traditional manufacturers. A large proportion of this wealthy elite was concentrated in Nagoya, the main city of Aichi. Comparison with data at the national level shows that the Aichi group accounted for only about 3 percent of all national wealth holders. This partly signifies the small scale of the economic expansion in this area. The wealthiest individual in this area was Ito Jirozaemon, whose family business was kimono retailing (famous since the Tokugawa period), and the owner of the well known department store, Matsuzakaya. His estimated wealth was 5 million yen. However, this figure does not nearly match the wealth of the top wealth holders' group in the Tokyo or Osaka areas, whose members had more than 10 million yen. Moreover, apart from Ito, no wealth holder in this region had more than 5 million yen. With only one exception, the rest all belonged to the category of 1-2 million yen. This one exception was Kamino Kinnosuke, who was a regional financier with a fortune of 4 million yen. The data for this area therefore indicate the relatively slow and low level of wealth accumulation compared to the Tokyo and Osaka areas.

The predominant position of the traditional wealthy elite in this region has also been emphasized by other research. From their analysis of the tax payments of the wealthy business and commercial elite, Abe and Miyamoto have pointed out a number of characteristics of the Aichi wealthy elite at the end of 19th century, including the importance of the traditional sector, in particular of those who were retailers of domestic commodities and involved in traditional manufacturing. See Abe and Miyamoto, 'Meiji no Shisanka', p.250.
within this group, and characterized Aichi wealth holders’ business activities as being totally dependent on the regional and domestic economy.\textsuperscript{40} Other research has signified other aspects of these traditional wealthy elites with regard to their business networks. Murakami’s research on the business activities of Aichi’s wealthy elite in the prewar period stressed the role of pre-industrial merchants, who had originated in the Tokugawa period and remained the privileged commercial elite during this era, in the modernization of business and for regional economic development.\textsuperscript{41}

Quantitative analysis of the national list of company managers, conducted by Wada and other researchers, has described the business networking of the traditional wealthy elite in Aichi with regard to the establishment of modern firms, showing how its members tended to form several groups based on their long-term personal networks.\textsuperscript{42} This result was obtained from an analysis of the patterns of investment and management status within established firms. This also indicates that this traditional wealthy elite did not form a totally integrated business elite group since their investment activities were largely influenced by their personal networks. Other work by Sugiura has gone further to briefly explain about a possible division of business networks in this area, indicating that this group of the traditional wealthy elite can be divided into three categories. The ‘native group’ originated in Tokugawa Japan and had been active in the commercial sector in Nagoya since this period. The ‘suburban group’ was also a merchant group, but one which originated in the suburban areas of Nagoya. Its members migrated into Nagoya toward the end of the Tokugawa period and in the early Meiji period, and rapidly succeeded and expanded their business networks. Finally, the ‘newcomer group’ was those who came from outside of the Aichi area and was involved in regional business.\textsuperscript{43} However, although we cannot be sure of the extent to which conflicts of business and interests existed between these three groups, we may assume that this situation is likely to have created a certain dynamism in the regional business sector.

In addition, there is no doubt that the regional economic development of the Aichi area throughout the prewar period largely relied on the business activities of these groups.

\textsuperscript{40} Ibid; p.250.
Abe and Miyamoto have compiled a list of the members of the regional wealthy elite who were engaged in the modern business sector as manager of these firms, and pointed out that many of them became managers of several firms as well as running their own businesses. This was largely due to their status as big shareholders in these firms. Although this was the condition at the end of the 19th century, the situation did not radically change in the early 20th century. If we focus on the data set considered in this thesis, almost half of the regional wealth holders, many of whom were merchants, were engaged in several business sectors unrelated to their family business. There are some characteristics that suggest a similarity with the Tokyo and Osaka areas, since many of these multi-business merchants were involved in the financial sector, in particular banking. On the other hand, unlike in Tokyo and Osaka, the business activities of the Aichi group, including the firms in which they invested, were mainly involved with regional business, and the scale of business was to some extent more limited.

Consequently, we may conclude that it was because of the relatively large scale of the economy in the Aichi area compared to other regional economies that the wealthy elite in Aichi managed to survive and maintain their business networks and economic power, even though this area was geographically located between the largest economic centres, Tokyo and Osaka. In contrast, Aichi business largely depended on the regional economy and to a limited extent on particular business sectors that were important at a national level, like the cotton industry. This made for greater diversity compared to Tokyo and Osaka, since long-distance and foreign trading played a crucial role in the scale and speed of wealth accumulation. In the Aichi area, however, the lack of a large scale modern sector may well have limited the size and amount of wealth holders’ wealth, and resulted in a lesser dynamism in the whole region, even though many members of the regional wealthy elite were active in modernization in the business sector.

b) Niigata

This area indicates some clearly different features from other areas, in which the commercial and business sectors accounted for the predominant position among the

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44 Abe and Miyamoto, ‘Meiji no Shisanka’, pp.253-255.
wealthy elite. Niigata is geographically located on the northern side of the Honshu mainland area, on the opposite side from the other three areas. The Niigata area is also famous as a centre of rice cultivation, and thus can be considered to be to some extent representative of certain aspects of the social and economic structure of prewar Japanese agriculture, in particular the pre-eminent position of great landlords. Although, private landholding was strictly limited under the feudal domain system during the Tokugawa period, the gradual dissolution of the feudal landholding system and the emergence of rich farmers with privatised landowning was already beginning to appear in certain areas, especially in Niigata, in the late Tokugawa period. Recent studies have shown that agricultural policy in the feudal domains of the Niigata area stimulated the activities of rich farmers, giving rise to the model of private landholding well before the Meiji Restoration, and the subsequent land reforms did no more than give official sanction to the existing situation in this area. These rich farmers became great landlords during the modern period, and increased their economic power throughout the Niigata area.

The data set relating to this area is strongly characterized by this tendency, and some of this elite’s members undoubtedly represent the wealthiest elite within the agricultural sector. In contrast to other areas, three-quarters of the total observations for this area (21 out of 28 wealth holders) were landlords. Merchants or traditional manufacturers were a minority among this Niigata group. The distribution of wealth holders with their estimated wealth also indicates fairly large-scale wealth accumulation, even though this group accounts for only 4 percent of the national total. While about three-quarters of Niigata wealth holders belonged to the lowest category (less than 2 million yen), the remainder had more than 3 million yen, and this proportion is larger than is the case for Aichi. The wealthiest among this Niigata group was Yamaguchi Tatsutaro, from a family of landlords also engaged in several kinds of business, including finance and modern industries, with an estimated wealth of 10 million yen. Yamaguchi was followed by other great landlords or landlord-businessmen, for example, Nakano Kanichi (estimated wealth 4 million yen), who was involved in the oil industry, Niigata being the sole area of oil field production in Japan.

45 The landholding system of Tokugawa Japan had a strong resemblance to the leasehold system. For particular information about this situation, see M. Oka (eds.), *Nihon Keizaishi*, (Kyoto, 1983), esp. pp.168-175; also K. Mizumoto, *Kinsei no Murashakai to Kokka*, (Tokyo, 1987), pp.87-89.
While landlords accounted for the majority of the wealthy elite in Niigata, this does not signify that these wealth holders totally depended on rents from their tenants as their source of income and wealth accumulation. Data show that about half of these landlords (11 out of 21) were also engaged in the business sector through their investment activities, in particular in the local business sector. These wealth holders held seats on the executive boards of local firms, and this fact indicates their contribution to the local economy. However, analysis of the pattern of investment shows another factor in relation to the business activities of wealth holders. Tanimoto has discussed and analysed in detail the pattern of investment and shareholding by Niigata’s wealthy elite during this period. Firstly, he divides wealth holders into four categories depending on their investment and business activities, that is, according to whether they were rent-seeking type, risk-taking type, local businessmen type or multiple director type. From his analysis, Tanimoto has pointed out that even though these men’s investment activities played a significant role in local economic development in the late 19th century, the pattern of business involvement varied depending on the size and scale of shareholding. Tanimoto’s work also indicates that the pattern of business activities by landlords was strongly influenced by the scale of their landholding. Although the great landlords’ activities can be divided into rent-seeking type and local businessmen type, these landlords were a minority in both categories and the majority wealth elite in Niigata was of the risk-taking type, including middle and small-scale landlords and local merchants. Tanimoto additionally emphasized the importance of this group for local economic development during the late 19th and early 20th centuries, although this significance does not necessarily signify the long-term survival of the firms in which they invested. Tanimoto’s analysis is, in some cases, critical of the perspective of previous research, which stressed the role of large shareholders as executive members of local firms who would make decisions on firms’ daily management, and whose activities overwhelmed those of salaried managers in each firm. These results consequently signify certain differences when it comes to discovering general

47 See ibid; and also Tanimoto, ‘Nihon ni okeru Chiiki Kogyoka to Toshi Katsudo’, Shakai Keizaishigaku, 64-1 (1998).
49 For an example of this perspective, see T. Ito, ‘Sangyo Shihon Kakuritsu no Sonzaikozo’, Ritsumeikan Sangyo Keizai, 35 (1983).
tendencies and the direction of business activities by big wealth holders. Nevertheless, it is certain that this landed wealthy elite is substantially different from the landowning elite in Europe, as will be discussed in a later section.

In the light of this complex tendency in relation to local business activities, the data set also shows the difficulties inherent in distinguishing or categorizing the wealth elite according to occupational distribution. The case of the landlords indicates that there was no rigid separation between agricultural and business activities in terms of the sector in which a wealth holder was involved. On the other hand, except for one case, the minority group in the Niigata area, consisting of merchants or traditional manufacturers, were also landowners, even though their scale of landholding was smaller than those of the so-called landlords. This also indicates that wealth holders in Niigata had somewhat 'multi-business' characteristics. This condition may be the result of an inability to determine or distinguish between different groups if we categorise them partly in Western terms, such as 'bourgeoisie'. It may also be related to the particular social hierarchy associated with Japanese landlords.

However, the profile of wealth holders in this area shows another perspective on Japanese wealth holders, in addition to showing the unique character of the Niigata wealthy elite compared to other areas of Japan. That is, the predominant position of landlords does not simply mean that Niigata was totally dependent on the agricultural sector. This landed wealth also flowed into the regional business sector as a consequence of wealth holders' investment and business activities. There is no doubt that their activities contributed to regional economic development in the prewar period. On the other hand, their characteristics in Niigata show some similarities between members of the local business elite, in terms of a tendency on the part of the landed wealthy elite not to separate their activities between the agricultural and business sectors. The difference in their pattern of activities did not depend on any categorization according to social class structure, but on a personal inclination towards business or agriculture. It might also be said that geographical distance from the large economic centres may possibly have played a role in maintaining these regional characteristics, in conjunction with the influence of previous history.
c) Fukuoka

While the four areas described above were geographically located on the main Honshu island area of Japan, Fukuoka was located on the southernmost main island of Japan, Kyushu. Fukuoka is located on the northern part of Kyushu Island. This area was particularly well known for coal mining, and became one of the main centres for heavy industry from the start of the modern period. However, economic development in this region fluctuated largely due to the economic policy of the Japanese government. Although the government established mining legislation in the early Meiji period to nationalize all mines and to prevent the penetration of foreign capital in this sector, financial crisis within the government, followed by both inflation and deflation, created difficulties for entrepreneurs who ran coal mining businesses in this area. Even after the middle of the 1880s, when the government abolished the policy of nationalization of heavy industries, these businessmen continued to suffer from severe conditions, generated by fluctuating demand, technological difficulties and labour management problems. On the other hand, in terms of the wealth accumulation of Japanese coal magnates in this area, war demand contributed to creating a great boom for this sector. Both the Sino-Japanese war (against the Qing) and the Russo-Japanese war generated enormous demand for the coal industry, and consequently many coal magnates managed to overcome a crisis in their business resulting from over production and consequent price reductions before the period of the two wars. The circumstances surrounding the coal magnates also reflect the process of development in the heavy industry sector in modern Japan and the weaknesses in this sector, for instance, the difficulties facing radical technological innovation or the dependence on special demand, like warfare.

The number of wealth holders in Fukuoka was relatively smaller than in the other regions. Only 14 wealth holders had an estimated wealth of over 1 million yen. This figure constitutes only about 2 percent of total Japanese wealth holders in this period. Even if we include lesser wealth holders possessing 500,000 yen, Fukuoka's wealth holders comprised only 43 individuals, also about 2 percent of the national total in this

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51 For detail, see Y. Ogino, *Chikuho Tanko Roshi Kankeishi*, (Fukuoka, 1993), pp.140-58.
However, turning to occupational and class structure, about half of these wealth holders (6 out of 14) were coal magnates, and it was they who dominated the upper group of this wealthy elite with regard to their estimated wealth. This figure is of considerable significance, since many coalmines, particularly large mines, were owned by *zaibatsu* affiliates, for instance, Mitsui or Mitsubishi. This result also indicates that, notwithstanding the strong presence of *zaibatsu* in this region, there were still great opportunities for regional wealth holders in this sector for wealth accumulation. The level of wealth concentration is further evidence for the importance of the coal mining industry. All the four top wealth holding individuals were coal magnates, who possessed more than 3 million yen as their fortune. Moreover, their business activities spread into several sectors, including other modern industries or the financial sector. The wealthiest individual, Yasukawa Keiichiro, (estimated wealth 10 million), was engaged in other industrial sectors, like electrical equipment, in addition to cotton spinning and construction, though Yasukawa’s wealth was largely based on coal mining. After Yasukawa came Kaijima Taisuke (8 million yen), the most famous coal magnate during this period, and also Aso Takichi (5 million yen), who also contributed to the establishment of other modern business sectors in this region.

However, the relative advantages and importance of the heavy industry sector do not mean that only coalmining dominated the wealth holders of Fukuoka. Although it is dangerous to estimate general tendencies from such a small sample, we find that wealth holders in the service sector made up the second largest group within the wealthy elite (5 out of 14). Inclusion of additional data on those with assets of 500,000 yen provides a further perspective on the wealthy elite in Fukuoka. Except for traditional manufacturing, in particular soy sauce brewing and rice wine making, there were hardly any wealth holders from other industrial sectors. In terms of industrial activity, it was the coal mining sector alone that had a pre-eminent position among the wealthy elite. If we look at the lesser wealth holders, we also find that, at this level, it is not just wealth holders in the service sector who formed the second group in this region; they are joined by landlords. Salaried managers account for only three among 43 regional wealthy elite. In addition, wealth holders in the service sector were dominated by kimono merchants and the non-banking sector, both of which were traditional service sector activities.

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52 See, Shibuya (ed.), *TSNZSJSS* vol.1, intro p.9.
Therefore, although coal magnates are representative of the predominant position of heavy industry in this area, especially in terms of wealth accumulation and wealth concentration, the distribution of the wealthy elite indicates that a more traditional wealthy elite remained at the lower levels of the wealth pyramid. The dynamism of the wealthy elite in the modern sector in Fukuoka in this period was almost totally limited to one particular sector, and the business activities of those in this sector did not substantially transform the distributional structure of wealth holders. This situation can be interpreted as indicating the existence of a division within business, that is, on the one hand the commitment of coal magnates to the modern industrial sector, and on the other the dependence of the business activities of the rest of the wealthy elite on regional and traditional networks. We may also assume, however, that this is not evidence that might lead us to question the importance of either group to regional economic development, since both groups' business activities show some tendency towards modernization and the development of the regional economy. Nevertheless, the economic 'distance' between both groups may be taken as evidence of a pattern of concurrent development of the traditional and modern sectors in the prewar Japanese economy.

d) Colonial areas

In contrast to the main islands of Japan proper, we can be certain that the Japanese colonial area imposed different economic characteristics. The acquisition of Taiwan in 1895 as a result of the defeat of Qing China in the Sino-Japanese War, formally opened the way towards Japanese imperialism. From the initial period of colonization, the economic exploitation of Taiwan by Japan was quite apparent, and in the process it created business chances for Japanese businessmen. Development of the sugar refining industry in Taiwan by Japanese partly symbolized this method of economic exploitation. The ambitious expansion of the Japanese colonial empire was furthered by the annexation of the Korean Kingdom in 1910, although Korea was already half-colonized at the start of the 20th century, as a result of the victory of Japan in the

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54 For detail, see Togyo Kyokai (ed.), *Kindai Nihon Togyoshi*, part 1 (Tokyo, 1961) and also in English
Russo-Japanese war, due to the conflict of political interest in Manchuria and Korea. Economic policy in both colonies was initially characterized by agricultural interests on the part of Japan, in particular in rice cultivation. In this context, Korea played a significant role for the internal trading of rice, and in the encouragement of Japanese agricultural migration into Korea. In both cases, it is apparent that the colonial economy would be likely to be dominated by Japanese benefiting from protection from the colonial government, and also give rise to differences in the scale and speed of wealth accumulation between Japanese and the colonial peoples. However, we should note that it is not possible to draw conclusions of this kind for the Korean case, since the survey of wealth holders took place in 1915, only five years after the colonization, and radical changes in social structure are unlikely to have taken place during this short period.

Wealth holders whose estimated wealth was over 1 million yen in Taiwan and Korea were a relatively small group, that is, 12 in Taiwan and 3 in Korea. Even combining data for the two, colonial wealth holders accounted for fewer than 2 percent of the total observations. Also, the sample is just too small to make any assumptions about a general tendency regarding the difference in economic power between Japanese and the native peoples of the colonies. Therefore, in this case, especially when it comes to considering the influence of Japanese colonization on wealth inequality, it is feasible to include in our consideration the data relating to the lesser wealth holders, those possessing 500,000 yen, even though this additional data still produces a relatively small figure, that is, 26 in Taiwan and 30 in Korea. However, inclusion of this broader sample helps to show some aspects, which should not be ignored.

It might be assumed that since Korea was still in the initial period of colonization in 1915, many wealth holders might possibly be Korean. However, the racial distribution shown in the data set indicates that about 40 percent of them were already Japanese. These Japanese wealth holders mainly lived in Seoul, Pusan and In'chon. On the other hand, Korean wealth holders still maintained their position as the majority in this group, and about two-thirds of the Korean wealthy elite was concentrated in Seoul, the former capital and the centre of the colonial government. Distribution on the basis of social

see Chi-Ming Ka, Japanese Colonialism in Taiwan (New York, 1995).

For detail of the colonization in English literature, see P. Duus, The Abacus and the Sword (Berkeley, 1995).
class and occupation also indicates some interesting characteristics. Except for a few cases, Korean wealth holders can broadly be divided into two groups with regard to their social class. Rian’pan, the members of the Korean bureaucrat-aristocracy, received Japanese nobility titles, and formed one-third of the Korean group. Other Korean wealth holders consisted largely of landlords. Within the Korean group there were hardly any who were engaged in the business sector. In contrast, most Japanese wealth holders in Korea were heavily concentrated in the business sector, in particular in the service sector. Many of them were involved with the trading sector, very often with the internal trade between Korea and Japan. The results of even such a brief analysis as this suggest that Japanese already had a pre-eminent position in the business sector, and that a significant division of economic activities was already occurring between Koreans and Japanese. It also shows the degree of economic penetration by Japanese.

The data for Taiwan wealth holders, in contrast, indicates somewhat different characteristics from the Korean case, although by 1915 Taiwan’s experience of colonization was considerably longer, compared to Korea. The racial distribution shows that in Taiwan about two-thirds of the total (16 out of 26 wealth holders) were Taiwanese-Chinese wealth holders. Surprisingly, perhaps, a look at wealth distribution shows that Taiwan-Chinese had a relatively strong position. Out of the 12 wealth holders with 1 million yen fortune, 10 were Taiwan-Chinese, and this group formed the top of the hierarchy among Taiwan wealth holders. Most of the Taiwan-Chinese wealth holders were based in Taipei. In this context, Japanese wealth holders still played a minority role in Taiwan, and are mainly found at the bottom of the wealth hierarchy. Half of them were also in Taipei, as were the Taiwan-Chinese wealthy elite. The occupational distribution also shows different aspects from Korea. Although the majority of Taiwan-Chinese were landlords (half of them), this group is also found in the industrial and service sectors, and figures show that the number of Taiwan-Chinese and Japanese in each business sector was similar. It was only the category of salaried manager that consisted mainly of Japanese. However, turning to the industrial sector, we can discover some differences between the activities of Japanese and Taiwan-Chinese, since the Japanese in the manufacturing sector were largely located in heavy industry. In addition, a further difference appears in relation to the holding of multi-directorships by Japanese wealth holders. Four-fifths of them were engaged in
other business sectors as executives. Therefore, it can be assumed that in the case of Taiwan, Taiwan-Chinese maintained their dominant position in the traditional sector and Japanese were more likely to be occupied with the modern sector.

Although these results come only from a small data set, the two colonies indicate sharp contrasts with regard to the degree of Japanese economic penetration and wealth distribution. On the one hand, in Korea, the higher percentage of Korean landlords and Korean members of the aristocracy among the wealthy elite possibly symbolized the lack of opportunities for Koreans in the business sector, which contrasts with the strong position in the business sector held by Japanese. We might also wish to suggest that Japanese economic activities in Korea had already progressed to a certain level in this period. On the other hand, the strong presence of Taiwanese-Chinese wealth holders in Taiwan possibly signifies the division of economic activities in the business sector between Taiwanese-Chinese and Japanese, that is, the domination of the traditional sector by Taiwanese-Chinese and of the modern sector by Japanese. It is not reasonable to suggest that this condition is similar to the economic situation existing on the main islands of Japan itself, namely the division between the traditional and modern sectors.

e) Other Regions

Compared to the regions mentioned in the above sections, other regions are hardly represented at all in the group of Japanese wealth holders. The only other prefectures with more than 10 wealth holders possessing fortunes of over 1 million yen were Hokkaido, the northernmost island of the four main islands, Yamagata, in the northeast part of Honshu Island, and Mie, a neighbouring prefecture of Aichi. These prefectures had 14, 11 and 12 such wealth holders respectively. Although the data for these prefectures do indicate some characteristics, for example, the predominant position of shipping and fisheries in Hokkaido, and the pre-eminent position of the service sector in Mie, the wealthy elites in these prefectures were, in fact, a small minority. Even if we combine the figures of wealth holders in all other prefectures apart from those described above, the total still comes to less than the number of wealth holders in Osaka alone. However, it should perhaps be emphasized that in these regions particular wealthy groups, like landlords or merchants, held the top position in terms of wealth accumulation. In general, landlords had a relatively advantageous position in northern
Honshu, and merchants played an important role in the southern region of the four main islands, especially in Shikoku and Kyushu. Overall, therefore, this evidence on regional patterns provides some evidence as to the characteristics of prewar Japanese wealth accumulation, and also testifies to the possible decline of regional economies in this period.

2.4. Occupational Distribution

In spite of the partial discussion of occupational distribution in the previous section, further explanation is required with regard to the occupational structure of prewar Japanese wealth holders, as well as a broader analysis of this subject at the national level. Occupational distribution is significant not only for providing information concerning in which sectors business wealth holders were primarily active, but it is also crucial when it comes to determining the degree of economic transition from traditional structures to a more modern system, which can be illuminated through looking at the diversity of wealth accumulation among sectors, as among regions. In terms of the comparative perspective as well, the comparison of the occupational structure in Japan with those of Britain and Germany will be utilised in order to measure the combination of modern and traditional factors within the prewar Japanese wealthy elite. Such an analysis will, moreover, also help to testify to the existence of continuities and discontinuities in Japanese society, as well as the extent of the dissolution of the feudal caste system.

The results outlined in the former section relating to the characteristics of regional distribution would lead us easily to assume that business and commercial wealth holders, in particular those who were active in the service sector, formed the largest group among the prewar Japanese wealthy elite. Fuller analysis of the data in this thesis, summarised in Table 2.4, also supports this assumption.
Table 2.4 Occupational distribution of wealth holders

<table>
<thead>
<tr>
<th>Occupational category</th>
<th>(A)</th>
<th>(B)</th>
<th>(C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landlord</td>
<td>11.0</td>
<td>44.0</td>
<td>39.2</td>
</tr>
<tr>
<td>Aristocracy</td>
<td>8.5</td>
<td>4.4</td>
<td>1.5</td>
</tr>
<tr>
<td>(Business sector)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary sector</td>
<td>2.2</td>
<td>(---)</td>
<td>17.6</td>
</tr>
<tr>
<td>Industrial sector</td>
<td>11.0</td>
<td>(---)</td>
<td>27.3</td>
</tr>
<tr>
<td>Service sector</td>
<td>48.1</td>
<td>(---)</td>
<td>13.1</td>
</tr>
<tr>
<td>Salaried Manager</td>
<td>12.3</td>
<td>(---)</td>
<td>7.6</td>
</tr>
<tr>
<td>Zaibatsu Families</td>
<td>3.2</td>
<td>(---)</td>
<td>60.7</td>
</tr>
<tr>
<td>Professional</td>
<td>0.6</td>
<td>(---)</td>
<td>20.0</td>
</tr>
<tr>
<td>Others</td>
<td>2.1</td>
<td>(---)</td>
<td>(---)</td>
</tr>
<tr>
<td>Total (percentage)</td>
<td>100.0</td>
<td>(---)</td>
<td>(---)</td>
</tr>
<tr>
<td>Total (absolute)</td>
<td>763</td>
<td>36</td>
<td>122</td>
</tr>
</tbody>
</table>

Note (A); percentage who engaged in business sector among each group
(B); percentage who also owned land among each group
(C); percentage who engaged in financial sector among each group
(---) signifies no cases or impossible to calculate

Sources: calculated from: Zenkoku 50man yen ijo Shisanka Hyo and Taisho shoki no Dai Shisanka Meibo

Business and commercial wealth holders, including salaried managers and zaibatsu families, account for over three-quarters of the total number of observations (76.8 percent). Moreover, even if we divide this group up by categories of business, the service sector alone accounts for nearly half of 1915 Japanese wealth holders (48.1 percent). This tendency hardly changes if we focus on regional rather than national occupational distribution. Except for in a few regions, where other wealthy elite groups, for instance, landlords, were dominant, the service sector formed the largest group in many areas. In contrast to this sector, the share of the industrial sector in the business wealthy elite was relatively small (11.0 percent of the total number of observations), smaller than the share of the salaried managers’ group (12.3 percent). Even if we include data for those salaried managers who were engaged in the industrial sector, the figure does not exceed 20 percent, one-fifth of the total. The predominant position of the service sector is quite apparent if we focus on the data relating just to business wealth holders (no. of individuals). This is shown in Table 2.5. Nearly two-thirds of this group (62.8 percent) was in the service sector. Although, as discussed in the section on regional distribution, the wealth was concentrated in the hands of particular multi-business groups, the zaibatsu, it is the service sector that accounted for the top wealth holders’ group in prewar Japan, not only within the business sector, but also among wealth holders as a whole.
Table 2.5 Occupational distribution within business wealthy elite

<table>
<thead>
<tr>
<th>Occupational status</th>
<th>(%)</th>
<th>Abs. No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary sector</td>
<td>2.7</td>
<td>16</td>
</tr>
<tr>
<td>Industrial sector</td>
<td>14.6</td>
<td>87</td>
</tr>
<tr>
<td>Service sector</td>
<td>62.8</td>
<td>374</td>
</tr>
<tr>
<td>Salaried manager</td>
<td>15.9</td>
<td>95</td>
</tr>
<tr>
<td>Zaibatsu families</td>
<td>4.0</td>
<td>24</td>
</tr>
<tr>
<td>Total (in percentage)</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Total (absolute)</td>
<td>596</td>
<td>596</td>
</tr>
</tbody>
</table>

Note: categorization based on prime business of business wealth holders.
Abs. no: absolute number of the sample in each category
Source: as for Table 2.1.

If we look at this in a comparative perspective, neither in Britain or in Germany do we find such a high proportion in the service sector. Even in the case of Britain, which is currently being extensively debated, Rubinstein’s data on millionaires and half-millionaires who died between 1900 and 1919 show that among these 502 members of the British wealthy elite, the service sector (commercial and financial) accounted for only 35.8 percent of total observations, followed by the industrial sector at 34.2 percent. Even if we exclude data on the landed wealthy elite (including the aristocracy), the figure shows no significant changes, giving us 49.8 percent for the former sector, and 47.4 percent for the latter. Although in the German case data on non-business wealth holders is not included, Augustine’s research on the wealthiest businessmen in imperial Germany indicates that out of 502 business millionaires, 46.9 percent were in the service sector, while 49.8 percent of them were industrialists. In the German case, the share of the industrial sector slightly exceeded that of the service sector, perhaps reflecting the characteristics of German economic development. Nevertheless, when we compare these results to the Japanese case, both figures can be interpreted as showing a more even balance between the two sectors. This comparison thus also highlights the extreme concentration in the service sector in the Japanese case.

Another characteristic of the social and occupational structure is also apparent with regard to the proportion of landed wealth holders. Although landlords and the aristocracy comprised 19.5 percent of the Japanese wealthy elite, they cannot be treated

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57 Based on *ibid*, pp.62-65.
58 Quoted from Augustine, *Patricians*, p.29.
as a homogeneous social group. In contrast to the European cases, in Japan landlords were totally separated from the aristocracy in terms of social hierarchy, and until the post World War II period no landlords received any aristocratic titles or were ennobled, while some predominant members of the business wealthy elite had been ennobled during the prewar period. Thus, if we exclude data on landlords, the proportion accounted for by the aristocracy accounts for 8.5 percent, less than one-tenth of the total. This small figure makes a sharp contrast with the two European cases, where these landed wealthy elites had a predominant position, even though their economic and political power was not overwhelming as it had been in the pre-modern period. Rubinstein’s data signifies that in Britain landed wealth holders (including the gentry and nobility, which can be regarded as forming an integrated social class in terms of social hierarchy), made up 27.8 percent of the British wealthy elite. In the case of Germany, while data on the non-business wealthy elite cannot be traced from Augustine’s research, Lieven’s research on the European aristocracy shows some interesting figures for comparison through his utilisation of Jahrbuch der Millionäre, the same data source used by Augustine. Lieven makes use of data on the members of the Prussian wealthy elite whose estimated wealth was over 10 million marks (£500,000). Out of 232 Prussian wealth holders, the old aristocracy accounted for 19.3 percent, compared to the new aristocracy (who had lower titles, most of them being ennobled businessmen) at 30.6 percent and the upper middle class at 41.4 percent. Even though Lieven did not sub-categorize the new nobility on the basis of any social classification, such as the non-business aristocracy or ennobled businessmen, the cases of both Britain and Germany appear to show the relatively strong presence of this old privileged class. By contrast, the proportion of the Japanese wealthy elite accounted for by the aristocracy is much smaller than in the European cases, suggesting that Japan perhaps lacked the continuity in the old regime social class structure that characterised Britain and Germany with regard to wealth accumulation.

Turning to another feature of the business activities of Japanese wealth holders, the data also signifies a tendency towards multi-business activities as shown in Table 2.5. In the case of landlords and nobles, the percentage of the former group who were engaged in the business sector as executives or directors is surprisingly high compared to such

59 Calculation based on Rubinstein, Men of Property, pp.60-66.
involvement by the latter group, 44.0 percent as compared to 4.4 percent. Not surprisingly, therefore, sub-categorizing them in relation to European class structures poses considerable difficulties. A further peculiarity of the Japanese wealthy elite is also evident from analysis of the data. Although, as might be expected, the percentage of each group which was also land owners is higher among the aristocracy (32.3 percent, including both farming land and urban property), the share of landholders also accounted for a relatively high percentage among the business wealthy elite, in particular those in the non-metropolitan regions. The proportion of the service sector wealth holders in this category was smaller than that of other groups (only 13.1 percent). However, if we exclude figures for the main metropolitan areas (Tokyo and Osaka, including Kansai), the figure become much higher (39.6 percent). At a national level, the proportion of landholders involved in the industrial sector was greater than those involved in the service sector (27.3 percent).

This characteristic of a multi-business tendency is apparent if we look at the percentage of the wealthy elite which was engaged in the financial sector. The high percentage in the service sector does not necessarily signify the predominant position of the financial sector, since most of them (43.9 percent) ran this kind of business as a sub-business. In the case of 39.2 percent of landlords who became executives or directors of financial firms, such activities were just one part of these individuals’ multi-business activities, resulting either from investment or from direct involvement. The percentage of those who were engaged in the financial sector becomes much higher among wealth holders in the industrial sector, at 51.1 percent. Moreover, this tendency is even more apparent among wealth holders in the non-metropolitan areas. Nearly half (47.3 percent) of salaried managers were engaged in the financial sector. However, in the case of this group, many were active in several sectors or branches as executives or directors, in addition to being involved in the financial sector. These characteristics would seem to indicate that there were not hard and fast divisions between different business activities among Japanese wealth holders.

The next section will amplify some of the points made above regarding the occupational distribution and social structure of Japanese wealth holders. Particular

60 Calculation based on Lieven, The Aristocracy, pp.60-65.
attention will be focused on four groups, that is, merchants, businessmen, landlords and the aristocracy. Other groups will not be analysed since they are numerically very small.\(^{61}\) The separation between merchants and businessmen is significant, and largely rests on the presence or absence of continuity in business activities from the Tokugawa period; however, both groups maintained in part earlier systems even in the early 20\(^{th}\) century. Explanation regarding the position of landlords and the aristocracy will also testify to the existence of diversities in their roles in relation to economic development and industrialization. The extent of discontinuity, compared to Britain and Germany, will also be shown.

2.4.1. Merchants

The separation of merchants from other members of the business wealthy elite or ‘businessmen’ is largely due to their continuity as a social class from the Tokugawa period. They also maintained a traditional, but also transitional, style of doing business. The predominant position of the service sector, to which frequent mention has already been made, is closely related to the influential status of merchants within the business sector, since it was merchants who comprised a high proportion of the service sector. Their particularly high percentage within the wealthy elite group of the two metropolitan areas, Tokyo and Osaka, demonstrates their economic power and the power of their wealth. In addition, in many regions merchants continued their status as an economic and social elite. The exceptions to this were those regions where the agricultural sector was the key sector in the regional economy, like Niigata or the northern part of Honshu. However, even in these exceptional regions, merchants could be listed as members of the wealthy elite on the basis of their local commercial activities.

The strong presence of merchants in the prewar period is associated with several important factors with regard to the characteristics of the prewar Japanese economy. As many researchers have discussed, one characteristic of prewar Japanese economic development, in particular in the early 20\(^{th}\) century, was the concurrent development of the traditional and modern sectors. While modernising economic reforms had a

\(^{61}\) For example, professionals only account for 0.6 percent of wealth holders.
decisive impact on the transformation of business structures and the modernization of
the industrial sector, changes in personal life styles and the pattern of consumption in
prewar Japan were relatively slow. Moreover, since 80 percent of GNP was dependent
on personal consumption, and this consumption was largely based on traditional
commodities, there is no doubt that large demand for these commodities would
stimulate development of the traditional sector. However, by comparison with the
modern sector, these traditional industries were often conducted on the basis of
by-employment of local farmers and small-scale firms. For the sale of these products,
producers depended on merchants who had national retailing networks. Consequently,
it is apparent that it was merchants who through their retailing networks largely shared
the wealth from the traditional sector.

Meanwhile, it has also been shown how merchants also exercised influence over the
modern sector as investors. This was largely due to the relative backwardness of the
financial sector, in particular the banking sector. Basically, in the late 19th century, when
the boom of establishing firms began to take place, capital for these modern firms was
mainly provided through direct investment from the merchant group. Thus the banking
sector had problems in supplying capital to newly established firms. In addition, the
zaibatsu banks, which might have been able to play a role in capital funding, initially
only focused on internal-financing for their own affiliates.

Thus merchants greatly contributed to the modern sector through their capital
investment in new firms. Additionally, this situation created multi-directorships among
this group, since its members tended to become executive members of modern firms
largely as a result of their investment activities. In the later period, as the rise of salaried
managers in those modern firms became more assured, the role of merchant investors in
firms' management gradually declined. However, this change and shift happened
relatively slowly from the early 20th century.

63 See Nakamura, ibid, esp chap 7. Also for English literature see, T. C. Smith, Native Sources of
64 See for example, Morikawa, Zaibatsu, and idem 'Japan: Increasing Organizational Capabilities
of Large Industrial Enterprises, 1880s-1980s', in A. Chandler (ed.), Big Business and the Wealth of Nations
(Cambridge, 1997). Self-financing or internal financing, was one of the characteristics of prewar
Japanese banks, since many banks were also established by merchants for this purpose (in this case to
The role of merchants as reflected in the characteristics of the wealthy elite of Japan in this period, not only suggests the relatively influential position of the traditional sector in the economic development of modern Japan, but also shows that capital accumulation was not limited to the modern industrial sector. However, this wealthy elite, which had originated in the traditional sector or from the merchant caste, became over time less and less identifiable with the wealthy merchant class in Tokugawa Japan. While there can be no doubt that by the time of the 1915 survey, only a small minority of the surviving merchants could be traced back to the Tokugawa period, it is also true that the rise and fall of newcomers within this group was quite dramatic in the late 19th century. In assessing the survival of merchants during the transitional period, from the late Tokugawa period to the end of the Meiji period, Miyamoto has pointed out that the survival rate of ‘parvenus’ merchants (those who began to engage in business in the late Tokugawa or early Meiji periods) was much lower compared to that of the older merchants, even though many of the ‘old’ type experienced some decline in their businesses.\textsuperscript{65}

Nevertheless, many of them had taken advantage of business opportunities in the transitional period. The abolition of the prohibition on external trade from the 1860s marked a change and shift in their business activities, particularly as silk and cocoon production shifted from domestic and local markets to being export-oriented.\textsuperscript{66} Furthermore, as a result of the Meiji Restoration, ‘feudalistic’ constraints on Japanese business, like guild-style protection or the limits placed on business and commerce by the domains, were abolished by the new government. These changes gradually led to the decline of traditional wealthy merchants, particularly those who had maintained their social status from the previous period and whose business activities relied on the restriction of free trade and conservative business behaviour.\textsuperscript{67} On the other hand, merchants who could overcome this great upheaval and reorganize their business systems accordingly (especially in the traditional sector, this reorganization consisted of a mixing of traditional and modern systems) managed to survive and could develop self-finance their own businesses).

\textsuperscript{65} See Miyamoto, ‘Kindai Ikoki ni okeru Shoka, Kigyoka no Seisui ’, \textit{Doshisha Shogaku} 50-5, 6 (1999).
\textsuperscript{66} For example, see Smith \textit{Native Sources}, esp. chs. 1 and 3.
\textsuperscript{67} This tendency is most remarkable among traditional merchants whose business had been supported by significant feudal privileges, particularly in Osaka. See Osakashi (ed.), \textit{Meiji Taisho Osaka Shishi} vol. 3 (Osaka, 1966), esp. pp.356-361 for further detail.
their businesses.\textsuperscript{68}

Merchants in the early 20\textsuperscript{th} century, when the survey of wealth holders took place, were, therefore, certainly different from those who had succeeded in business and commerce in the Tokugawa period. However, even though their business activities were supported by the modernized infrastructure system and the disappearance of certain barriers to trade, which contributed to expanding their business networks at a national level, as well as the new legal system or other governmental support, there remained traditional or pre-industrial customs in their management and business. Their strong and intensive links with the traditional sector also created considerable divisions between them and other members of the business wealthy elite, in particular those who were committed to the modern sector.

2.4.2. Businessmen

It was not just the prominence of the merchant group which displays certain peculiarities in the development of Japan's modern business and economy. This was also true of those members of the wealthy elite who were in the modern sector. Although with regard to the total number of wealth holders merchants far exceeded this group in number, the accumulated wealth of those in modern business far exceeded that of the more traditional wealth holders. However, their status as a minority among the business wealthy elite group was the result of several factors. Firstly, wealth produced from the modern sector was excessively concentrated on a small number of individuals, especially those who were \textit{zaibatsu} owners, their families, or businessmen who ran \textit{zaibatsu}-style businesses. Other wealth holders who were engaged in the manufacturing and business sectors, as seen in the case of the mining magnates of Fukuoka, tended to share this characteristic, which can be interpreted as a further reflection of a multi-business tendency. This tendency was associated with relatively substantial wealth, and at the same time the existence of a relatively small number of the wealth elite in the modern sector.

However, notwithstanding the importance of modern industries within this sector, this

\textsuperscript{68} For example see \textit{ibid}, pp.363-367.
does not mean that modern manufacturing was in itself a great source of wealth for the business elite in the modern sector. While the zaibatsu contributed to establishing many modern industries in prewar Japan, they relied heavily on the service sector to obtain their huge profits. While Yasuda was characterized by its commitment to the financial sector as the core of its business, the success of Mitsui, too, was largely due to its banking and trading companies, which contributed over half of the profits accruing to its holding company from the early 1900s. The role of banking and trading activities in Mitsubishi is also quite apparent, and the Mitsubishi business was as a whole founded on its shipping company during the early Meiji period. Even in the case of Sumitomo, whose main businesses were copper mining and related industries, banking activities played an indispensable role in the diversification of Sumitomo’s business. Moreover, despite their eventual failure, other old zaibatsu, like Furukawa or Kuhara, attempted to expand their businesses into the service sector to acquire substantial profits. This evidence undoubtedly indicates the heavy reliance of the zaibatsu on the service sector for their wealth accumulation and their business success. It testifies additionally to the relatively minor role of the industrial sector in the making of fortunes, which offers a sharp contrast with contemporary more industrialised countries, like Britain or Germany.

Turning to the salaried managers group, who were undoubtedly ‘newcomers’ and ‘newly emerged’ individuals whose appearance was associated with the transformation in the business system of prewar Japan, it is perhaps surprising that this group should form a distinct occupational group not only within the business elite, but also within the group of wealth holders’ as a whole. As we might immediately expect, the majority of this group was in the two main economic centres, Tokyo and Osaka. By contrast, they were only a small minority in other localities. This group can be divided into two sub-groups with regard to employment status. The first group consisted of those who headed zaibatsu affiliates or holding companies. These businessmen in effect represent a transitional stage from the era of family business to the age of the corporation, and as

72 For Furukawa’s failure, see Takeda, Nihonjin no Keizaikanren, pp.37-41. And also see M. Kobayashi, Seisho no Tanjo, (Tokyo, 1987), pp.82-88.
such may be termed 'entrepreneurs'. However, even in the case of Tokyo, this group makes up a relatively small proportion of the total. In contrast, the second sub-group, those who headed corporations in the modern sector, account for the majority of salaried managers. It was rare for businessmen in this latter sub-group to make their fortunes through the management of a single large firm. Although for some European businessmen who headed large enterprises this profession sufficed for them to obtain a high salary and to make a huge fortune, this sort of case was quite exceptional in Japan. One rare example is Kikuchi Kyozo, who was the director of Amagasaki Spinning, one of the largest spinning companies in prewar Japan, with an estimated wealth of 5 million yen. The majority of the second sub-group, in particular those who were in Tokyo, were engaged in the business of several firms, and frequently took on a number of management or directorship positions. This situation also indicates the importance of well-educated or experienced individuals in the development of modern Japanese business, and possibly the shortage of potentially skilled employees who could take on management roles.

Apart from businessmen in the modern sector, those involved in the traditional sector were largely involved in particular manufacturing sectors. Businessmen who were traditional manufacturers, and whose wealth came from their businesses, tended to be engaged in the food industries, like soy-sauce brewing, miso or rice vinegar making, and rice wine brewing. These cases resemble somewhat the case of the beer industry in Europe. For example, Mogi Hichiro'uemon, who ran a soy-sauce brewing business in Chiba, later became famous for establishing the own brand name of Kikkoman, and had an estimated wealth of 3 million yen.

One other particular example of such manufacturers was, as discussed previously, the rice wine makers of Nada, the coastal province of Hyogo adjacent to Osaka. Historical circumstances and the influence of economic change meant that the rice wine makers in this area had already made huge fortunes from their business activities; this then

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permitted them to become involved in other business sectors. For example, Tatsuma Kichiza’emon, who ran a rice wine brewing business in this area as well as his own shipping business, had an estimated wealth of 13 million yen, and was one of the top wealth holders in the Hyogo area. Another example from the rice wine brewers was Inui Shinbei, who later established the largest non-bank money lending firm, and also ran several other businesses, including one in shipping. His estimated wealth at this time was 8 million yen. Wealth holders from this sector are also found in other local regions. This suggests a relatively large scale of wealth accumulation in this sector, in addition to the continuing ability of this group to succeed in business well into the 20th century.

Those businessmen who were part of the wealthy elite thus exhibit a number of characteristics, which, we may argue, are closely associated with certain aspects of modern Japanese business development. While the pattern and style were different depending on the occupational group, a significant part of the activities of the business wealth elite was characterized by a tendency towards multi-business involvement. In addition, although they did gain some benefit from the modern financial and manufacturing sectors, the service sector played a significant role in wealth accumulation, in particular for zaibatsu owners and their families. Within the traditional manufacturing sector, it was only the food industries which supplied traditional commodities or necessities that made sufficient profits, as well as providing the wealth required to give those entrepreneurs the status of members of the wealthy elite. This situation might possibly be explained by the exceptional position of the food industries within the traditional manufacturing sector of prewar Japan, since most traditional manufacturing remained small-scale, hence making it difficult to accumulate large amounts of personal wealth.

2.4.3. Landlords
The landlord group has invariably been identified with certain particular characteristics of the prewar Japanese economy, and a considerable amount of research has been published with a view to revealing the economic role of landlords in prewar Japanese economy.

For the importance of this sector, see M. Tanimoto, 'Jozogyo', in S. Nishikawa (eds.), Nihon Keizai no 200nen, (Tokyo, 1996), pp.255-60, 272-79.
However, although even in the Tokugawa period some landlords held major influence in rural areas, both socially and economically, their official status as landlords was established only after the Meiji Restoration. As a result of the land tax reform, which was undertaken to address the financial difficulties of the government in the early Meiji period, private landholding rights over farmland were finally approved for farmers, and this thus opened the way for landlords to expand their estates. Besides, economic depression, inflation and deflation during the 1870s and 1880s played a significant role in the decline of middle and small-scale farmers and the rise of landlords, especially in the northern Honshu Island area. However, the status of these landlords within modern Japanese society does not parallel the European cases, since, as indicated earlier, Japanese landlords had no relationship with the aristocracy in terms of the social hierarchy (for instance, gentry and nobility, or Junker and aristocracy). In the Japanese case, both groups were totally separate. This situation is especially apparent from looking at the cases of those who were ennobled during the prewar period. Although among the newly ennobled aristocracy in the Prussian Kingdom from 1871 to 1918, 25.7 percent were great landowners, no Japanese landlords were ennobled during the prewar period. This evidence suggests a certain distinctiveness with regard to the social status of landlords at the national level.

The data considered in this thesis shows that this landlord group accounted for a relatively high percentage of the Japanese wealthy elite group (11.0 percent). However, they were not a homogeneous group in terms of their economic activities. While many landlords in rural areas certainly focused on the agricultural business, landlords in the Tokyo or Osaka areas mainly consisted of those who were engaged in property management. In addition, the business activities of the great rural landlords, either through investment or through direct involvement in business, makes evaluating their role in the prewar Japanese economy more difficult. While many earlier studies of

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78 For detail on this process see Nakamura, *Kindai Nihon*, esp. pp.122-41. However, this process cannot be accepted for the Niigata case, where great landlords were concentrated. Some explanation relating to this case is given in the Niigata part of this thesis.

79 The data for Prussia is quoted from Berghoff, 'Aristokratisierung des Bürgertums?' in *VSWG* 81-2 (1994), p.184. For the Japanese case, see the whole data on the prewar ennoblement in T. Sakamaki, *Kazokuseido no Kenkyu* vol.1, pp.129-190. According to this data, there is no case of landlords' ennoblement.
Japanese landlords emphasised their rent-seeking tendencies in relation to their business activities, as well as their tendency to their tenants, recent studies have indicated that the pattern and method of their activities depended on a strong degree of commitment to their agricultural interests, and some of them played a significant role within both the agricultural and business sectors. In the case of rural businesses, Niigata shows various examples of the pattern of landlords’ commitment to the business sector. Some landlords in rural regions acted quite successfully as landlord-businessmen. Ohara Magosaburo, a landlord in Okayama prefecture, was also the founder of Kurashiki Spinning, one of the largest Japanese spinning firms, and gained considerable success in the business sector with an estimated wealth in 1915 of 3.5 million yen. Also, many rural landlords were the executives or directors of local banks. While such positions were partly the result of their investment activities, it may also be assumed that their higher status in rural areas probably also helped to give some credibility to the banking business of these firms. Furthermore, merchants or traditional industrialists in rural areas, in particular the northern Honshu area, or Niigata, were also rural landlords. In many cases, the scale of landholding of those merchants or industrialists was in some areas almost as same as, or even more than that of the wealthy landlords. This poses further difficulties when it comes to distinguishing between their economic activities, or trying to sub-categorize them on the basis of occupation. It may be suggested that this makes any categorization that uses specific western terms, such as ‘bourgeoisie’, particularly unacceptable for the case of Japanese rural areas.

Turning to urban landlords, the data set reveals another diversity between the two metropolitan areas, Tokyo and Osaka. While urban landlords who held land as part of the property business were highly concentrated in these two areas, the characteristics of landlords in Tokyo and Osaka were strongly influenced by differences in the histories of the two cities. On the one hand, in the Tokyo area, the residential area available to non-samurai groups (except for areas designated for shrines and temples) had been strictly limited during the Tokugawa period, when non-samurai had only had access to about 10 percent of the whole residential area of Edo. About 70 percent of the Edo area had been designated for samurai and feudal lords. The Meiji Restoration had a decisive

80 See Abe and Tanimoto, ‘Kigyo Bokko’ and also the Niigata part of this thesis.
impact in transforming this urban structure. The residential areas formerly allocated to samurai became the object of land and property investment by both the new and the old wealthy elite. Most urban landlords appearing in the data considered in this thesis originated in the merchant group, and they purchased properties in the former samurai residential areas as part of their investment activities. For instance, Minejima Mohei, who ran his own pawn-broking business (shichiya), obtained a huge urban estate during the Tokyo property boom in the Meiji period, becoming in the process an urban landlord.\(^{81}\) His estimated wealth in 1915 was 12 million yen. This case was not a rare one. A number of merchants in Tokyo invested in the property business.

On the other hand, while most urban landlords in Osaka were also merchants or former merchants, they had already been property holders before the modern period. The presence of samurai had been weaker in Osaka than in Edo. The property rights of merchants had already been approved in the Tokugawa period, although the pattern of land owning and purchasing gradually shifted in the direction of the property business during the modern period, just as it did in Tokyo.\(^{82}\) The evidence from both areas thus signifies that the urban landlord group was totally different from the rural landlord group in terms of its social origins, and the emergence of urban landlords resulted in part from a business shift by merchants into the property business, and their retirement from or abandonment of merchant-type activities.

As a wealthy elite, the landlord group was not, therefore, homogeneous. There was a marked difference between rural and urban landlords, in addition to a variation in the commitment to business among rural landlords. The pattern of involvement in the business sector by rural landlords was diverse, and highly depended on individual characteristics. Also, the urban landlord group was distinct in terms of social origins, since most of them came from the merchant group. These results also reveal certain distinctions between Japanese landowners and European landowners, since the status and position of European landowners within society was the result of a long-term historical progress, especially in terms of the position of landlords in the social hierarchy.

2.4.4. The Aristocracy

Unlike the other three groups, the Japanese aristocracy emerged artificially, created as a new 'social' class under the auspices of the new Meiji government. This offers a sharp contrast with the European aristocracies, whose existence had long been an integral part of European history. The Japanese aristocracy was invented, mainly out of the former feudal lords and the court aristocracy (kuge), using the European nobility system as a model. However, in terms of hierarchy within the aristocracy, the Japanese system consisted merely of a hierarchy of titles, from baron (danshaku) up to prince (koshaku).

In the Japanese case, there was thus an absence of any non-titled or lower status members of the nobility, equivalent to for example, members of the knighthood in Britain, or the lower aristocracy in Imperial Germany, whose family name was preceded by 'von'. From a historical perspective, it is therefore clear that the Japanese aristocracy was characterised by a number of discontinuities. In addition, although the aristocracy accounted for about 8.5 percent of the total Japanese wealthy elite, they exhibit relatively weak economic power by comparison to that of the business wealthy elite. The wealthiest of the aristocratic group was Marquis Maeda Toshitame, the former feudal lord who had had the largest domain during the Tokugawa period, and whose estimated wealth was 20 million yen. However, even in Maeda’s case, his fortune was smaller than those of the zaibatsu owners or wealthy businessmen. The wealth of the Mitsui or Iwasaki families was over ten times larger than Maeda’s.

Comparison with the contemporary British or German cases also highlights the relatively minor status of the Japanese aristocracy in terms of wealth accumulation. In Britain, while the economic status of the British nobility gradually declined throughout the modern period, rich British aristocrats could achieve an income of £100,000-£200,000 per annum, by itself equivalent to the fortune of lower Japanese wealth holders. The wealthiest member of the British aristocracy, the Duke of Westminster, earned an annual income of £1 million by the outbreak of the First World War, equivalent to half of Marquis Maeda’s total fortune. The German data signifies a

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83 For details see Sakamaki, Kazokuseido, pp.102-125.
84 According to Rubinstein, 17 aristocrats belonged to this category in 1883. (Men of Property, p. 194).
85 See Lieven, Aristocracy, p.54.
similar tendency to Britain. According to Lieven’s research, 42 members of the old
nobility in Prussia had wealth of more than 10 million marks (£500,000). Only 15
Japanese aristocrats were in this category. The richest Prussian noble was Prince
Henckel von Donnersmarck, a coal magnate in Silesia, with estimated wealth of 177
million marks (£8.85 million), and an estimated annual income of 12 million marks
(£600,000). This was more than four times larger than that of the richest member of
the Japanese aristocracy. Even though Henckel von Donnersmarck’s wealth was less
than that of the wealthiest member of the German business elite, Bertha Krupp von
Bohlen und Halbach, his wealth was equivalent to nearly two-thirds of her fortune, a far
higher ratio than the equivalent figure for the richest members of the Japanese
aristocracy and business elite. These results consequently point to the relatively weak
position of the Japanese aristocracy within the wealthy elite, in particular in relation to
their level of wealth accumulation.

Further sub-categorization of the Japanese wealthy elite according to their former
social status indicates another characteristic of this group. Most of these wealthy
aristocrats originated as former feudal lords. No former members of the court
aristocracy can be found in the over 1 million yen wealth category, and even if we look
further down, at the 500,000 yen category, only a small number can be found. This is
largely due to the changes and shifts in the economic condition of this group after the
start of the modern period. On the one hand, the former feudal lords received financial
bonds, based on their revenue from their domains, as part of the commutation of
stipends from the early Meiji period. This meant that the feudal lords who had large
domains could receive a huge amount of financial bonds from the new government. The
wealthy nobility which stood at the top of the hierarchy among the Japanese aristocracy,
therefore, consisted of those feudal lords who had had large domains or who had
contributed to the defeat of the Tokugawa government. In the latter case they received
prizes or funds from the new government. Apart from Marquis Maeda, most of the
wealthiest members of the nobility belonged to this category. For instance, Prince
Shimazu Tadashige, the former lord of Satsuma domain, had estimated wealth of 15
million yen; Prince Mori Motoaki, the former lord of Choshu domain, had 10 million

\footnotesize
\textsuperscript{86} Calculation based on \textit{ibid}, p.60. This figure would be much higher if data on the 'new' aristocracy were
to be included.
\textsuperscript{87} See \textit{ibid}, p.67.
yen, while Marquis Nabeshima Naosumi, the former lord of Saga domain also had estimated wealth of 10 million yen.

In contrast to the feudal lords' group, the financial bonds allocated to former members of the court aristocracy were limited because of their small estates. Moreover, while the feudal lords were able to increase their fortunes through skilful fund management, building on their earlier skills in domain management, members of the court aristocracy lacked these skills and the know-how for fund management. Consequently, it was these members of the court aristocracy that suffered from financial difficulties. Research shows that in the tenth year of Meiji (1877), 43 members of the former court aristocracy were in debt, about 30.2 percent of the total group. Their difficult situation was not resolved until the end of the 19th century, when the government established what was known as the 'Former Court Aristocracy Rescue Fund' (Kyu Tosho Kazoku Onshi Chokin), on the occasion of the Silver Jubilee of the Emperor Meiji. The difference between the two groups with regard to their economic status and wealth accumulation is therefore apparent.

Analysis of the pattern of business activities and investment of aristocrats also shows the limited business involvement of this aristocratic group compared to that not just of the business wealthy elite, but of wealthy landlords as well. Although the Japanese aristocracy contributed to initial economic development to some extent, since their financial bonds were utilized for the foundation of a number of significant firms, as in railways or banking, they never seized the initiative in further business expansion and economic development. Viscount Okochi Masayoshi, who later became the director of Riken, one of the new zaibatsu, was perhaps the exceptional example that proves the rule. Some wealthy nobles were involved in investment in urban property management. Shibuya’s list of the great urban property landlords of Tokyo at the end of the Meiji period (1911) shows that all members of the aristocracy included were former feudal lords. We may therefore assume that such urban property-owning did become a

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88 For details, see for example, Kasumi Kaikan (ed.), Kazoku Seido Shiryoshu (Tokyo, 1985), pp.32-33.
90 For details of this process see Asami, Kazoku Tanjo, pp.28-34, and Sakamaki, Kazokuseido, pp.317-18.
91 However, Okochi does not belong to the wealthy elite category in the data considered in this thesis, which gives Okochi’s estimated wealth as 700,000 yen, less than the 1 million yen cut-off point.
source of wealth accumulation, since the top wealth holders in our data also appear on this list. Nevertheless, there is no doubt that the aristocracy constituted a minority of all Japanese wealth holders, and that they played a less important role than other groups in the development of the modern Japanese economy and business.

2.5. Survival of Wealth Holders

Although the characteristics of Japanese wealth holders in the early 20th century indicate the existence of concurrent development between the traditional and modern sectors, this does not mean that the process of industrialisation in pre-war Japan did not bring about remarkable changes during this period. After 1915, when the survey of the wealth holders used as the main source of data in this thesis took place, certain shifts in the pattern of industrial development began to be apparent, influencing Japan’s economy and business in particular from the 1920s. The economic boom caused by the First World War benefited the improvement and growth of the industrial sector, especially the heavy industries and new technological industries. The emergence of new zaibatsu, for instance Nissan or Nitchitsu, also signified a shift in pre-war industrialisation, since new zaibatsu relied heavily on the industrial sector, for example the chemical industry, for their business expansion. In addition, economic recession in the 1920s and depression in the early 1930s created clear difficulties for wealth holders’ survival and their maintenance of wealth and social status. It may be assumed that these changes influenced wealth holders’ speed of wealth accumulation, and in some cases may possibly have led to decline in status and even bankruptcy. To analyse the survival of wealth holders after 1915 is, therefore, crucial if we are to explain how the process of modern Japanese economic development caused the rise and fall of wealth holders, and to ascertain whether or not these economic changes resulted in the disappearance of any particular group within the wealth holders.

2.5.1. General View of Survival

In the early 1930s, long term economic recession and depression provoked social insecurity and the rise of antagonism towards wealth holders in the form of militarism and the communist movement. Particular notable wealth holders, for instance, the owners of the old zaibatsu, became a target of violent attack, both from extreme right
and left wing groups. Meanwhile, it became apparent that the economic and social crises were leading to the decline and collapse of some wealth holders and their businesses, and the possible rise of newcomers to the wealth holders' group, in particular those who were engaged in the rising new industries. Nevertheless, it can be assumed that the leading wealth holders of 1915 remained in a prominent position even in this later period, since their existing outstanding level of wealth accumulation made survival easier than it was for the ordinary Japanese public. In fact, many cases indicate that member of this group experienced steady growth of their wealth between 1915 and 1933, a period of less than two decades.

The data in the 1933 survey indicate several significant points in terms of analysing the survival of wealth holders in pre-war Japan. Of the 763 wealth holders whose wealth exceeded 1 million yen in 1915, 530 had maintained their status as wealth holders in 1933, with either increased or diminished wealth. This result suggests that over 30 percent of the 1915 wealth holders had vanished from the list of wealth holders during this short period. Most can be assumed to have suffered major losses of fortune or bankruptcy. However, turning to the general trend of regional distribution, summarised in Tables 2.6 and 2.7, we find that the survival rate of wealth holders in each region was certainly different.

93 For example, see T. Miyakawa, Iwasaki Koyata, pp.192-94 and Mitsui Hachiro'emon Takamine Den Hensan linkai(ed.), Mitsui Hachiro'emon Takamine Den, pp.466-72, about the attempts or attack or even the assassination of these owners.
94 It should be noted that the number counted as surviving wealth holders included cases in which the sons had already become the head of the house and inherited their fathers' fortune by 1933. Therefore, in this sense, the survival of wealth holders of 1915 indicates not only individual survival but also their families' survival as wealth holders.
The least affected regions were those in which local and traditional wealth holders had the predominant position. Tohoku and Chubu, in both of which the survival rate of wealth holders exceeded 80 percent (88.0 and 81.9 respectively) were characterised by this feature. On the other hand, compared to these local regions, large numbers of wealth holders in urban areas had disappeared from the 1933 data set. In the case of those areas in which the wealthy elite had been highly concentrated in 1915, more than a quarter of wealth holders in Tokyo had disappeared in 1933 (73.2 percent survived), and about one-third of the wealth holders in Osaka had vanished (64.4 percent survived). The situation was worse in some other areas. Both Kanagawa and Hyogo, with their main maritime export centres, Yokohama and Kobe, had lost about half of the
1915 wealth holders by 1933 (46.3 percent and 56.3 percent respectively survived in these two areas). This contributed to the sharp decline in the survival rate in both the Kanto and Kansai areas (58.5 and 69.1 percent survival rate respectively), since the survival rate in the other prefectures making up these two regions was relatively high. Nevertheless, with regard to overall regional distribution, the general trend had hardly changed even in the 1933 data set, as indicated in Table 2.7. Both metropolitan areas, Tokyo and Osaka, still maintained their positions as highly concentrated areas of wealth holders. However, comparison of the 1915 and 1933 data does suggest a slight downfall in the position of Osaka, while there was slight increase in the case of Tokyo. In 1915, Tokyo and Osaka accounted for 30% and 23% of wealth holders respectively, while in 1933 the equivalent figure were 31.5% and 21.5%. In other areas, except the case of Chubu, whose share increased from 9.4 in 1915 to 11.1 percent in 1933, there was no significant change in the share of total wealth holders.

Grouping the surviving wealth holders according to their estimated wealth in 1933, displays a further significant characteristic related to the survival rate. The spectrum of wealth distribution among the wealth holders had by 1933 become broader as shown in Table 2.8, compared to that shown in the 1915 data set. For instance, while the majority of 1915 wealth holders (c. 59 percent) had belonged to the category of 1-2 million yen, this category had fallen to 19.8 percent in 1933. In addition, although about 53 percent of the surviving wealth holders owned 1-5 million yen, and about 5 percent of the total were in the category of less than 1 million yen, the number of the greatest wealth holders had also experienced steady growth.

Table 2.8 Scale of wealth of surviving 1915 wealth holders in 1933 (percentage of all surviving wealth holders in each group)

<table>
<thead>
<tr>
<th>Scale of Wealth</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 100 million yen</td>
<td>3.8</td>
</tr>
<tr>
<td>50 to 100 million yen</td>
<td>1.5</td>
</tr>
<tr>
<td>10 to 50 million yen</td>
<td>17.5</td>
</tr>
<tr>
<td>5 to 10 million yen</td>
<td>18.7</td>
</tr>
<tr>
<td>3 to 5 million yen</td>
<td>20.9</td>
</tr>
<tr>
<td>2 to 3 million yen</td>
<td>12.6</td>
</tr>
<tr>
<td>1 to 2 million yen</td>
<td>19.8</td>
</tr>
<tr>
<td>Less than 1 million yen</td>
<td>5.1</td>
</tr>
<tr>
<td>Total (percentage)</td>
<td>99.9</td>
</tr>
<tr>
<td>Total (absolute number)</td>
<td>530</td>
</tr>
</tbody>
</table>

Note: Figures do not total 100 percent due to rounding.
Source: As Table 2.6.
In 1933, nearly 19 percent of surviving wealth holders had wealth of 5-10 million yen, and 18 percent had wealth of 10-50 million yen. This figure shows a considerable growth compared to the 1915 data set, which shows about 10 percent and 5 percent in the two categories respectively. Moreover, in the case of the very richest category, those whose wealth exceeded 50 million yen, the number in this category had increased to about 5 percent in 1933, compared to a figure of only 2 percent in 1915 data set. Consequently, these results suggest that although about 30 percent of the 1915 wealth holders had disappeared from the 1933 data set, further concentration of wealth had also become apparent among the majority of the surviving wealth holders.

One of the most significant characteristics of the Japanese wealthy elite in this period is a further concentration of wealth among the old zaibatsu families, in particular the 'big-four' zaibatsu. Although any assessment of European equivalence is rendered difficult by yen-pound exchange rate fluctuation, it is apparent that the wealth of the top-four zaibatsu experienced steady growth during this short term of less than two decades. Their total amount of wealth reached nearly 21 percent of the estimated Japanese GNP, and this wealth was equivalent to, or in some cases, far exceeding that of the richest members of the European wealthy elite. The wealthiest families among the big-four were undoubtedly the Mitsui families whose estimated wealth was 1.635 billion yen, over £100 million if converted into GBP at the 1933 rate. This estimated wealth was more than eight times larger than Mitsui’s wealth in 1915 (five times larger in terms of GBP). This top position was followed by the Iwasaki families at 1.12 billion yen, the Yasuda families at 475 million yen, and Sumitomo Kichizaemon Tomonari (son of the former owner, Tomoito) at 300 million yen. Without doubt, these families, with their enormous wealth and status, stood at the top of the wealth pyramid, and their economic power had reached an extreme level even compared to 1915. In the case of other zaibatsu owners or zaibatsu-style business owners, some, such as Kawasaki or Suzuki, had disappeared from the data. However, while other zaibatsu owners had relatively declined in terms of their business activities, they still survived as top wealth holders, even increasing their wealth. Furukawa Toranosuke (150 million yen) and Okura Kihachiro (200 million yen) were particular examples of this.

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95 In 1915 £1=¥10, whereas in 1933 £1=¥16. Calculation based on T. Nakamura, *Economic Growth*, p.34.
96 In the case of Furukawa Toranosuke, although his businesses no longer conformed to the style of a
The prominent position of these zaibatsu owners in terms of their wealth accumulation raises similar questions about the other wealth holders’ cases. Without doubt, the old zaibatsu owners still stood at the top of the hierarchy of Japanese wealth holders. However, it is possible to identify other wealth holders, who were also able to increase their wealth to a very substantial level. The most outstanding example was Nezu Kaichiro, who had been a salaried manager in 1915 and also retained this occupational status in 1933, but whose wealth grew more than 60 times over the period, from 1.5 million yen in 1915 to 100 million yen in 1933. Some of the other big wealth holders also experienced significant growth in their wealth. For instance, Hattori Kintaro, the owner of Seiko, the watch manufacturer, saw his wealth increase from 6 million yen in 1915 to 60 million yen in 1933. The wealth of Tatsuma Kichizaemon the great wealth holder in Hyogo, who was involved in shipping, insurance, and rice-wine brewing, grew from 13 million in 1915 to 100 million yen in 1933, while that of Yamaguchi Kichirobei, the financier in Osaka, went from 10 million to 70 million yen over the same period.

The fate of non-business wealth holders with regard to survival was somewhat different. Compared to the business wealth holders, non-business wealth holders, for instance, landlords and the aristocracy, seem to have been less influenced by economic recession and depression. In particular, the survival rate of the aristocracy was extremely high, since almost all the aristocratic wealth holders (except for some titled business wealth holders) seem to have survived this short but harsh period. However, it may be assumed that since these non-business wealth holders, including landlords and the nobility, stood at the top position of their social groups, they were less likely to suffer from economic difficulties than those who were medium or small scale landlords, or members of the nobility of less wealth and social status. Moreover, the speed of wealth accumulation of

zaibatsu organization (many former affiliates were outside of the holding company’s control), he still maintained his prominent wealthy elite status even in this period.

97 The case of Nezu Kaichiro, originated in a prominent landlord family, was perhaps unusual, since he had not got his own family business, even though he established a holding company in this period. Morikawa has defined him as the wealth holder, whose wealth was based on financial investment. However, with regard to his occupational status, this definition is not totally correct, since he was still engaged in various businesses as a salaried manager in 1933. See Morikawa, Zaibatsu no Keieishi teki Kenkyu, p.297.

the non-business wealth holders was modest compared to that of some of the business wealth holders. None surpassed the prominent wealthy business elite, as represented by the old zaibatsu owners, in the scale of wealth accumulation. For instance, the richest aristocrat in the 1933 data set was Marquis Maeda Toshitame, with estimated wealth of 60 million yen, and the wealth of his family had only increased threefold compared to the 1915 figure. A similar tendency is apparent in the case of landlords. Even in the case of some rich Niigata landlords, whose wealth accumulation progressed rapidly during this short period, the level of wealth was never comparable to that of the prominent business rich. Moreover, there is evidence that even in the case of these prominent non-business members of the wealth elite, many still suffered from clear losses as a result of the economic difficulties during the 1920s. This was largely due to the income structure of non-business wealth holders, in particular the aristocracy, whose revenue was based on returns and dividends from the holding of shares and bonds. Especially, after the bankruptcy in the late 1920s of the Jugo (15th) Bank, which was established through investments by the nobility in the late 19th century, many of the prominent aristocratic families went into financial crisis, since they had large amounts of shares in this bank. Some of the big shareholders, for example, Prince Shimazu Tadashige or Marquis Asano Chokun, both of whom were listed as wealth holders in the 1915 data set, suffered from major losses which brought serious decline in their wealth. This evidence would seem to indicate certain difficulties confronting the survival of non-business wealth holders, even if they were not so serious as those facing business wealth holders.

Table 2.9 The occupational distribution of the surviving 1915 wealth holders in 1933 (percentage of each group)

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landlords</td>
<td>18.5</td>
</tr>
<tr>
<td>Aristocracy</td>
<td>10.6</td>
</tr>
<tr>
<td>First sector</td>
<td>2.2</td>
</tr>
<tr>
<td>Secondary sector</td>
<td>10.8</td>
</tr>
<tr>
<td>Tertiary sector</td>
<td>37.5</td>
</tr>
<tr>
<td>Zaibatsu (or multi-business)</td>
<td>4.2</td>
</tr>
<tr>
<td>Salaried manager</td>
<td>12.1</td>
</tr>
<tr>
<td>Professionals</td>
<td>2.2</td>
</tr>
<tr>
<td>Others</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td><strong>Total (absolute number)</strong></td>
<td><strong>530</strong></td>
</tr>
</tbody>
</table>

Note: the categorisation of the occupational status was based on the 1933 data set, and not depended on the status in the 1915 data set.
Sources: As Table 2.6.

In addition, in spite of certain differences with regard to survival, these changes had relatively less influence on the occupational distribution of the surviving wealth holders, as shown in Table 2.9. Even in the 1933 data set, wealth holders from the tertiary sector still maintain the dominant position, accounting for over one-third of the total number (37.5 percent), despite a relative decline in their position compared to 1915. One significant shift within the occupational distribution appears in the figure for landlords, who in 1933 are nearly one-fifth of the total (18.5 percent) as compared to only 11.0% in 1915. However, this does not directly indicate a stronger position for landlords compared to 1915, since the increase in the proportion accounted for by this group is largely due to a shift in the activities of some of the 1915 merchant group. Many urban landlords in the 1933 data set, in particular in Tokyo and Osaka, were ex-merchant wealth holders who had been categorised as merchants in 1915, but who had changed their business direction towards the property business. The shift of this ex-merchant group to becoming urban landlords in the 1933 data was probably considered as a risk aversion strategy in the face of financial and economic hardship during the 1920s, which is very likely to have damaged their mercantile activities. Except in this particular case, there was no shift in the occupational distribution of other wealth holders with regard to social status and business activities. However, even if this shift is relatively minor in terms of the overall picture, the change in the occupational status does indicate the significant influence on the prominent wealthy elite of economic problems in the 1920s and the ensuing depression in the early 1930s.
Nevertheless, in general, the analysis of wealth holders’ survival shows the relatively stable and strong position of the surviving wealth holders. It may also be assumed that they achieved business and economic success even during this period of economic difficulties. The evidence points to further concentration of wealth among particular wealth holders during this short period, and many of the surviving wealth holders are likely to have benefited from this concentration of wealth.

2.5.2. Survival of Wealth Holders in Regional Perspective

If we turn our focus to the regional perspective, the changes that can be identified in regional distribution indicate certain rises and falls within the Japanese wealthy elite group. Comparison of the data from 1915 to 1933 suggests that a significant minority of the group did not survive, even in the small regions. This data is given in Table 2.6 and Table 2.7 (see, p. 108).

Table 2.10 Wealth holders whose estimated wealth was over 3 million yen in 1933 (percentage of total in each group)

a) General distribution

| Listed as millionaire in the 1915 data set | 56.8 |
| Listed as half-millionaire in the 1915 data set | 17.0 |
| Newcomers | 26.2 |
| Total | 100.0 |
| Total (absolute number) | 611 |

Sources: As Table 2.6.

b) Regional distribution

<table>
<thead>
<tr>
<th>(regions)</th>
<th>Millionaire</th>
<th>Half-millionaire</th>
<th>Newcomers</th>
<th>Total</th>
<th>Total sample (absolute number)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hokkaido</td>
<td>25.0</td>
<td>35.3</td>
<td>41.6</td>
<td>99.9</td>
<td>12</td>
</tr>
<tr>
<td>Tohoku</td>
<td>58.0</td>
<td>32.2</td>
<td>9.7</td>
<td>99.9</td>
<td>31</td>
</tr>
<tr>
<td>Kanto</td>
<td>56.3</td>
<td>6.3</td>
<td>37.5</td>
<td>100.1</td>
<td>16</td>
</tr>
<tr>
<td>Chubu</td>
<td>57.5</td>
<td>21.9</td>
<td>20.5</td>
<td>99.9</td>
<td>73</td>
</tr>
<tr>
<td>Hokuriku</td>
<td>30.0</td>
<td>40.0</td>
<td>30.0</td>
<td>100.0</td>
<td>10</td>
</tr>
<tr>
<td>Kansaï</td>
<td>48.5</td>
<td>14.6</td>
<td>36.9</td>
<td>100.0</td>
<td>103</td>
</tr>
<tr>
<td>Chugoku</td>
<td>40.0</td>
<td>26.6</td>
<td>33.3</td>
<td>99.9</td>
<td>30</td>
</tr>
<tr>
<td>Shikoku</td>
<td>57.1</td>
<td>42.9</td>
<td>0.0</td>
<td>100.0</td>
<td>7</td>
</tr>
<tr>
<td>Kyushu</td>
<td>56.5</td>
<td>21.7</td>
<td>21.7</td>
<td>99.9</td>
<td>23</td>
</tr>
<tr>
<td>Colonies</td>
<td>40.0</td>
<td>0.0</td>
<td>60.0</td>
<td>100.0</td>
<td>6</td>
</tr>
<tr>
<td>Tokyo</td>
<td>68.4</td>
<td>9.6</td>
<td>21.9</td>
<td>99.9</td>
<td>187</td>
</tr>
<tr>
<td>Osaka</td>
<td>55.3</td>
<td>17.5</td>
<td>27.2</td>
<td>100.0</td>
<td>114</td>
</tr>
</tbody>
</table>

Note: categorisation is based on the result from the 1915 data set. Figures do not total 100 percent due to rounding.
Sources: As Table 2.6.
Table 2.11 Occupational distribution of wealth holders whose wealth exceeded over 3 million yen in 1933 (percentage in each group)

<table>
<thead>
<tr>
<th>Class</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landlords</td>
<td>15.0</td>
</tr>
<tr>
<td>Aristocracy</td>
<td>7.9</td>
</tr>
<tr>
<td>First sector</td>
<td>1.8</td>
</tr>
<tr>
<td>Secondary sector</td>
<td>15.7</td>
</tr>
<tr>
<td>Tertiary sector</td>
<td>37.3</td>
</tr>
<tr>
<td>Zaibatsu (or multi-business)</td>
<td>5.7</td>
</tr>
<tr>
<td>Salaried managers</td>
<td>13.5</td>
</tr>
<tr>
<td>Professionals</td>
<td>1.5</td>
</tr>
<tr>
<td>Other</td>
<td>1.5</td>
</tr>
<tr>
<td>Total</td>
<td>99.9</td>
</tr>
<tr>
<td>Total (absolute number)</td>
<td>611</td>
</tr>
</tbody>
</table>

Note: Figures do not total 100 percent due to rounding.
Sources: As Table 2.6.

Undoubtedly, as mentioned above, the urbanised regions, for instance, the two metropolitan areas or the maritime centres of Kobe and Yokohama, experienced great upheavals within the wealthy elite group. However, if we consider the occupational distribution of the surviving and non-surviving wealth holders in the urbanised areas, we can see the extent to which the wealth holders’ group, as categorised by occupational status, suffered from the major upheavals in the economy and business during this period. Shibuya briefly analysed the survival in 1933 of wealth holders, whose wealth had exceeded 10 million yen in 1915, utilising the same data source as this thesis. He pointed out that many wealth holders whose wealth had declined or suffered from huge losses, were engaged in the modern sector, for instance, in foreign trading or manufacturing.\textsuperscript{100} Fuller analysis of the surviving wealth holders undertaken for this thesis confirms Shibuya’s results. In the case of the two metropolitan areas, Tokyo and Osaka, the importance of the service sector, which had comprised the largest group within the wealth holders in the 1915 data set, experienced relative decline, from 45.2% in Tokyo and 63.2% in Osaka in 1915, to 29.3% and 52.0% respectively in 1933. In both areas the members of the wealthy elite who suffered from heavy losses in their wealth, were mainly engaged in the modern service and financial sector. Both cases show that the wealth holders in these sectors, who had disappeared from the 1933 data set, had been mainly engaged in banking, stock broking and also in foreign trading. The disappearance of the wealth holders in these sectors may be assumed to have resulted...
from the economic fluctuations during the 1920s, as well as the ensuing financial crisis, which had a great impact on the financial wealthy elite, causing bankruptcy in many cases. By contrast, other wealth holders in the service sector, in particular those who were merchants, managed to survive the period of economic difficulties, even though some of them had lost wealth relative to 1915. A similar tendency can be seen in the cases of Hyogo and Kanagawa prefectures, in both of which the wealth holders were mainly in the main cities of the two prefecture, Kobe and Yokohama. In the case of Kobe, the non-surviving wealth holders were engaged in shipping, banking or organising zaibatsu styled business, as in the cases of Suzuki or Kawasaki. In the case of Yokohama, many of the non-surviving wealthy were engaged in foreign trading and banking. To some extent, these results indicate the vulnerability of parts of the modern sector in the pre-war Japanese economy and business. However, this was not the case for wealth holders in the textile or related industries, since they maintained their predominant position in the 1933 data set.

Turning to other regions or areas, some significant characteristics of the surviving wealth holders become apparent. Apart from in Osaka and Hyogo, in other Kansai prefectures the survival rate of the wealth holders in 1933 compared to 1915 was surprisingly high. For instance, in Kyoto and Shiga, over 80 percent of the 1915 wealth holders can be found in the data set. This result may be regarded as indicating the relatively strong economic power of the traditional wealthy elite, since the wealth holders in both prefectures consisted mainly of merchants. Analysis of other regions also indicates similar characteristics, from the 1915-1933 comparison, namely the predominant position of the traditional wealthy elite. One particular example is the Tohoku area, where the wealthy elite consisted largely of regional landlords or merchants, and where the survival rate of the wealth holders in 1915 was the highest in the country (88 percent) as shown in Table 2.6. Similar results come from analysis of Niigata and Aichi prefectures. Niigata, the region of the great landlords in pre-war Japan, maintained its status as one of the significant areas for Japanese wealth holders even in 1933. Some of the great landlords' wealth exceeded 10 million yen in 1933,


101 In the case of the Kawasaki family, although the family business totally collapsed in the early 1930s, they managed to maintain their holding company for asset management. However, they frequently suffered from huge losses and debts even after this period, and therefore they had not made profits from the management of the holding company. See Y. Mishima, Hanshin Zaibatsu, pp.411-18.
although this wealth accumulation mainly depended on their engaging in the non-agricultural sector. In Aichi, a regional economic centre but one where the scale of economic activities was not tied to Tokyo or Osaka, a similar tendency is apparent. Of 22 wealth holders in this prefecture, who had mostly originated as merchants or in the food manufacturing business, only three had disappeared from the 1933 data set, and in some cases the scale of their wealth accumulation had become very considerable.

Consequently, the results show several characteristics of the surviving wealth holders. On the one hand, the changes that can be identified in regional distribution and occupational distribution are evidence of rises and falls within the Japanese wealthy elite group. Comparison of the data between 1915 and 1933 also suggests that the dynastic survival of wealth holders from one period to the next, while maintaining the same level of wealth, was rare, even in the case of smaller regions. In particular, urbanised areas and the modern sector, both industries and services, experienced a considerable upheaval in relation to Japanese wealth holders. On the other hand, the changes and upheavals did not influence the share of wealth held by this particular wealthy elite group. The service sector, largely consisting of merchants, still accounted for the majority of wealth holders, even though they suffered from certain losses of wealth or a decline in status compared to 1915.

2.5.3. Comparison of Newcomers and Surviving Wealth Holders

With regard to the changing composition of this particular wealth holders' group from 1915 to 1933, it should be noted that during this period, the entry of new wealth holders, who had become yen millionaires, also took place. It may be assumed that these new yen millionaires, whether they had been among the medium rich in the early 20th century or were completely new members of the business wealthy, can indicate the change in economic activities or leading businesses in modern Japan as shown through personal wealth accumulation. Thus, in addition to the survival of wealth holders, comparison of the new yen millionaires with the other wealth holders in this thesis in the context of the change in economic activities, occupational or regional distributions, and the scale of wealth accumulation, can offer some insights. Because of the huge

102 For these prominent landlords' economic activities, see for example, Shibuya et al (eds.), Chiho Zaibatsu no Tenkai to Ginko, (Tokyo, 1989), pp.45-51.
amount of data involved, the analysis in this section will be limited to relatively large scale wealth holders, namely surviving or new wealth holders, whose estimated wealth was over 3 million yen in the 1933 data set. The number belonging to this category is 611. Leaving aside price changes, the level of inflation from 1915 and 1933 and changes in the value of the yen, a simple comparison between the 1915 and 1933 data sets indicates the growth in the scale of wealth of the wealthy elite group. In 1915, 209 wealth holders had assets of over 3 million yen, only about one-third of the number in the 1933 data set.

The new individuals, with fortunes of over 3 million yen in 1933, can be divided into two groups. The first group is individuals who had been listed in $50\text{man yen ijo Shisanka Hyo}$ in 1915, but whose scale of wealth had been between 500,000 and 1 million yen, i.e., they had been half-millionaires in 1915. For this group, the speed of wealth accumulation between 1915 and 1933 is likely to have been rapid. The second group had been outside the $50\text{man yen ijo Shisanka Hyo}$, and would seem to have included both less wealthy members of the elite and those who had made new business fortunes during this short period. Overall, the 611 wealth holders with more than 3 million yen fortune in 1933 consisted of three groups: those who had been yen millionaires in 1915; yen half-millionaires in 1915; and individuals from outside of both categories.

Data on the 1933 wealth holders, whose wealth exceeded 3 million yen, indicates that about three-quarters (nearly 74 percent) had been millionaires or half-millionaires in 1915, as displayed in Table 2.10 a) (see p.114). Thus even though over a quarter of the wealth holders in this category (about 26 percent) had not belonged to the same category in 1915, they were not a majority within this particular group.

If we turn to the regional distribution of this wealth holders’ group, as in Table 2.10 b) (see p.114), the results confirm some of the characteristics noted in relation to the tendency of survival of wealth holders in 1933. The Tohoku area, the region in which the most 1915 millionaires were surviving in 1933, displays the lowest proportion of individuals, who had not been millionaires or half-millionaires in 1915, less than 10 percent of the total. The entry of newcomers was also fairly small in the Chubu area, at about 21 percent of the total. In contrast, in the Kansai area, newcomers accounted for a
relatively high proportion, about 37 percent of the total. This result would seem to correspond to the pattern of survival of wealth holders in each area discussed above. However, the results from the two metropolitan areas, Tokyo and Osaka, signify certain differences in this respect. While Osaka shows a relatively high rate of newcomers (nearly 30 percent), the proportion of newcomers in Tokyo was lower than in most other regions, at about 22 percent of the total number of wealth holders. In addition, in the case of Tokyo, 1915 millionaires accounted for about 69% of all the Tokyo wealth holders with over 3 million in 1933, suggesting the pre-eminent position of such millionaires in the Tokyo area. It also suggests that even in 1933, the economic and wealth power of Tokyo’s 1915 millionaires was enormous.

An analysis of the scale of wealth of the 1933 sample shows that big wealth holders within both the group that had been half-millionaires in 1915 and the newcomer group were exceptionally rare. Wealth holders with an estimated wealth of over 10 million yen in 1933 were primarily those who had already been yen millionaires in 1915. Only a handful of these cases were newcomers. The small newcomer group included, for instance, Kimura Kuzuyata, the leading director of the Mitsubishi Holding Co. (estimated wealth 10 million yen), Count Otani Koyo, the top leader of one of the significant Buddhist sects, Jodo Shinshu (estimated wealth 40 million yen) and Nakamura Junsaku, president of Taiheiyo Marine Insurance Co. (with 20 million yen). Moreover, although the share of the half-millionaire group within the major wealth holders was slightly higher than that of the newcomer group, this does not change the fact that the majority of the biggest wealth holders in 1933 came from the 1915 millionaire group. Moreover, the 1933 data set shows that many of the newcomers and former half-millionaires belonged to the lower level of those with fortunes over 3 million yen in 1933. This suggests that the scale and speed of wealth accumulation of these two groups (newcomers and half-millionaires) was rarely equivalent to those experienced by the surviving 1915 millionaires. This assumption is reinforced by a consideration of the wealth of the new zaibatsu owners, for example, the owners of Nissan, Nitchitsu and Riken, all of whom played a significant role in the development of heavy industries during the interwar period. Notwithstanding their economic contributions, none of these individuals can be found in the 1933 data set. Only Aikawa Yoshisuke, the owner of Nissan, belonged to the lowest yen millionaire category in
1933, with an estimated wealth of 1.3 million yen.\textsuperscript{103} Even in Aikawa’s case, his wealth was far from reaching the level of the old zaibatsu owners. In addition, some of the new zaibatsu owners either disappeared or suffered declining wealth. For example, Noguchi Jun, who had been a salaried manager in 1915 (his estimated wealth was 2.8 million yen in this year) does not appear among the wealth holders surviving in 1933, although he was the owner of Nitchitsu in this period.\textsuperscript{104} It is thus apparent that in the case of the owners of the new zaibatsu, their scale of business expansion was not directly associated with personal wealth accumulation, in contrast to the old zaibatsu owners.

The occupational distribution of this particular group shows some small difference with that of surviving wealth holders, as shown in Table 2.11 (see p.114). Among the new wealth holders with estimated wealth of over 3 million in 1933, individuals from the service sector formed the largest group (about 38 percent). Although the proportion of those from the industrial sector was also relatively high (about 16 percent), it was still less than half of the figure for the service sector group. The analysis also shows the pre-eminent position of business wealth holders compared to non-business wealth holders. The share of landlords and the aristocracy was even lower than the case of the surviving wealth holders, at 15 percent and about 8 percent respectively. Occupational distribution at a regional level also shows some similarities compared to the surviving wealth holders. Moreover, the analysis tends to correspond to the characteristics of the regional distribution of the surviving wealth holders. Thus even if we include the data on new millionaires in 1933, whether they had been half-millionaire in 1915 or were totally newcomers, we find that overall the general tendencies and occupational distribution had hardly changed. Therefore, the presence of these newcomers does not appear to have influenced or brought about major changes in the wealth accumulation or other characteristics of pre-war Japanese wealth holders.

\textsuperscript{103} The difficulty in accumulating personal wealth through Nissan’s business is likely to have been largely due to the financial structure of Nissan, which relied heavily on external financial institutions for business expansion. See M. Utagawa, \textit{Shinko Zaibatsu} (Tokyo, 1984), pp.59-64.

\textsuperscript{104} However, there is some evidence that Noguchi had huge personal wealth through Nichitsu’s businesses. Nevertheless, according to his testimony, his hidden wealth, which was estimated at 30 million yen in the late 1930s, was for reserves to rescue shareholders and employees of Nichitsu if his businesses went bankrupt, and therefore, he never utilised this wealth for personal purposes. In fact, in the early 1940s, when his health seriously deteriorated, most of the reserved wealth was utilised to establish an educational foundation. See \textit{ibid}, p.268, and B. Molony, \textit{Technology and Investment} (Cambridge, Mass., 1990), pp.261-63.

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2.6. Conclusion

Through the analysis of both regional and occupational distribution, in addition to a consideration of survival rates, this chapter has identified several characteristics of the wealth accumulation of pre-war Japanese wealth holders, in particular in the context of modern Japanese business development. It has also indicated the importance of business success for becoming rich in Japan in this period. There is no doubt that the zaibatsu families, in particular those from the old zaibatsu, stood in a prominent position among the modern Japanese wealthy elite, with a magnificent level of personal fortune. The scale of wealth and business activities of these zaibatsu owners was equivalent to, or even far exceeded, that of most of the richest European bourgeoisie throughout the pre-war period. Their existence also shows that, considering the level of economic development in modern Japan and the nation's wealth at the time, they symbolised the existence of income and wealth inequality in modern Japanese society. Comparison with the case of Britain and Germany highlights this point, which is too often ignored. Even within the pre-war Japanese wealthy elite, no other wealth holders, whether from business or other occupational groups, could match them in terms of the scale of wealth and social status.

On the other hand, apart from the zaibatsu families, the results of the analysis conducted in this chapter clearly indicate the economic and business power of the traditional business wealthy elite, in particular those who belonged to the service sector. The service sector itself formed the largest group within pre-war Japanese wealth holders throughout the modern period, and no other occupational groups could even match it. This service group mainly consisted of merchants. Comparative research makes this characteristic even clearer, since both in Britain and Germany, the evidence suggests that the wealthy elite from the industrial sector formed the largest group within the wealthy business elite, and in the national wealthy elite as a whole. In contrast, in modern Japan, although the modern sector did produce the mega-rich members of the Japanese wealth elite, those from the industrial sector were the minority because of the concentration of wealth within this sector in particular individuals or families, for instance, the zaibatsu owners. In addition, the wealth holders from the industrial sector were very often traditional industrialists, at both the local and national level. However, this does not indicate that there was a clear separation between the 'traditional' wealthy
elite in the majority, and the minority ‘modern’ wealthy elite. The traditional wealthy elite largely benefited from the social and economic reforms in modern Japan, and their business activities were also restructured and reorganised to fit to the new economic conditions, as will be discussed in the next chapter. It is likely that even in the case of the traditional wealthy elite, their success, and consequent wealth depended on whether or not they could catch up with the new economic situation. A failure to catch up, whether in business or technology, undoubtedly resulted in business failure. The survival of wealth holders, which was analysed by a comparison of 1915 and 1933 data sets, also displays only minor shifts in the structure of the wealthy elite, in terms of occupational or regional distribution.

Several remarks can thus be made on the basis of these characteristics. Firstly, the predominant position of the service sector rather than the industrial sector is an indicator of the level of economic development during the pre-war period. It also tends to confirm the existence of the concurrent development of the traditional and modern sectors in the pre-war Japanese economy, since many of the wealthy elite from the service sector were engaged in the retailing of traditional commodities, in particular textiles. The lower proportion accounted for by industrial wealth holders also indicates the further concentration of the modern industrial sector in the hands of the zaibatsu. Secondly, leaving aside business wealth holders, the data on wealth holders from other occupational groups, for instance, landlords or the aristocracy, indicates the level of restructuring that had taken place within the social hierarchy. None of these groups could continue to be totally dependent on sources of wealth outside the modern business world. The dependence on modern business even of so-called ‘non-business’ wealth holders in Japan is more apparent than in the case of European landowners and members of the nobility. This suggests that the social influence of the non-business wealthy elite on modernisation and industrialisation in Japan was relatively limited. This forms a sharp contrast with the two European cases, in particular the case of Germany.

Undoubtedly, these Japanese wealth holders accounted for a large share of the total national wealth by comparison with the British and German wealth holders, even though the nominal value of their scale and amount of wealth was far smaller than those of the European countries. This, too, supports the existence of a great level of wealth
inequality in pre-war Japan. However, the business activities of both business and non-business wealth holders testify to the fact that the modern Japanese business and economy depended on this wealth for further development, at both a local and national level, and this will be discussed more fully in the next chapter. The importance of these wealth holders is also supported by the existence of multi-directorship among the wealthy business elite, except in the case of salaried managers, even though some of them were not enthusiastically engaged in the management of these firms. It also suggests the extent to which economic development in the pre-war period was not led by the government, and the extent of dynamism in the private sector.
Chapter 3. Family and Business of Japanese Wealth Holders

3.1 Introduction

Through the analysis of my data sets in chapter 2, certain characteristics of Japanese wealth holders became apparent, that is, the predominant position of business wealth holders among this group, in particular of merchants who had established their social status before the modern period. Although the greatest wealth holders were concentrated among those who were engaged in the modern sector, like zaibatsu owners or other businessmen who ran conglomerate style businesses, the merchants’ wealth in itself testifies to their significant role for Japanese economic development during the prewar period. Also, from a comparative perspective, it is clear that, with regard to wealth accumulation, the old elite, for instance members of the aristocracy or landlords, was truly in a minority among Japanese wealth holders. This may be said to form a sharp contrast with European cases, like Britain or Germany, since in these cases these old elites exercised influence and power over politics and economy of their native countries. In addition, the wealth accumulation of these old elites in Europe also indicates their relatively significant power in the modern state and economy compared to Japan. Thus, the results from the Japanese data would appear to signify that a degree of class reorganization and reformation within the social hierarchy in modern Japan was relatively substantial and effective, especially in relation to wealth redistribution.

However, these results inevitably give rise to a number of critical questions about these wealth holders. If such Japanese business wealth holders were certainly in a majority among all wealth holders, we need to ask how far the success of this group depended on the modernization of inefficient and ineffective traditional business systems. To what extent does analysis of wealth holders show whether there was any influence of pre-modern or traditional systems within successful modern Japanese business? And to what extent did their experience or their business activities have similarities or differences with other cases, for instance, European cases of the same time, or even contemporary developing countries? We also need to ask whether their business activities were business oriented or profit oriented, and, if so, whether the role of wealth holders had a negative or positive impact on prewar Japanese business.
Moreover, if some distinctive peculiarities are apparent, something which has tended to be assumed as an indispensable characteristic of modern Japanese business, is a general theoretical approach, like the Chandlerian theory of transition from family to corporate business that argues for a convergence of business organization, truly applicable to the Japanese case?

As pointed out in chapter 1, there are numerous studies and research works by both Japanese and non-Japanese academics, focusing on divergent and convergent factors in modern Japanese business. Yasuoka, for example, has emphasized the role of the indigenous Japanese commercial system, based on business experiences in the Tokugawa era, for the formation of modern Japanese business, while Morikawa has stressed the existence of some convergent factors of development in modern Japanese business with modern western business, from family business to corporate business along Chandlerian lines. However, these works, which can be divided into those that take a more theoretical approach, and those adopting a more empirical approach, have exposed some serious problem. Those which represent the theoretical approach have tended to ignore some of the peculiarities and characteristics of modern Japanese business. In general, they emphasize that such factors are quite minor within the general trend of modern Japanese business, which is assumed to be convergent with western business systems when viewed in a long-term historical perspective. It can be said this approach might possibly lead to a minimization of endogenous factors, which have, in fact, been crucial to the development of modern Japanese business, and also to an exaggeration of the impact of external factors on Japanese business. On the other hand, because of the wealth of historical evidence and documents, the more empirical approach has rarely produced studies and research capable of focusing on comparison with foreign experiences, although this approach has obviously contributed to producing historical studies of Japanese business that focus on its peculiar characteristics. Furthermore, both approaches have tended to focus solely on the business historical perspective, and it is rare to find the introduction of other perspectives. For example, sociological analysis has made numerous contributions to our knowledge of the ie system, and its significant role in Japanese society, and this is something that can clearly be applied to an analysis of merchant houses’ ie systems.1

1 A rare exception to this case is M. Seoka, Kindai Sumitomo no Keiei Rinen (Kyoto, 1998), which
Therefore, this chapter aims to analyse some of these peculiarities, like the *ie* system or the nature of modern Japanese business itself, through an analysis of the activities of wealth holders, especially those who were engaged in business during the prewar period. Much of the attention will be focused on wealth holders' household systems and their influence on their business activities, and for this purpose a number of analytical approaches will be utilized. It goes without saying that a historical perspective and an analysis of business activities will form the main part of this chapter. However, as indicated, a sociological approach will also be explored as a crucial tool for analysis in this chapter. Quantitative analysis, as well as qualitative analysis, will both be important in terms of analysis of my data set. Before moving on to the main part of the chapter, however, some comments about the categorization of business wealth holders, as well as the method of analysis utilized in this chapter, are in order.

3.1.1. Categorization of Business Wealth Holders

Although the previous chapters have analysed and discussed all Japanese wealth holders whose estimated wealth was over 1 million yen, including both business and non-business wealth holders, this chapter will discuss solely business wealth holders, since the aim is to focus on modern Japanese business through their activities. However, as mentioned in chapter 2, many members of the non-industrial and non-commercial elite, like local landlords or some professionals, were also engaged in the prewar business world, at both local and national levels. For this reason, the categorization of business wealth holders in modern Japan will include such members of the non-business elite. This characteristic would appear to form a sharp contrast with the European cases which will be utilized for comparison. It is also likely to cause some errors and difficulties in comparison, since in the European cases, the old elite, in particular landowners, were largely separated from various business activities, except for land related or property business, in terms of both social status and customs. Nevertheless, the comparison between the Japanese and European cases can provide some new perspectives, especially regarding differences in the pattern of social focuses on entrepreneurship through the use of sociological analysis.
mobility, in long-term changes and in historical background, in addition to highlighting the particular characteristics of Japanese modernization and industrialization.

However, this categorization also provokes another problem, that is, the actual definition of 'business wealth holder' in prewar Japan. To put it briefly, it can be defined here as those engaged in business as directors or presidents of companies, at both a local and national level, in the prewar period in Japan. In this case, someone who was at the time involved in the management of a firm is included, regardless of whether they were nominal directors or active managers. In addition, wealth holders who established their own asset management companies are also categorized as business wealth holders, even though they may have had no experience of management in other firms. It may be argued that this categorization may lead to some errors in the analysis. On the other hand, using this relatively broad definition, some significant characteristics or factors will become apparent. For instance, it becomes possible to measure the degree of adoption of different economic and business systems within local and urban societies.

Another problem can be found within the data set. Since the main data set is based on one particular date, 1915, it does not permit us to relate it to data from earlier or later years. In Zenkoku 50man yen ijo Shisanka Hyo, the source of the data set, wealth holders were categorized based on their main occupation and social position in 1915. It is not, therefore, possible to discover from this data whether the non-business elite was engaged in business before or after 1915. The other main source used, Shibuya’s Taisho Shoki no Dai Shisanka-Hyo, does provide useful data in relation to the definition since it contains data on those wealth holders who were engaged in business along with their social position and occupation. This data includes the names of the firms in which they were engaged and their managerial status. Nevertheless, since these additional data on Shibuya’s list are also based on 1915, the same date as the main source, it does not help us tracing further data on wealth holders, which can indicate whether they were engaged in business in a higher managerial position either before 1915 or after 1915. To confirm possibilities and explore this aspect further, other materials have been required. The most reliable and useful material in this
respect is *Ginko Kaisha Yoroku* (List of Banks and Companies), which contains data on large shareholders and a list of the names of directors and presidents, along with a brief report on the firms themselves, for instance the address of the headquarter, the date of foundation, and sometimes including financial reports. This material began to be published in the latest Meiji period. Although it was published annually, it is difficult to find a complete collection of this material throughout the prewar period, because many copies disappeared or were lost during the period of the Second World War.\(^2\) Other materials, such as *Shoko Shinyoroku* (Report on Financial Credibility of Merchants and Industrialists) were also of some value, since they give concise notes about an individual’s sub-business, along with his main occupation.\(^3\) Also in some cases, *Kabushiki Nenkan* (Annual Review of Corporations for Shareholders) or biographical dictionaries (like *Jinji Koshinroku*), have been utilized; the former covers wealth holders as members of boards of directors in corporations, and the latter usually contains brief profiles of wealth holders. However, the critical problem in relation to these materials is that these sources began to be published only from the early 20th century. Therefore, data before 1900 has to some extent to be extracted from a black box. For this earlier period, additional information has been drawn from secondary sources, for instance, autobiographies or biographies, both of which contain detailed curriculae vitarum for wealth holders in addition to other personal information.

3.1.2. Method of Analysis

The analysis in this chapter will be a combination of several methods. The data set on wealth holders outlined in the previous chapters again acts as the basis for the main part of this chapter. However, some supplementary data has been needed since this chapter will focus on wealth holders’ business activities with a view to establishing the main tendency in their business activities, that is, whether they were business oriented or profit oriented. In other words, were these wealth holders primarily rent-

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\(^2\) Only the Volumes from Taisho 9 (1920) to Taisho 11 (1922) have been reissued recently (Tokyo, 1987).

\(^3\) This material was published by Teikoku Koshinsho, the private investigating company that also issued *Jinji Koshinroku*. In contrast to *Jinji Koshinroku*, this material was published for financial institutions, in particular banks, to provide information for financing customers, either individuals or firms. Therefore, it was almost certainly also published annually, but the number of such publications is extremely limited and only a small amount of this material still remains.
seekers, or was their business interest such that they used most of the profit from their own business to expand their business interests? Of the additional data sources indicated above, Ginko Kaisha Yoroku and Kabushiki Nenkan have been utilised to acquire detailed data on the firms and corporations which the wealth holders owned or in which they were engaged in management. This source has been of value in obtaining data regarding the holding companies of wealth holders, since these companies tended to be privately owned, and it is thus very difficult to trace data on them from other sources.\(^4\) The latter source, Kabushiki Nenkan, which gives data on corporations in the prewar period, provides valuable information such as the dividend rate of each company, lists of major shareholders, and business and financial reports.\(^5\)

In addition to quantitative and qualitative analysis of the main data set, a sociological approach will form a crucial part of the analysis. The introduction of this approach is partly due to the problems in the data set. As mentioned briefly in chapter 1, after the Meiji Restoration the Japanese social caste system drastically changed. Officially only a few categories remained as formal divisions of social status. However, because of the vague and ambiguous social class system that existed after the Restoration, defining wealth holders by social class became to some extent difficult. According to the new classification after the Meiji period, most Japanese inhabitants were classified as commoners (heimin). The definition of heimin is very vague and too broad. It excluded only the new aristocracy class (kazoku) and the former samurai class (shizoku). Moreover, as the government announced only this broad classification, it had no interest in classification within the heimin group in terms of occupational status. Most of the published materials used here as additional sources of data followed this government guideline on the classification of heimin, and therefore did not assign any importance to the detail of wealth holders’ social origins, for example by giving the occupational status of the father. In many cases, in the data in biographical dictionaries, the term heimin is the only mention of the social origins of each individual, and information about social origins is in general quite rare. Except for those who were famous or historically important figures, it is almost impossible to

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\(^4\) For example, published lists of shareholders or annual reviews of corporations only included data on joint stock companies or corporations, and therefore did not include any data on those holding companies that were privately controlled by families.

\(^5\) This material was published annually by Nomura Shoten (currently Nomura Securities Co.). All available volumes, which cover from the late Meiji period to 1944, have recently been reissued (Tokyo, 1983-87[32 volumes from Meiji 45 to Showa 17]).
trace wealth holders’ social origins through these materials, as it also is through the data set of this thesis. Moreover, this also causes problems for determining the social origins of yoshi (adopted sons), a group which is crucial to the analysis in this chapter. The more sociological method utilized in this chapter helps us to address this major problem, by enabling us to make certain assumptions about the recruitment and social mobility of the business elite and business wealth holders. Since a great deal of research has been done on social mobility and the ie system from a sociological perspective, by both Japanese and non-Japanese, their contribution would seem to be helpful in shaping the analysis in this chapter. In addition, it is hoped that the introduction of a sociological approach, something rarely utilized in research on modern Japanese business, will introduce a new perspective for this field of study. Historical evidence will, of course, be used in conjunction with this sociological analysis.

3.1.3. Brief Content of the Chapter

The content of this chapter can be briefly outlined as follows. The next section (3.2) will focus on the social origins of Japanese wealth holders. After discussing the general findings on their social origins, the analysis will introduce a comparative perspective, in particular with the two contemporary European cases. Attention will also be focused on the yoshi (adopted son) system, since it will be argued that the system is crucial to any analysis of the particular characteristics of modern business in Japan. The third section (3.3) is concerned with the function of the ie system within wealth holders’ households. In addition to noting the importance of this system in merchant houses, it will be shown how the system had an influence on modern Japanese business, and how there was a close relationship between modern business organization and the ie system. Several case studies, using merchant houses and zaibatsu as examples, will also be discussed. The fourth section (3.4) will discuss the business activities of actual business wealth holders. Through an analysis of the various tendencies within the wealth holders’ group, the characteristics of wealth holders’ business activities, in particular whether they were business oriented or profit oriented, will be explored. Also the characteristics of their investment activities in other firms or sectors will also be a focus of attention. Again, a comparative
perspective will be introduced. Finally, I will take some analysis of the profit and profitability of wealth holders' businesses. Supplementary data will enable some discussion of the difference in profits and profitability, for instance, between zaibatsu and non-zaibatsu big firms, and it is hoped that this perspective will help to illuminate some aspects of the prewar corporate system.

3.2. Social Origins

3.2.1. General Perspectives

From a historical perspective, it seems apparent that modern Japan, in particular from the 1860s to the 1880s, experienced a major economic upheaval. Hyperinflation after the opening of the domestic market to foreigners was stimulated as European traders exploited the advantageous exchange rate of gold and silver. This financial crisis finally provoked social unrest which contributed to the Meiji Restoration. Various economic and social reforms, including the abolition of the Japanese guild system, ensued, resulting in the downfall of the traditional economic elite, and the rise of new business parvenus. Therefore, it seems reasonable to believe that the drastic economic and social changes must have had a crucial impact on the social mobility of the business wealth elite in modern Japan, whose members suffered from economic and social instability during this period. This condition, it may be argued, would seem to signify that the top positions within the business elite, in terms of occupational status and wealth accumulation, during the early period of industrialization in modern Japan were open to any person from outside of the traditional business world.

However, the data set on business wealth holders, which includes data on 659 individuals engaged in the business sector as their main or sub-occupation, shows the extent to which the chances for new entrants from outside of the business world were limited. Table 3.1 summarizes the data on the social origins of those business wealth holders. In this table, the father's or (in case of yoshi) adoptive father's, occupational status is utilized as an indicator of the social origins of business wealth holders.

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6 See Nakamura, Nihon Keizai, pp.64-66, for more detail.
Table 3.1 Social origins of business wealth holders
(wealth holders in each category as % of all business wealth holders)

<table>
<thead>
<tr>
<th>Social Origins</th>
<th>(A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feudal Lords</td>
<td>0.2</td>
</tr>
<tr>
<td>New Aristocracy</td>
<td>0.2</td>
</tr>
<tr>
<td>Landlords</td>
<td>12.3</td>
</tr>
<tr>
<td>Former Samurai Class</td>
<td>8.5</td>
</tr>
<tr>
<td>Merchants</td>
<td>39.1</td>
</tr>
<tr>
<td>Businessmen (secondary sector)</td>
<td>9.3</td>
</tr>
<tr>
<td>Businessmen (tertiary sector)</td>
<td>6.4</td>
</tr>
<tr>
<td>Salaried manager</td>
<td>0.4</td>
</tr>
<tr>
<td>Zaibatsu or multi-business</td>
<td>0.5</td>
</tr>
<tr>
<td>Professionals</td>
<td>0.9</td>
</tr>
<tr>
<td>Heimin</td>
<td>20.3</td>
</tr>
<tr>
<td>Unknown</td>
<td>1.7</td>
</tr>
<tr>
<td>Others</td>
<td>0.2</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
</tr>
<tr>
<td>Total (absolute number)</td>
<td>659</td>
</tr>
</tbody>
</table>

Sources: calculated from, Zenkoku 50man yen ijo Shisanka Hyo, Taisho shoki no Daishisanka Hyo, Jinji Koshinroku 4th version (Tokyo, 1915), various biographical dictionaries, autobiographies and biographies.

Note: The figures are based on the father's occupation (in the case of adopted son (yoshi), the adoptive father's occupation). (A) signifies the absolute number of each group.

In this group, we find a strong tendency towards the reproduction of class hierarchy. Over half of the sample (about 56 percent) came from the merchants and businessmen group. Moreover, within this group, merchants still held a predominant position, nearly 40 percent of total observations. These results indicate a relatively high rate of self-recruitment within the business wealth holders' group. However, this data does not necessarily show a stable position for this business elite group. Economic upheaval and social changes during the late 19th century resulted in the downfall and rise of individuals within the business elite, especially merchants. From his research on the survival of elite merchants during the transitional period, from the late Tokugawa era, Miyamoto has emphasized the existence of great changes in the economic circumstances of the rich merchant group. Nevertheless, the data in Table 3.1 also indicate that these changes and upheavals were limited to within the merchant group. We may thus assume that the continuation of the merchant group as a social class is likely to have inhibited the entrance of newcomers, in particular persons from the lower social strata, into the business wealth holders' group. It should be noted that the relatively high percentage of heimin (commoners) in the table does not signify the existence of a high proportion of those with lower class origins within this category,

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something which will be discussed later. 

Table 3.2 Social origins of business wealth holders by regional distribution (percent of all business wealth holders in each group (left side): absolute number by each category (right side))

A) Metropolitan Areas (and Kanto, Kansai)

<table>
<thead>
<tr>
<th>(Social Status)</th>
<th>Tokyo</th>
<th>Kanto</th>
<th>Osaka</th>
<th>Kansai</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feudal Lords</td>
<td>0.6</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>New Aristocracy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landlords</td>
<td>4.0</td>
<td>7</td>
<td>10.0</td>
<td>4</td>
</tr>
<tr>
<td>Former Samurai</td>
<td>10.2</td>
<td>18</td>
<td>2.5</td>
<td>1</td>
</tr>
<tr>
<td>Merchants</td>
<td>50.2</td>
<td>89</td>
<td>42.5</td>
<td>17</td>
</tr>
<tr>
<td>Businessmen (2°)</td>
<td>4.5</td>
<td>8</td>
<td>15.0</td>
<td>6</td>
</tr>
<tr>
<td>Businessmen (3°)</td>
<td>2.8</td>
<td>5</td>
<td>17.5</td>
<td>7</td>
</tr>
<tr>
<td>Salaried Manager</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zaibatsu</td>
<td>1.7</td>
<td>3</td>
<td>0.6</td>
<td>1</td>
</tr>
<tr>
<td>Professionals</td>
<td>2.3</td>
<td>4</td>
<td>1.2</td>
<td>2</td>
</tr>
<tr>
<td>Heimin</td>
<td>23.7</td>
<td>42</td>
<td>12.5</td>
<td>5</td>
</tr>
<tr>
<td>Unknown</td>
<td>4.1</td>
<td>7</td>
<td>3.0</td>
<td>3</td>
</tr>
<tr>
<td>Others</td>
<td>0.6</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>177</td>
<td>100.0</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: As Table 3.1
Note: the category of regions is based on the definition of the regional district in Japan, except in the case of Tokyo and Osaka, since a large number of business wealth holders are concentrated in both prefectorates. The prefectures which were made up each regional district are as follows:
Kanto: Kanagawa, Chiba, Saitama, Ibaragi, Gunma, Tochigi.
Kansai: Hyogo, Kyoto, Shiga, Nara, Wakayama.

B) North and Central Japan

<table>
<thead>
<tr>
<th>(Social Status)</th>
<th>Hokkaido</th>
<th>Tohoku</th>
<th>Hokuriku</th>
<th>Chubu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feudal Lords</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Aristocracy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landlords</td>
<td>61.9</td>
<td>13</td>
<td>27.2</td>
<td>3</td>
</tr>
<tr>
<td>Former Samurai</td>
<td>28.6</td>
<td>4</td>
<td>9.5</td>
<td>2</td>
</tr>
<tr>
<td>Merchants</td>
<td>9.5</td>
<td>2</td>
<td>9.1</td>
<td>1</td>
</tr>
<tr>
<td>Businessmen (2°)</td>
<td>9.5</td>
<td>2</td>
<td>9.1</td>
<td>1</td>
</tr>
<tr>
<td>Businessmen (3°)</td>
<td>28.6</td>
<td>4</td>
<td>4.8</td>
<td>1</td>
</tr>
<tr>
<td>Salaried Manager</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zaibatsu</td>
<td>42.8</td>
<td>6</td>
<td>18.2</td>
<td>2</td>
</tr>
<tr>
<td>Professionals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heimin</td>
<td>4.8</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unknown</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>14</td>
<td>100.0</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: As Table 3.1
Note: The prefectures which were made up each regional district are as follows:
Hokkaido: Hokkaido only.
Tohoku: Aomori, Morioka, Akita, Yamagata, Miyagi, Fukushima.
Hokuriku: Toyama, Ishikawa, Fukui.
Chubu: Niigata, Nagano, Yamanashi, Shizuoka, Aichi, Gifu, Mie.

8 The main problem of this categorization, *heimin*, is that it does not indicate social origins in any specific sense. For instance, under the *ie* system, except for the eldest son or the inheritor of the *ie*, children originated in the former samurai class or even in the new aristocracy easily lost their social status after the succession of the eldest brother, and were thus re-categorized as *heimin*. In addition it was common for persons who had originated in the former samurai class to abandon their status after the Restoration and define themselves as *heimin*.

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Leaving aside the commercial and business elite group, other social groups are barely represented among business wealth holders. However, turning to their regional distribution, as shown in Table 3.2, several characteristics which were mentioned in chapter 2 are also apparent from this data. Although the commercial and business elite had a predominant position in urbanized regions, especially in the large cities (for instance, Tokyo, Nagoya or Osaka), those of landlord origin constituted the majority in particular areas, like Tohoku and Niigata. Business wealth holders who originated in the former samurai class tended to concentrate in the Tokyo area. This regional distribution suggests the existence of a certain pattern of geographical and geopolitical influence among the wealth holders’ group. Moreover, leaving aside consideration of the heimin group, the recruitment pattern of Japanese business wealth holders seems to reflect the limitations on entrance into the business world from particular social groups, notably to merchants and the former samurai class. The degree of social isolation in terms of recruitment would seem to correspond to Yui and Hirschmeier’s assumption regarding the social origins of the business elite, which emphasised the strong presence of merchants and the former samurai within the Meiji Japanese business elite. However, this may be true only for the upper echelons of the business elite, and not for businessmen as a whole, including those from middle and small-scale businesses.

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9 See Yui and Hirschmeier, Development of Japanese business, esp. pp.95-103.
With regards to the *heimin* category, it is hardly possible to classify them by occupational category in any detail for the reasons explained in the introductory part of this chapter. Thus, for many of those within the commoners' category, their socio-economic status is unclear, and because of the broad definition of this social class, it may be assumed that some of them came from the lower classes and became members of the business wealth holders' group included in the data. Among famous members of the business elite included in the data set who had originated in the lower social classes was Yasuda Zenjiro. Born in a poor commoner family in northwest Japan in 1838 (his father had later purchased the status of lower class samurai), over a single generation Yasuda founded the Yasuda *Zaibatsu*, one of the Big-Four *zaibatsu* characterized by its focus on finance.\(^\text{10}\) Another example is Nitta Chojiro, who came from an outcast family on the island of Shikoku, and used the *burakumin* business network to found his own leather business in Osaka, which became one of the largest leather firms in Japan.\(^\text{11}\) These examples are, however, rare and exceptional cases among the commoner group. The reasons for this and a more detailed explanation are discussed on the basis of the next table.

Table 3.3 displays the occupational status of business wealth holders in accordance with their main business. In the case of the business elite, the table shows the strong tendency towards reproduction of social class. Around 80 percent of each of the larger groups within the business elite chose the same occupation as their fathers. The landlord group indicates similar characteristics to those of the business elite, since a high percentage of landlords' sons chose agriculture as their first occupation, even in the case of those who were active in more than two sectors.

\(^{10}\) Although a reliable biography or autobiography of Yasuda has not been published, brief data on his social origins are shown in *Jitsugyo-no-Nihonsha* (ed.) *Zaikai Bukko Ketsubutsu Den* Vol. 2. (Tokyo, 1931).

\(^{11}\) Although his social origins are not explained on his autobiography (*Kaiko 77nen* (Osaka, 1934)), data on Nitta's social origins is given in M. Fukuhara, 'Toshi Buraku Jumin no Rodo Seikatsu Katei' in K. Sugihara et al (eds.), *Taisho, Osaka, Suramu* (Tokyo, 1986), esp. pp.110-11. The details of the relationship between outcasts and the leather business are also described in this article.
Table 3.3 Occupational status of wealth holders by social origins (depending on their main business in this period)

a) non business elite groups and samurai (by percentage of total in each group (left side): by absolute number (right side))

<table>
<thead>
<tr>
<th></th>
<th>Feudal Lords</th>
<th>New aristocracy</th>
<th>Landlord</th>
<th>Samurai Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wealth holders</td>
<td>3.7</td>
<td>3.7</td>
<td>1.8</td>
<td>1</td>
</tr>
<tr>
<td>Merchant</td>
<td>3.7</td>
<td>3.7</td>
<td>8.8</td>
<td>5</td>
</tr>
<tr>
<td>Industry</td>
<td>1.2</td>
<td>1.2</td>
<td>17.9</td>
<td>10</td>
</tr>
<tr>
<td>Service</td>
<td>2.5</td>
<td>2.5</td>
<td>12.5</td>
<td>7</td>
</tr>
<tr>
<td>Finance</td>
<td>6.2</td>
<td>6.2</td>
<td>1.8</td>
<td>1</td>
</tr>
<tr>
<td>Zaibatsu</td>
<td>1.2</td>
<td>1.2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Multi-B a) Multi-B b)</td>
<td>22.2</td>
<td>22.2</td>
<td>18</td>
<td>7.1</td>
</tr>
<tr>
<td>Salared M.</td>
<td>100.0</td>
<td>100.0</td>
<td>1</td>
<td>42.9</td>
</tr>
<tr>
<td>Landlord</td>
<td>58.0</td>
<td>58.0</td>
<td>47</td>
<td>7.1</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>56</td>
</tr>
</tbody>
</table>

Source: same as Table 3.1.

Note: 'Wealth holders' signifies those formerly engaged in business but retired at this period.

'Multi-business' a) indicates that the business activities of the sample embraced several branches within a single business sector. 'Multi-business' b) indicates that the business activities of the sample were spread over more than one economic sector. The definition of landlord as a main activity is based on information regarding whether they were mainly engaged in a particular business sector or not. It does not signify that they were not engaged in any business.

b) Business groups and professionals

<table>
<thead>
<tr>
<th></th>
<th>Merchant</th>
<th>Business (2nd)</th>
<th>Business (3rd)</th>
<th>Zaibatsu (Multi-B)</th>
<th>Salaried Manager</th>
<th>Professionals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wealth holders</td>
<td>3.1</td>
<td>8</td>
<td></td>
<td></td>
<td>33.3</td>
<td>1</td>
</tr>
<tr>
<td>Merchant</td>
<td>81.4</td>
<td>210</td>
<td></td>
<td></td>
<td>16.7</td>
<td>1</td>
</tr>
<tr>
<td>Industry</td>
<td>1.6</td>
<td>4</td>
<td>78.7</td>
<td>48</td>
<td>14</td>
<td>1</td>
</tr>
<tr>
<td>Service</td>
<td>2.7</td>
<td>7</td>
<td>1.6</td>
<td>1</td>
<td>64.3</td>
<td>27</td>
</tr>
<tr>
<td>Finance</td>
<td>2.7</td>
<td>7</td>
<td></td>
<td></td>
<td>26.1</td>
<td>11</td>
</tr>
<tr>
<td>Zaibatsu</td>
<td>4.6</td>
<td>12</td>
<td></td>
<td></td>
<td>100.0</td>
<td>12</td>
</tr>
<tr>
<td>Multi-B a) Multi-B b)</td>
<td>0.4</td>
<td>1</td>
<td>1.6</td>
<td>1</td>
<td>2.4</td>
<td>1</td>
</tr>
<tr>
<td>Salared M.</td>
<td>2.3</td>
<td>6</td>
<td>8.2</td>
<td>5</td>
<td>2.4</td>
<td>1</td>
</tr>
<tr>
<td>Landlord</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>33.3</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>258</td>
<td>100.0</td>
<td>61</td>
<td>100.0</td>
<td>42</td>
</tr>
</tbody>
</table>

Sources and note: same as above.

c) other social groups

<table>
<thead>
<tr>
<th></th>
<th>Heimin</th>
<th>Unknown</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wealth holders</td>
<td>11.2</td>
<td>15</td>
<td>18.2</td>
</tr>
<tr>
<td>Merchant</td>
<td>11.2</td>
<td>15</td>
<td>18.2</td>
</tr>
<tr>
<td>Industry</td>
<td>18.6</td>
<td>25</td>
<td>100.0</td>
</tr>
<tr>
<td>Service</td>
<td>17.9</td>
<td>24</td>
<td>27.3</td>
</tr>
<tr>
<td>Zaibatsu</td>
<td>0.7</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Multi-B a) Multi-B b)</td>
<td>1.5</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Salared M.</td>
<td>35.1</td>
<td>47</td>
<td>36.3</td>
</tr>
<tr>
<td>Landlord</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>134</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sources and note: same as above.

However, the former samurai group and commoner group show different
characteristics compared to those who originated in the business elite. The channels for becoming rich business wealth holders were constrained and limited for those whose origins lay outside the business group. Most of the commoner group concentrated in the service and financial sectors, in addition to being salaried managers. Of the commoners working in these sectors, many were engaged in particular businesses, for instance, the trading and share broking business, which were relatively new and modern sectors of business within the Japanese business world. It may be suggested that this signifies that their limited chances were focused on these somewhat risky businesses, which were repeatedly damaged by economic crises during the late 19th century.

3.2.2. Education of Wealth Holders

Another indicator, which helps us understand some of the characteristics of this wealth holders’ group is educational information. Despite an attempt to collect data on education, such information is hard to come by, and therefore in this thesis information is available for only a handful of cases. However, there is another plausible reason for the lack of any educational data for most of the sample. According to the data set, more than half (about 55 percent) was born before the Meiji Restoration of 1868. Many who were born after 1868, had a date of birth in the early Meiji period. It is highly likely that the relative absence of modern educational institutions at the time of their childhood is connected to the low levels of education suggested by available information in the data set. In addition, it is plausible to argue that many of those in the sample who came from merchants’ families had experience of practical training from their merchant houses, instead of formal modern education. Thus, compared to other social groups, we may assume that the merchant origin group was more practically educated, even though they may have had little chance of being well-educated under a modern educational system.

12 The compulsory education system was fully introduced after 1889, the year of the proclamation of the Meiji Constitution. Even in 1914, only around 20 higher educational institutions had been established in Japan, mostly concentrated on the Tokyo and Kansai areas. See Yonekawa, ‘University Graduates’, p.185.

13 Research into practical training in merchant houses is substantial. For general information, see S. Yasuoka, Kinsei Shoka no Keieirinen, Seido, Koyo (Kyoto, 1998); M. Uemura and Matao Miyamoto, ‘Keieisoshiki to Keieikanri’, in S. Yasuoka et al(eds.), Nihon Keieishi Vol.1 (Tokyo, 1995).
Table 3.4 Percentage of the wealth holders (on whom educational information available) who graduated from university or higher educational institutions, by occupation

<table>
<thead>
<tr>
<th>(Social Status)</th>
<th>(A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feudal Lords</td>
<td>No sample</td>
</tr>
<tr>
<td>New Aristocracy</td>
<td>100.0</td>
</tr>
<tr>
<td>Landlords</td>
<td>4.9</td>
</tr>
<tr>
<td>Samurai Class</td>
<td>21.1</td>
</tr>
<tr>
<td>Merchants</td>
<td>9.2</td>
</tr>
<tr>
<td>Businessmen (2&quot;y)</td>
<td>9.8</td>
</tr>
<tr>
<td>Businessmen (3&quot;y)</td>
<td>19.5</td>
</tr>
<tr>
<td>Zaibatsu and Multi-Business</td>
<td>75.0</td>
</tr>
<tr>
<td>Salaried Manager</td>
<td>Unknown</td>
</tr>
<tr>
<td>Professionals</td>
<td>66.6</td>
</tr>
<tr>
<td>Heimin</td>
<td>22.9</td>
</tr>
</tbody>
</table>

Note: (A) is a absolute number of the sample in each social group
Source: same as Table 3.1.

Overall, though, a sample of fewer than one hundred for whom educational information is available can be obtained from the data set, and the possibility of mishandling or some missing data may make errors inevitable. However, the findings from the data set presented in Table 3.4, do show some significant characteristics of this group. Undoubtedly, the rarest examples are the zaibatsu owners, in particular those born after the start of the Meiji period. For example, Iwasaki Hisaya and Iwasaki Koyata, the third and fourth heads of the Mitsubishi Zaibatsu, both graduated from foreign universities, namely the Wharton School of the University of Pennsylvania and the University of Cambridge.14

Leaving aside this kind of rather prestigious experience, perhaps the most surprising result from the data is that the heimin (commoner) group seems the most well-educated compared with other social groups. Nearly one-quarter of this group (about 23 percent) graduated from higher educational institutions, and this figure slightly exceeds that shown for the former samurai class group, about 21 percent of whom were well-educated.15 If we focus only on those who chose salaried manager as their occupation, the figure is conspicuously higher. In the case of those members of the heimin group whose occupational status was salaried manager, nearly half (about 45 percent) graduated from universities. Although the sample is smaller, the former samurai group shows a similar tendency to the heimin group, as one-third of the

14 Their experience of foreign study is described in detail in Miyakawa, Iwasaki Koyata (Tokyo, 1996), pp.19-35.
15 However, it should be noted that information is missing on other social groups, and the real figure makes it likely that the sample of well-educated persons is higher than the result from the data set.
sample graduated from university. It may be assumed that even in early 20th century Japan, education itself was highly significant for engaging in the business sector from outside of the business world, and consequently becoming a wealthy individual.

On the other hand, the results from the data set also give some indication that education might be a barrier to entry into the business world, especially for those who originated from the lower classes. The relatively high percentage of well educated persons among the heimin group signifies that even though accurate information on social origins and their fathers’ occupation may not be available, they are unlikely to have originated as poor workers or farmers, whose social status posed a disadvantage to access to higher education. Scarcity of higher educational institutions, poverty and limited access to any public or private financial support, probably prevented those from the lower class, without any financial or other advantages, from entering the business world. The results relating to educational level, therefore, support the assumption of a lower level of upward social mobility within the business wealth holders’ group in modern Japan. In spite of major social and economic reform in addition to the continuous economic upheaval, individual opportunities and success within the business world remained limited to those who came from a number of socially more advantaged groups.

3.2.3. Comparative Perspective

These results from the data set do not, however, indicate that modern Japan was an unusual case. Many recent studies on the social mobility of business elites in the modern era in Europe (and in some cases including the example of the United States) have shown that these business elites during periods of rapid and late industrialization tended to be very socially exclusive in terms of their social origins. Therefore, in Europe, as well as in prewar Japan, family background becomes a significant factor for the making of the business elite. In an earlier contribution in this field, Kaelble suggested the exclusivity of this group by utilizing a sociological and comparative methodology. Through comparative research on long-term changes in the recruitment of the business elite in the U.S., Britain and Germany, Kaelble emphasized that most of the business elite in these three countries came from privileged families, in
particular from the upper middle businessmen group. Among the three countries, the rate of self-recruitment was conspicuously high in the U.S. case, comprising about 70 percent of the business elite in the period of 1891-1920. Despite a slightly lower level of self-recruitment in the British and German cases, these countries displayed similar tendencies to the U.S.. What is different in each country from Kaelble’s data is that recruitment from professional groups was slightly higher in the U.S., compared to Britain and Germany (11 percent in the period from 1891 to 1920, as compared to 7.3% in the British case, 1900 to 1919, and 3% in the German case, 1871 to 1914). A high rate of recruitment from upper and middle ranking civil servants characterised Germany, peculiar as there was a total of 16 percent from these two groups (1871 to 1914). In Britain, the proportion of the business elite coming from the landowners’ group was slightly higher, at 10.6% of the total from 1900 to 1919. Despite the great disparities between Japan and these three more industrialized countries, whose stage of industrialization and level of economic stability in the early 20th century was diverse, it is remarkable that in terms of the social origins of the business elite, Japan would appear to have shared certain common characteristics with these three countries. In spite of some difficulties in achieving accurate comparison, largely due to the differences in classification and categorization of social groups in Japan as compared with the U.S. and European cases, these data show that differences in the social origins of the business elite were smaller than might have been expected.

Other studies, including regional and comparative research, show almost the same tendencies as Kaelble’s study. Cassis conducted similar comparative research (in this case on Britain, France and Germany), and his data analysis also depicted characteristics of social origin in the three countries that were more similar than different. Although Cassis’s sample date was slightly different from that of Kaelble, his 1907 data also shows that in terms of social origins businessmen accounted for the largest group in the business elite in all three countries. In Cassis’s findings, too, the lower classes, for instance workers in small businesses, are hardly represented. Cassis’s case likewise shows some differences in the characteristics of the recruitment of the business elite between these European countries, namely a slightly higher rate

18 Data is shown on *ibid*, p.89, p.97.
19 See Cassis, *Big Business*, (Table 6.1) p.124.
for civil servants becoming business leaders in France and Germany (16 and 15 percent of the totals respectively), and the relative importance of landowners in Britain and France (9 and 10 percent respectively).\textsuperscript{20} In addition, other studies also seem to indicate a high rate of self-recruitment among the business elite. Among the considerable German scholarship on the business elite, the research on commercial councillors, a special title in Imperial Germany granted to business leaders or members of the wealthy business elite, is significant for our purposes, since receiving this title distinguished these businessmen from their untitled colleagues, and was also a public manifestation of their position of honour in Imperial Germany.\textsuperscript{21} For instance, despite a lack of clarity about their real social status, Kaudelka-Hanisch’s research indicates that 89 percent of the fathers of commercial councillors in Westphalia and Dusseldorf had been businessmen.\textsuperscript{22} Another study of Westphalian commercial councillors, conducted by Henning, also indicates a high rate of self-recruitment (72 percent from business 1880 to 1889, and 80 percent 1890 to 1909) and a low proportion of businessmen of lower class origin.\textsuperscript{23} The results from other studies of social mobility either on a comparative or regional basis, display similar tendencies, and to some extent signify the exclusivity of recruitment of the business elite and business leaders in more industrialised countries at this time.

These results are, however, limited in their implications for a discussion of business wealth holders, since the definition of ‘business elite’ in these studies has invariably given priority to status in the business world, and has been less concerned with the amount of wealth. Moreover, some of these studies, especially the research on commercial councillors, is likely to have included those who were less wealthy or with only medium wealth. Thus, to analyse Japanese business wealth holders from a comparative perspective and in more detail, we need to focus particular attention on the very rich group in the European cases. For this purpose, Augustine’s study on very wealthy businessmen in Imperial Germany, and Rubinstein’s research on British wealth holders, can provide adequate samples for comparison. Despite a number of problems in this comparison because of differences in categorization, in historical

\textsuperscript{20} See \textit{ibid}, p.124.
\textsuperscript{21} For detail on commercial councillors, see Kaudelka-Hanisch, ‘Titled Businessmen’ in Evans (eds.), \textit{German Bourgeoisie}, pp.91-95.
\textsuperscript{22} See \textit{ibid}, pp.124-125.
\textsuperscript{23} This figure is calculated from H. Henning, ‘Soziale Verflechtung der Unternehmer in Westfalen’, \textit{Zeitschrift für Unternehmensgeschichte} 23 (1978), p.5.
influences on social class formation and in the level of economic development in Britain, Germany and Japan, such a comparison of rich businessmen in the three countries can reveal some interesting characteristics.

Rubinstein's data on British wealth holders shows some similarities with other research findings on the business elite, as well as with the Japanese case. Among non-landed wealth holders who died between 1880 and 1919 (categorized as half-millionaires or millionaires according to probate records), nearly two-thirds (about 64 percent) were the sons of rich businessmen (or formerly rich businessmen).24 This figure indicates not only a high rate of self-recruitment, but also a degree of exclusivity of the wealthy elite, and the limited possibility of the lower classes' being elevated into the rich category within one generation. Wealth holders coming from small businessmen constitute one-tenth (nearly 11 percent) of the group, although these individuals can hardly be categorized as really lower class. It appears that poor workers or shopkeepers accounted for only about 7 percent of the non-landed wealthy elite. Some results from Rubinstein's data make a clear contrast with other business elite cases. Landowners hardly appear in his data, accounting for less than 2 percent of the non-landed wealth holders' group. Even when farmers' sons are added, we get only slightly over 5 percent. Consequently, Rubenstein's data suggests the homogeneity of non-landed wealth holders in Britain, with regard to social origins. However, this does not mean that the landed elite had no interest in business activities, since some recent studies have indicated that the landed elite was also involved in the business sector as a means of economic survival in the modern period.25

For Germany, Augustine's findings on social origins correspond to Rubinstein's results. Out of 502 wealthy German businessmen during the imperial period, information on the social origins of 407 businessmen was available, and for these the rate of self-recruitment was very high: 45 percent of the sample were the sons of big businessmen, and an additional 39 percent the sons of businessmen whose socio-economic status was unclear. Other social classes rarely appear in Augustine's data. A mere two percent of these wealthy businessmen were the sons of officers or landowners. Two percent were born into the families of upper civil servants, and three

25 For example, see Nicholas, 'Businessmen and Landownership', pp.39-43.
percent came from the professional bourgeoisie, outside the business group. Only 8
percent of these rich businessmen originated in what were identified as the lower
middle class, mainly from small businesses. It is acknowledged in the results of
Augustine's analysis, that there is a significant grey area about the social origins of
the 39 percent of the total sample, whose socio-economic origins were unknown.
However, as Augustine points out, despite the possibility that this figure contains a
number of individuals of lower class origins, this was, in fact, rarely the case. The
result from Augustine's sample is quite similar to that in Rubinstein's study. Even
though Augustine emphasizes the existence of a fair degree of social isolation of
wealthy German businessmen in contrast to the British case, Germany and Britain
would seem to share a number of characteristics in common in as far as we limit our
focus to the social origins of the two business wealthy elites. Moreover, although we
clearly have to take into account the major differences in historical and socio-
economic context which are regarded as having led to certain peculiarities in modern
German history, the difference between these two groups was found to be smaller
than Augustine had expected.

If we focus on comparing these cases with the data set on Japanese business wealth
holders, it is apparent that in terms of social origins all three groups seem to be
characterised by common characteristics, rather than significant differences. The rate
of self-recruitment was high in Britain, Germany and Japan, well exceeding 50
percent in all three countries. All three results indicate a low rate of recruitment to the
wealthy business group from outside of the business class confirming the result of
analysis of the ordinary business elite. Despite this apparent similarity, however, we
need to consider that some seemingly similar characteristics may, in some cases, be
caus ed by different reasons. For example, the social and historical context
significantly influenced the lower rate of recruitment from professional occupations.
In Germany, for instance, social conflict between the economic bourgeoisie and the
educated bourgeoisie resulted in a lower rate of social mobility of professionals, who
dominated the latter group, to becoming businessmen. Turning to the Japanese case,
specialization in modern professions was still taking place in the early 20th century,
and it is clear that since these professionals had not yet established their status as a

26 From more detailed research, only one case came to light in which an individual rose from the lower
classes. See Augustine, Patricians, p.54.
significant social group, in contrast to Britain or Germany, this resulted in a lower rate of recruitment from this group. In another example, the relatively high rate of recruitment from the landlord group in the Japanese case seems to be similar to the pattern in the British case, as despite the lower rate in Rubinstein’s sample, other studies have indicated that the heads of big British firms in this period were more frequently recruited from the families of landowner-origins. However, even in this case, we cannot ignore the fact that the Japanese landlord group had multi-business tendencies in relation to its business interests. Moreover, cases of those who abandoned their agricultural activities and became totally involved in business were very rare. We may assume that a relative absence of specialization in profession and in business activities, in particular in specific business sectors, was a common characteristic of Japanese business wealth holders in this period, as exemplified in the 

Another illuminating indicator is the education background of business wealth holders in the three countries. It seems likely that differences in the level of economic development between Britain, Germany, and Japan resulted in a better rate of formal education in the European cases, than in the Japanese case. However, despite this higher educational rate, business wealth holders in Britain and Germany, who had completed their studies at university, were surprisingly in a minority within both groups. Only in the case of 194 out of 502 wealthy German businessmen is information on education available in Augustine’s study, and of this group only 22 percent studied at a university. In Rubinstein’s study there is no data on business wealth holders’ education, as this lay outside Rubinstein’s own interest. However, other data show evidence of a relatively low rate of education of the British businessmen. Although his sample is less than a hundred, 35% of Cassis’s sample of 1907 business leaders had studied at university. This appears to confirm the conclusion of other studies that the barriers of the class system to entry to the educational system, in addition to the exclusivity and snobbery of secondary and higher educational institutions, for instance public schools in Britain and Gymnasium in Germany, resulted in this lower rate of formal education in both countries. Thus,

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27 For example, see Kaelble, *Historical Research on Social Mobility*, p.97.
29 For example, for the German case, see P. Lundgreen et al(eds.), *Bildungschancen und Soziale Bildung in Deutschland*. 
it appears that the rate of those studying at a university in the Japanese case, at about 13 percent, is perhaps higher than expected, suggesting the relative importance of modern education among Japanese business wealth holders.

3.2.4. The Role of *Yoshi* (Adopted Son)

Although the differences with regard to social origins in Japan are less apparent in contrast to the European cases, from another perspective there is a crucial difference between the European cases and the Japanese case, that is, the higher rate of *yoshi* (adopted sons) among Japanese business wealth holders. According to the data set, the result of which are summarized in Table 3.5, over a quarter of the members of the total group (about 28 percent) were *yoshi*, in terms of their position within their families. This signifies that many Japanese business wealth holders were not direct descendants by blood of the family line. Neither in Britain nor Germany can we find such a high rate of adopted sons within the business wealthy elite. Augustine takes the example of the Krupp family, in which the husband of the daughter and heir became an adopted son, as an exceptional case in her study.30

**Table 3.5** The percentage of adopted son among wealth holders by social origins (% of all wealth holders in each group who were *yoshi*)

<table>
<thead>
<tr>
<th>Social Status</th>
<th>(A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feudal Lords</td>
<td>No sample</td>
</tr>
<tr>
<td>New Aristocracy</td>
<td>No sample</td>
</tr>
<tr>
<td>Landlords</td>
<td>21.3 17</td>
</tr>
<tr>
<td>Former Samurai Class</td>
<td>23.2 13</td>
</tr>
<tr>
<td>Merchants</td>
<td>33.0 85</td>
</tr>
<tr>
<td>Businessmen (secondary sector)</td>
<td>34.4 21</td>
</tr>
<tr>
<td>Businessmen (tertiary sector)</td>
<td>33.3 14</td>
</tr>
<tr>
<td>Salaried Manager</td>
<td>No sample</td>
</tr>
<tr>
<td>Zaibatsu or multi-business</td>
<td>25.0 1</td>
</tr>
<tr>
<td>Professionals</td>
<td>33.3 2</td>
</tr>
<tr>
<td>Heimin</td>
<td>23.3 31</td>
</tr>
<tr>
<td>Unknown</td>
<td>No sample</td>
</tr>
<tr>
<td>Others</td>
<td>No sample</td>
</tr>
<tr>
<td>Total (absolute number)</td>
<td>184 184</td>
</tr>
<tr>
<td>Total within the business wealth holders group (by percentage)</td>
<td>27.9</td>
</tr>
</tbody>
</table>

Sources: As Table 3.1.

Note: (A) is absolute number of the sample in each social group.

However, this kind of situation is very common in the Japanese case, largely due to the existence in Japan of the particular household (*ie*) system, which will be discussed

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in more detail in later sections. If we look at the rate of *yoshi* in each social group, we
find that in the commercial and business groups, whether merchants or modern
businessmen, *yoshi* accounted for one-third of the total in each group (shown in Table
3.1). This figure of one-third is somewhat higher than those for other social groups.
However, in none of the other social groups in which there were *yoshi* was the rate of
*yoshi* less than 20 percent. To analyse the significance of the *yoshi* system for
Japanese business wealth holders, the following discussion will incorporate a
sociological perspective, which can help provide a conceptual approach to the
analysis of the data set on business wealth holders.

Although there are many factors which separate the Japanese *ie* system from other
household systems, the system of *yoshi* was integral to the ultimate purpose of the *ie*
system, namely to continue the existence of each *ie* as long as possible. Under this
system, blood ties within the family are given less priority, and theoretically a non-
relative of the head of the *ie* can be selected as the next possible household head. In
addition to this characteristic, the *ie* system has also tended to consist of a small
household unit, based on the head of the *ie* and his wife, and the eldest son, or the
chosen heir. While this system gives the eldest son stronger powers over the
household as the next head of the *ie*, the other children, who are not heirs, are
basically excluded from the *ie* at the time of marriage, and form their own *ie* unit.
Under this system, the *ie* of the heir is called the main house (*honke*), and the *ie* of the
other children the branch houses (*bunke*).\(^{31}\) Since the *ie* system marks a formal
separation between the children within the family, it is necessary for an *ie* head who is
childless to adopt a son and heir in order to ensure the continuation and survival of his
own *ie*. Thus, in contrast to most European cases, the selection of an adopted son,
*yoshi*, has constituted a significant and inevitable part of the *ie* system.

From a sociological perspective, there have been a number of works regarding the
method of adopting *yoshi* within the *ie* system. Kitaoji has looked at the *ie* system
from the perspective of the inheritance of the head's position within the *ie*. If only one
child, the eldest, is allowed to inherit this position, the Japanese *ie* system will result

\(^{31}\) For a classical discussion of the *ie* system, see for example C. Nakane, *Tateshakai no Ningenkankei*
(Tokyo, 1967). The English version is *Kinship and Economic Organization in Rural Japan* (London,
1967).
in the formation of small household units, consisting only of the retired head and his spouse, the current head and his spouse and the next head and his spouse. Taking into account one additional factor, the prohibition on marriage with near relatives under the ie system, Kitaoji pointed out the necessity of selecting a spouse from outside of the immediate family network. According to this argument, the adoption of a yoshi as the spouse of a daughter where an ie has no son to act as the next head, and the making of the yoshi as the next master of the ie, is the logical result of such a system.

Kitaoji’s assumptions regarding the ie system were later discussed by Backnik, who regarded the adoption of a yoshi as a recruitment strategy for household continuation. From Backnik’s perspective, the selection of the head’s wife, the adoption of a yoshi as the husband of a daughter and the next head, and even choosing to adopt a married couple to ensure succession in a childless ie, have all been methods of ensuring the survival of the ie. Consequently, despite the relative importance of kinship and blood succession for the ie system, the maintenance of the ie through personnel from outside of the immediate family network is logically acceptable and plays an important role.

Although these assumptions are based on fieldwork in ordinary Japanese local families, Lebra indicates that these ideas are also applicable to the Japanese aristocracy. From her research on yoshi, who became heads of a number of aristocratic ie, Lebra has shown that about half of the aristocratic families on whom genealogical information is available had chosen yoshi as the head of the ie (from a sample spanning six generations). In addition to these arguments, Moore has pointed out from his research on the selection of yoshi in the samurai class during the Tokugawa period that the composition of yoshi conformed to a pattern of downward social mobility from the upper classes or horizontal movement within the same samurai class. Moore also suggested that the general assumption about the yoshi system, namely that it was a method of upward social mobility from the lower classes is a misunderstanding and cannot be accepted.

34 See Lebra, Above the Clouds, (Berkeley, 1993) esp. chap. 4.
These sociological works have made clear several particular characteristics of the Japanese *ie* system, that is, the priority of continuing one's own *ie*, the lesser importance of direct blood succession, and the limited social mobility in relation to the selection of *yoshi* from outside of the family's own networks. Although these studies have not focused on the Japanese business elite, their results and assumptions are likely be applicable also to those Japanese business wealth holders.

### Table 3.6 Social Origins of *yoshi* (adopted son) wealth holders by status of birth father (as % of total *yoshi* wealth holders)

<table>
<thead>
<tr>
<th>(Social Status)</th>
<th>%</th>
<th>Absolute No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Court aristocracy</td>
<td>1.1</td>
<td>2</td>
</tr>
<tr>
<td>Samurai class</td>
<td>12.5</td>
<td>23</td>
</tr>
<tr>
<td>Landlords</td>
<td>4.9</td>
<td>9</td>
</tr>
<tr>
<td>Merchants</td>
<td>15.2</td>
<td>28</td>
</tr>
<tr>
<td>Businessmen (2nd)</td>
<td>3.8</td>
<td>7</td>
</tr>
<tr>
<td>Businessmen (3rd)</td>
<td>1.6</td>
<td>3</td>
</tr>
<tr>
<td>Professionals</td>
<td>0.5</td>
<td>1</td>
</tr>
<tr>
<td>Heimin</td>
<td>58.2</td>
<td>107</td>
</tr>
<tr>
<td>Unknown</td>
<td>2.2</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Total (absolute)</td>
<td>184</td>
<td>184</td>
</tr>
</tbody>
</table>

Source: As Table 3.1.

### Table 3.7 Social mobility of *yoshi* (adopted son) wealth holders by adoptive family (% of all *yoshi* wealth holders in each category (left side); absolute number in each category (right side))

<table>
<thead>
<tr>
<th>(Social Status)</th>
<th>Same class mobility</th>
<th>Downward mobility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Court aristocracy</td>
<td>No sample</td>
<td>100.0</td>
</tr>
<tr>
<td>Samurai class</td>
<td>47.8</td>
<td>11</td>
</tr>
<tr>
<td>Landlords</td>
<td>77.8</td>
<td>7</td>
</tr>
<tr>
<td>Merchants</td>
<td>89.3</td>
<td>25</td>
</tr>
<tr>
<td>Businessmen (2nd)</td>
<td>71.4</td>
<td>5</td>
</tr>
<tr>
<td>Businessmen (3rd)</td>
<td>100.0</td>
<td>3</td>
</tr>
<tr>
<td>Professionals</td>
<td>No sample</td>
<td>100.0</td>
</tr>
<tr>
<td>Heimin</td>
<td>Unknown</td>
<td>Unknown</td>
</tr>
<tr>
<td>Unknown</td>
<td>Unknown</td>
<td>Unknown</td>
</tr>
</tbody>
</table>

Sources: As Table 3.1.

Tables 3.6 and 3.7 display the social origins of the *yoshi* in the sample, based on the class or occupational status of their birth father. As shown in the table, the majority of *yoshi* came from the *heimin* category, whose exact socio-economic status is unknown and unclear; this group accounts for nearly three fifths of the sample (about 58 percent). However, if we focus on the remaining 40 percent on whom information is available, this indicates similar tendencies to those identified by the sociological studies mentioned above. In the case of this 'known' sample, no member originated in
the lower classes, and social mobility was largely limited to internal mobility within the same group or downward mobility from higher social groups. Table 3.7 also shows some differences depending on social origins. Among this group, merchants and businessmen tended to select their yoshi for the heir from the same occupational group. By contrast, cases in which the social origins of the yoshi were higher than those of the adopted family are more frequently found among the former samurai class. Notwithstanding some differences, this figure suggests the same pattern as Moore’s results, and supports the case that the recruitment of Yoshi was essentially limited in terms of social mobility.

Some specific cases signify the complexities involved in the selection of yoshi within the ie system. The Big-Four zaibatsu families, often seen as representative of Japanese business in the modern era, also constitute a suitable sample for analysis of the yoshi system. In the case of the Mitsui Families, there was one grand main house (soryoke), four main houses (honke) and six branch houses (renke). According to their own particular ie system, the head of the Mitsui families and businesses was the head of the soryoke. Mitsui Hachiro’emon Takamine, the head of the Mitsui Zaibatsu from 1885 to 1933, was the fifth son of his father’s second marriage. His father, Takafuku, the eighth head of the soryoke, already had an heir by his first marriage. However, the heir, Takaro, who became the ninth head of the soryoke, died young and childless shortly after succeeding to the headship. Normally, because of his status within the family, the only choice for Takamine would have been to establish his own branch house, since his elder brothers would be more likely candidates to head the soryoke. However, by the time of Takaro’s death, his elder brothers had already been adopted into other houses due to childlessness. Under the Japanese ie system, since his half brother had already inherited the soryoke and become its head, Takamine had formally to be adopted by his half brother, Takaro, and had legally to become his half brother’s son in order to succeed to the status of head.36 As a result, even though the process of adoption was really complex, Takamine was ironically offered this unexpected position as the head of the Mitsui families, and his authority within the families exceeded that of his elder brothers. The example of Sumitomo Kichizaemon

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36 For a more detailed story about this process, see Mitsui Hachiro’emon Takamine Den Hensan linkai (ed.), Mitsui Hachiro’emon Takamine Den. The genealogical tree of the Mitsui families is shown on p.208 and p.278.
Tomoito, (born Tokudaiji Takamaro), who came from a prominent family of the court aristocracy, and was later adopted into the Sumitomo family, becoming head of the Sumitomo family and its businesses, displays another pattern of the *yoshi* system, namely downward mobility from the upper classes. The reason for choosing Tomoito as the *yoshi* of Sumitomo is apparent, since this adoption gave the Sumitomo family higher social status, a more prominent position and moreover credibility for its businesses (Tomoito’s elder brother, Marquis (later Prince) Saionji Kinmochi, had been adopted into the Saionji family from the Tokudaiji family, and became a well known political leader during the first half of the 20th century).\(^3\)\(^7\)

Turning to the *heimin*-origin group, which constitutes a majority of the sample, it is almost impossible to accurately determine their social class in terms of their fathers’ occupational status. There is little doubt that this group almost certainly contained *yoshi* from the lower classes. On the other hand, it should be noted the *ie* system also means that this group is also likely to contain a certain number from the middle or the upper classes. In the case of those from the aristocracy and the former samurai group, even though they may have been formally separated from *heimin* with regard to social categorization, there was also a catch in the *ie* system. Since inheritance of the *ie* was strictly limited to the heir or eldest son’s family, and this system applied to aristocratic and samurai families in the modern period, all members, with the exception of the eldest son’s family, lost their status and were defined as *heimin* after the death of their father, or when the succession to the eldest son took place.\(^3\)\(^8\) This therefore suggests that the *heimin* group was not homogeneous in terms of social categorization.

In addition to this kind of sociological consideration, the historical context also helps to explain the limitations on upward mobility from the lower classes in the case of the adoption of *yoshi*. Most of our sample was born in the late Tokugawa or early Meiji period, and the lack of a modern infrastructure and strict limitations on people’s movements during the Tokugawa period undoubtedly influenced the selection of

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\(^{37}\) See Hosenkai (ed.), *Sumitomo Shunsui*, esp. pp.74-78, for detail. The relationship between Saionji Kinmochi and Sumitomo Tomoito is also described in Ritsumeikan Daigaku (ed.), *Saionji Kinmochi Den* (Kyoto, 1991) in more detail.

\(^{38}\) However, in the aristocracy case, some families, in particular prominent families, could receive a lower aristocratic title as the master of a branch house. This was quite a privilege for a limited number of aristocratic families. For details, see Sakamaki, *Kazoku Seido no Kenkyu*, pp.101-105.
yoshi. It may be assumed that in many cases member of heimin-origin group were
adopted through utilizing a narrow and limited network of contacts. Among this
sample we can find several cases where information is available to show that
individuals became the yoshi of their relatives. Of those on whom such information is
available, only one case indicates upward mobility from a lower social status. Inui
Shinbei, a prominent financier in the modern non-banking sector, was adopted as a
yoshi when he was an employee of the Inui family, which was engaged in several
businesses, and married the eldest daughter of his adopted father. In spite of the
existence of some possibilities of upward mobility from the lower category within the
heimin group, it would appear that such cases were certainly in a minority among the
group as a whole. This assumption consequently points to a lower level of upward
mobility within the business wealth holders’ group, and the existence of a degree of
homogeneity within it. These findings tend to support the results of work on yoshi
from a more general perspective.

3.3. The Function of the Japanese Ie System as a Business Organization

As the analysis of social origins, including the system of adopted sons, partly has
pointed to the influence of the Japanese ie system, it may be assumed that modern
Japanese business activities in general, and not just those of our wealth holders, have
also been influenced by this system, and that this may therefore be regarded as
constituting a characteristic feature of Japanese business development. However,
numerous and varied research from a sociological perspective has made it apparent
that the ie system did not have a monolithic character during the pre-industrial period;
in Tokugawa Japan, and under the auspices of the Meiji government, the ie system
was certainly reorganized and reinvented as the household unit of modern Japan.

39 However, with regards to his earliest social origins, he was the son of a rice-wine trader, and did not
truly come from the lower classes. For brief information about him, see Zaikai Bukko Ketsubutsu Den,
vol.1 (Tokyo, 1931).
40 Some sociological studies have also stressed that differences in economic status caused difficulties in
adopting sons among poor families. See S. Kurosu and E. Ochiai, ‘Adoption as an Heirship Strategy
under Demographic Constraints: A Case from Nineteenth Century Japan’, in Journal of Family History
41 Although research and analysis of the ie system have rapidly progressed throughout the postwar
period, there is no concrete and clear definition about this system, since it is still a much-debated
subject among researchers. For recent issues in these debates, see K. Funabashi, ‘Kazoku Kenkyu no
Genjo to Kadai’, in C. Ueno (ed.), Iwanami Koza Gendai Shakaigaku vol. 19, (Tokyo, 1996), and also
Although in theory this change brought about a great transformation within the *ie* system from the Meiji period, in the case of the merchant houses, from which the majority of our wealth holders' sample originated, the concept of the family business based on the *ie* system had been established before the modern period, and continued to be a major influence on their businesses. While their business activities gradually shifted and were transformed to embrace the new economic system in the context of industrialization, the changes in the ownership, management and business organization of merchant houses were somewhat slower than changes in the Japanese economy itself. In addition, as many researchers have emphasized, some of the characteristics of modern Japanese business, for instance, attaching importance to the continuity of the business rather than to short-term profitability, may be considered as a part of the heritage of the management of merchant houses in the pre-industrial period.

Therefore, in this section, the main attention will be focused on the influence of the traditional business and management system, and also the impact of the external and internal factors which subsequently led to the transformation of these business systems, but within the context of the *ie* system. In addition we will seek to analyse the combination of persisting traditional features and newly introduced features that characterised these businesses. For this reason, firstly, it is necessary to give a brief outline of the merchant houses and their business system in the Tokugawa period, focussing in particular on those characteristics which strongly persisted, or continued to influence business practices after this era. The second concern will be with the external impact, which caused gradual changes in business and in the *ie* system of the merchant houses, and also the transformation in business and the way in which it occurred. This will be done by looking at some case studies of wealthy merchant houses, including those *zaibatsu* that had originated in merchant houses. The third point, namely the relationship between the formation of modern business in Japan and the *ie* system, will be discussed through highlighting certain peculiarities in modern Japanese family businesses and in the system of Japanese business as a whole. Finally, while this section focuses on discussions of the *ie* system of merchant houses, it does not seek to analyse more general perspectives on the modern Japanese *ie* system, because of major difficulties in establishing the nature of the *ie* as a concrete concept, which have resulted in serious disagreement among Japanese sociologists and
historians. This also means that it is impossible here to offer any detailed analysis of the *ie* system of the merchant houses; many historical questions are still unanswered, which makes establishing a clear definition even more difficult.\(^2\) Nevertheless, the analysis here seeks to identify certain aspects of Japanese business practice that pertained to Japanese family businesses and their *ie* system, and their struggle to apply modern business and managerial concepts.

3.3.1. Merchant Houses in the Tokugawa Era

Although the merchant houses after the Meiji period differed considerably from those of the past in terms of their organizational structure or behaviour in business activities, they also retained in many important respects a basis from their experience during the Tokugawa period. For instance, one thing that some historical researchers (through various case studies of merchant houses) have regarded as being a remarkable achievement, is the separation of ownership and control by utilisation of the *ie* system. Though this separation was relatively incomplete by comparison with its achievement under the current business system, some business historians, especially Yasuoka, have emphasised that this characteristic played the decisive role in the application of modern and westernised business systems to merchant houses from the Meiji period.\(^3\) Since this section is focused on the relationship between the Japanese business system and the *ie* system of the merchant houses, it is this aspect that will be the main concern in our analysis.

The tradition of the separation of ownership and control within the merchant houses during the Tokugawa era was largely due to one of the main concepts of merchant business throughout this era, that is, the importance attached to the continuity of the family business. Their approach to business was significantly shaped through the influence of the historical background, in particular the characteristics of the

\(^2\) Although there did exist some standard concept of the *ie* system for merchant houses, it is apparent from many case studies that in fact the details of the management rules or the patterns of ownership certainly differed between each house. See Yasuoka, *Kinsei Shoka*, esp. pp.17-44, and M. Miyamoto, ‘*Kinsei Shonin Ishiki no Kenkyu*’, in Kodansha (ed.), *Miyamoto Mataji Chosakushu* vol.2 (Tokyo, 1977). Some sociologists have argued that the *ie* system was a form of organizational cooperation. For example, see K. Aruga, ‘*Nihon Kazokuseido to Kosakuseido*’, in Miraisha (ed.), *Aruga Kizaemon Chosakushu* vol.2 (Tokyo, 1943).

\(^3\) For example see Yasuoka, *ibid. And Zaibatsu Keiseishi*, pp.491-515.
Tokugawa regime. Under the system of this regime, the samurai caste enjoyed the highest authority as political and economic bureaucrats within each feudal domain as well as in the vast territories controlled under the auspices of the Shogun. The Tokugawa policy was particularly characterized by anti-commercial sentiment, largely due to the political theory of Confucianism which the Bakufu espoused. Even though the nature of economic policy within each domain was critical for the samurai bureaucrats’ own economic survival, their unrelenting intervention in commercial activities sometimes led to the downfall of merchants. In addition, the failures of inconsistent and inadequate economic policies within domains also caused great upheavals and short-term fluctuations in business among merchants. Even without such interventions by the authorities, merchants faced great risks in their businesses, for instance, in engaging in new business sectors, because of the complex and varying political and economic systems within each domain. Also, in many cases, business dealings with feudal lords suffered from the lords defaulting on large amounts of debt, largely due to financial crisis in the domains. This kind of background consequently influenced how the business of merchant houses was perceived, that is, their prime purpose was the continuity of the business, and to achieve this some limitation of the managerial power of the master or family of the merchant house was necessary. The limitations on family power were also partly due to a desire to avoid any intervention or antagonism on the part of samurai bureaucrats, who had enough power to destroy the merchant houses. The result was that an unstable position in terms of business activities and the vulnerabilities of merchants as a social group during the Tokugawa era cast a strong shadow over the formation of the merchant houses’ business system, which focused on forestalling any internal and external factors that might provoke business closure.

Stable management and business over the long-term thus became the great objective underlying the approach to business of the merchant houses, and this fundamental concept also restricted the activities of family members within merchant houses. One

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44 This frequently happened during the Tokugawa period, especially at the beginning of the 18th century, when the Tokugawa government suffered from serious economic problems. In this period, many prominent merchants went into bankruptcy because of feudal lords evading payment and defaulting. Okazaki has pointed out the problem of the legal system in Tokugawa Japan which heavily protected the privilege of the samurai and daimyo from bankruptcy. See T. Okazaki, *Edo no Shijo Keizai* (Tokyo, 1999), esp. pp.71-85, and also see S. Oishi, *Kyoho Kaikaku no Shogyo Seisaku* (Tokyo, 1998), esp. pp.6-14.
particular example can be shown in the case of the Mitsui families, which even at this
time was one of the prominent merchant houses. The Mitsui’s private family law,
sochiku isho (Will regarding business activities by the Mitsui families), strictly
regulated their business activities, from the management and organizational system of
the Mitsui merchant houses through to rules on the sharing of wealth and the manner
of inheritance among the Mitsui families.\textsuperscript{45} According to the will, members of the
Mitsui families were prohibited from utilising their assets freely; while members’
assets were, in formal terms, personally owned, they were in fact commonly owned
by the Mitsui families. Their living expenses were totally dependent on these returns
from the commonly owned assets obtained through their business activities, and the
distribution of returns was determined by the status of each family. In addition, to
avoid any risk of the dispersion of the fortune within each family, only the eldest son
of each family had any right to inherit an asset, and the other brothers or sisters’ rights
to the family’s fortune were strictly limited. Though this system was really complex,
many researchers insist that while the system of the Mitsui families was quite unusual
among the merchant houses, the purpose was undoubtedly to continue the business
activities over the long-term, and this system certainly influenced the ownership
system of the Mitsui \textit{zaibatsu} from the Meiji period.\textsuperscript{46}

Although the case of the Mitsui families indicates some rather particular
characteristics in relation to their asset management, this system was far from being
totally unique among merchant houses. From a comparison of the family law of the
Mitsui and Konoike families, both of which were prominent merchants during the
Tokugawa period, Yasuoka notes that both merchant houses possessed a common
feature in terms of asset management among families, that is, common ownership of
assets by families was a widespread practice to avoid any risk that might prevent
continuity of the business.\textsuperscript{47} In addition, in spite of some difference in detail, the
establishment of a private family law was the norm among merchants during the
Tokugawa period. These laws were named differently within each merchant house,

\textsuperscript{45}The will was left by Mitsui Takahira, the son of the founder, Takatoshi, who established the basis of
Mitsui’s business. The whole text of the will is in Mitsui Bunko (ed.) \textit{Mitsui Jigyoshi Shiryohen} vol.1
(Tokyo, 1973), and also Yasuoka, \textit{Zaibatsu Keiseishi}, pp.183-194.
\textsuperscript{46}For a detailed analysis of \textit{Sochiku Isho} and the household organizational system of the Mitsui
families, see Yasuoka, \textit{Kinsei Shoka}, esp. chap.3 and Miyamoto, ‘Soyu Sisutemu to Shoyushashukan no
\textsuperscript{47}See Yasuoka \textit{Zaibatsu Keiseishi}, p.197
being referred to as for example, *kakun* (family rule), *teihosho* (book of (family) regulated law) or *kokoroesho* (rules to be recognized (by the family)). The rules regarding asset management for these merchant houses varied considerably according to these family laws. However, all of these laws in themselves indicated the importance of money, financial accounting or asset management among merchants.\(^{48}\) Moreover, the tradition of having a private family law was shared by another social group, landlords, even after the start of the Meiji period. From case studies of the great landlords of Okayama prefecture during the transitional period, Oishi has emphasised that the establishment of a private family law by landlords had the same purpose as in the case of merchants, and according to these private laws, the main assets of the family would be commonly owned by the inheriting families, and non-business expenditure among families was strictly limited.\(^{49}\) This evidence can be taken as showing that regulation of business and family activities by these private family laws was certainly common among those social groups who were engaged in business or had sufficient wealth to pass on to their descendants.

Another significant factor relating to these private family laws with regard to business activities was the limitation placed on the power of the family and the head of the family within the managerial organization of merchant houses. It is clear that even though the relationship between the senior employees (who took the role of what in contemporary business would be senior managers or executive managers) and the master of the merchant house (equivalent to the president) was a sort of servant and master relationship under the *ie* system, these employees were also given a certain authority when it came to management of the merchant houses (by these private family laws). These senior employees took the responsibility for running the business of the merchant houses, and consequently to some extent spearheaded the separation of ownership and control. Moreover, since they exercised managerial power in the merchant houses, their business authority necessarily exceeded that of the head of the house. Rule by family law also enforced the power of senior employees, since these

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\(^{48}\) For example, see Y. Sakudo, 'Omi Shonin no Keiei Senryaku to Kazokushugi no Shiso', *Hikone Ronso* 262 (1989); and M. Uemura, 'Omi Shonin Tonomura Sobei Ke to Kakun', in *Hikone Ronso* 285 (1995).

\(^{49}\) Oishi analyzes the private family law of three families, the Nishihattori, Higasa and Nomura families. He explains that all the family laws stressed the maintenance of the family assets and the continuity of their agricultural and business activities. See K. Oishi, *Kindai Nihon ni okeru Jinushikeiei no Tenkai* (Tokyo, 1985) pp.42-44 and pp.71-74.
laws legitimated the position of the head of the house in accordance with the extent to which he devoted himself to the business activities of the house. For example, in the case of Mitsui, even though the eldest son of the master of the house had the right to inherit the master's position, there was a rule that if he impeded the development of Mitsui's business activities, he would soon be disqualified and forced to abdicate from his position, after which an adopted son from a related family would inherit his post.\textsuperscript{50} Private family laws also gave the more senior employees and family members the right to make any decision regarding the abdication of the disqualified master. Such rules were a common characteristic of these laws of merchant houses.\textsuperscript{51} In some cases, there is evidence of senior employees exercising their decision-making power in relation to the master. Suenaga cites the case of the head of an Omi merchant house, who inherited his position at a young age and was therefore less skilled in business management. He was threatened by senior employees with the prospect of leaving all employment with his merchant house because of his inappropriate behaviour and possible adultery.\textsuperscript{52} This example suggests that despite their lack of official status, these family laws certainly had the power to control the business and to restrict family members' selfish activities.

To some extent, therefore, we can be certain that the private family laws, which were a part of the ie system of merchant houses during the Tokugawa era, consequently influenced the approach to family business in both Tokugawa Japan and modern Japan. Though the account of these laws in this section has offered only a preliminary and brief description, there is no doubt that these characteristics were maintained after the start of the modern period. The clear separation of ownership and control, and the concept of managing the family assets in this particular way, added some particular characteristics which separated modern Japanese family businesses from those found in some European countries. On the other hand, it is also plausible to argue that these characteristics played a significant role in the transformation of merchant houses into a suitable form of modern business organization, as will be discussed in a later section. However, the survival of these businesses after the Meiji era was largely dependent on

\textsuperscript{50} See Yasuoka, \textit{Kinsei Shoka}, p.20.
\textsuperscript{51} For example see Uemura, 'Omi Shonin Tonomura' p.330; Sakudo, 'Omi Shonin' p.12; and Yasuoka \textit{ibid}, p.34.
\textsuperscript{52} See Suenaga, \textit{Kindai Omi Shonin Keieishiron}, pp.86-89. and for the employment and labour management system of Omi Shonin, see M. Uemura, \textit{Omi Shonin no Keieishi} (Osaka, 2000), esp. pp.615-33.
external factors, in particular the frequent economic and financial crises they faced, and the reforms in the political and economic system, in addition to the destruction of the traditional regulations, which had partly protected their businesses from outside impacts. Thus, it is necessary to discuss the impact of these external shocks on merchants from the Meiji period, and their attempts to survive this critical situation, which on many occasions led to the downfall of businesses and the merchant houses themselves.

3.3.2. The External Impact on Merchant Houses

Looking at the historical background, it is apparent that a number of political changes from the end of the Tokugawa period had a major impact on the traditional business system and the merchants. The opening of the domestic market after the abolition of sakoku (closure of the nation to foreign intercourse) caused economic penetration by foreign powers. Then followed rapid inflation in the domestic economy, which swiftly brought the downfall of many merchants, although some of them succeeded in business even under the difficult conditions. The downfall of the Tokugawa government and reforms subsequently conducted by the new Meiji government, for instance, the abolition of traditional forms of business protection, like the guild system, also accelerated rises and falls within the merchant group. Many merchants who had been in a pre-eminent position during the Tokugawa era, rapidly disappeared from the business world in the early Meiji period. In spite of the great changes in economic circumstances and business conditions, their response to these changes was often slow and inadequate. Later, Shibusawa Eiichi, the prominent business leader of modern Japan, criticized their attitude to the new economic conditions and described these merchants as old-fashioned and unable to cooperate in Japanese economic development. Although the great upheaval in the economy throughout this period seems initially to have generated a reluctance to engage in new business initiatives, merchants were forced to change their minds after major problems facing their businesses, largely due to the economic policies of Matsukata Masayoshi, the finance minister in the 1880s, and the so-called 'Matsukata Deflation'.

53 This part of a critical lecture about this situation can be found in M. Iguchi (ed.), Shibusawa Danshaku Jitsugyo Koen (Tokyo, 1913), pp.391-93.
The long-term economic recession that ensued seriously affected the business of the merchant houses, and for many finally led to business crisis during this period. As Matsukata had already warned some merchants at a personal meeting where he recommended his economic policy to them, there was a great danger of these merchants finding themselves in difficulties as a result of the economic policy, and in fact many merchants went into bankruptcy or were forced to close their businesses. Therefore, these critical changes in economic circumstances finally contributed to a shift in business activities. The period of boom in the founding of firms from the late 1880s, following this depression period, is evidence for this side effect of Matsukata’s policy. From the analysis of the statistical data in *Teikoku Tokei Nenkan* (Statistical Yearbook of Imperial Japan) Suenaga notes that in contrast to the period of the Matsukata deflation (the worst year of suffering from this depression was 1885), the number of new firms founded increased dramatically in 1889, from 1279 to 4067. As Suenaga emphasises, this change partly reflected a shift in the business activities of merchants; many merchants began to engage in new business sectors by utilizing their assets to invest in new firms, and many of them were also appointed as directors or executives of these firms because of their investment activities.

Their response to this first stage, though the depression did have a negative impact on their family businesses, manifests a degree of dynamism in business activities. On the other hand, their business and investment activities were characterized by a tendency towards diversification and engagement in a number of business sectors unrelated to their original businesses. This may be taken as indicating that a zaibatsu-style business expansion was a common characteristic among the modern Japanese commercial and business elite. In addition case studies of investment activities among wealth holders during this period have suggested that the pattern of their investment was characterized by the existence of personal networks, and this therefore gave to their activities the characteristic of some sort of group network. In addition, local landlords were involved in this boom, in particular in areas like Niigata, where

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54 This part of Matsukata’s argument at this meeting is in *Chogin Shokan* 6th April and 3rd June, Meiji 16 (1883): quoted from Yasuoka et al (eds.), *Omi Shonin*, pp.166-167.
55 For the details of this movement during this period, see Takamura, ‘Introduction’ in Takamura (ed.), *Kigyo Bokko*, esp. pp.1-17.
56 See Suenaga, *Kindai Omi Shonin*, pp.143-44.
landlords had established a predominant position economically and politically.\textsuperscript{58} Undoubtedly, the depression period played a clear role in shifting these relatively conservative merchants and wealth holders in terms of their business inclinations towards becoming more actively involved in new circumstances.

The boom period in the late 1880s was followed by the enactment of the commercial code and the introduction of an income tax system in the 1890s. Although the legal system as a whole was gradually introduced throughout the 1890s, and also certain minor and major revisions of the commercial code took place during this period, this legislation finally contributed to the establishment of a modern business system and business organization in modern Japan. The introduction of income tax particularly influenced the business of merchant houses, since the income tax rate was much higher for those who personally managed their own businesses, than for those persons who changed their business organization into that of a corporate style firm. The tax burden on personally managed businesses was increased by the two wars at this time, the Sino-Japanese War and the Russo-Japanese War, since the rapid and dramatic increase in military expenditure during this period forced further reforms in the income tax system by the government in order to respond to the heavy financial burden.\textsuperscript{59} This also played a critical role especially for those merchants whose scale of business had expanded rapidly, in compelling them to reorganize and reconstruct their business organization from a personally owned merchant house system to a modern corporate system. Mitsui is a particular example of this change, though the transformation took the form of a combination of modern and traditional factors, and will be discussed later. However, in contrast to the boom period, the organizational and managerial changes among merchant houses were characterized by the establishment of limited partnership companies (goshi gaisha) and general partnership companies (gomei gaisha), largely due to the desire to maintain family power with regard to ownership and management within the modern firm system. In addition, there was relatively little restriction on the founding of such partnership companies, since there was no obligation to disclose company information, and legal regulation of

\textsuperscript{58} For the particular example of Niigata, see Niigataken (ed.) \textit{Niigata Kenshi Tsushihen} vol. 7:Kindai 2, p.90 and pp.239-43.
\textsuperscript{59} For the detail of the process that changed the income tax system, see Okurasho (ed.) \textit{Meiji Taisho Zaiseishi} vol. 6 (Tokyo, 1937) pp.1000-1150.
these companies was limited. These shifts consequently indicate that, unlike in the boom period, in which merchants had focused on investment and business expansion, this stage was characterised by changes in the business system of the merchant houses. However, it should be noted that this change may be interpreted as having been conducted to minimize negative influences on the authority of the family, which had been firmly established under the *ie* system from the pre-industrial period. Therefore, these changes were not that great for merchants, since these reforms did not lead to fundamental changes in the managerial hierarchy of these businesses, which were essentially a mixture of traditional and modern systems, with regard to recruitment, employment and management.

When fundamental changes in the concept of the managerial system and business organization did come about, although these had gradually changed from the late 19th century in some cases, it was largely due to the First World War. Because of Japan's distance from the main region of conflict and a serious shortage of commodities and goods in the world market, Japanese business experienced a great economic boom, which caused a rapid expansion of business activities to an unprecedented level. This economic boom also led to tax reform during and after the First World War, and this reform marked a critical turning point among merchants, since the reform increased the tax burden on the partnership companies managed by many merchants for the purpose of maintaining the power of the family in their family business. The economic boom and the taxation reform consequently stimulated a major change in business organization, namely reorganisation of the business from a partnership into a corporation. In addition, the economic recession from the early 1920s also encouraged this change, because many merchants went into bankruptcy in the context of the downturn in economic conditions.

From the late 1910s to the early 1920s, many merchants changed their business organization to become a corporation, and this shift spearheaded the dissolution of the traditional management system, which had been partly maintained among merchant

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60 For detail see Matao Miyamoto, ‘Kazokukigyo, Kaishaseido, Keieiseika’ in S. Yasuoka (ed.), *Zaibatsu no Hikakushi teki Kenkyu* (Tokyo, 1985).
houses even in this period. The abolition of the bekke system, a sort of franchise system operated by the merchant houses, is one particular example. Under this system, the employees of merchant houses were permitted to open their own merchant house utilising the trademark of the master's house, but subject to several contracts that strictly prohibited competing with or opposing the master's business. However, the gradual reforms of business activities from the late 19th century, in addition to the economic boom and further changes, made this old-fashioned system meaningless. Many merchants therefore abolished this system or integrated it into a more modern managerial hierarchy, making those senior employees executive managers of the family corporation. At this stage, the main focus of merchants was the modernization of the whole managerial system, including the managerial hierarchy and salary payment to employees. However, on the other hand, to maintain family power in the family-owned corporation, many merchants separated the day-to-day business and the asset management by establishing a holding company. Although the assets of the holding company were frequently utilised for business expansion in many cases, the formal separation of ownership and control finally took place under this compromise between the modern corporate system and the reorganized ie system of the merchants.

As explained above, therefore, the transformation of Japanese merchant houses may be divided into three stages in terms of historical time scale. Although a particular importance was attached to business survival, as Japan's modern economy developed and the business gradually became stabilized despite certain upheavals in economic conditions, they quickly moved to a focus on changes in business organization, even if this change seemed to contemporary observers to be a slow and reluctant one. We may assume that, however, that success in these attempts was undoubtedly due to the merchant house system, which was based on business experience in the pre-industrial period, and to the ie system. The prime importance in the family business attached to

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63 Details of the bekke system are in Yasuoka, *Kinsei Shoka*, esp. chap.2 and also O. Saito, *Shoka no Seikai: Uramise no Sekai*, (Tokyo, 1987), pp.94-106 for example.
the continuity of the family business, even at the cost of family interest, also played a critical role in the application of more modern business concepts. However, these characteristics also added some particular characteristics to modern Japanese business, in particular to Japanese family businesses, since these features gave these modernized family firms a somewhat intermediate position between family and corporate companies.

3.3.3. The Attempt at Business Reorganization

Notwithstanding this brief description of the business transformation of merchant houses in historical perspective, the reorganization and reforming of business within merchant houses obviously took different forms. With regard to their investment activities, most merchant houses seemed to be diversifying their businesses and therefore shifting towards a zaibatsu-style organization. However, the investment activities did not necessarily lead to business expansion as was the case with the zaibatsu; the success of the diversification depended on the scale of business activities, and was also influenced by other factors, for instance, informal networks with the political world. It also indicates that business expansion without paying attention to these factors, in addition to the focus on long-term business strategy, could cause the failure of zaibatsu-style business. Therefore, we can assume that in many cases, the business policy of merchant houses was not directed towards diversification, but towards specialization in some particular business sector, either their traditional business or a relatively new sector. Our analysis will therefore focus not only on the diversification cases, but also on the cases of specialization.

Mitsui and Sumitomo, prominent merchant houses since the Tokugawa era which became zaibatsu in this period, will be discussed as the diversification cases. Merchant houses that started to engage in new business sectors will be the main focus of concern for the specialization case. In this context, those engaged in the department store business and the pharmaceutical industry will be briefly discussed. This will enable us to explore further the survival of merchants who engaged in the new business sector in modern Japan. The transformation in part characterises the attempts at business survival among merchants during this period, since both the department
store and pharmaceutical businesses can be seen as representative of some of the particular characteristics of modern Japanese business, and also of this merchant group. In addition, both businesses show a strong contrast between the Japanese case and the two European cases. While these businesses were chosen by Japanese merchants as a means of survival in the modern business world, in Europe the two businesses typified new and modern businesses, in which it was very difficult for ordinary businessmen to become involved because of the requirements of massive investment for business expansion and modern management skills.

a) From Merchants to Zaibatsu: Mitsui

The business of the Mitsui families was primarily characterized by informal links with the political elite, especially in the early Meiji period. Intervention by political leaders in the various reforms, for instance, reorganization of the business system or business policy, has been demonstrated in a number of research works. However, these factors are far from being the only ones that influenced the business activities of the Mitsui families during the modern period, since their complex systems of business and management in the pre-industrial period, as explained in the previous section, strongly influenced the business and management of Mitsui’s firms and affiliates. Given the main focus of this section and also of this chapter as a whole, the analysis here will focus solely on how the Mitsui families and their business leaders adopted and integrated the old customs of their ie system into their modern business organization, which was on the face of it introduced from the contemporary western system.

As many merchants experienced and suffered from the economic upheaval from the end of the Tokugawa period, the Mitsui families and their business too were in a serious crisis in this period. They were saved from this crisis by Minomura Rizaemon, who was employed from outside the Mitsui merchant house, and who took the initiative as the business leader of Mitsui from the end of the Tokugawa period to the early Meiji period. Although Minomura rescued Mitsui’s business from bankruptcy

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by engaging in the banking sector with a special connection with the Meiji political leaders, he also attempted to break down traditional practices in management and labour relations by introducing a western-style business system, which was partly aimed at limiting the families’ power over Mitsui’s business in terms of ownership.67 Despite Minomura’s early death in 1877, causing the disruption of further reforms, documentation on the establishment of the Mitsui Bank, suggests that Minomura’s ultimate aim was to dissolve the authority of the families as owners and reduce their power over the Mitsui business by utilizing the modern corporate system.68 After Minomura’s death there was a serious backlash from the Mitsui families in the mid Meiji period with regard to family authority and ownership, and Minomura’s plan was almost totally negated.69

Although many of the business changes within Mitsui’s business and families indicate that the reforms were largely associated the introduction of a western-styled business system and associated skills, their traditional customs and the ie system also played an indispensable role in rescuing Mitsui’s business when it was in difficulties. According to Yasuoka, Mitsui’s ie system was effectively utilised for salvaging their original business of kimono retailing. In the early Meiji period, Mitsui had separated the kimono-retailing business from their main business, due to heavy losses in this sector. Formally this kimono retailing business became the independent company, Mitsukoshi. However, the managerial power in this company was in the hands of former senior employees of Mitsui. In this case, the bekke system, the traditional franchise system, was effectively utilized to maintain managerial power over this company. In addition, later the Mitsui families sent one of their children to be the adopted son of the former senior employee. Consequently, as the sales of Mitsukoshi recovered and regained a profit, in the late Meiji period the Mitsui families made this adopted son a member of the Mitsui families, and Mitsukoshi was integrated into the Mitsui zaibatsu as one of its affiliates. Through analysis of this complex process, Yasuoka insists that this is an example of how the business of the zaibatsu could be diversified without any risk to the families by utilizing traditional customs and the ie

67 See Yasuoka, Zaibatsu Keiseishi, pp.259-69 for further detail.
68 See Mitsui Ginko (ed.), Mitsui Ginko 80nenshi (Tokyo, 1957) p.83 for further detail of this document.
69 See Yasuoka, Kinsei Shoka, p.340.
On the other hand, the integration of the modern system and traditional customs is particularly represented by the establishment of the Mitsui Kaken (the Mitsui family constitution), largely based on the traditional family law, sochiku isho, aimed at maintaining the business policy of focusing on the continuity of Mitsui’s business. The purpose of the establishment of this constitution was also to strictly control the families, now consisting of the soryoke (the chief main family, whose head always became the head of the Mitsui zaibatsu), the four honke (the main families, who were appointed as the presidents of the main affiliates) and the six renke (the special Mitsui term for the branch houses (bunke)). The aim was to prevent independent activities, which might possibly violate this family constitution. The constitution was divided into 10 sections and 109 articles. It regulated the families’ activities, from their duties and roles in the Mitsui business through to marriage, inheritance and organization of the ie system, in addition to the managerial system and the decision making of the Mitsui zaibatsu.71

This particular family business was therefore undoubtedly a mix of seemingly contradictory factors, that is, a traditional business system and a modernized legal system, both of which would appear to have constrained the newly introduced business system. However, there is no doubt that the family authority over Mitsui’s business was maintained under this private constitution, and this also indicates the influence of their former ie system into the new era. Nevertheless, it should be noted that various attempts to draft the family constitution were made which involved legal experts and prominent political and business leaders, with the aim of minimising the contradictions within the Mitsui Kaken. A particular role was played by Max Warburg, the prominent Hamburg banker, through several meetings with Mitsui’s top directors and a special meeting on the occasion of a visit to Europe and the U.S. by Mitsui Hachiro’uemon Takamine, the head of the Mitsui zaibatsu from 1885.72

70 Explanation of the case of Mitsukoshi in this paragraph in based on ibid, pp.159-61.
71 The entire articles of the Mitsui Kakun and a detailed analysis are in Yasuoka, Zaibatsu Keiseishi, pp.401-12, and also Mitsui Bunko (ed.), Mitsui Jigyoshi Shiryo hen vol.3. pp.344-58.
72 For detail on these meetings and a brief summary of the discussion see Mitsui Hachiro’uemon Takamine Den Hensan linkai (ed.), Mitsui Hachiro’uemon Takamine Den, pp.296-98.
b) Sumitomo

As well as Mitsui, Sumitomo had been a prominent merchant house in the Tokugawa period, and Sumitomo’s business, too, was successfully transformed into a zaibatsu in the late Meiji and Taisho periods. In spite of this common feature, however, Sumitomo exhibited different characteristics in terms of both its main business and its ie system. Unlike Mitsui, which had focused on commerce, Sumitomo’s main business was copper mining. Moreover, with regard to Sumitomo’s ie system, the family authority was concentrated on the head of the main house, the honke, and the branch houses, the bunke, played a really minor role in Sumitomo’s business activities. This forms a strong contrast with the case of the Mitsui families, which, as noted above, were divided into 11 families on the establishment of the Mitsui Kaken, and whose managerial power within the Mitsui business depended on status within the families. Therefore, it can be said that Sumitomo had a more simple structure in terms of its household and business system. Moreover, since the main business can be defined as heavy industry, Sumitomo’s operations were of major relevance to contemporary government policy, which stressed a ‘rich nation, strong army’ slogan and consequently the development of the heavy industries. This added a certain nationalistic characteristic to Sumitomo’s business, especially from the Meiji period.73

One of the factors that had the most decisive impact on Sumitomo’s business and its ie system was the early death of both the 12th and 13th heads of the Sumitomo house in the early Meiji period. In the absence of any male descendants at this time, Hirose Saihei, the business leader of the Sumitomo house in this period, formally made the wife of the 12th head the 14th head, and decided to select an adopted son from an aristocratic family, to give a more prominent social status to the Sumitomo family.74 The adopted 15th head of the house, Sumitomo Kichiza’emon Tomoito, born Tokudaiji Takamaro but married with the daughter of the previous head, was therefore less influential in practical terms in Sumitomo’s day-to-day business, and although the master of the house had from the Tokugawa period already handed most power over

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73 This nationalistic tendency was commonly acknowledged by employees, and was often utilised to differentiate Sumitomo’s business from those of Mitsui and Mitsubishi, on the grounds that the main aim of Sumitomo’s business was to serve the nation. For example see J. Kawata, Sumitomo Kaisoki (Tokyo, 1951) p.26.
the business to senior employees, the separation of ownership and control was further enforced by this situation. This can be regarded as offering a contrast with the Mitsui case, in which a complex business and family structure sometimes led to minor conflicts within and between the families and the executive managers.

In contrast, reforming the Sumitomo business and managerial system took much longer than in the Mitsui case. Due to its rapid business expansion, Mitsui established a holding company in 1909 to achieve more organisational control over its affiliates. However, in the Sumitomo case, the holding company was not founded until 1921, later than Mitsui. This would seem to have been caused by the slower speed of diversification of Sumitomo's business, which was more focused on the industrial sector. Moreover we can also assume that despite some introduction and application of aspects of the western-style business system to the Sumitomo business, these changes were insufficient to change the Sumitomo house completely into a corporate style business. Some sources indicate that Sumitomo's affiliates tended to be independent from the authority of the Sumitomo house when it shifted its business organization into becoming a corporation. This evidence probably indicates the constraining power of the *ie* system over the business, although the same system could also be a significant factor in promoting business expansion. Moreover Sumitomo's scale of business was smaller than Mitsui's.

However, business expansion throughout the First World War period and taxation reform in the interwar period had a decisive impact on reform of the business system and the establishment of a holding company in Sumitomo. As briefly described in the previous section, the new plans for taxation increased the burden on those merchants who personally controlled their businesses rather than transforming them into corporations, and the executives of Sumitomo began to consider further reforms of the business when the government taxation plan were made public. The various documents relating to the plans for the organizational changes that established the holding company and separated the business of the Sumitomo house into affiliate corporations, indicate the aim of this reorganization. Although the overhaul of the

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whole business system within the Sumitomo house was the prime purpose, attention also focused on the relationship between the Sumitomo family and its business in the context of the modern legal and economic system. The efforts of Sumitomo executives also show that in this context, it was regarded as being out of the question to separate the Sumitomo family and the business, and this reluctance was probably influenced by the ie system of the merchant houses, in which the family and the business were indissolubly connected. Although one executive of the Sumitomo holding company later stressed in a memorandum that the purpose of the reorganization had been to dispel the feudalistic relationship between the master and employees under the traditional ie system, there is no doubt that the authority of the family (or the family head) was still significant after this reform, since it was believed that the credibility of the Sumitomo business depended on the Sumitomo family. In addition, the establishment of Sumitomo Shasoku (general regulations of Sumitomo and its affiliates), based on the Sumitomo Kaken, the private family law that had operated since the Tokugawa period, indicates the influence of the former ie system. Thus in the Sumitomo case, while the executives obtained enough power to run Sumitomo’s business after the reorganization and the founding of the Sumitomo holding company, with the result that the separation of ownership and control was more apparent than in the Mitsui case, they could not eliminate the family from the business, since their managerial power relied on the family’s authority.

c) Involvement in other business sectors

Apart from the case of the zaibatsu, the strategy of merchants towards new business systems, with regard to their business activities, was very varied. Some merchants shifted their business, for instance from kimono retailing to textile goods retailing, and business expansion inevitably stimulated organizational change within the merchant house towards a more modern style. There are some other cases in which business expansion finally caused diversification within a particular sector or the development of a new sector, for example, in the case of Itochu or Marubeni, both of

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77 The document relating to the plans is in ibid, pp.68-106.
78 The feelings of the Sumitomo executives at this reform are partly shown in ibid, pp.69-75.
79 The memorandum of this executive is in ibid, p.110.
80 The change from Kaken to Shakun was only a minor change, in terms of language usage. See ibid, pp.146-47.
which started as kimono retailers and later became trading companies. However, in this section, particular attention will be paid to merchants who were involved in related sectors, and as a result transformed their main area of business.

The two sample sectors chosen in the following are the department store business and the pharmaceutical industry. Since the attention in this section will be focused on how merchants survived under the new economic conditions in Japan, these two cases can help to show how these new industries (in both the industrial and service sectors) developed in the context of a traditional historical background and business system. The department store business, considered in most western cases as an innovation of the retailing sector, was a method of business survival for kimono retailing merchants in modern Japan. Thus the analysis of this particular business may exemplify how merchants in modern Japan applied new business concepts, introduced from western countries, to their traditional business system. The latter case, the pharmaceutical industry, also exhibits some particular characteristics of modern Japanese business. Although there were some industries in which the application of modern technology to industrial development was more important, for example the rice wine industry or soy-sauce brewing, the pharmaceutical industry is an unusual case in modern Japanese business history, since the development of this industry depended on medicine merchants who had no experience in the production of medicines. Their trial and error procedure for shifting their main business activities from retailing to production offers a number of insights into modern Japanese business. In particular, the case of the Japanese pharmaceutical industry, which was an industry which in the European cases needed huge capital for research and development from the period of its initial development, displays significant differences.

The Department Store Business

Although in the European case the department store business was relatively new within the service sector, and ambitious entrepreneurs led the growth of this kind of business from the late 19th century, in Japan the majority of the older department store

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companies, for example, Takashimaya, Daimaru, Mitsukoshi and Matsuzakaya, originated from among the merchants of kimono retailing in large cities. Moreover, unlike European department store companies, which made innovations in retailing, sales and advertising to capitalise on the purchasing power of the middle class, the Japanese department store business was a means of business survival for those kimono retailers who had suffered severely from huge losses due to the economic upheaval of the early Meiji period. Therefore, being the first stage of business survival, their business strategy took a different form, and their attempts at innovation in business were largely aimed at recovery of their main business. For example, Takashimaya, one of the famous kimono retailers in Kyoto, managed to survive partly by specializing in the foreign market. With the collaboration of various fine artists, Takashimaya invented a new style of kimono, which became an artistic item for export to the European market as well as the domestic market, and achieved huge success at domestic and foreign exhibitions. Other kimono retailers attempted to innovate in their sales style, advertising and promotion, by introducing new methods from European department store companies, like show cases for sales goods, and bargain sales, or by responding to new demands, for instance, the manufacturing of uniforms for students and officials. Despite the difference in starting point compared to the European case, the introduction and application of these commercial methods resulted in a shift of business from kimono retailing to the department store business in the late Meiji period, in the early 20th century.

The shift into the department store business was accelerated by external factors. The growth in population and urbanization enlarged the mass market and created huge demand for various commodities, and thus led to further development in business. As a result of these changes, the kind of business organization adopted under the merchant houses’ ie system became insufficient for meeting the new demand and responding to growth. Therefore, along with the impact of the newly established

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85 See T. Hatsuda, Hyakkaten no Tanjo (Tokyo, 1999), esp. chap.3 for further details.
commercial code, their business systems were transformed into those of the modern firm or corporation. This shift was marked firstly in Mitsukoshi, originally a business of Mitsui but which then became one of Mitsui’s affiliates in the early 20th century, when it reorganized its kimono retailing business into a corporation and began to devote itself to the department store business.\(^8\) Mitsukoshi was followed by other merchants who got involved in the department store business, and the scale of the stores and the retailing of goods dramatically expanded. Nevertheless, upheavals in the Japanese economy on occasion damaged their businesses, and sometimes business expansion provoked serious resistance from employees who were reluctant to change their business practices. For example, Daimaru, formally known as Shimomura Gofukuten, changed its form of business organization into a limited partnership in the early 20th century. However, the rapid reform led to conflict among executives, largely due to the antagonism towards modernization harboured by the older executive group, and with depression during this period as well, sales plummeted and the Daimaru business went into serious crisis, resulting in the closure of several branches.\(^7\) This indicates the clear difficulties that merchants faced in changing their business systems into modern organizational forms, as they attempted to change the more traditional mindsets of their senior employees.

Despite these kinds of conflicts, radical changes in economic conditions, especially from the early 1900s, further accelerated business and managerial reforms. The growth in sales and the expansion of branches in areas distant from the home store, along with the increase in the variety of traded goods, finally led to a managerial transformation into the modern corporate style. Many of the department store companies shifted from being merchant houses to become corporations during the early 20th century, and through this process, traditional customs, especially relating to labour management, were replaced by the introduction of more westernised systems. The separation of the owner’s family from day-to-day business also took place during this period. For instance, in Takashimaya, as a result of business expansion, all branch store managers, who were formal members of the founding Iida family, were replaced by senior managerial employees. This policy was aimed at concentrating the members

\(^7\) See Daimaru 250nenshi Henshu Iinkai (ed.), *Daimaru 250nenshi*, pp.232-66 for further detail of conflicts and business crisis.
of the Iida family in top management. On the other hand, in spite of these reforms, the nature of many business activities was still characterised by traditional factors. The fact that the trading names of these department store companies often still included the word gofukuten (kimono retailing store), provides just one particular example of this, even though this was largely due to their dependence for a large share of their sales on kimono retailing. In addition, the owner's family invariably maintained a covert constraining power through the establishment of the holding company or the issue of shakun, regulations for company employees. In some cases, there is evidence that these shakun were read at the daily meeting of employees in each branch, although the shakun did not tend to emphasise family authority.

The Pharmaceutical Industry

In the European and US cases, the pharmaceutical industry formed part of the chemical industries and, as Chandler has emphasised, the scale of business had a decisive impact on the development of this new industry, which required massive investment in research and technological innovation. The pharmaceutical industry in these countries was therefore well known as a part of big business and took on the corporate style of firm at an initial stage of its business activities. However, unlike in these cases, the pharmaceutical industry in Japan was founded by medium-scale wealthy merchants, who had been medicine retailers since the Tokugawa period. The scale of their businesses was small compared to their counterparts in western countries. However, it is apparent that the progress of the development of this industry in Japan was largely overshadowed by the country's relative technological and economic backwardness, rather than by any constraints from traditional business customs. The relative backwardness of scientific and technological knowledge in general may be assumed to be an additional factor in this.

The first stage of the shift from medicine retailing merchants to pharmaceutical industrialists was marked by the abolition of sakoku, and the opening of the domestic market to foreigners. The impact of the penetration of Western chemical-based

88 See Takashimaya 150nenshi Hensan linkai (ed.), Takashimaya 150nenshi, p.90.
89 For example, see Matsuzakaya 70nenshi Hensan linkai (ed.), Matsuzakaya 70nenshi, pp.38-39.
90 See A. D. Chandler, Scale and Scope, esp. pp.170-93.
medicines into the domestic medicine market was sufficient to make these medicine retailers, who retailed traditional holistic medicines (kanpoyaku), change to selling western medicines. From the early Meiji period, these retailers dealt with the merchandising of these products through foreign traders in particular export ports, like Kobe and Yokohama, and some medicine retailers were directly involved in importing from foreign medicine makers or their agents. Consequently, in the early stage, there were remarkable changes among those medicine retailers in terms of the goods in which they dealt, and this also indicates a dramatic decline in the demand for traditional holistic medicines. In addition, from the early Meiji period, these retailers, particularly in Osaka, which had been a centre for the trade since the Tokugawa period, had strong interests in the manufacture of chemical-based medicines, and therefore began to engage in such manufacturing in the late 19th century, notwithstanding their technological backwardness and lack of modern equipment and factories. However, in spite of their efforts, success in the medicine manufacturing sector was limited in this period, and the shift from retailing to manufacturing was relatively slow.

As with merchants in other business sectors, the changes in economic conditions and business expansion also encouraged these medicine retailers to reorganise their businesses, although there were no drastic and rapid changes with regard to business organization. If we focus on the retailing business, as shown above, certain shifts and a tendency towards modernization are apparent, largely due to expansion in the scale of business, but the transition of these retailers into pharmaceutical industrialists was, by contrast, something that happened gradually. We can assume that since the main business of medicine retailing owed a great deal to the business of importing Western chemical-based medicines even in the early 20th century, these businesses still maintained a strong identity as 'merchants'. In addition, their managerial systems, in some respects, maintained and utilised the traditional apprentice system. In Takeda, which was one of the big three medicine retailers in Osaka, along with the Tanabe and Shiono (Shionogi: Shiono is their family name) merchant houses, and which also initiated medicine production from the late 19th century, a dual structure of traditional

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92 See Tanabe Seiyaku Shashi Hensan Iinkai (ed.), Tanabe Seiyaku 305nenshi, pp.50-56.
apprenticeship and a modern recruitment was integral to management even in the early 20th century.\textsuperscript{93} Also some traditions dating from the Tokugawa period, like the payment methods for trading medicines, were not abolished until the middle of the 20th century, despite an across the board shift into the pharmaceutical industry in this period.\textsuperscript{94}

The transformation of the medicine retailers into pharmaceutical industrialists was significantly influenced by one great event, the First World War. The outbreak of the war meant a virtual cessation of the export of industrial goods from both Germany and the Allies. Retailers of imported medicines had relied heavily on Western chemical-based medicines, in particular German medical and chemical goods, which had a huge share of the Japanese market. The halting of the export of such goods from Germany, therefore, severely damaged the medicine retailers. Although this blow to the retailers contrasted sharply with the position of those merchants and businessmen who benefited from the great boom of war demand, it also provided the initiative for these retailers to devote themselves to medicine production. Moreover, Japanese government policy shifted towards encouraging domestic production of chemical-based medicines. Government guidance and protection of medical production, contributed to rapid technological innovation and modernization of production, and resulted in a complete transformation of these medicine retailing merchants into pharmaceutical industrialists.\textsuperscript{95} This transformation was accelerated after the First World War, largely due to the heavy industrialization from this period, and was also connected with the change of these businesses' managerial systems into more of a corporate style organization. The restructuring of these retailers' businesses into pharmaceutical corporations took place during the interwar period, conspicuously among those who survived the recession period after the war. Moreover, although the ownership of these corporations was still in the hands of the owner's family, the requirements of rapid technological innovation and need for educated and skilled employees minimised the influence of traditional customs, particularly that of the \textit{ie} system, compared to corporations in other business sectors that had also originated

\textsuperscript{93} See Takeda 200nenshi Henshu Iinkai (ed.), \textit{Takeda 200nenshi} (Osaka, 1988), pp.239-41 for further details.
\textsuperscript{95} See \textit{ibid}, pp.80-84.
from merchant houses.96

3.3.4. The Role of the *ie* System in Modern Japanese Business

The above sections have suggested that it must be accepted that the *ie* system of the merchant houses played a critical role in the transformation of Japanese business from the Meiji period. Firstly, although there were clear differences compared to the modern business system, the businesses of merchant houses were already to some extent structured as formal organisations, rather than being personal fiefdoms. Since one of the most significant characteristics of merchant houses was their aim of continuing their family business over the long-term, this had a major influence on the business activities of merchants, and necessarily weakened the decision-making power of the head of the merchant house, in order to avoid any danger from a risky decision by the head, which might well damage business objectives. Secondly, the organization of the family business system gave a relatively strong power to employees, especially to senior and higher level employees, in running the business of the merchant house. The family heads who violated the rules of the business or had no interest in management were at serious risk of being ousted from their position by agreement between senior employees and other family members. This consequently separated the owning family of the merchant houses from day-to-day business and led to managerial control being mainly in the hands of the senior employees. These characteristics may therefore probably be said to differentiate Japanese family businesses from their European counterparts, which tended to be strongly under the personal control of the owner and his family.

However, although it may be true that the business and *ie* system of merchant houses was a significant factor in the adoption or application of the modern business system among merchant houses, traditional practices, which even appeared irrational in terms of the development of modern business, were also maintained, and continued to exercise influence over the formation of modern Japanese business. These remaining traditional customs, mainly originating in the *ie* system, worked as a constraining influence, despite certain reforms and reorganisation in business activities. For example, see Shionogi Seiyaku (ed.), *Shionogi 100nen*, pp.129-39 and Tanabe Seiyaku Shashi Hensan linkai (ed.), *Tanabe Seiyaku 305nenshi*, p.100 and pp.114-15.
instance, in spite of the absence of official legalization, *kakun or shakun* (family and company laws), both of which were established to control the family and employees in the context of their business activities, exercised a decisive power in these businesses. It can be said that these constraining customs created difficulties in achieving a total separation of ownership and control within modern Japanese family businesses, which had mainly originated in merchant houses. Moreover, under these practices, the employees of modern Japanese firms that had their origins in merchant houses were compelled, albeit reluctantly, to recognise that their business activities owed a great deal to the family’s authority, as formulated under the *ie* system. One particular example of this was the Mitsui case, in which an annual New Year ceremony with families, directors and executives of the holding company and affiliates was held to read part of the family constitution, the *Mitsui Kaken.\(^7\)

On the other hand, even where the managerial and business system of these family firms indicated the co-existence of traditional and modern factors within the business, this did not necessarily create uncertainty in terms of the responsibility for business failure among these firms. Some evidence shows that sole responsibility for any particular business scandal lay with the owner or the owner’s family, even if the family had not committed the scandal. For example, in 1914, Sumitomo was involved in a bribery scandal between Siemens and the Japanese Navy, provoked by a joint venture project for an electric cable company between Siemens and Sumitomo. Although the inspector found no evidence that the top management of either firm had committed to this bribery scandal, and concluded that the responsibility lay solely with the employees of Siemens’ Japanese branch, Sumitomo immediately abandoned negotiations with Siemens, since Sumitomo Kichizaemon, the head of the Sumitomo house, was afraid that the widespread reports of this bribery scandal would end up damaging the credibility of Sumitomo’s business and his own credibility among the public.\(^8\) In addition, Mitsui Hachirojiro, the president of Mitsui Bussan, quit from his job at this time, since Mitsui Bussan was indirectly involved in the scandal through being a channel of bribery for one naval officer, and though this was a minor factor in

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\(^7\) For detail of this ceremony, see Mitsui Hachiro’uemon Takamine Den Hensan linkai (ed.), *Mitsui Hachiro’uemon Takamine Den*, pp.390-93.

the bribery overall, it was sufficient reason for him to quit because of the certain
damage it would do to Mitsui’s business. It may be argued that this incident also
strongly influenced the decision of Sumitomo Kichiza’emon to abandon the joint
venture, since Sumitomo had a family relationship with the Mitsui families through
marriage.

A similar tendency is apparent in another case, the business scandal concerning
Furukawa Shoji in 1921. Furukawa made heavy losses through speculation in soybean
products in the Manchuria market undertaken by the senior manager of the firm’s
Dairen branch in Liaoning, in addition to which there was accounting fraud.
Furukawa Toranosuke, the owner of the trading company and the other affiliates,
rescued this company by utilising his assets in the Furukawa Holding Company.
Despite his countermeasures, however, the attempt contributed to a failure on the part
of the Furukawa affiliates to develop as a zaibatsu. This evidence consequently
suggests that the credibility of the business largely rested on the status of the family,
and the family played a significant role in any case of business failure in restoring
reliability and credibility to the business. It is apparent, moreover, that this tendency
can be traced to the traditional practices of the ie system, with some influence from
the modern business and legal systems.

3.4. Profits and Profitability of Wealth Holders’ Businesses

We may be sure that among those wealth holders who owned family businesses or
who invested in various business sectors, the profits and profitability of these firms,
the dividends and returns, were matters of great significance. On the other hand, in the
context of modern Japan, in which development of Japanese business was focused on
overcoming the relative backwardness of the economy, in particular in the industrial
sector, such a profit-seeking attitude often met with heavy criticism from
contemporary observers, and has also been criticised by researchers in business
history. These criticisms have stressed the negative impact of a profit-seeking attitude
on the part of big shareholders who were also wealth holders, and argued that this

99 See Mitsui Bunko (ed.), Mitsui Jigyoshi Honpen vol.3-1, p.245.
100 See H. Takeda, ‘Furukawa Shoji to Dairen Jiken’ in Shakaikagaku Kenkyu 32-2 (1980) for further
detail.
tendency worsened the business performance of modern Japanese firms, since such shareholders were not interested in the long-term development of these firms. These criticisms are in some respects true and accurate in explaining the potentially negative influence of shareholders on a firm's business. However, it should be noted that the underdevelopment of the financial sector in the early stage of industrialization necessarily required wealth holders to invest in newly established firms through direct investment. In addition, these wealth holders also owned and ran their own family businesses, and thus there are likely to have been certain differences in their attitude towards the family business and towards the firms in which they invested, at least in terms of their commitment to day-to-day business and management. Moreover, the ie system, discussed above, probably functioned to prevent or limit the family interest in profit-seeking in the family business itself. Therefore, the question hinges on the extent to which wealth holders were profit-seekers or more business-oriented with regards to receiving returns, dividends or any sort of profits. In other words, we need to ask whether wealth holders could sacrifice their profits and returns to business expansion and to the development of the business activities of their own family firms and the firms in which they invested, whether they were profit-seekers outside their family businesses, or whether they were profit-seekers in both cases.

In this final section, attention will be focused on an analysis of these perspectives by looking at the profits and profitability of wealth holders' businesses. Firstly, in order to focus on the level of returns from big business to the owners' family, a revisionist view is presented based on recent research on some of the zaibatsu owners, especially the Mitsui, Sumitomo and Iwasaki (Mitsubishi) families. This sample has recently been considered as representative of business-oriented wealth holders, who had relatively less interest in making huge profits and returns for their families, notwithstanding the large scale of their businesses. In this context, the role of holding companies, which can be considered as the asset management companies of wealth holders, will also be discussed. However, certain limitations relating to the sources and the extent of previous research on these companies make it difficult to analyse them in great detail. This is largely due to the difficulty in accessing reliable sources,

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101 For example see H. Morikawa, Top-Management, pp.76-79 and pp.98-102. Contemporary criticism is founded in, for example, M. Takahashi, Kabushikigaisha Bokokuron (Tokyo, 1930) p.48, quoted in Morikawa ibid, p.101.
for instance, balance sheets or other financial information, largely because the disclosure of such information also led to the opening of personal information in relation to these holding companies. The discussion of other minor holding companies here therefore relies on secondary Japanese sources.

Secondly, wealth holders' business activities with regard to their investment activities will briefly be analysed. Since many firms in modern Japan were founded as corporations on the basis of investment by various wealth holders, the pattern of investment activities in particular exemplifies some of the characteristics of the development of modern Japanese business. It will also show to some extent the attitude of these business wealth holders towards the business activities of the firms in which they invested. In order to demonstrate another aspect of wealth holders, we will also seek to establish how far all wealth holders had a single, monolithic set of motivations for their investment activities outside their family businesses, and how far their motivations depended purely on individual objectives and inclinations.

3.4.1. Profit Distribution within Zaibatsu Families

a) The Mitsui Families

There is no doubt that the Mitsui families occupied the most prominent position among Japanese business wealth holders, in terms of the great scale of their business activities and wealth accumulation. This scale of activity and wealth possibly exceeded those of the top members of the wealthy business elite in Europe. However, unlike their European counterparts, who appear to have had fewer or no restrictions on personal utilisation of the assets they had accumulated through their business success, in the Mitsui case there was strict regulation and limitation on using personal and family assets, largely due to a more business-oriented attitude strongly influenced by their ie system. The recent disclosure of historical materials on the system whereby they managed their assets, utilised in a number of research works, has shown that the family's returns and revenues from Mitsui's business were certainly small compared to the scale of their business and total assets.
Under the regulations of the *Mitsui Kaken*, their private family law, the total assets of the Mitsui families were divided into three categories, that is, the business assets utilised for business activities and expansion; those assets that were commonly owned by the Mitsui families; and the personal assets of each family.\(^{102}\) The percentage holding of each family in the business and commonly owned assets was based on the percentage of assets held by the different families since the Tokugawa period. According to this rule, the *soryoke* held 23 percent of total combined assets, each *honke* held 11.5 percent, and the other families, the *rente*, each held 3.9 percent.\(^{103}\) This percentage of asset holding was also utilised for distributing the profits from Mitsui’s business activities to each family. However, their returns from Mitsui’s business were strictly regulated and comparatively small. For example, in the late Meiji period, the family received 40 percent of the net-profits from Mitsui’s business as the basis for the profit distribution among families. Moreover, the distribution was systematically conducted according to the rules on asset holding. Thus even the *soryoke*, the family whose head was also the head of the Mitsui *zaibatsu*, received only about ¥50,000 (£5,000) annually for the family’s expenditure.\(^{104}\) As the scale of business rapidly expanded, these annual returns gradually increased. Nevertheless, the level of returns to the families from the net-profits of Mitsui’s business was certainly limited, or, in other words, minimised.

In the early 20th century, the various reforms in taxation, especially relating to income tax, and the foundation of the holding company, made the system of profit distribution more complex. This trend was also influenced by the rapid expansion in Mitsui’s business activities. In the middle of the 1920s, the return from Mitsui’s business activities took the form of a payout of a dividend from the Mitsui Holding Company, which reached ¥20 million (£2 million) annually.\(^{105}\) Nevertheless, about two-thirds of this income was deposited in accounts at the Mitsui Bank, and utilised for investment in business activities within the *zaibatsu*. A further one-tenth or so was retained for the future payment of income tax and special reserves for the families. Thus, in the

\(^{102}\) See Mitsui Hachiro ‘EMON Takamine Den Hensan linkai (ed.), *Mitsui Hachirou ‘emon Takamine Den*, p.226.

\(^{103}\) For the establishment of this asset holding system in the Tokugawa period see Yasuoka, *Zaibatsu Keiseishi*, pp.180-82, pp.194-198.

\(^{104}\) The details of this distribution system were actually more complex. See Mitsui Hachiro ‘EMON Takamine Den Hensan linkai (ed.), *Mitsui Hachiro ‘emon*, pp.227-29 for further detail.

\(^{105}\) *Ibid*, p.405.
second half of 1929, out of about ¥10.5 million of income from the Mitsui Holding Co., the Mitsui families themselves only received ¥2.9 million as their return.\textsuperscript{106} Moreover, out of this income, funds to cover the expenditure on managing the family committee and for several special reserves, which would be utilised for special family occasions, for instance, marriage, funeral services or the establishment of a new branch family by the children, were placed on deposit.\textsuperscript{107} Thus, despite the remainder of the return being distributed according to the rules for profit distribution, each family had to deposit a part of its returns as a reserve for special occasions. Consequently, the actual return that could be utilised as annual expenditure for each family became relatively small compared to the scale of business of the Mitsui zaibatsu. For instance, in the middle of the 1920s, the soryoke, the leading main family, received around ¥800,000 each year as the family revenue.\textsuperscript{108}

Although this complex system was based on the business structure and asset holding methods established in the pre-industrial period, and was largely generated by the business-oriented attitude adopted towards business activities, it caused serious financial problems, in particular for the honke or renke, whose family status was lower than that of the soryoke. The annual returns of these families under this system were consequently inadequate, and insufficient for sustaining their social status and livelihood. Because of their higher social status among Japanese business families and within society in general, these families’ personal expenditure reached a level that could not be covered by their annual return from the Mitsui Holding Co.. Therefore, to avoid any conflict with regard to profit distribution among the Mitsui families, the special reserves that had been accumulated were frequently exploited to help with financial difficulties within the family and among members of the Mitsui families.\textsuperscript{109} This evidence indicates that even while the families’ total fortune may have been enormous, it could not be used freely for personal purposes. While this displays a business-oriented attitude and a lesser interest in distributing the profit from Mitsui’s business activities, this complex system did sometimes lead to serious problems, and even financial difficulties, as the families’ social status became pre-eminent.

\textsuperscript{106} Ibid.
\textsuperscript{107} See ibid, pp.405-07 for further detail of this mechanism.
\textsuperscript{109} In the face of financial difficulties, certain modifications in the system to change the method of utilisation of these reserves took place. See ibid, pp.415-17 for details.
b) The Sumitomo Family

In contrast to the Mitsui families, the structure of profit sharing within the Sumitomo family was simpler, since the ownership of the Sumitomo house (as a business organization) and its affiliate firms was in the hands of the head of the Sumitomo family. On the other hand, because of the relative delay in reforming Sumitomo's business and management structures, the profit share of the family during the period of its existence as a merchant house (until the early 20th century) is not clear, presumably due to the lack of separation between the business and the ie system. However, as a result of the founding of the Sumitomo Holding Company, largely due to the tax reforms that increased the tax burden on non-corporate personal businesses, it became necessary to clarify the distribution to the family of returns from the profits of the Sumitomo Holding Co. and its affiliates. The process whereby profits were to be distributed appears in documents relating to the establishment of the Sumitomo Holding Co.. These plans indicate that from an early stage in this process, the distribution of profits to the family was a significant concern. As in the case of Mitsui, the main purpose of the founding of the Sumitomo Holding Company was to supply sufficient capital to affiliates and business activities in general, and therefore on this basis, returns to the Sumitomo family tended to be minimized. The initial plan for profit distribution stated:

'The objective of this holding company is to manage and increase the capital for the business activities (of Sumitomo), and so the annual profit (of the holding company) shall be utilised for capital accumulation, and (the returns to the Sumitomo family) will be made at the level of minimum requirement…'.

Later, this plan was revised to

'… the return shall be paid at a level, which is sufficient to support the head (of Sumitomo) and his family's (social) life'.

However, even among the Sumitomo executives who formed the plan for the establishment of the holding company, it was noted that excessive minimization of returns to the family might be risky. They considered that even though the main motivation for the company’s establishment was to reduce the tax burden, which was

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110 These materials are used in K. Yamamoto, "Sumitomo Goshi Gaisha no Setsuritsu" in Sumitomo Shiryokanho vol.29 (1998).
111 'Rieki Bunpai narabini Mochibun Haraimodoshi: Ei An' in ibid, p.87.
112 'Rieki Bunpai: Bii An' in ibid, p.87.
regarded as preventing the expansion of business activities, payment of too low a return to the family would lead to suspicions among the public, that the real objective of the holding company was tax evasion on the part of the Sumitomo family, and such suspicions could possibly damage the social respectability of the Sumitomo family and the credibility of Sumitomo’s business. Therefore, the level of the payment of returns in relation to the huge amount of funds in the Sumitomo Holding Co. actually held by the owners was a main discussion point among the Sumitomo executive.

Eventually, the returns from the holding company to the Sumitomo family were determined as follows:

‘Most of the profit from the holding company reserves for investment (within the Sumitomo’s businesses), and returns to the family head (of Sumitomo) will be paid as the household payment (from the holding company), based on the level of the actual annual expenditure (of the family), and the payment of dividends to any other family members (who have invested in the holding company) will be decided by the family head.’

This indicates that the payment of returns to the family head, in other words, to the head of the Sumitomo zaibatsu, and to the family members would seem to have taken the form of the holding company’s payment of all necessary expenses. It also shows a contrast with the Mitsui case, in which returns were determined according to certain rules related to the rate of assets holding of each family. Under the Sumitomo system, returns from the holding company were not affected by the share of assets held, or by any increase in the asset of the holding company. Another difference in the Sumitomo case is that along with returns from the Sumitomo Holding Co., there was additional income from other sources. When the holding company was established, the shares of other firms, which had been part of the assets of the Sumitomo house’s business organization, and which included shares in Sumitomo’s affiliates and other firms, were given to the head of the family. Except for Sumitomo affiliates within the heavy industry sector, the annual rate of dividend from the other firms was around 10 percent, and according to the calculation of dividend payout, in 1921 the annual returns from such shares were worth ¥500,000. This meant that, in addition to

113 This point of consideration is in ‘Kaisha Soshiki o katosuru Riyu: Shii An’ in ibid, p.70.
114 Formally, the capital of the Sumitomo Holding Co. was provided by the members of the Sumitomo family. Of the company’s ¥150 million capital, the owner funded ¥148 million. See ibid, pp.119-22 for detail.
115 ‘Dai 9: Rieki Bunpai narabini Mochibun Haraimodoshi’ in ibid, p.89.
116 See ibid, p.114 and also the balance sheet of the Sumitomo family in Taisho 10, in ibid, p.116, for
return from the Sumitomo Holding Co., which paid ¥500,000 annually, the total revenue of the head of the Sumitomo, who was also the president of the Sumitomo Holding Co., amounted to around ¥1 million at this time.\(^{117}\) Although we cannot be sure that this revenue was adequate for the annual expenditure of the Sumitomo family, this amount is slightly more than the case of the Mitsui soryoke, whose annual revenue was about ¥800,000 in the middle of the 1920s. Nevertheless, we may assume that the returns from the Sumitomo businesses to the Sumitomo family were low in relation to the scale of its businesses. As in the case of the Mitsui families, this evidence would seem to signify a business-oriented attitude on the part of the Sumitomo family. The data on the net profits of the Sumitomo Holding Company also reinforce this perspective. Although the return to the family was fixed from the outset, net-profit rapidly increased during the late Taisho period, and reached a level of around ¥4 million annually.\(^{118}\)

c) The Iwasaki Families

Among the cases of the zaibatsu, the Iwasaki families, the owners of the Mitsubishi zaibatsu, constituted another particular case with regard to profit-sharing. The peculiarity of the Iwasaki families lay firstly in the ownership system of Mitsubishi. Mitsubishi’s business contrasted strongly with the cases of the Mitsui and Sumitomo families, in that it did not originate in a merchant house. The development of Mitsubishi’s business was undertaken by the founder, Iwasaki Yataro, and his younger brother Yanosuke, in the Meiji period. This situation caused ownership to be split between the descendents of the two brothers. The president of the Mitsubishi Holding Co. from the early Taisho period, Iwasaki Koyata, was the son of Yanosuke and, he had inherited his position from Iwasaki Hisaya, the eldest son of Yataro. This alternate inheritance of ownership between the two families would appear to have

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\(^{117}\) The amount of the family head’s revenue was almost the same as in the plan for payment. See, ‘Kaisha Soshiki: Shii An’ in ibid, pp.70-71. However, in fact, the payment of fixed returns to the family head included returns to the two sons of the head, who also invested in the Sumitomo Holding Co.. Therefore, the actual payment to the family head from the Sumitomo Holding Co. was ¥400,000, 100,000 less than in this plan. See Yamamoto, ‘Sumitomo Goshi Gaisha: Jo’, in Sumitomo Shiryokanho vol.30 (1999), p.102.

\(^{118}\) See Yamamoto, ‘Sumitomo Goshi Gaisha’, p.105.
became a tradition for the Iwasaki families.\textsuperscript{119} In addition, unlike the Sumitomo or Mitsui families, the owner of Mitsubishi actually ran the day-to-day business of Mitsubishi, including the business of its affiliates. Therefore, both ownership and control of the Mitsubishi \textit{zaibatsu} were in the hands of the Iwasaki families. Although Mitsubishi's business and management was founded on the introduction of a western-style business system, and under this system, salaried managers were used to support the development of the Mitsubishi \textit{zaibatsu}, the coming together of ownership and decision-making power made Mitsubishi's business more resemble the European cases of family business.

However, if we turn to the profit sharing of the Iwasaki families from the Mitsubishi business, we can observe a surprising characteristic of the Iwasaki families. On the one hand, just as in the Sumitomo and Mitsui cases, the families manifested a strong tendency towards business-orientation in relation to Mitsubishi's business activities. On the other hand, some evidence indicates that in contrast to the other two \textit{zaibatsu}, the Iwasaki families rarely depended on Mitsubishi's business activities in terms of profit sharing. Although, largely due to lack of sources by comparison with Sumitomo and Mitsui, we cannot be clear about the extent of the profits received by the Iwasaki families from Mitsubishi's business, some research does signify that limited importance was attached to profit by the families. For instance, Takeda's research on returns to the Iwasaki families from the Mitsubishi Holding Company has shown that the dividend rate of the Mitsubishi Holding Co. was quite low, at around 6 percent during the period of the First World War, 1 percent in the early 1920s, and 4 percent in the late 1920s. Moreover, the level of returns to the Iwasaki families from 1913 to 1920 was almost equivalent to the increase in the capital of the Mitsubishi Holding Co. during this period, that is, ¥171.75 million for the former and ¥165 million in the latter case.\textsuperscript{120} From this analysis, Takeda concludes that most of the returns to the families were reinvested as the capital of the Mitsubishi Holding Co. Furthermore, in

\textsuperscript{119} Although the reason for this inheritance system is unclear, it may be suggested that the early death of Yataro led to this situation. After Yataro's death, his son, Hisaya, was still young and it was therefore hardly possible for him to run Mitsubishi's business by himself. Thus Yanosuke took the position of owner until Hisaya was old enough to inherit this position. Also, Koyata planned to pass on his position to Hikoyata, the eldest son of Hisaya, although the outbreak of the Sino Japanese War made the plan impossible. See T. Miyakawa, \textit{Iwasaki Koyata}, (Tokyo, 1996), pp.46-53 and p.189.

\textsuperscript{120} See H. Takeda, '\textit{Zaibatsu to Naibu Shihonshijo}', esp. pp.39-40 in H. Okochi (eds.), \textit{Kigyo Katsudo to Kigyo Sisutemu} (Tokyo, 1993) for further details.
spite of the families’ involvement in Mitsubishi’s business and management, in some cases salaries were also less important for the families. For instance, in 1938, when the Iwasaki families decided to disclose their share in the Mitsubishi Holding Co. to the public and restructured the holding company as a corporation, the president, Iwasaki Koyata, refused to receive a salary after this reform.\footnote{See Miyakawa, Iwasaki Koyata, p.205.} Furthermore, in 1940, the Iwasaki families decided to refuse any dividend payment from the Mitsubishi Holding Co., whose dividend rate was 6 percent in this period.\footnote{See ‘Mitsubishi Sha Showa 15nen Kaki Jigyogaikyo Sonota Hokoku’ in Mitsubishi Shashi Kankokai (ed.), Mitsubishi Shashi vol. 38(Tokyo, 1985), pp.1763-64.}

This view with regards to returns, namely the lesser importance attached to the profit and profitability of Mitsubishi’s business by the Iwasaki families, is also reinforced by analysis of the financial records of the Mitsubishi Holding Co.. From a detailed analysis of these financial records, Okazaki has insisted that the main aim of the Mitsubishi Holding Co. was to supply capital and funds to the Mitsubishi businesses, and until Mitsubishi and its affiliates began to depend on the supply of finance from outside of Mitsubishi, due to the high speed of business expansion from the late 1930s, funds and financial assistance from the Iwasaki families, made available at the expense of personal profits from the Mitsubishi businesses, certainly played a significant role in the development of the Mitsubishi zaibatsu.\footnote{See T. Okazaki, ‘Mitsubishi Zaibatsu Honsha no Zaimukozo’, in Mitsubishi Shiryokan Ronshu 1 (2000).} Consequently, this evidence signifies that a business-oriented attitude may be assumed to have been shared by the three cases of zaibatsu, that is, the Mitsui, Sumitomo and Iwasaki families. Also, the aim of the holding company of these zaibatsu was less self-interest than business expansion.

Even though the business-oriented attitude of the Iwasaki families towards Mitsubishi’s business is partly supported by this evidence, one question, namely the source of the families’ wealth, remains unsolved. One possible assumption is that since the Iwasaki families were involved in their own family businesses, in addition to Mitsubishi business, they therefore gained most of their returns and profit from running these businesses, and from their personal investment activities. The separation of the Iwasaki and Mitsubishi businesses, which constituted a particular
characteristic of the Mitsubishi zaibatsu, may arguably be considered as a consequence of government intervention in the early Meiji period, when Mitsubishi mainly focused on the shipping business, and when the government issued a proclamation prohibiting the diversification of Mitsubishi's business during this period, as noted by some researchers.\(^{124}\) It may also be suggested that this separation may possibly have led to a differing attitude within the Iwasaki families with regard to profit sharing from their family businesses and from the Mitsubishi businesses. However, to analyse this assumption will require further consideration of a range of sources, and cannot be undertaken here.

3.4.2. Other Holding Companies and the Pattern of Investment of Business Wealth Holders

It is apparent that, notwithstanding the scale of business and the amount of profit accruing from business activities, the cases of the zaibatsu indicate that clear limitations were set by the families in pursuit of their own self-interest and profits from the firms they owned. In spite of this evidence, it may still be safer to say, however, that these zaibatsu holding companies are unusual in the extent to which we have information on them at the present time, and it is possible that this evidence still leaves them as minor examples that may not be representative of the general trend of business activities of holding companies in modern Japan. However, it is very difficult to achieve a more general perspective on these holding companies, largely because of the lack of sources and non-availability of information. Therefore the next section will mainly rely on secondary sources which have focused on analysis of holding companies (either individual cases or collective analysis), with a view to sketching out some of the characteristics of some non-zaibatsu businesses. In addition to this analysis, attention will also be focused on the patterns of investment of these business wealth holders. Again, since there remain many points of debate among the researchers who have analysed these patterns, and also because the space for any detailed analysis in this thesis is limited, the description will not go beyond a partial analysis and explanation. Also, it should be made clear that the main focus point for the analysis here is to discuss the extent to which the main activities conducted by

\(^{124}\) See H. Takeda, 'Shiryo Shokai: Shodai Shacho Jidai' in *ibid*, particularly p.283.
business wealth holders were business-oriented or profit-oriented.

a) The Role of Holding Companies

According to Morikawa’s research, there were in the early Showa period 121 holding companies, including zaibatsu and others, which were mainly aimed at controlling diversified family businesses and asset management.\textsuperscript{125} Although analysis of these holding companies has formed part of the research on zaibatsu, recent studies of these companies have displayed another perspective, despite a certain lack of sources.\textsuperscript{126} Part of the findings of this research is that, just as in the zaibatsu cases, these companies were relatively business-oriented. Additional factors, for instance, the scale of the business, financial problems and the degree of diversification in the business, also strongly influenced the business policy and management of the holding companies. From this perspective, we may assume that the scale of business, along with the extent of diversification, played a significant role in influencing the characteristics of the holding companies. Several cases of big business holding companies, like Asano or Furukawa, which were characterised by diversification of business but whose scale of business was not equivalent to that of the prominent zaibatsu, indicate the decisive impact of the nature of their business activities on the profits of the holding company.

For instance, analysis of the financial circumstances of the Asano Holding Co., which controlled Asano affiliate firms, shows that a heavy commitment to the heavy industrial sector from the late 1910s, and the huge losses made by these affiliates in the 1920s, consequently led to considerable losses for the Asano Holding Co. itself. In supporting these affiliates, the dependence on external funds of the Asano Holding Co. rapidly increased, and in the process the returns to the Asano family were sacrificed, since the shares in the Asano Holding Co. were solely owned by family members.\textsuperscript{127} A case of family interest being sacrificed is also found in the case of the Furukawa

\textsuperscript{125} Morikawa, \textit{Zaibatsu no Keieishiteki Kenkyu}, pp.295-298.
\textsuperscript{126} T. Okazaki, \textit{Mochikabugaisha no Rekishi} (Tokyo, 1999) is one particular example, which has focused on analysis of the financial structure of the holding companies, especially the zaibatsu cases. See, esp. chap.2.
\textsuperscript{127} For further details, see H. Kobayakawa, ‘Asano Zaibatsu no Takakuka to Keieisoshiki’ in \textit{Keieishigaku} 16-1 (1981).
Holding Company, which covered the heavy losses of its affiliate, Furukawa Trading, by profits from asset management, resulting in the decline of the controlling power of the Furukawa Holding Co. over its affiliates.\textsuperscript{128} On occasion a serious failure in business activities could also cause the dissolution of a holding company. The Itochu Holding Company, which was founded in the early Taisho period to manage the business of the Ito family, including the famous trading company, Itochu Trading, collapsed in the early 1920s as a result of heavy losses by this company. This was largely due to the recession after the First World War, and the losses of Itochu Trading being so enormous that they could not be covered by the total assets of the Itochu Holding Co.\textsuperscript{129} Even from this limited sample, we may assume that the scale of business activities with regard to diversification necessarily determined the direction of the management of the holding company towards business-orientation, since rapid business expansion brought with it a great risk of instability in business activities, and thus made pursuing a profit-oriented policy almost impossible. This situation also signifies the relative difficulty which modern Japanese business faced in maintaining business success over a long period, even in the case of big business.

Other examples also signify certain important characteristics of these holding companies. From analysis of selected holding companies’ business activities, Takeda and Kasutani have pointed out several factors, which can be assumed to have influenced the business tendencies of their sample. Firstly, they observed that the level of significance of the family business for the family itself determined not only business and investment activities, but also the profitability of the holding companies, and analysis of their case studies led them to conclude that cases in which these holding companies acted as investors were really rare.\textsuperscript{130} Secondly, although the pattern of business and investment varied considerably, we may assume that in the case of those holding companies which seem to have had a profit-oriented tendency, this attitude may well have resulted in a clear failure of diversification in the business. The majority of holding companies may thus possibly have belonged to the business-oriented category, since diversification of business activities was relatively common among businessmen and merchants in modern Japan, though lack of financial

\textsuperscript{128} See Takeda, ‘Furukawa Shoji to Dairen Jiken’ for further details.
resources as well as other significant factors almost certainly restricted expansion of their businesses.\textsuperscript{131}

Despite Takeda and Kasutani's insistence that the data which they have utilised for their analysis is deficient in a number of critical respects, particularly regarding the extent of family assets outside of the holding companies, such as shares or property, these scholars' research does provide a significant perspective on certain aspects of holding company activities. In addition, we have another example of a holding company's contribution to the development of the family's business activities. In the case of Chogin, a famous textile merchant since the Tokugawa period, Suenaga indicates that although the separation between the family business and asset management took place in the early 1920s, at least with regard to financing, the relationship between Chogin Shoten, the family business, and Kobayashi Gomei, the holding company, remained a interdependent one, and the investment activities of the holding company were mainly aimed at providing guarantees to ensure bank financing for Chogin Shoten.\textsuperscript{132} Therefore, overall, in spite of there being difficulties in reaching any concrete definition applicable to holding companies in modern Japan, these companies were far from being asset management companies in the normal sense, since the motivation behind their activities was not the pursuit of personal gain but the maintenance of the family business. Moreover, the extent of diversification in their business activities may well have affected the role of these holding companies, and their profitability.

b) The Pattern of Investment Activities

As mentioned in the above section, the starting point of investment activities was marked by the period of the Matsukata Deflation, since many merchants were confronted with business crisis during this period, and thus pursued survival through new business activities. Consequently, in the boom period of firms' establishment, following this crisis period, merchants became the major force behind the founding of many firms, both large and small scale, and both local and national, through investment activities that served to provide capital. Moreover, most of the firms

\textsuperscript{131} Ibid, pp.149-50.
established throughout this period were founded as corporations, a totally new concept introduced from the west. The fact that investment activities were shaped through the experience of this period, and the elimination of foreign direct investment, strongly influenced the pattern of the main investment activities undertaken by business and local wealth holders, including merchants, businessmen and landlords.\(^{133}\)

Firstly, networks of wealth holders, formed through both long-term and short-term relationships, based either on specifically business networks or on informal personal networks, became quite common as a means of conducting investment in newly founded firms, both in rural localities and in more urbanised areas. Several factors may be considered as contributing to this characteristic, notably the lack of large scale and well-organised financial institutions for financing new firms, and the consequent heavy reliance on investment by relatively middling and small-scale wealth holders for the foundation of many firms; the necessity of collaboration between these individuals in these very risky activities; and probably risk-hedging to reduce the personal financial burden in the case of failure and loss of investment.\(^{134}\)

Secondly, along with this first characteristic, the shortage of well-educated human resources for actual management meant that it was common for many of the wealth holders who were involved in investment activities also to engage in the management of the firms in which they invested. Moreover, because of their investment in various firms, multiple directorships became a common practice from the boom period of the establishment of firms. Although in the European cases, in particular in the German case, multiple directorships have been regarded as indicating the power of financial institutions, in Japan this phenomenon has been utilised to evaluate the power of investors, who exercised decision-making power over management through the holding of higher managerial positions, in addition to the sizeable amount of shares that they owned.\(^{135}\) Also this has been considered as having had a negative impact on the management of many corporations in modern Japan, since these investors have

\(^{133}\) For an analysis of resistance to foreign direct investment in the Meiji period, see H. Murakami, ‘Boeki no Kakudai to Shihon no Yushutsunyu’ in K. Ishii et al.(eds.), *Nihon Keizaishi* vol.2 (Tokyo, 2000), pp.36-40.

\(^{134}\) For an analysis of such grouping, see for example, Miyamoto and Abe ‘Meiji no Shisanka to Kaishaseido’, Wada et al. ‘Meiji 31nen’ and ‘Taisho 7nen’, M. Uekawa ‘Meiji 40nen Osaka-fu no Kigyokashudan’ in *Kyoto Gakuin Daigaku Keieigakubu Ronshu* 8-2 (1998) and Uekawa ‘Meijiki Kyoto-shi no Kigyokaso’ in *Doshisha Shogaku* 50-5 and 6 (1999).

\(^{135}\) Recent European research in this field includes, for example, Cassis, *Big Business*, esp. pp.168-76.
been regarded as pursuing their own self-interest, especially in relation to returns and dividends from the firms in which they invested, thus impeding the business policies of salaried managers, who gradually took managerial power within these corporations, especially from the end of the 19th century, and thus interrupting their long-term business policies.\footnote{For this opinion, see, for example, Morikawa, \textit{Top-Management}, pp.98-103 and Miyamoto and Abe, \textit{‘Meiji no Shisanka’}, pp.277-98.}

Although these interpretations are right to point out some of the weaknesses in these wealth holders’ approach to investment, it should be noted that this characteristic of the pursuit of self-interest is likely to have been the result of the influence of contemporary economic conditions and upheavals. As some research has indicated, a lot of the corporations established during the boom period, in the late 1880s, experienced bankruptcy within the relatively short-term, particularly in the period of recession after the Sino Japanese War, and this caused a certain shift in the investment activities of wealth holders, especially in the urban areas, towards the property business and expansion of family businesses.\footnote{Uekawa, \textit{‘Meiji Kyotoshish’}, pp.186-96.} This may be seen as signifying that, except for corporations in some business sectors or large scale firms, investment activities faced a huge risk of short-term collapse or financial losses in the firms invested in, a risk mainly caused by the uncertain economic conditions of modern Japan. We may also assume that these conditions in part promoted a tendency among business wealth holders towards self-interest. Moreover, some of the evidence indicates that the high dividend policy in firms invested in by wealth holders was not solely a reflection of the self-interest of these investors. In the case of the spinning industry, which is frequently utilised as an example of the conflict between investors and salaried managers in terms of business and management policies, the high dividend policy has in fact been cited as an example of the extent of investors’ greediness as will be discussed below. It is certainly clear that the dividend rate of spinning firms was really high in contrast to other business and industrial sectors.

According to the data in \textit{Kabushiki Nenkan}, the yearbook of company shares, in the big spinning firms, like Kanegafuchi, Toyobo, Dainihon and Fuji, the dividend rate in the late 1910s, the period in which these firms enjoyed an unexpected boom due to the
First World War, reached 50 to 70 percent per share.\textsuperscript{138} In some cases, the dividend rate reached an even higher level, for example 100 percent at Dainihon in the first half of 1918 and 130 percent at Fuji in the first half of 1920.\textsuperscript{139} Since at the time of their foundation, these firms had been established through investment from numerous wealth holders, in particular urban textile merchants, and many of these investors became large shareholders in these spinning firms, the high dividend policy could be argued to reflect the core of self-interest among those investors. However, it should be noted that the high dividend policy partly reflected a peculiarity in modern Japanese business with regard to the provision of capital. Firstly, investment by a large number of wealth holders in the establishment of spinning firms was the result of antagonism towards foreign direct investment, since it was considered that foreign investment would lead to takeovers by foreign capital, and thus prevent the swift and healthy economic development of Japan. It is interesting that this point is frequently insisted on in the company histories of spinning firms.\textsuperscript{140} In spite of the decisive role of this factor in preventing the injection of foreign capital into spinning firms, it also resulted in the high dividend policy, because these firms largely depended on investment from those wealth holders for business expansion and increasing their own capital. The high dividend policy was the most effective means of establishing incentives and stimulating further investment from wealth holders.\textsuperscript{141} Therefore, this policy was necessarily led by the condition of the business and it was difficult to shift to alternative business policies as long as these same conditions continued.

Moreover, the high dividend policy benefited not only investing wealth holders but also the salaried managers of these firms. Although any analysis of long-term changes is almost impossible, largely due to the lack of sources, official documents indicate that the salaried managers of spinning firms also gained huge returns from their shares in their companies. Though the details and content of their income from shares is uncertain, data from the Osaka Taxation Office in 1924 relating to the annual income of big taxpayers suggests that for salaried managers income from returns on shares

\textsuperscript{139} \textit{Ibid.}
\textsuperscript{140} For example see \textit{Toyobo 100nen} (Tokyo, 1979), pp.7-9 or \textit{Kanebo 100nenshi} (Tokyo, 1982), pp.14-16.
\textsuperscript{141} See R. Hanai, 'Keikogyo no Shihon Chikuseki' in K. Ishii et al. (eds.), \textit{Nihon Keizaishi} vol. 2, pp.128-30.
substantially exceeded income from salaries. For example, Kikuchi Kyozo, the
president of Dainihon Spinning, had an annual income of around ¥210,000, in which
the share of returns on shares was nearly 53 percent, surpassing his income from his
annual salary, at about 44 percent. Other information also indicates a similar tendency.
For Muto Sanji, the president of Kanegafuchi Spinning, the share of returns was about
38 percent of his annual income, of about ¥338,000. The income of Taniguchi Fusazo,
the president of Osaka Godo Spinning, has a similar profile. About 55 percent of his
annual income (¥228,000) was accounted for by returns from his shares.\(^{142}\) Although
we should be careful about drawing concrete assumptions from this limited evidence,
we may assume that in the case of the spinning industry, the high dividend policy also
benefited those managers at the top of the hierarchy, since these individuals are also
listed as large shareholders in the companies that they managed.

Turning to other groups of business wealth holders who were not mainly involved in
business activities, it is clear that landlords played a particular role in the development
of local business and the local economy. The investment activities of landlords have
long been considered as a part of their profit-seeking strategy, and as a result of the
taxation reform at the end of the 19\(^{th}\) century, many landlords engaged in investment
in big business rather than in local business, a shift seen as marking the integration of
the landlord economy into modern Japanese capitalism.\(^{143}\) Although we can be certain
that this shift was significant in changing the income structure of landlords, and that
in some cases after this shift the income from dividends on shares in firms
overwhelmed the income from rent from tenants, recent researchers have also
focussed on landlords’ investment activities in local business.\(^{144}\) Recent studies have
tended to tone down the extent of any remarkable shift in landlords’ investment
activities becoming apparent after the outbreak of the First World War. The pattern of
investment activities of landlords, it is argued, was relatively varied. Some research
has also assumed that any complete shift in investment activities from local business
to big business was rare until the middle of the 1910s, and that landlords’ investment

\(^{142}\) These figures are calculated from Osaka Zeimu Kantokukyoku, \textit{Dai 3shu Shotoku Dai-Nozeisha


\(^{144}\) For analysis of this shift, see K. Nagahara (eds.), \textit{Nihon Jinushisei no Kosei to Dankai} (Tokyo,
1972) esp. chap.2.
in local businesses had a positive impact on the development of the local economy.145 Also from an analysis of the investment activities of local wealth holders in Niigata, a majority of whom were presumably landlords, Tanimoto has indicated that although the majority pattern in investment was for investors not to be involved in the management of firms they invested in, this group actively supported businesses by providing capital for these firms' business activities, and therefore played an important role in the development of Niigata's local businesses in the late 19th and early 20th centuries.146 He also emphasises that in some cases, we can see a tendency for landlords' investment activities to be a part of their contribution to the local economy and society.147 Thus we can assume that, notwithstanding the purpose of landlords' investments, whether risk taking or in the expectation of significant profit, their activities were partly aimed at, and had a positive influence on the development of the local economy. Also it is arguable that since these landlords stood in a prominent position within their local communities and economy, their investment activities possibly gave a credibility to the business activities of the firms in which they invested. The importance of this kind of credibility, despite its relatively minor role, also appears in some cases of investment by the aristocracy in modern Japan.148

3.5. Conclusion

Analysis of the socio-economic characteristics of business wealth holders, especially of the factors likely to have influenced their business activities and attitudes, would seem to make it apparent that the historical background, including to some extent same cultural aspects, cast a strong shadow over the formation of the significant characteristics indicated above. Although this sample only represents the small group, which stood at the top of the hierarchy of businessmen or other individuals engaged in relatively medium or small-scale business or commercial activities, the analysis of social origins indicates the existence of certain limitations on entering the business

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147 Tanimoto and Abe, 'Kigyo Bokko', pp.119-123.
148 For this example see H. Takeda, 'Meiji Zenki no Fujitagumi to Morike Yushi' in Keizaigaku Ronshu 48-3 (1982).
world of modern Japan and gaining huge success. It is clear that, as a result of the
destruction of the old regime, and following longer term reforms and the transitional
period, there was a great shake up and upheaval among business wealth holders, in
particular within the merchant group, and this led to both rises and falls in their
business activities. It also gave opportunities to individuals who had been in a
marginal position within the business wealth holders' group, who were able to take
advantage by catching up with new technology, use of information, and business
policies, all of which were subsequently connected with great success under the new
economic conditions that followed.

However, despite this fact, these groups did not experience the kind of serious crisis
faced by the ruling class of the old regime, including samurai, feudal lords and the
court aristocracy, a group which had suffered from the total destruction of its basis
and political position as a result of the reforms from the Meiji period. This old ruling
class was forced either to transform itself into a new social class not based on the
traditional social hierarchy, or to dissolve its old status, and fit into a new and
westernised social system in which success depended on ability to adapt to the new
economic and social circumstances. In contrast to this case, the business wealth
holders' group, whether merchants or landlords, remained relatively stable as a social
class, and this evidence may be taken as showing that the barriers to entry into these
two groups were stronger than might be expected. The number of individuals who
could access or enter into these groups from the outside was certainly limited, even in
the case of those who had obtained intellectual skills through their educational
experience that might contribute to the transformation and reform of business
activities and management, for instance, graduates from higher educational
institutions. This evidence, if anything, confirms the existence of limitations on entry,
since without any intellectual resources or capital, whether of a traditional or modern
kind, access to these higher educational institutions was virtually impossible. Even in
the case of adopted sons, who formed a relatively large group within the business
wealth holders, upward mobility from lower social classes by utilising this system
was limited. This would appear to have resulted from the methods used in adopting
sons, which utilised informal family networks for selection, and the social status of
the family from which the adopted son originated is likely to have played a major role
in the choice.
With regard to other factors, the Japanese *ie* system, which was traditional but also experienced radical social reform after the start of the modern period, necessarily played a significant role, not only in the survival of these business wealth holders, but also in the development of modern Japanese business, in particular in the field of family businesses. Though the details differ slightly in each case, the *ie* system of business wealth holders, especially in the case of merchant houses, was partly characterised by certain organisational aspects and a focus on the long-term survival of the family business. This system consequently influenced the formation of particular characteristics in modern Japanese business in terms of the family’s power over its own business. On the one hand, the *ie* system was undoubtedly useful in transforming these businesses of merchant houses along more modern, westernised lines, and this was largely due to the organisational system of business in traditional merchant houses. Although it took a relatively long period for the transformation to occur, some of the concepts associated with modern business, like the separation of ownership and control of day-to-day management, were acceptable to those merchants, since a certain degree of separation already existed under the traditional system. On the other hand, the style of adoption of modern business concepts made any total separation of the owner’s family from the business almost impossible, and this would appear to have been caused by the combination of the concepts of modern business and the traditional system. As the *zaibatsu* cases have already indicated, these families’ authority was not only utilised for the effective introduction of a modern business system, but was also exploited to give a certain status and credibility to the business, even where the commitment to business and management was not so great. This combination also led almost imperceptibly to a sort of clash between the traditional and modern systems. In spite of its having no official or legal constraining power, the existence of private family law (regulation) among business wealth holders, and its strong power to restrict a family’s wishes, certainly represented a conflict with the modern legal system. The constraining power of the *ie* system would thus seem to have cast a long shadow over business activities in general for much of the modern period.

Though it must be conceded that the analysis undoubtedly has certain limitations,
much of the evidence also indicates a lesser interest in pursuing self-interest and gaining huge profits, and a greater interest in the development of the business. The alternative choice, that is, attaching importance to profit and the profitability of the business, was more likely to have resulted from a failure of business expansion. Moreover, as some cases show, this was possibly due to the need to confront the limits to business diversification that characterised the business activities of contemporary business wealth holders. Even in the case of their investment activities, it can be argued that the search for profit for self-interest was partly the result of the experience of business and investment failures, in addition to there being some influence from the business strategy of the firms they were involved in. Moreover, in other cases, for instance landlords, investment activities contributed to the development of the local economy, even if their aim was a rather different one, that is, returns or profit from firms.
Chapter 4: Social Networking of Business Wealth Holders

4.1. Introduction

In the previous chapters, attention and analysis were mainly focused on certain aspects of the business of Japanese wealth holders, such as wealth accumulation and business activities. Though this analysis has shed light on a number of factors indispensable for an understanding of Japanese wealth holders, and has indicated very closely the interdependence of traditional and modern factors for the development of the modern Japanese economy and business, it also raises another question, namely the relationship between wealth holders’ achievements and their private lives. Since modernization and westernisation had a major impact in transforming the social system of modern Japan, and even the older traditions of Japanese society, for instance, the ie system, experienced reorganization and the invention of several new characteristics, we may assume that these social changes in themselves itself cast a strong shadow over their private life.

Japanese wealth holders certainly reflect this social transformation, largely as a result of their accumulated wealth and social status, both of which opened wider access to western cultural and social life. In addition, despite the ‘reinvention’ of some traditional factors, a reinvention which was utilised to revive cultural memories from the distant past, and which was exploited for building up certain aspects of modern Japan that could be used to portray Japan as standing morally higher than ‘corrupted’ or ‘decadent’ western societies, in another way, western society was also idealised, especially among people belonging to Japanese high society, as the model for their private and social life.¹ In fact, along with modernization, westernisation was a part of the strategy whereby an ambitious social elite, both political and economic, sought to stand at the top of the social hierarchy in modern Japan, and their very success manifests the effectiveness of this strategy.² Therefore, we may be certain that the fluctuating relationship of so-called western and traditional factors strongly influenced the formation of private life in modern Japan, even if there was a difference in its influence, depending on the social class to which an individual belonged.

¹ See, for example Lebra, *Above the Clouds*, esp. chap 4.
² Some research points out that this also caused some sort of enthusiastic attitude towards a good education in modern Japan. See for example, H. Takeuchi, *Gakureki Kizoku no Eiko to Zasetsu* (Tokyo, 1999), pp.145-90.
The role of informal networks, represented in kinship or marriage alliances among business families, has until recently been regarded as of limited importance for the development of business activities. The study of informal networks has tended to take a secondary position in research on business activities to factors such as the importance of organisational reforms, management or labour relations, or technological innovation to catch up and succeed in the business world. However, the formation of informal networks within a group of businessmen is one of the crucial factors for business, whether for day-to-day operation or long-term business expansion. A number of researchers have pointed out that such networks are significant for establishing trust between business partners, thus contributing to reduction in transaction costs. Utilising game theory, Grief has analysed the role of informal networks from his research of the Magribi traders during the middle ages. 3 Aoki has also focused on the role of informal networks in his recent work as part of the spontaneous order that consequently forms economic institutions, though his approach is slightly different from Grief's. 4 Moreover, from sociological research on Hokkian Chinese traders, Landa has insisted that kinship and local networks within the Hokkians played a significant role for the formation of trading networks among them, since these factors reduced uncertainty in conditions of contracts and they therefore greatly economised on information and transaction costs, something indispensable for economic success. 5 Granovetter has also discussed networks of personal relations in economic activities, and has pointed out that business relations have tended to be mixed up with social relations, as indicated by the existence of interlocking directorates in many firms that have made relationships among directors very densely knit. He has also emphasised that this kind of close personal network forms a crucial part of business activities, in establishing trust within business circles, thus reducing the risk of possibility of breaking business contracts, and that this sort of relationship is not limited to the business elite but applied to business activities at


4 See M. Aoki, *Hikakuseido Bunseki ni Mukete* (Tokyo, 2001: English version forthcoming), esp. chs.2 and 3. What is different between Grief and Aoki is that Aoki's analysis has focused more on the changes and evolution of economic institutions, while Grief has focused on the analysis of decision making itself. See, Grief, 'Historical and Comparative Institutional Analysis', *American Economic Review* 88-2 (1998).

Although this research is not directly related to the Japanese case, it is apparent that it can give some general perspective on the importance of social networks in business activities. Moreover, since the Japanese economy was confronted with frequent economic fluctuations from the late 19th century, encountering both recession and depression, reinforcing business relationships through the formation of informal networks would seem likely to have been of importance for Japanese business wealth holders. It is also apparent that these external economic factors cast a shadow over their personal and individual relationships, which may also have contributed to the formation of such networks.

In this final chapter, the analysis will therefore be focused on the social networking of Japanese wealth holders. As in chapter 3, those wealth holders who engaged in business activities are the subjects of the research. This focus is also due to the desire to pursue comparative analysis with European cases, since most of the related works and studies utilised for the comparison focus only on the wealthy business elite. The main concern of this chapter is the marriage patterns of Japanese business wealth holders. Although this was part of the private activities of the members of the sample, and is not directly connected with their formal business activities, it is likely that an observation of this social aspect will demonstrate the significance of informal networking, as a characteristic of the social networks of Japanese business wealth holders. It will also enable us to identify the extent to which this hidden network was of importance in reinforcing relationships among the business elite or extending their networks into other social elite groups, for instance, the nobility. This perspective, too, is significant for the comparative analysis, since much of the European research has discussed the extent of the exclusiveness of this relatively new business elite, to the extent of its integration into old elite groups. It is hoped that the Japanese case will indicate a new perspective in relation to the dichotomy between the 'modern' and 'old' elites in the European cases, in terms of a definition of the 'old' elite as pre-industrial.

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In addition to marriage, the role of honours and titles, for example, aristocratic titles or other decorations and honours, will be analysed in the context of social networking between the modern Japanese state and the business elite. The granting of titles and decorations by the government is likely to have been considered as a kind of political strategy for strengthening formal ties with members of the business elite, and, to some extent, for establishing control over the bourgeois elite. This aspect, which has in the European cases been regarded as a sort of 'aristocratization' of the bourgeoisie, is likely to have influenced the social aspirations of Japanese business wealth holders, and may well have also had a strong relationship with the development of nationalism in modern Japan. Thus, analysis of this characteristic will reveal an important perspective on the business activities and dependence on state authority of Japanese business wealth holders.

4.1.2 Method of analysis

Before moving into the main discussion and analysis of social networks, it is necessary to explain the methodological approach in this chapter. The data on marriage in this chapter, and its analysis, will be focused on marriage alliances and social endogamy among Japanese wealth holders. This has meant that data on the occupational and social status of the spouse's father was required. As in the previous chapters, the analysis is a combination of qualitative and quantitative methods. However, there is a particular problem relating to the quantitative data sets utilised in the following sections. Since the main data set, based on Zenkoku 50man yon ijo Shisanka Hyo, focuses only on the amount of personal wealth of Japanese wealth holders, it does not contain any sort of personal data, other than their occupational information for the current period. Thus additional data, especially regarding marriage partners, was required, and has been collected through research on autobiographical and biographical sources. In some cases, fictional literature, like novels, has provided these data. However, these biographical and literary sources also have another problem if used for collecting personal data. Many of these autobiographies and biographies, in particular those edited and published under the auspices of companies owned or managed by the individual concerned, tend to concentrate on the description of the business contribution of the wealth holder, and therefore, in many cases, it is hard to trace data on their personal lives from these materials. Consequently, the most
useful data sources for obtaining personal data are biographical dictionaries, for instance, *Jinji Koshinroku* and *Zaikai Bukko Ketsubutsu Den*. Even so, the utilization of these dictionaries raises certain questions of reliability, and hence further complications relating to the credibility of the data. Therefore, to try and minimise and eliminate possible errors from the data set, the data from these dictionaries has been in as far as possible also confirmed by looking at autobiographies and biographies, and by data from other secondary sources. This is therefore helpful in trying to confirm wealth holders' exact social status, when the biographical dictionaries do not mention the occupational status of the father of the spouse.

Among the Japanese sample, individuals whose spouse's father's status is identified only as *heimin* (commoner), have been eliminated from the data set, since analysis of marriage is based on the occupational status of the spouse's father, and no information is available about occupation in the case of *heimin*. In the case of those identified as belonging to the samurai class, though it is a slightly vague definition, it was utilised to indicate social status in a broad sense, even in the early 20th century. Therefore, this category is included in the data set on spouses. In addition, in cases where this is possible, data on second or third marriages are also included.

The categorization of occupational and social status has been more broadly defined for the analysis of marriage. This is because of the categorisation in the data set in the European cases. In the data on the European cases, including from some secondary sources, the business elite group, whether merchants or businessmen, is just categorised as 'businessmen' in a general sense. There is no distinction, unlike in the Japanese case, and therefore a certain rearrangement of the Japanese categorisation is necessary for comparison. This is also the reason why landlords, the aristocracy and the political elite have been integrated into a single category, that is, the non-business elite. The purpose of this broad categorization is to be able to analyse more clearly the general tendency of these business wealth holders' marriages, and also to minimise the differences in categorization with the comparative cases, which will be discussed later on from a slightly different perspective. Consequently, the sample of business

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7 *Zaikai Bukko Ketsubutsu Den* was a sort of brief collection of short biographies of famous businessmen in the pre-war period. It was published in two volumes in 1931 (*Jitsugyo no Nihonsha* (ed.), *Zaikai Bukko Ketsubutsu Den* 2vols. (Tokyo, 1931)).
wealth holders on whom information is available constitutes 317 individuals. Among these business wealth holders, landlords who were also engaged in business activities, either as owner of a company or as a salaried manager of a corporation, are included. By contrast, due to the categorisation in the comparative analysis, members of the aristocracy who originated from among the formal feudal lords or the court aristocracy have been excluded. However, there is only one case in this category.

Turning to the material for comparative analysis, the most useful data on the German case is again contained in Augustine's study, which focused on the wealthiest businessmen in Imperial Germany. Her analysis of the selection of spouse and marriage of this business elite provides a rich and fruitful source for comparison with the Japanese case, even though Augustine's attention is concentrated on the Imperial era, partly due to the drastic changes and difficulties in data collection for the following periods, the Weimar and Nazi eras. In addition, as in my data set, because of certain limitations on the availability of personal information, out of the total sample of 501 in Augustine's study, only 294 individual cases are available for this comparison. A more minor problem in using Augustine's data for comparison is, as in the British case, the existence of differences in the categorization of the social groups from which consorts of the wealthy business elite originated, in particular in the social categorization of the upper class. In the German case, members of the non-business elite, for instance landowners (Junkers), military officers and members of the nobility, are defined as the pre-industrial elite, a distinction that stems from the difference in historical background. However, in the Japanese case, none of these social groups can be categorized as part of the pre-industrial elite, rather, they were part of the modern elite. Even in the case of landlords and the aristocracy, these groups experienced radical changes with regard to their social, economic and political status, and this certainly played a major role in bringing about discontinuity between their pre-industrial and traditional characteristics and their newer roles. Thus, there are some minor changes that need to be made if Augustine's data is to be used for comparative analysis, that is, the pre-industrial elite group is re-categorised, along with the category of upper civil servant in Augustine's data set, as the non-business elite for the purpose of this thesis. Another minor problem is that since Augustine's sample only contains those who are presumed to have solely devoted themselves to business activities, there is a possibility of over-representation of the non-business elite in the
selection of spouses in the Japanese case, because the Japanese data includes some wealthy landlords engaged in business as a subsidiary activity. To minimise this possibility, those individuals in the Japanese case whose main business activities focused on the agricultural sector as landlords have been eliminated from the data when it is being used for comparison.

In contrast to the German case, in the British case no such equivalent data or information is available from secondary materials and studies. Even in Rubinstein’s various research works on the British wealthy elite, which have been frequently utilised for comparison in this thesis, there is no information and analysis on this subject. Therefore, in the British case, though information is limited to the case of England, the data has been collected from the *Dictionary of Business Biography* (DBB), which incorporates a range of information on British business leaders, including some of their personal data. The problem of utilising the DBB rests in the difference in the criteria used. Since the data on businessmen in the DBB was selected with regard to their business leadership and contribution in modern Britain, the wealth accumulation of these businessmen was less important for the editors of DBB. This possibility of bias in the data of the DBB is therefore likely to result in some inconsistencies in the comparative analysis. Nevertheless, we can be certain that the sample in the DBB is representative of the business elite in modern Britain in terms of its importance in the modern British business world, in either business expansion or economic development more broadly, and thus this sample will undoubtedly indicate some significant factors in relation to the selection of spouses among the British business elite. For the purpose of comparison, especially with the Japanese case, the sample chosen is from businessmen who were born between 1850 and 1899, and who married before the outbreak of the Second World War. Those whose origins were in the hereditary peerage from the pre-industrial period have been eliminated from this data set. As a result, for Britain information on 309 cases of the selection of spouses is available. This data is utilised for the comparison with the German and Japanese cases in a later section of this chapter.

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Apart from the analysis of marriage and spouse selection, this chapter also includes analysis of the granting of titles, honours and decorations. This section is based on non-quantitative methods of analysis. While the general tendencies perceived through analysing statistical data are significant in exploring spouse selection among Japanese business wealth holders, an analysis of the granting of these honorary decorations can only be undertaken in the context of recognition of the character and role of these decorations, and their consequent influence on social status. In other words, a focus on whether or not these tokens of honour played an important role in the relationship between the Japanese business wealthy elite and the state is crucial for exploring the social position, importance and self-determination of this group in modern Japan. For this reason, the analysis has relied heavily on primary sources from *Kokuritsu Komonjokan* (The National Archives of Japan). The main data sources for this subject are the *joi saikasho* (declarations on granting non-aristocratic titles) and *jokun saikasho* (declarations on granting decorations), which contain a great deal of information about those individuals, including many of the business elite, who received these honours. However, because of certain difficulties in finding comprehensive data on individuals, in particular for cases where these honours were not granted to an individual *per se*, but to an individual as a member of a particular group, it is impossible to confirm all the cases of business wealth holders. Therefore, the analysis in this section is based on the cases that can be confirmed from both of these sources, and several hundred of these are available. The details of the system of granting titles and decorations in modern Japan will be discussed in this later section, again with the addition of some comparative perspective.

4.2. Marriage Alliances as a Method of Informal Networking

Before discussing the results from the analysis of the data sets, it is appropriate to discuss the main characteristics of the marriages of Japanese business wealth holders and their perspectives on marriage. Although it might appear plausible to argue that the comparison of the Japanese case with the European cases would indicate certain similarities in terms of social networking, there is a serious danger that without

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9 This is largely due to the confused and poorly organised lists of both materials which are very large. Each list contains information on individuals who received these decorations in particular years in a chronological order, not an alphabetical order of individual names. Through the investigation of this list, I discovered that the names of some individuals were not mentioned in the list in some cases.
consideration of the social and cultural aspects of marriage, the results from the data set could tend to be misunderstood as a simple phenomenon of convergence within the social context, even though there were crucial differences between modern Japan and contemporary Europe. Thus classification of similarities and differences in the comparative data analysis requires some explanation of the cultural and social factors, which can be assumed to have influenced the pattern, choice of spouse and marriage itself of the wealthy Japanese business elite. Using some comparisons and some evidence from biographical materials, the main characteristics of the selection of a marriage partner, the expansion of social networks into higher social classes and patterns of marriage alliance will now be explored.

4.2.1. Characteristics of Spouse Selection

In the two European cases, as many family historians have discussed, the 19th century has been defined as a period of transition, during which most middle class marriages were based neither entirely on material conditions nor entirely on emotions. The indication is that marriage throughout this period stood somewhere between ‘arranged’ marriage and ‘love matches’. On the other hand, it seems clear that, as Gay insists in his research, love and sexuality were strong forces among the Victorian bourgeoisie, and these factors increasingly influenced the search for a mate as well as married life. The progress of economic development and industrialisation is also seen as having accelerated these changes. Kocka has described these changes in his study on the role of the family in modern German business, and concluded that, despite the importance of ‘convenient’ marriage in the early stage of industrialisation, largely due to its very significant economic functions, for example in expanding social networks among businessmen or exploiting dowries for business activities, over time social networks through marriage alliances became less meaningful, as these roles were played by other institutions. With the declining need for parents to select a marriage partner for their children, businessmen’s children, in particular their sons,

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11 See Gay, Bourgeois Experience vol.2, pp.5-43 for further details. However Gay does not deny the importance of the arranged marriage in some particular social groups. See ibid, p.100.
enjoyed greater freedom in the selection of a spouse.\textsuperscript{12} On the other hand, it has also been argued that arranged marriages did still play an indispensable role in the case of businessmen. In these cases, parents in particular exercised a major influence on spouse selection by utilising their own social networks, for instance, circles of relatives and friends, special occasions like marriage or vacation travels, and business networks. Kaplan insists that love marriages were, in the case of German businessmen, truly rare before the First World War. She explains that the selection of spouse by individuals themselves was hardly ever found, and that the parents still had a right of veto over their children’s decisions. Moreover, in particular in the case of the wealthy Jewish families in imperial Germany, a man’s motivation in marriage was the maintenance and augmentation of the family fortune, and the size of a woman’s dowry was often a decisive factor.\textsuperscript{13} Although Kaplan’s view has been attacked by some historians, especially by W. E. Mosse, who argued that arranged marriages no longer took place within the higher echelons of Jewish society in imperial Germany, these criticisms have had relatively little impact, as the criticisms have not been based on any extensive analysis of the materials.\textsuperscript{14} Augustine’s study may be regarded as standing between these two perspectives. From her analysis of autobiographical and biographical materials, Augustine has pointed to a relative freedom in the case of a son with regard to sexual behaviour, and argued that recognition of one’s own social status played a significant role in the choice of a spouse. Augustine also pointed out the existence in her sample of a psychological conflict between love marriage and arranged marriage.\textsuperscript{15} However, from Augustine’s analysis, it is clear that the selection of a spouse among the wealthy business elite was undertaken on a case by case basis, and that their experience became more varied, at least for the case of businessmen’s sons.

In the Japanese case materials are limited, but if we consider the results from the data set, which will be discussed in more detail later, we find that in contrast to the European cases, there were hardly any cases of ‘love marriage’ among Japanese wealth holders. Several examples may serve to indicate the strong difference, which

\textsuperscript{12} See J. Kocka, ‘Familie, Unternehmer und Kapitalismus’ in \textit{Zeitschrift für Unternehmensgeschichte} 24 (1979)
seems to have separated the Japanese experience from the contemporary European cases. Mitsui Reiko, the fourth daughter of the soryoke, the grand main house of the Mitsui families which had the ownership rights over the Mitsui zaibatsu, has explained the pattern of marriage within these prominent wealthy business families in an interview. She firstly indicated that the selection of spouse was a sort of business strategy, used not only for extending the family networks to other social groups, but also to reinforce the relationship between families. All marriages within the Mitsui families took the form of 'arranged' marriage, even in the case of marriages between children of the families. In some cases, an arranged marriage between children of the families was used to give the formal status as a family member to illegitimate sons or daughters within the families.\(^{16}\) In Reiko's own case, she explained as follows:

My engagement with Takaatsu (her relative, later the household head of the Nagasakacho-ke, one of the branch houses of Mitsui) took the form of an arranged marriage. Formally, he asked my father (Takamine, the head of the Mitsui zaibatsu) in order to obtain formal permission for this engagement, since it was for my father to make a final decision on this proposal. However, this was not my first experience of arranged marriage. When I was 16, a distant relative of mine offered a plan for my future engagement, something which my father had already arranged in the past and really wished. However, at this time, I strongly refused to accept it because I thought I was too young to get married. That was why I married Takaatsu later.\(^{17}\)

Reiko's case not only signifies the clear limitations on one's own choice of spouse, as in the European cases, but also manifests the strong decision-making power of the father. Although Reiko's case is very rare in that her father allowed her disapproval of the proposal the first time, we can assume that, in general, it was hardly possible for daughters to refuse their fathers' proposals.\(^{18}\) Under the legal system of modern Japan, in addition to the ie system, which was partly discussed in the previous chapter, the father could exercise a strong authority in family affairs over the members of his own family.\(^{19}\) The overwhelming power of the father in Japan also shows some contrast

\(^{17}\) Ibid, pp.120-21.
\(^{18}\) There is another example of marriage being a part of the personal strategy of the father, in which the possibility of choice was not offered to daughters. Shibusawa Eiichi is one particular example. See Sano, Shibusawa-ke Sandai (Tokyo, 1998) pp.102-3 for Shibusawa's consideration of the arranged marriage of his eldest daughter.
\(^{19}\) See for example Y. Nishizawa, 'Kindai Kokka to Kazoku', in C. Ueno (ed.), Iwanami Koza Gendai Shakaigaku vol. 19.
with the European examples, in which some cases indicate the covert influence of the mother of children in the making of decisions regarding the children's selection of a marriage partner. Also, though not in the case of the business elite, research on the Japanese aristocracy by Lebra reveals similar tendencies in marriage within this social group. Lebra suggested that even in the case of those informants who enjoyed freedom of choice, the selection of prospective spouses was ultimately in the father's hands, and a child's freedom to reject was not exercised because the father's choice was 'excellent'. Although it is risky to generalise from the case of one particular social group for the case of Japanese business wealth holders, it is likely that, along with the influence of the modern legal system, social status and wealth probably created similar patterns in the selection of a spouse by fathers.

The lack of freedom of choice was, however, not only acceptable in the case of daughters, but was also experienced by some sons. One particular example is the case of Iwasaki Koyata, who was the head of the Mitsubishi zaibatsu in the early 20th century. According to his personal biography, during his study at Pembroke College Koyata once revealed his opinion on marriage to his Japanese friend, Imamura Shigezo, the son of a famous Japanese banker, insisting that he had no interest in marriage and would spend his life as a bachelor until his death. However, Imamura replied coolly that this was impossible for Koyata, who was the inheritor of Mitsubishi and its business. Koyata furiously opposed his friend's view and promised that if he got married after returning to Japan, he would display a white flag (as a symbol of his defeat) at his wedding ceremony. Despite his assertion, after his graduation from Pembroke College, and return to Japan, Koyata found that his father had already arranged his marriage without hearing his opinion. He immediately married with Shimazu Takako, who was a descendant of the prominent feudal lord of the Satsuma domain, and whose father had received the title of baron. When Imamura heard this news, he pressed Koyata to carry out his promise. As a result, at his wedding ceremony Koyata put a white flag on the Japanese ceremonial doll which

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20 Several such cases are discussed in Augustine's work. See Augustine, *Patricians*, p.65 and p.75 for example.
22 Takako's father had not inherited the main house of the Shimazu family, whose head had been granted the title of prince after the Meiji Restoration.
was presented by Imamura for the celebration of his marriage. This episode would seem to indicate that although Koyata was a long distance away from his parents when his marriage was arranged, the will of the children was clearly less important or even irrelevant in the Japanese case. It also suggests that little information on one’s own marriage tended to be provided by the parents, and in some cases no information at all, even in the son’s case. This case also occasions some doubts as to whether the Japanese modern wealthy business elite enjoyed any freedom in relation to love affairs or sexual behaviour, something which had already been partially won in the European cases.

From another perspective, it was assumed that a son’s marriage was also significant in helping parents to extend their social network to other social groups. In this context, the formalization of an arranged marriage was less likely to provoke resistance from the children, as this assumption was presumably shared by them as well. The case of Ito Chubei, who later founded Itochu Trading, one of the famous Japanese trading companies, exemplifies the strategic arranged marriage. Ito’s marriage with the daughter of Nagata Tobei, a prominent forest landlord in Nara prefecture, the neighbouring prefecture to Ito’s own native place, Shiga, was effectively arranged between both families with a view to achieving an ‘informal alliance’, which certainly included the objective of expanding the business network. Therefore, compared with the European cases, clear restrictions on the choice of spouse applied not only in the daughter’s case, but also, to some extent, in the son’s case as well.

If we consider a number of factors which restricted freedom of choice, it is clear that cultural and traditional constraints, in particular reflected in the ie system, undoubtedly influenced and reinforced these characteristics of marriage in the Japanese case. Along with this factor of the ie, which may be defined as constituting a sort of patriarchal structure, economic and business factors also played a definite role in the selection of a spouse. However, it is interesting that, in contrast to the European cases, in which the dowry from a marriage partner was unquestionably exploited for business expansion by the wealthy business elite, in the Japanese case there is little mention of the dowry, at least in the case of the business elite. Though this is hardly a

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23 For this episode, see Miyakawa, Iwasaki Koyata, pp.39-40.
reliable basis for comparison, this does suggest that expanding social networks among the Japanese business elite was not necessarily directly associated with the business in financial terms. On the contrary, it appears that the economic and wealth power of the Japanese business elite was clearly exercised in order to expand social networks to other social groups, and this is related to the theme of the next section.

4.2.2. Marriage as a means of Elevation of Social Status

The social networking of the business elite and the aristocracy by creating strategic marriage alliances forms part of the debates about the role of the aristocracy throughout the modern period in the European cases. Despite Cannadine’s insistence on the gradual decline of the aristocracy in the British case, on the grounds that they lost their pre-modern privileges and largely failed to respond to social transformation, it remains true that the power of their wealth, obtained through long-term experience as a landed elite contributed to preventing any radical decline.\(^25\) The brief description in chapter 2, based on Lieven’s and Rubinstein’s data, indicated that in both Britain and Germany the aristocracy constituted a relative majority within the wealth holders’ group, even allowing for the possibility that data included some members of the business elite who had been granted titles. Even without the power of wealth, the aristocracy still maintained its social status, and to some extent its members’ political and military service contributed to supporting their status. There is no doubt that for these reasons, the integration of the aristocracy and the business elite, in relation to the strength of the social, economic and cultural values of the aristocracy, has become a major subject of academic research in the context of the formation of an upper class elite in the modern period. In the British case, the integration between these two social groups has been interpreted as a sort of complementary exchange of both sets of values, thus making social integration gradually easier.\(^26\)

Cassis’s analysis of the strategic marriage alliances among City bankers signifies that although marriage with members of the aristocracy had become common among bankers in modern Britain, they did not have to abandon their professional careers,

\(^{25}\) For Cannadine’s works, see The Decline and Fall of the British Aristocracy, and also Cannadine, Aspects of Aristocracy (New Haven, 1994).

\(^{26}\) For this perspective, see P. J. Cain and A. G. Hopkins, British Imperialism, esp. chap 1 and 2 in vol.1.
and instead they selectively introduced the values of the aristocracy, in particular into their life style.\textsuperscript{27} In addition, through an econometric analysis of businessmen and landownership, Nicholas has indicated that among landed wealth holders businessmen constituted only a small minority. He has also shown that the inadequacy of landownership in terms of revenue caused many landowners to enter into business in order to preserve their wealth, status and power, and this was even true of members of the aristocracy.\textsuperscript{28} These findings may be taken as indicating the existence of a certain dynamism, and as a means of survival of the British aristocracy in the modern period.

In contrast to the British case, the social networking between the nobility and the business elite in imperial Germany tends to be interpreted as the social assimilation of the bourgeoisie into the old social elite, and this was a core concept of the 'aristocratization' of the German business elite.\textsuperscript{29} However, recent studies have gradually revised this view. Through her analysis of partner selection, patterns of intermarriage and differences between the ennobled and non-ennobled business elite, Augustine insists that those members of the sample that can be categorised as examples of 'aristocratization' were really in a minority, even among the wealthy business elite. In addition to a definite impact of ethnicity on behaviour, in particular among the Jewish business elite, there was a difference in the pattern of intermarriage in the case of sons and daughters, that is, daughters tended to get married with the old social elite, which could be interpreted as a strategy to expand social networks outside of the business group, while sons tended to marry with others from the business group, largely in order to continue their professional careers.\textsuperscript{30} Despite some differences caused by political, economic and social factors, both cases display the relative strength of the aristocracy in terms of their social status, economic power and a degree of cultural influence on the business elite's behaviour.

\textsuperscript{27} See Cassis, \textit{City Bankers}, esp. chap.6 and 7.
\textsuperscript{30} See Augustine, \textit{Patricians}, pp.79-80, p.85.
One factor in the Japanese case which forms a sharp contrast with the European cases is the lack of economic power of the aristocracy. In particular, among the three groups which made up the Japanese aristocracy, that is, the former feudal lords, the former court aristocracy and the newly ennobled, the former court aristocracy group was the weakest group in terms of financial condition. As already mentioned in chapter 2, the Japanese aristocracy only represented a minority among the wealth holders in modern Japan, and there was no member of the court aristocracy whose wealth was over 1 million yen in the data set. Moreover, since the early Meiji period, this group had suffered from personal financial crisis and the generally relatively poor economic conditions facing the Japanese aristocracy.31 Thus, in spite of their honoured and elevated social status even within the aristocracy, the court aristocracy tended sometimes to be depicted as a disgraced aristocracy which sold its honourable position in return for money. Some contemporary materials depict these examples, although it is virtually impossible to trace particular individuals' names, since the accounts frequently used anonymous names, presumably to avoid any sort of legal action. However, the materials indicate that marriage was utilised to salvage these families from their poor economic situation. For example, one anonymous marquis who originated from the court aristocracy allegedly offered his daughter 'for sale' at 100,000 yen. In this case, the marquis had gone into bankruptcy as a result of foolish investment and subsequent involvement with loan sharks, and instead of offering money, the 'buyer' of the daughter was guaranteed to inherit the title of marquis as his adopted son-in-law.32 In another case, a member of the court aristocracy's bride brought him a 500,000 yen dowry, and the dowry was spent for their honeymoon trip to Europe and the U.S..33 The material signifies that such 'disgraceful' cases among the aristocracy were fairly numerous. This evidence consequently shows that without wealth and economic power, the higher social status of the Japanese aristocracy was almost meaningless, and this fact manifests a sharp contrast with the European aristocracies, since these aristocracies for the most part had both status and economic power, though they had experienced considerable decline.

31 For example see Asami, Kazoku Tanjo, pp.29-34.
32 See A. Yamaguchi, Yoko kara mita Kazoku Monogatari (Tokyo, 1932), p.25.
33 See ibid, p.35.
We may assume that the court aristocracy group itself was well aware of its weakness. Lebra’s study contains an interview with an anonymous woman, who originated in the court aristocracy and later married with the aristocratic descendant of a feudal lord. The interviewee firstly insists that there was no sense in a poor court aristocrat (kuge) marrying another poor court aristocrat. In her opinion, the nobility wanted money, while the new rich want to raise their status. Her comment was:

‘and that’s why the two are drawn together. It’s a matter of supply and demand. We could not afford a bride unless her family was wealthy enough to provide all the dresses, for example, that she needed---. Both sides are delighted (with the arrangement) and this is nothing new.’ 34

In this case, though the exact time and period is unknown, the woman took as her example the case of her son, who married the daughter of an extraordinarily rich man, who ran several entertainment businesses. 35 From various cases, including this particular example, Lebra points out one of the characteristics of marriage of the Japanese aristocracy as being a form of complementary exchange. It is likely that a similar point of view can be applied to the analysis of marriage among business wealth holders in modern Japan. This is also likely to be a reason marriage between rich businessmen’s families and members of the nobility in modern Japan cannot really be defined as a sort of true ‘aristocratization’ in the sense of the European cases. The aristocracy’s lack of economic power indicates that regardless of the respect due to a spouse and spouse’s family, the poor aristocracy’s marriages with the wealthy business elite in modern Japan display a degree of dependency on the financial and economic power of the newly rich. For the wealthy business elite, the relative poverty of these nobles ensured that, unlike in the European cases (in particular the money-dominated marriage between the wealthy Jewish business elite and the old German nobility), there tended to be a mutually positive impact in these marriage alliances with the aristocracy. 36 Undoubtedly, the values they held in common with the aristocracy, heavily influenced by modernization and application of westernisation, certainly played a role in breaking the barriers to entry through marriage, and in forming new social networks.

34 See Lebra, Above the Clouds, p.228.
36 For the case of the German Jewish economic elite, see Augustine, Patricians, p.85.
On the other hand, in addition to the lack of economic power, the sharing of common values became a key factor in dividing marriages between success and failure. On occasions, conflicts over social values proved fatal in breaking down marriages between the business elite and the aristocracy. Yanagihara Akiko, better known by her poetic pseudonym, Byakuren, is an example of such a cultural conflict. Akiko originated from one of the old court aristocratic families (her father was granted the title of count in the Meiji period), and her aunt Naruko was a high ranking lady-in-waiting in the imperial palace, becoming one of Emperor Meiji's informal consorts (she was actually the natural mother of the Taisho Emperor). Probably because of this reason, Akiko's half-brother, Yoshimitsu, obtained the highest status within the palace, known as Jako-no-ma Shiko, a title meaning the closest associate of the Emperor at the imperial court. After the failure of her first marriage with a relative, Akiko arranged her second marriage with Ito Den'emon, a prominent coal magnate in Fukuoka prefecture. However, from the outset, Akiko was surprised by her husband's crude manners and lifestyle. When Ito married with Akiko, he already had countless mistresses and some of them had already lived in his main residence as maids. Although Akiko herself was a concubine's daughter, the manner of the relationship between a concubine and a formal wife was certainly different in aristocratic families. From the early period of her marriage, she felt she could not tolerate the attitude of his head maid-concubine, whose attitude and manner showed no respect towards her. She therefore hired a new maid, as a sort of strategy to punish this head maid-concubine; Akiko induced the new maid to become a new concubine of her husband, thus slashing the household power of the head maid. Nevertheless, Akiko gradually found herself unable to adjust to the discrepancies between the two life-styles of the aristocracy and of members of the business elite who had originated as commoners. She was disillusioned by the chaotic overall condition of the household and her husband's reluctance to change his behaviour, which seemed to her to be a disturbing lawlessness. This marriage finally resulted in the scandalous event of Akiko leaving her husband and eloping with a young lover. Despite being confronted with this scandal, her husband refused to divorce her. In consequence

37 Jako hall attendance, the old status granted to courtiers. The name of this title had originated in the pre-modern period in the imperial palace of Kyoto.
38 Although the account took the form of fiction, Akiko later recorded her experience of this marriage in a novel. See A. Yanagihara, Ibara no Mi (Tokyo, 1928), esp. p.399.
Akiko sent an open letter demanding divorce, which was printed in a newspaper, making the scandal even greater, particularly in view of the honoured and respected position of her family.39

Although this is something of an extreme example of marriage between the aristocracy and the business elite of modern Japan, it indicates that the sharing of common social values was probably significant, and not just the wealth of the business elite. On the other hand, it also shows that for members of prominent rich families, like the children of zaibatsu families, access to the aristocracy was easier than for the ordinary business elite, since it is clear that their educational experience in foreign countries and the strict manners and rules adopted in their households made them acceptable as spouses for members of the aristocracy or non-business elite. This will be in part discussed in the next section, which is concerned with the patterns of social networking through marriage alliances.

4.2.3. Patterns of Marriage Alliance

In this section, we are going to examine the issue of marriage and, if possible, to draw some conclusions regarding the pattern and strategy of marriage alliances among the leading members of the business elite in modern Japan. For these families, their immensely abundant fortunes and status in the Japanese business elite allowed for greater access to the higher classes of society, thus opening the gate to informal networking through marriage, both for themselves and for their children. However, the analysis here focuses only on particular individuals, because of the difficulty in tracing comprehensive information about the marriages of the prominent business rich and their children. Quantitative analysis of this aspect is just not possible. Nevertheless, despite certain limitations in the available information, these examples may be used to indicate some significant characteristics of the prominent business elite, that is, to indicate whether or not their marriage alliances tended to focus on particular social groups, like the aristocracy or the modern non-business elite, and whether or not the result from this sample displays any similarity with the European cases, in terms of the so-called aristocratization of the business elite. The sample used

39 Only fictional literature has treated this scandal. For example, see M. Nagahata, *Koi no hana*, *Byakuren Jiken* (Tokyo, 1990).
in this section consists again of the Big-Four *zaibatsu* families, Mitsui, Iwasaki (Mitsubishi), Sumitomo and Yasuda, and in addition some other prominent and wealthy business families, that is, Konoike, Fujita, Furukawa, Okura, Kawasaki and Shibusawa. Except in the case of the Shibusawa family, all of the sample’s estimated wealth exceeded 10 million yen (equivalent to £1 million) in 1915. The reason for adding the Shibusawa case is largely the status and social position of Shibusawa Eiichi, who had a strong connection with the aristocracy and the top political elite through his business activities, thus presumably providing him with significant opportunities for forming an informal network with members of the upper class elite. In addition, except for Yasuda, these family heads had been granted the title of baron (Shibusawa was later elevated to the rank of viscount), and this factor is also likely to have played an indispensable role in any marriage alliance. In this section, the data on marriage of these wealthy business families is based on bibliographical dictionaries (like *Jinji Koshinroku* or *Zaikai Bukko Ketsubutsu Den*), dictionaries relating to aristocratic families (*Kazoku Taikan*) and a range of autobiographies, biographies and secondary sources.  

a) Big-Four *Zaibatsu* Families

**Mitsui**

In the case of Mitsui, we find a difficulty in establishing any concrete hypothesis relating to the marriage alliances of the prominent business rich. As already mentioned before, the Mitsui families consisted of 11 families, and the social status of each family within the house of Mitsui, within Mitsui’s business and its position in the social hierarchy (only three families, the *soryoke* and two *honke*, were granted titles of nobility), make the pattern of intermarriage within the families more complicated. Moreover, the marriage alliances of the Mitsui families were influenced by some additional factors, for instance, the existence of illegitimate sons or daughters within each family, and the adopting of children into other Mitsui families or other business families. It is therefore very difficult to undertake a methodical analysis of their marriage alliances. However, the attempt in this section is to signify the

influence of westernisation and aspects of the traditional institutional system, like the 
*ie* system, both of which contributed to create an even more complex structure of the 
pattern of marriages among the Mitsui families.

The case of the *soryoke*, standing in the top position among the Mitsui families, and 
whose head of house became head of the Mitsui *zaibatsu*, provides the simplest 
example among the families. The characteristics of the marriage alliances of the 
*soryoke* can plausibly be interpreted as providing an example of aristocratization, 
even by comparison with the European cases. Mitsui Hachiro'uemon Takamine, who 
was the head of the *soryoke* in the early 20\textsuperscript{th} century, and who was granted a barony at 
the end of the 19\textsuperscript{th} century, married twice. Though his first marriage was with the 
adopted daughter of a prominent merchant in Osaka, Hirooka Shingoro (himself 
marrried to a daughter from the Mitsui families), Takamine was predeceased by her, 
and her only son also died in early childhood.\textsuperscript{41} Shortly after her death, Takamine 
marrried Maeda Motoko, a daughter of Count Maeda Toshigoe, who was the former 
feudal lord of Toyama Domain. Motoko’s family was also famous as a branch family 
of the house of Maeda in Kaga, on the Japan sea coast, the former prominent feudal 
lord who had had the largest domain in the country during the Tokugawa period. 
From this marriage, Takamine had two sons and five daughters. If we look at 
Takamine’s children’s marriages, Mitsui Reiko, his fourth daughter, describes her 
father’s marriage strategy as follows:

\begin{quote}
Two of my elder sisters and younger sister married with the aristocracy. I suspect this 
was a part of my father’s strategy, since he wanted to be granted a title of nobility. He 
ever sent (his daughters) into other bourgeois families.\textsuperscript{42} He probably wished them to 
be assimilated into the aristocracy.
\end{quote}

Reiko’s testimony points out a crucial characteristic of the marriages of the *soryoke*’s 
children. Except for two daughters, including Reiko, and one son, all of whom got 
marrried with members of the Mitsui families (in the daughters’ cases, both husbands 
later became a head of house), the eldest son and the other daughters married with 
members of the aristocracy. In particular, the marriage of Mitsui daughters with

\textsuperscript{41} She herself originated in a landlord family from north Osaka. See Mitsui Hachiro’uemon Takamine 
Den Hensan linkai (ed.), *Mitsui Hachiro’uemon Takamine Den*, p.83. 
\textsuperscript{42} See Yasuoka, ‘Mitsui Reiko Shi to no Taidan’, p.126.
members of the nobility indicates what Lebra has pointed out as a complementary exchange of wealth and status, one of the characteristics of marriage of the Japanese aristocracy. All of the Mitsui daughters’ aristocratic spouses, Marquis Nakamikado Tsuneyasu (married to Noriko, the eldest daughter), Baron Takatsukasa Nobuhiro (married to Tomiko, the second daughter) and Baron Takatsuji Norimaro (married to Sakiko, the fifth daughter) came from the former court aristocracy, and despite all holding titles of nobility, their financial circumstance were poor, and they thus heavily depended on financial support from Takamine. In contrast to the marriage of the daughters, however, the marriage of Takamine’s eldest son, Takakimi, with the eldest daughter of Marquis Matsudaira Yasutaka, cannot be regarded as a case of complementary exchange, since the Marquis, a descendant of the second son of Tokugawa Ieyasu, Hideyasu, and former feudal lord of Echizen domain, was also known as one of the richest members of the aristocracy, who, according to the data set, had an estimated wealth of over 10 million yen in 1915. Given that the wealth of the Mitsui families appears to have been less significant for the Marquis in choosing his eldest daughter’s marriage partner, it is likely that the Marquis may well have recognised the social status of Mitsui’s soryoke as being equivalent to that of his own ie. This assumption also indicates that the elevation in social status of the soryoke was certainly advanced in terms of their marriage alliances.

However, if we turn our eyes to the other Mitsui families, it becomes evident that the marriage alliances of the Mitsui families as a whole cannot be defined as a sort of equalisation of social status with the nobility. Those members of the Mitsui families who were raised to the nobility as baron, along with Takamine, were Mitsui Takayasu and Mitsui Hachirojiro Takahiro, both of whom were elder brothers of Takamine and had been adopted into other Mitsui families, that is, the Muromachi-ke and the Minami-ke. Both of these were honke (main houses) of the Mitsui families, and thus held a high position within the houses of Mitsui. Both cases exhibit the existence of certain organisational difficulties, especially in the case of a house having too many sons. Although the social status of Takayasu’s wife is unknown, Takahito married Date Teruko, the sixth daughter of Date Munehiro, the former feudal lord of Uwajima

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43 Lebra indicates the case of an anonymous daughter of a zaibatsu family, who married a poor kuge, financially supporting him through her house. See Lebra, Above the Clouds, p.227, p.239.
domain, who was later granted the title of marquis.\textsuperscript{44} This is somewhat surprising as it in part suggests that the reorganization of the social hierarchy and the feudal caste system took place very rapidly. Nevertheless, this did not mean that all members of the family enjoyed the same elevation in social status. Takayasu’s eldest son married the daughter of Marquis Tokudaiji Sanenori, the grand chamberlain of the Emperor Meiji, who was also the brother of Sumitomo Kichiza’emon Tomoito. However, the fate of the other sons was very different to that of their eldest brother. It occasionally happened that sons were adopted into less prominent business or merchant families through utilisation of informal networks of friends or relatives. Though some cases indicate the existence of adoption into families of the nobility, like the case of the sixth son of Takayasu, Takahiro, who was adopted by Viscount Makino Tadayori, this was a quite exceptional case.

The strategy concerning a son’s adoption into other families largely rested on the inheritance system for the family fortune within the Mitsui families. As mentioned in the previous chapter, under the complex system of wealth holding and the clear limitations on any selfish exploitation of the family fortune, most of each family’s fortune was inherited by the eldest son, the future head of the house, meaning that the share of the inherited fortune accorded to other family members was really small.\textsuperscript{45} Consequently, as the number of children increased, the inherited wealth of the other family members became smaller. This made an alternative solution, that is, creating another branch house for each son on the basis of a certain amount of the family fortune, quite unrealistic.\textsuperscript{46} It may be assumed that from this perspective the strategy of having their sons adopted into other business families was the most rational solution. In fact, except for the eldest son, many of the sons of Takayasu on whom information is available were adopted into other business families, presumably through the informal networks that existed. The most obvious example among these cases is that of Mitsui Takakiyo, the fifth son of Takayasu. At first, Takakiyo was

\textsuperscript{44} In this case, the Uwajima Date family was a branch house of the Miyagi Date family, the feudal lord of Miyagi domain in the Tokugawa era. However, the Uwajima Date family’s heavy support for the Meiji Restoration, changed the status of both families in the Meiji period, since the Uwajima Date family was granted the title of marquis, compared to the Miyagi Date family, which was granted the title of count, at the time of the formation of the western-style hereditary peerage system. See Asami, \textit{Kazoku Tanjo}, pp.208-09.

\textsuperscript{45} For this system, see Yasuoka, \textit{Zaibatsu Keiseishi}, esp. pp. 399-403 for further details.

\textsuperscript{46} In her interview, Mitsui Reiko also pointed out that this caused a serious problem in forming branch houses among the 11 families of the house of Mitsui. See Yasuoka, ‘Mitsui Reiko’, p.117.
Mitsui Takateru, who later became the head of the Ipponmatsu-ke, one of the renke, married Mitsui Mioko, an illegitimate daughter of Mitsui Takahisa, the head of the Gochome-ke, another of the renke. Reiko explains that because of her father's (Takamine's) anxiety over the future of Mioko, since Takahisa was his elder brother, it appears to have been Takamine's decision to marry Mioko with Takateru.48

In addition to these multiple strategies, there was another characteristic which made the marriage of family members even more strategic. After the establishment of the Mitsui family constitution, which was briefly described in the previous chapter, all marriages of family members required formal permission from the family committee (dozokukai), which consisted of the heads of the 11 families, in accordance with the rules of the family constitution.49 This evidence also indicates that the marriage for the Mitsui families was far from any freedom for their children to choose their own spouses, and marriage itself seems to have been a sort of political strategy, as often seen in the case of dynastic marriage alliances among contemporary royalty.

Consequently, the marriage alliances within the Mitsui families manifested a complex structure, as was the case with their wealth holding system. It is clear that the status of each ie within the families, in addition to the status of family members within each family, influenced the choice of marriage partner. For this reason, the marriages of the household head or the children of the soryoke, the most prominent ie within the Mitsui families, may be seen as indicating the importance of elevating the family's social status, since many of them married into the aristocracy. On the other hand, because of the household and wealth sharing system, the strategy of children being adopted into other business families or within the Mitsui families themselves also became crucial. This evidence suggests that there was a clear division of role within the families, depending on the status of the household head whose children were marrying. Also from this perspective, it is absolutely clear that under this strategy freedom of choice was a highly unrealistic prospect.

48 See Yasuoka, 'Mitsui Reiko', pp.115-16.
49 This was laid down in article 39 of the family constitution. For how this constrained the marriages of the Mitsui families see, for example, Mitsui Hachiro'uemon Takamine Den Hensan linkai (ed.), Mitsui Hachiro 'uemon Takamine Den, pp.442-43.
Other Families of the Big-Four

Other zaibatsu families exhibit a rather more simple structure of marriage alliance, since these families either had a much less complex household and ie system, or no such formal system at all. Even so, the other three zaibatsu families also display some particular characteristics, which would appear to stem from some diversity of marriage alliances. In the case of the Iwasaki families, on the one hand, we can see a gradual rise in social status with regard to the marriage partners of the founders and their descendants. However, from the period of the founders on, marriage manifested a tendency towards social endogamy with other members of the social elite. Although Iwasaki Yataro, the founder, married the daughter of a soy-sauce brewer, the spouse of his brother, Yanosuke (also the second head of Mitsubishi) was the daughter of Goto Shojiro, one of the prominent politicians of the Meiji period. In the following generation, an element of social exclusiveness became more apparent. The eldest sons of Yataro and Yanosuke, Hisaya and Koyata, both married with daughters of the aristocracy, and in both cases their wives originated from the family of a former feudal lord. This change in the selection of spouse within one generation clearly appears to be an attempt to elevate their social status rapidly, in other words, the integration into the aristocratic class in terms of marriage. However, the marriage alliances of the next generation again indicate some difference, even compared with the Mitsui case. While Koyata and his wife had no child, Hisaya and his wife had three sons and three daughters, and their selection of spouse was quite varied. Hisaya’s eldest son, Hikoyata, married a daughter of the aristocracy; the other sons’ spouses were the daughter of a prominent business family, and the daughter of an admiral. In the case of the three daughters, one married an official of the Ministry of Foreign Affairs (eldest daughter), one a count descended from the court aristocracy (second daughter) and one a businessman. This evidence suggests a contrast with the Mitsui case; Iwasaki’s social networks through marriage alliances extended to non-business elite groups, in particular to the political and military elite. In the case of Mitsui, which operated according to strict family rules and a long tradition, the formation of any informal connection with that same political and military elite was avoided. The case of the Iwasaki families, therefore, would appear to indicate some kind of social integration with the non-business elite, quite similar to the European
cases, although it is very difficult to determine how this characteristic may have influenced them socially and politically.

The case of the Sumitomo family would appear to suggest that the social status of a marriage partner depended on the status of the child within the family. The head of the Sumitomo zaibatsu and family in the early 20th century, Sumitomo Tomoito, was an adopted son whose social origins were in the family of a prominent member of the court aristocracy. After the marriage with Sumitomo Masu, the eldest daughter of the former head of the family, he had three sons and a daughter. However, his eldest son, Kan’ichi, was excluded from his position as the next heir, the formal reason given for this being his weak physical condition. This event led to a certain confusion over the selection of a formal heir of the Sumitomo zaibatsu and family, since Tomoito’s health had been gradually deteriorating even before this event happened, and the other two sons were at the time too young to be appointed as the next head of Sumitomo. Besides, in the early 20th century, the Sumitomo zaibatsu experienced a radical reorganization in its business, largely related to the founding of the Sumitomo Holding Co.. It is thought that at this time Tomoito considered choosing his adopted son, Tadateru, who was the third son of Viscount Torii Tadafumi and married with Tomoito’s only daughter, Takako, as the possible next heir of the Sumitomo family and its business. However, this plan was abolished due to the early death of Tadateru. Therefore, after the death of Tomoito, his second son, Atsushi, inherited the position of head of the Sumitomo family and its business. The marriages of the children were also overshadowed by this process. On the one hand, Kan’ichi, who lost his status as the successor, married with the adopted daughter of relatives. On the other hand, Atsushi, who became head of the Sumitomo zaibatsu after his father’s death, had as his spouse the daughter of Saionji Hachiro, who was himself the adopted son of Prince Saionji Kinmochi, the real elder brother of Tomoito. This difference in the selection of spouse perhaps signifies that there was a degree of discrimination in social status between the heir and the other sons of the family, even in the case of these prominent business elite families.

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52 Hachiro himself came from the Mori family, the prominent daimyo family of Choshu domain, which had played a decisive role in the Meiji Restoration, and his father, Mori Motoatsu, held the title of prince.
The pattern of intermarriage in the Yasuda family is also different, if compared with the other three cases. The founder of the Yasuda zaibatsu, Yasuda Zenjiro, married the daughter of a merchant in Tokyo. Since Yasuda had come from a poor provincial family, his marriage may be assumed to have been of little significance in elevating his social status.\textsuperscript{53} However, in the case of Yasuda's children's generation, it is clear that the significant wealth of the Yasuda family gave rise to integration into the social elite. Nevertheless, it was also apparent that there is a great difference in the social status of the spouse between the children. For instance, the eldest son, Zennosuke, who changed his name to Zenjiro the Second after his father's death, when he succeeded to his father's position, married the daughter of an aristocrat from a former daimyo family. No information on the spouse's social status is available in the case of other sons; they were referred to only as heimin. However, if we turn to the selection of the daughters' spouses, the pattern is characterised by the fact that many daughters married with an adopted son or adopted son-in-law of Zenjiro, and all of these adopted sons were engaged in Yasuda's business. For instance, Yasuda Zenzaburo, who came from the samurai class and later became Zenjiro's closest business partner (he was actually appointed as the deputy head of the Yasuda zaibatsu by Zenjiro), married Zenjiro's daughter and was chosen as the adopted son-in-law.\textsuperscript{54} This suggests that when it came to marriage alliances, strengthening social networks with other members of the business elite, in particular with those who were engaged in the business of the Yasuda zaibatsu, was more significant for Zenjiro than extending his informal network to other members of the non-business or aristocratic elite. The evidence suggests that this characteristic was widely shared with other members of the wealthy business elite, who will be discussed in the next section.

b) Other Wealthy Business Families

Apart from the Big-Four zaibatsu families, the cases of other families of the wealthy business elite, notwithstanding a high degree of diversity, indicate that the patterns of

\textsuperscript{53} Although it is not clear whether this marriage was his first or second, there is some evidence that Yasuda divorced his first wife because she spent too much money on luxuries. See, for details Mataro Miyamoto, Kigyoka tachi no Gunzo (Tokyo, 1999), pp.235-36.

\textsuperscript{54} However, as a result of open conflict with Zenjiro's real sons, he was finally fired from Yasuda's business and forced to retire. See Yasuda Zenzaburo in Jitsugyo no Nihonsha (ed.), Zaikai Bukko Ketsubutsu Den vol.2.
marriage alliances was determined by the importance of family business activities to the family. In the case of the Furukawa family, marriage alliances were influenced not only by family interests but also, on occasions, by the lack of a male heir who might become the future head of the Furukawa family and its businesses. Furukawa Toranosuke, the owner of Furukawa’s businesses in the early 20th century, represents one particular example of this case. Toranosuke’s father was the adopted son of Furukawa Ichibei, the founder, and became the heir, as Ichibei himself had no children. The real father of this adopted son was the prominent politician Mutsu Munemitsu. In the case of Toranosuke himself, he married Saigo Fujiko, the sister of Marquis Saigo Tsunetoku. However, no child was born of this marriage, and consequently Toranosuke adopted the second son of his brother-in-law, Tsunetoku, and this adopted son inherited the position of family head after the death of Toranosuke, including the ownership of Furukawa’s businesses. Even though this case may be quite unusual among the business elite, and although the adopted son did come from an aristocratic family, it appears that Toranosuke was more concerned with handing on the Furukawa businesses to his adopted son rather than maintaining the honoured status of the Furukawa family as a member of the nobility. The choice of adopted son was just the result of utilising the informal family network. The importance of Furukawa’s business for the family is also shown in the marriage alliances of Toranosuke’s sisters; all those on whom information is available married with businessmen, and almost all the spouses were executives of Furukawa and its affiliates.

The same pattern is also shown in the case of Okura Kihachiro, another prominent member of the wealthy business elite. Many of Okura’s daughters married executives of Okura’s businesses. In addition, Okura’s case is an example of the assumption that the marriage of the eldest son was aimed at giving the family high status, since his eldest son’s wife was the daughter of Count Mizoguchi Naomasa, who came from the family of a former feudal lord.

If we turn our attention to other families, the case of the Konoike family, which had originated in a prominent merchant house in the Tokugawa era, also indicates the importance of marriage alliances for strengthening the business network. Significantly, this family has frequently been referred to by business historians as a case of failure to
become a large-scale zaibatsu, as a result of Konoike’s conservative mindset and strategy towards its business, which prevented its modernization and restructuring, in particular in relation to its management system.\textsuperscript{55} However, the marriage alliances of this family seem to show that the Konoike family did not lose its interest in the family business. Due to its historical background, Konoike had a strong relationship with the Mitsui families, and many Konoike spouses came from Mitsui. For instance, Konoike Zen’uemon, the owner in the early 20\textsuperscript{th} century, and his brother Shijuro, married with the eldest and second daughters of Mitsui Takayasu. The marriage of Zen’uemon’s brothers and sisters also signifies a related tendency, since many of them married with the children of important business elite families, which were likely to have been part of the informal network of the Konoike family. Even in the case of Zen’uemon’s eldest son, his spouse was the daughter of a prominent businessman (also a urban landlord) in Tokyo. It may be assumed that the consolidation of the network with other parts of the business elite through marriage alliances was still crucial for the Konoike family.

In contrast to Konoike, the family of the famous shipping magnate Kawasaki was exceptional among these wealthy business families, since the Kawasaki family’s marriage alliances manifested an extreme tendency towards a degree of social integration into the aristocracy. Although Kawasaki Yoshitaro, the owner in the early 20\textsuperscript{th} century, was himself the adopted son of the founder, Kawasaki Seizo, and had married Seizo’s daughter, three of his five sons married daughters of the nobility. However, even in this case, it was the eldest son whose spouse had the highest social status, since the eldest son’s consort was the daughter of Marquis Saga Kinkatsu, who came from an old family of the court aristocracy. Moreover, in spite of the gradual decline in family interests in the shipbuilding business, these sons did not turn their backs on the business world.\textsuperscript{56}

In the case of the Shibusawa family, the situation is complex and somewhat resembled the Mitsui families’ case. This was largely due to the fact that Shibusawa Eiichi married twice, and in addition had countless illegitimate children from his

\textsuperscript{55} For example, see Yasuoka, Zaibatsu Keiseishi, pp. 358 -64 .
\textsuperscript{56} Details of the loss of family interests in their business is in Y. Mishima, Zosen-O Kawasaki Seizo no Shogai, esp. pp.215-218.
numerous mistresses. Nevertheless, the marriage alliances of the three children from his first marriage show some interesting characteristics of Shibusawa’s family. Unlike the case of other families, which chose the daughters’ spouses from prominent families of the social elite, whether business or non-business, one of the two daughters of Eiichi married with an academic, who specialised in legal studies, and the other with a junior official. Although these two spouses were successful in life, one as a famous academic, and one as a prominent official, and were finally both granted titles of nobility (baron), the marriages themselves indicate that Eiichi was less interested in utilising his daughters for informal social networking. On the other hand, his eldest son married the daughter of a court aristocrat who was granted the title of count during the Meiji period. This was presumably to give the son a higher social status. In addition, the limited information available indicates that there were two cases of illegitimate daughters who married relatives of Eiichi. This was possibly a sort of strategy to give these daughters a legitimate status as family members of Shibusawa.

In some cases, marriage strategies display a particular kind of social networking that can be interpreted as a reflection of hanbatsu, the political faction based on politicians originating from certain domains, including Satsuma and Choshu. This example is apparent in the case of the Kuhara and Fujita families, both of which were related and originated from Choshu domain, and thus had a strong relationship with politicians from Choshu. Other studies have shown that in the development of their business activities, these families relied heavily on financial support from the Mori family, the family of the former daimyo of Choshu domain. If we look at the pattern of their marriage alliances, the marriages of the Kuhara and Fujita families seem to display similar characteristics to the case of the other families considered. In particular, the case of the Fujita family exhibits a strong tendency towards giving a high status to the eldest son by marriage with the daughter of a high ranking aristocrat, and a strong interest in forming informal networks with the business or non-business elite.

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57 According to one biographical source, Eiichi is said to have had nearly 20 children, including legitimate children from his two formal wives and illegitimate children from mistresses. This complexity sometimes caused conflict among these children over their family interest in Shibusawa’s businesses and household. See S. Sano, *Shibusawa-Ke 3dai*, pp.192-99.
58 See *ibid*, pp.102-10.
60 For example see H. Takeda, ‘Meiji zenki no Fujitagumi to Mori-Ke Yushi’.

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However, the key element for these two families in terms of informal networking through marriage was the Aikawa family, which also came from the former Choshu domain, and whose origins were in the samurai class. Aikawa Yoshisuke, who was the family head of the Aikawa family in the early 20th century, had a strong relationship with both the Fujita and Kuhara families through marriage alliances (his sister was the wife of Kuhara Fusanosuke, the head of Kuhara, and one of his brothers became the adopted son of Fujita Kotaro, the head of branch house of the Fujita family). The marriage alliances with the Aikawa family also determined the fate of Kuhara's businesses. Through the alliance, Aikawa Yoshisuke later inherited Kuhara's businesses in the 1920s, when they were confronted with a serious business crisis due to a rapid deterioration in business performance. Based on Kuhara's businesses, Aikawa established his own business group, Nissan, one of the famous new zaibatsu. There seems little doubt that political and informal networking had a strong influence on the development of business activities by both families, in addition to the connection by marriage alliance with the Aikawa family.

If we summarise the characteristics of marriage alliances among the prominent wealthy business families, although there are major limitations in the data and certain differences in each case, these marriages indicate some critical points in relation to informal networking. First of all, it is clear that for the marriage of the eldest son it was seen as important that the heir of the family business should achieve a higher social status. We may assume that this characteristic was related to the existence of the ie system in modern Japan, which gave the decision-making power in the household to the head of the house. In contrast to the eldest son's marriage, the strategy relating to the other children's marriages depended on the economic and social conditions of each family, or their father's ambitions, that is, whether or not the father was interested in expanding his informal network to other members of the business elite or non-business elite. Secondly, in contrast to the European cases, in which there is evidence of the tendency to reduce business interests through marriage with the nobility, Japanese business wealth holders do not appear to have had the explicit desire of socially integrating into the aristocracy through marriage alliances.

Aikawa Yoshisuke also had a close relationship with the family of Kaijima, the famous coal magnate in Fukuoka prefecture, through the marriage alliance of his sister. In addition, he also had a connection with Kimura Kuzuyata, the chief director of the Mitsubishi Holding Co., whom his sister had married.
However, to analyse this characteristic, it is necessary to proceed to some analysis of the statistical data set, with a comparative perspective on the other cases, and this is going to be the topic discussed in the next section.

4.2.3. Analysis of the Data Set

a) General View

In spite of certain limitations on the availability of accurate information on the spouse's social status (based on the social or occupational status of the father), the data set does indicate certain characteristics of intermarriage among this Japanese wealth holders group. Firstly, in this wealthy business elite, we can discover strong tendencies towards social endogamy. In effect, the rate of intermarriage with families of the same social group was quite high, as displayed in the data in Table 4.1.

Table 4.1 The marriages of Japanese business wealth holders (percentage marrying spouses from each category(left side), number of the sample (right side))

<table>
<thead>
<tr>
<th>(occupational status)</th>
<th>(a)</th>
<th>(b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non business-elite</td>
<td>20.8</td>
<td>66</td>
</tr>
<tr>
<td>Professionals</td>
<td>1.3</td>
<td>4</td>
</tr>
<tr>
<td>Businessmen (big and medium-scale)</td>
<td>52.4</td>
<td>166</td>
</tr>
<tr>
<td>Businessmen (status unknown)</td>
<td>8.5</td>
<td>27</td>
</tr>
<tr>
<td>The former samurai class</td>
<td>15.8</td>
<td>50</td>
</tr>
<tr>
<td>Lower middle class</td>
<td>0.3</td>
<td>1</td>
</tr>
<tr>
<td>Lower class</td>
<td>0.3</td>
<td>1</td>
</tr>
<tr>
<td>others</td>
<td>0.6</td>
<td>2</td>
</tr>
<tr>
<td>Total (by percentage)</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total (absolute number)</td>
<td>317</td>
<td>317</td>
</tr>
</tbody>
</table>

Note: (a) including all cases
(b) excluding business wealth holders who were mainly involved in agricultural activities; the absolute number of cases was 315 in (a) and 292 individuals in (b).

Lower middle class: in this case (only one sample), a daughter of poor merchant
Lower class: in this case (only one sample), a daughter of blacksmith

Sources: compiled from information on individuals collected from: Shisanka Hyo; data of marriage partner; Jinji Koshinroku versions 5-10, Zaikai Bukko Ketsubutsuden; Kazoku Taikan for data on ennobled businessmen's spouses, other biographical dictionaries, biographies and autobiographies.

The majority of Japanese business wealth holders in the data set on whom we have information (315 individuals out of the total number of 317) were married to the daughters of businessmen (about 61 percent). Moreover, most of the sample selected their spouse from the family of a big (or wealthy) or medium-scale businessman.
including merchants. The figure shows a relatively high concentration (52.4%) of intermarriage among business wealth holders, manifesting some sort of social exclusiveness among the Japanese wealthy elite with regard to marriage. We may assume that this tendency was not only due to the importance of business interests, which extended to the formation of informal networks, but was also reinforced by the limitations they faced in the marriage market, as it is likely to have been difficult for them to find a suitable marriage partner from outside of their own social group, meaning that the main pool of possible spouses was the prominent rich.

In addition, short-term and long-term networking through business activities is likely to have further reinforced the characteristic of social endogamy. For example, in the case of Nomura Tokuhichi, the founder of Nomura securities, who became one of the richest members of the business elite, he found his wife through the assistance of his father’s business partner. Tokuhichi’s wife, Kikuko, came from a merchant house, was a friend of the daughter of this business partner in the girl’s high school, and so the daughter’s network was utilised by the business partner in arranging the marriage for him. Other cases also demonstrate the significant role of business networks in finding suitable consorts. Taki Sadasuke, a prominent textile merchant in Nagoya, married the daughter of Kobayashi Gin’uemon, a famous merchant in the Omi region (Shiga prefecture), since the two families had a strong business relationship dating back to the Tokugawa period. This example additionally shows that despite certain limitations on trade during the Tokugawa era, the business networks of merchants had clearly already expanded to areas distant from their main market, and thus made it possible to select a spouse from a merchant family some distance away. So even if the centre of business activities had already moved away from the place of origin, some of the business elite, for instance the Mitsui families, still maintained their informal network in these places. The Mitsui families, whose centre of family business activities moved to Tokyo from the Meiji period, continued to have a strong connection with Kyoto, the families’ old business centre, and with Matsuzaka, the

63 For the business relationship of both families, see Suenaga, *Kindai Omi Shonin*, esp. chap 7.
place from which they originated, through an informal network formed over a long period.64

On the other hand, with the exception of spouses from the same social group, the biggest social group in terms of intermarriage with these wealthy business elite was the non-business elite, including the political elite, bureaucrats, landlords and members of the aristocracy. As already pointed out in the previous section, intermarriage with the non-business elite, especially the nobility, was to some extent prevalent among the business elite, although in the case of children such marriages would appear to have been particularly common in the case of the eldest son or heir. The rate of intermarriage with this group was relatively high, since about one-fifth of the sample married into this non-business elite. Even if we eliminate those in the sample whose main activities are likely to have been based on the agricultural sector, like landlords, for whom business activities were a sub-occupation, the figure for such intermarriage hardly changes, decreasing by only 2 percent.65 This evidence also indicates that the marriage of landlord families with members of the non-business elite, except for social endogamy within the same landlord class, was less prevalent than in the case of the business group, despite the small number of landlords in the sample. For example, the data reveal only two cases of intermarriage of landlords with the nobility, and both cases were in Niigata, typically regarded as the most dominant region of landlords in modern Japan.

Apart from this elite group, the other particular group significant for intermarriage by Japanese business wealth holders, was members of the former samurai class; about 16 percent of the sample married daughters from this group. This is likely to have been the result of positive choice by certain members of the business elite, who had themselves originated in the former samurai class, and who were involved in business after the Meiji Restoration. Masuda Takashi and Dan Takuma, executives and business leaders of the Mitsui zaibatsu, or Wada Toyoharu, who later became a leading figure in the spinning industry, are famous examples in this category. However, the data set also indicates a major difference in the importance of the

64 For Mitsui's informal networks with Kyoto and Matsuzaka, see Yasuoka, 'Mitsui Reiko Shi to no Taidan', pp.115-6.
65 In this case, those landlords who were engaged in the urban property business are not categorised as agricultural landlords, since their income structure was very different from that of agricultural landlords.

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samurai group as a source of marriage partners. This difference is apparent if we divide the whole sample into two categories according to the chronological date of birth, namely those who were born before 1870 and those who were born 1870 or later. The figures on intermarriage by cohort are contained in Table 4.2. While over one-fifth (21.5 percent) of the wealthy business elite born before 1870 chose their spouse from the samurai group, intermarriage with this group declined dramatically within the latter category (8.5 percent).

Table 4.2 Marriage patterns of business wealth holders by cohort (percentage of total marrying with each social group (left side), number of the sample (right side))

<table>
<thead>
<tr>
<th>(occupational status)</th>
<th>(born 1869 or earlier)</th>
<th>(born 1870 or after)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-business elite</td>
<td>20.9</td>
<td>20.7</td>
</tr>
<tr>
<td>professionals</td>
<td>1.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Businessmen (big or medium-scaled)</td>
<td>47.5</td>
<td>58.6</td>
</tr>
<tr>
<td>Businessmen (status unknown)</td>
<td>6.8</td>
<td>10.7</td>
</tr>
<tr>
<td>The former samurai class</td>
<td>21.5</td>
<td>8.6</td>
</tr>
<tr>
<td>Lower middle class</td>
<td>0.5</td>
<td>1.1</td>
</tr>
<tr>
<td>Lower class</td>
<td>0.5</td>
<td>1.1</td>
</tr>
<tr>
<td>Others</td>
<td>1.1</td>
<td>2.0</td>
</tr>
<tr>
<td>Total (percentage)</td>
<td>100.0</td>
<td>99.9</td>
</tr>
<tr>
<td>Total (absolute)</td>
<td>177</td>
<td>140</td>
</tr>
</tbody>
</table>

Sources: same as Table 4.1.
Note: Figures do not total 100 percent due to rounding

Several assumptions can be made regarding this result. Firstly, as a consequence of social reforms and the abolition of the feudal caste system, the former samurai class ceased to be a formal part of the social elite in Japanese society, and thus became less attractive as a potential source of spouses to members of the wealthy business elite who wished to expand their social networks into other elite groups. Secondly, the social reforms that had taken place seem to have also led to the dissolution of the former samurai class fairly quickly after the Meiji period, making the 'samurai' category meaningless in terms of the classification of social class in modern Japan. In addition, some former samurais' success in other occupational sectors, for instance, military service, the political world, the bureaucracy, as professionals or as

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66 This date setting is for considering whether or not many aspects, including social and economic changes influenced the pattern of the marriage of wealth holders.
businessmen is likely to have accelerated the dissolution of this class.\textsuperscript{67} Therefore, the declining rate of intermarriage of the wealthy business elite with samurai can be interpreted as a part of the evidence for the decline of the samurai as a formal social class.

If we turn our eyes to the rate of the business elite’s intermarriage with other social groups, we find both similarities and differences between the two cohorts. On the one hand, there is almost no difference in the rate of intermarriage with members of the non-business elite, which reached 20.9 percent in the group born before 1870, and 20.7 percent in the group born 1870 or later. This may well indicate the dramatic and rapid changes in social structure affecting the non-business elite, meaning that for the wealthy business elite, the barriers of social status in terms of marriage had already disappeared in the early Meiji period. Also, as Lebra has pointed out, complementary exchange of wealth and status might take place not only between the wealthy business elite and the poor aristocracy, but also with the political elite, who would appear to have been less wealthy compared to the business wealth holders. In addition, difficulties in finding suitable spouses, especially in local areas, because of the relatively small marriage ‘market’, may well have played a role in promoting intermarriage within the local elite, whether members of the business, landed or provincial political elite. Consequently, these factors are likely to have contributed to promoting intermarriage between the business and non-business elite, and therefore the formal social structure of the old regime disappeared relatively early on.

Apart from this particular elite group, the other data also suggest that the social endogamy of the wealthy business elite was further reinforced in the case of the later generation. While the sample born before 1870 mainly married with businessmen, including large and medium scale businessmen, and those whose status was unknown (54.3 percent in total), this figure further increased for the group born 1870 or later, to 69.3 percent. Furthermore, of this latter category, nearly 60 percent selected their spouse from the category of large and medium-sized business families. This result signifies, notwithstanding some expansion of their marriage market into other social

\textsuperscript{67} Although the perspective adopted in this research is rather different, there are some studies focusing on the process of reorganization of the samurai class in modern Japan. For details, see H. Sonoda et al (eds.), \textit{Shizoku no Shakai Rekishieki Kenkyu} (Nagoya, 1995).
elite groups, that this cohort of the business elite was just as likely to intermarry with other members of the wealthy business elite.

The background of the social changes that had taken place would seem to have played a role in forming this strong tendency. In addition to the demise of the samurai class, as a result of the dissolution of their social status, it was very difficult for the business elite to select their consorts from suitable social groups other than the non-business elite. Professionals, including academics and members of other intellectual professions, are hardly represented at all in this data. In both cases, around 1 percent of spouses in the sample came from the background of a professional family. However, since professionals were a totally new social group in modern Japan, and since the educational experience and training necessary for these occupations were not formally established until the early 20th century, it is likely that in the Japanese case, these occupations were not really recognized as constituting a suitable social group for the selection of the marriage partner of the wealthy business elite. Besides, the data indicate that other social groups such as the lower middle or lower classes, which is likely to include farmers, shopkeepers or workers, are almost completely absent from the spouses of the wealthy business elite. In the cohort born before 1870, only four cases can be found of marriage with a daughter from these social groups, and no case can be found for the cohort born in 1870 or after. These results make apparent the social exclusiveness of this wealthy elite in terms of the pattern of intermarriage, and it can be said that this characteristic became even stronger in the later generation.

Finally, if we consider other social influences on the case of intermarriage, we find that the marriages of the sample of adopted sons, who have formed a crucial part of this study, show some interesting points in relation to the ie system, as shown in Table 4.3. Although in this case, information on the social status of spouses is unavailable, which makes it very difficult to make any firm conclusion as to whether or not the marriage of adopted sons indicated enhanced social status for them, the results do illustrate the significance both of the continuity of the ie, and the continuity of blood inheritance. Among the members of the wealthy business elite who belonged to this category, over one-third (35.8 percent) married the eldest daughter of their adoptive father. If we add those who married with another daughter of the adopted father, we
find that nearly half of the total of *yoshi* married a daughter of the adoptive father (46.8 percent).

Table 4.3 Marriage of *yoshi* (adopted sons) business wealth holders (percentage of total adopted sons marrying each category (left side), number of the sample (right side))

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Percentage</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married with the eldest daughter of adoptive father</td>
<td>35.8%</td>
<td>58</td>
</tr>
<tr>
<td>Married with other daughter of adoptive father</td>
<td>9.9%</td>
<td>16</td>
</tr>
<tr>
<td>Came from the relative of adoptive father (either adopted son or adopted son’s spouse coming from family related to that of adoptive father)</td>
<td>8.0%</td>
<td>13</td>
</tr>
<tr>
<td>Not married with the daughter of adoptive father</td>
<td>42.6%</td>
<td>69</td>
</tr>
<tr>
<td>Other (married with the former housemaster's adopted daughter etc.)</td>
<td>1.8%</td>
<td>3</td>
</tr>
<tr>
<td>Unknown</td>
<td>1.8%</td>
<td>3</td>
</tr>
<tr>
<td>Total (percentage)</td>
<td>100.0%</td>
<td></td>
</tr>
<tr>
<td>Total (absolute number)</td>
<td>162</td>
<td>162</td>
</tr>
</tbody>
</table>

Note: the data in this table is not based on any sort of information about the occupational status of adopted father etc.

Sources: same as table 4.1.

On the other hand, it is clear that for a substantial minority the spouse did not come from the adopted family (42.6 percent). However, there are few cases where either the adopted sons or their spouses came from a family related to that of the adoptive father (8.0 percent). Thus, in spite of certain difficulties in identifying any clear characteristics from these results, it is possible to suggest some interesting features in the marriage pattern of adopted sons. Firstly, if the adoptive father had female children, the adopted son is likely to have had little choice apart from marrying the adoptive father’s daughter. Also, if the adoptive father had no male child, the most significant role in the succession of the *ie* was played by the eldest daughter, resulting in her marriage with the adopted son. Secondly, although the choice of marriage partner would appear to have existed if the son had been adopted into a childless family, we can assume that the adopted son’s own freedom to choose was minimal or non-existent, since the adoptive father would undoubtedly exercise influence over the choice of a suitable spouse.\(^6\) We may also conclude that even though continuity in the succession of the *ie* was the main purpose for accepting adopted sons as the heir of the *ie*, these results indicate that, at least in the case of the wealthy business elite,\(^8\)

\(^6\) However, more detailed analysis would be required to confirm this assumption. The different categorization of the adopted son, for instance, whether he was adopted into a childless family or into one with no effective head, certainly made a difference in the status of the adopted son within his adoptive *ie*. For detail on this information, see for example, Lebra, *Above the Clouds*, esp. chap 3.
matches between adopted sons and the daughter of the adoptive father were regarded as indispensable in maintaining the blood line of the adoptive father’s ie. To some extent, the social exclusiveness of the wealthy business elite may well have strengthened the importance of blood succession.

b) Comparative analysis

In spite of various differences in the historical background, for instance, the level of economic development, the nature of the social hierarchy and socio-cultural factors, comparative analysis of the pattern of intermarriage highlights some interesting similarities and differences in the marriage alliances of the different business elites. Table 4.4 gives comparative data on marriage. As already mentioned in the introductory part of this chapter, Augustine’s data on wealthy businessmen in Imperial Germany and the data from the DBB in the British case are utilised for comparison with the Japanese case. To minimise the difference with the comparative data, which focuses just on businessmen, and does not include wealth holders engaged in business activities as a sub-occupation, those in the Japanese case who are categorised as landlords in terms of their main economic activity, have been omitted from the data in Table 4.4. For this purpose, therefore, information is available in the Japanese case on 292 individuals (294 cases, including the data on second marriage).

Table 4.4 Comparison of marriage patterns of the business elite in Japan, Britain and Germany (percentage of total in each sample)

<table>
<thead>
<tr>
<th>(occupational status)</th>
<th>Britain</th>
<th>Germany</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-business elite</td>
<td>23.4</td>
<td>12.4</td>
<td>18.7</td>
</tr>
<tr>
<td>Professionals</td>
<td>17.9</td>
<td>8.6</td>
<td>1.3</td>
</tr>
<tr>
<td>Businessmen</td>
<td>32.5</td>
<td>67.9</td>
<td>64.2</td>
</tr>
<tr>
<td>Samurai class (Japan only)</td>
<td></td>
<td></td>
<td>14.6</td>
</tr>
<tr>
<td>Lower middle class</td>
<td>18.8</td>
<td>6.8</td>
<td>0.3</td>
</tr>
<tr>
<td>Lower class</td>
<td>5.2</td>
<td>0.9</td>
<td>0.3</td>
</tr>
<tr>
<td>Others</td>
<td>2.3</td>
<td>3.3</td>
<td>0.6</td>
</tr>
<tr>
<td>Total (percentage)</td>
<td>100.1</td>
<td>99.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total (absolute number)</td>
<td>309</td>
<td>312</td>
<td>294</td>
</tr>
</tbody>
</table>

Source: Compiled from Britain: Dictionary of Business Biography 5 volumes (London, 1984-86)  
Germany: Augustine, Patricians and Parvenus, p.78.  
Japan: based on Table 4.1. but excluding the landlord cases  
Note: figure do not total 100 percent due to rounding.
Although it is dangerous to generalise too far or to draw any concrete theoretical conclusion from the comparison of these three data sets, which have incorporated a number of differences with regard to categorization of the spouse's social status, spouse selection and the nature of the sample itself, it can be observed that the Japanese case shows several similarities with the German and British cases that appear to make some comparison possible. The characteristic of high level of social endogamy within the wealthy business elite is also shared by the German case, since the majority of the wealthiest German businessmen were married to the daughters of other businessmen, including those whose status is unknown (67.9 percent). The higher tendency towards social endogamy among the German business elite can also be traced from another study, that of Kaudelka-Hanisch, whose research was concerned with the members of the business elite in Rhineland Westphalia in the 19th century who had the title of commercial councillor, a specific title used to honour businessmen. According to Kaudelka-Hanisch’s research, the majority of this titled business elite had married with the daughter of a businessman (66.7 percent). This figure was followed by marriage with professionals (13.3 percent), military officers (6.7 percent), landowners (6.7 percent) and officials (3.3 percent). By contrast, Augustine’s data on these businessmen’s sons suggests some decline in the rate of social endogamy (49.1 percent). This would appear to offer some contrast with the Japanese case. Using a cohort analysis, Augustine explains that businessmen born between 1860 and 1869 (those who became adults after the unification of Germany) and their children were more likely to intermarry with the traditional ruling class than were businessmen of the older generation, since the firm establishment of their social status and the adoption of an aristocratic life-style made these businessmen or their children more acceptable as marriage partners for the pre-industrial elite.

Conversely, as explained earlier, cohort analysis by year of birth in the Japanese case indicates that in Japan social endogamy was further strengthened over time, although the selection of a marriage partner among other social elites was also more prevalent in the Japanese case. Turning to the British case, although the categorization is not based on wealth holding, it is clear that intermarriage with members of the same

69 See Kaudelka-Hanisch, 'Titled businessmen', in Evans (eds.), The German Bourgeoisie esp. p.98.
70 Augustine, Patricians, p.80.
71 Ibid, pp.82-83.
business elite, or with other businessmen, was less frequent (32.5 percent of the total). It may well be that this lower rate is because the choice of spouse was more varied in the British case, than in Japan or Germany.

By contrast, intermarriage with members of the non-business elite, for instance, the aristocracy, landowners, military officers or the political elite was most frequent in the British case, nearly one-quarter of the total (23.4 percent). Surprisingly, in this case, Japan stands in an intermediate position between Britain and Germany. While about one-fifth of the Japanese wealthy business elite was married with members of the non-business elite (18.7 percent), the rate of such intermarriage in the German case is somewhat lower (12.4 percent). The result would seem to indicate that the progress of social integration in terms of marriage with other elite classes was fairly dramatic in the Japanese case, probably due to the dissolution and radical reorganisation of the non-business elite in Japan. Also, in Japan, the power of wealth had been an attraction for the newly emerged non-business elite, by comparison with Britain or Germany, in both of which the non-business elite possessed a higher social status, on the basis of its social and political influence from the pre-industrial period, and was thus more reluctant to accept the influence of the wealth of the business elite. However, especially in the German case, it is noticeable that Augustine’s data indicate that intermarriage with the non-business elite became more frequent in the children’s generation. The rate increased significantly in the case of sons (to 31.6 percent), and became even higher in the case of daughters (to 41.6 percent), although Augustine does point out that there is a clear difference in the patterns of intermarriage of Jewish and non-Jewish families, and of ennobled and non-ennobled businessmen. There were also differences in the function of marriage between sons and daughters. 72 Consequently, marriage patterns in all three countries manifest the existence of a certain degree of social integration of the business elite into the non-business elite, although there are some differences in the detailed characteristics of social integration of each of the three countries.

Elsewhere, however, there are major differences if we compare the intermarriage of the business elite in the three countries with other social groups. For example, in

72 Ibid, p.80, p.84 and p.86.
Britain a relatively large proportion of the business elite married the daughter of a professional (17.9 percent), while the rate of intermarriage with this class was lower in both Germany and Japan, at 8.6 percent and 1.3 percent respectively. There are different reasons behind the lower intermarriage rate with professionals in the German and Japanese cases. Undoubtedly, in the German case, the great division in the German bourgeoisie between the educated bourgeoisie and the propertied bourgeoisie played an important role in creating this situation. Since the higher professional occupations, like academics or lawyers, were mainly dominated by the educated bourgeoisie, their anti-materialist and anti-capitalist tendencies tended necessarily to give rise to antagonism towards the business elite.73 This difference in characteristics and a certain social distinctiveness contributed to less frequent intermarriage with the business elite, although some studies focusing on particular regions of Imperial Germany have indicated considerable variations in the pattern of intermarriage of these two bourgeoisie groups, as well as in the choice of professions.74 By contrast, in the Japanese case, we can assume that the initial lack of any significant marital ties with the professional group is because of the relatively recent appearance of these professionals. As one of the newly emerging social groups in modern Japan, professionals were in a relative minority compared to other social groups, and had not yet to establish their own distinctive status, based on their professional skills. The weak relationship between the business elite and the professionals in Japan and Germany clearly was thus caused by different reasons.

Apart from the inevitable appearance in the Japanese data of the samurai class as a symbolic indicator of differences in historical progress, there is one other respect in which a huge difference is apparent, namely in intermarriage with the lower middle class. Again, in this case, Britain shows a certain difference compared to the other two countries. Nearly one-fifth (18.8 percent) of the business elite in Britain married a daughter from this category of family. This evidence suggests that in terms of choice of marriage partners, the British business elite was less concerned with social endogamy within the same occupational or social groups. Moreover, the cases of some particularly wealthy British businessmen seem to indicate that social status was

73 For a brief explanation of this distinction, see for example Kocka, 'The European pattern and the German case' in J. Kocka et al (eds.) Bourgeois Society in the 19th century, esp. pp.21-23.
74 For example, see R. Evans, 'Family and class in Hamburg' in Evans and D. Blackbourn(eds.), The German Bourgeoisie, esp. pp.116-17.
not necessarily important in the choice of spouse. For example, Sir John Ellerman, known as the richest British businessmen in the early 20th century, and who left a fortune of about £37 million at his death in 1933, was considered mysterious not only for the unknown status of his wife, but also for the lack of evidence of any official certificate of his marriage.\footnote{Rubinstein, ‘Sir John Ellerman’ in DBB vol. 2. esp. p.259.} For another notable wealthy British businessman, Sir Julius Wemher, a diamond magnate who left about £10 million when he died in 1912, no information about his marriage partner is available.\footnote{J.J. Van-Helter, ‘Sir Julius Wemher’ in DBB vol. 5. esp. p.740.} We may also take the view that in the British case, there was more possibility for a businessman originating in the lower classes to become a prominent business leader, and this factor resulted in more frequent marriage with a partner from a relatively lower class, even though more detailed analysis is required to substantiate this assumption.

As a result, comparison of the patterns of intermarriage among the three countries displays some similarities and some differences. The tendency towards social endogamy appears to have been higher in the Japanese and German cases. All of the three countries show a high rate of intermarriage with the non-business elite, although the results from the British case indicate a clear extension of intermarriage networks beyond the barriers set by the class system. It is also clear that patterns of intermarriage reflect the influence of various factors, including historical background and other cultural factors, even where the analysis is limited to looking at leading members of the business elite. However, we need to reconsider whether or not this shared tendency of intermarriage with the non-business elite implied that the business elite of the three countries also had shared aspirations with regard to social integration with this elite group, in particular with the aristocracy, extending to the adoption of their life-styles, or their desire to be granted a title of nobility or other decorations which might contribute to elevating their social status. This will be touched on in the next section, which focuses on the function of these honorary titles. Though our main attention will be concentrated on the Japanese case, comparison with Germany and Britain will again provide fruitful results, in helping to make clear similarities and differences between countries.
4.3. Honorary Titles and Decorations

4.3.1. Titles of Nobility

It goes without saying that in the European cases in particular, ‘aristocratization’ has been frequently utilised as a key term for analysing the business rich in the modern period, with reference especially to those who tended to be integrated into the nobility, the symbol of the pre-industrial elite and the possessors of the highest social status, whether through imitating the aristocratic societal life-style or pursuing the granting of aristocratic titles for themselves. This tendency has sometimes been interpreted as indicating the weakness of the business elite, since their attitude can be explained as resulting from their weaker position in the real political arena, which was dominated by the somewhat anti-modern pre-industrial elite, thus preventing the ‘normal’ development of the economy and the parallel development of social democracy. This perspective has been strongly emphasised in the case of the modern German business elite, which was considered as having failed to form a new unified elite group, consisting of the old and new elite, in which the latter had a predominant position in the share of political power. On the other hand, in the British case, the aristocratization of the business rich (usually referred to ‘gentrification’) has been considered as symbolising the decline in the British economy. Although some research opposed to this idea has gradually emerged, the mainstream of the research on the British business elite until recently identified their attitude as symbolising the loss of dynamism in the modern British economy. It is also clear that aristocratization strongly influenced the formation of the business culture of the City, as a major driving force of the modern British economy, and this impact has been emphasised by recent research. Whatever the case, this importance of aristocratization may be seen as displaying the degree of persistent influence of this

77 See for example, Wehler, *German History*, p.45 and also Dahrendorf, *Gesellschaft und Democratie*, pp.64-66.
78 This subject has remained debatable with regard to landownership, which had been considered as a sort of anti-capitalistic spirit among the business elite. For example, see, F. M. L. Thompson, ‘Life After Death’. Recent research has provided another interpretation for landownership of the business rich. See, for example, Nicholas, ‘Businessmen and Landownership’, esp. pp.35-43. Also for a perspective on the gentrification of the British business elite which has been criticised by many researchers because of a strong tendency towards cultural determinism, see M. Wiener, *English Culture and the Decline of the Industrial Spirit* (Cambridge, 1981).
79 See for example, Cassis, *City Bankers*, esp. chap. 7.
particular social elite group, i.e., the pre-industrial elite, either positively or negatively. The ennoblement of businessmen therefore had a symbolic value in terms of status value and stepping into a more powerful position.

However, an evaluation of aristocratization raises a number of controversial points for any statistical analysis of the data set on ennobled businessmen. On the one hand, in the European cases among ennobled individuals as a whole, ennobled businessmen represented a minority compared to ennobled military officers, officials or landowners. On the other hand, with regard to socio-cultural perspectives, we should not underestimate the influence of such honours, as the chance for ordinary businessmen to be ennobled meant that they could enhance their position in relation to other businessmen. Nevertheless, it is apparent that in both Britain and Germany the number of ennobled members of the business elite increased throughout the modern period. For instance, in Britain, according to Rubinstein's study, in the period 1920-39, 53 out of 162 of the top non-landed wealth holders who died during this period had been given some kind of title: 21 were elevated to the peerage, 20 received a baronetcy, and 12 were granted a knighthood. Although from this result, Rubinstein emphasises the limited chance even of business wealth holders being raised to the nobility, there exists another study, which is based on cohort analysis, that of Berghoff. Berghoff's analysis offers another perspective on the ennoblement of businessmen. He finds that the proportion of ennobled businessmen among all ennobled individuals in modern Britain gradually increased over time, from 11.5 percent in the period 1868-80, to 40.9 percent in the period 1900-09. This indicates that some kind of title of nobility had become more accessible for the business elite in modern Britain.

Germany shows a similar tendency to that of Britain. Although some studies insist that aristocratic titles were less accessible to businessmen in general, for instance Teuteberg's study on Westphalian textile industrialists, which concluded there was only one nobleman among the sample of 225, and Pieremkemper's research on Westphalian heavy industrialists, which found only three cases of titles being granted out of a sample of 248, there exist other studies that indicate that titles were rather

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81 See Berghoff, 'Aristokratisierung des Bürgertums?', p.183.
more accessible to the particularly wealthy group of businessmen. 

Augustine’s study shows that among 502 wealthy businessmen in Imperial Germany, one-quarter held a title of nobility, including both hereditary and non-hereditary titles. Berghoff also suggests that despite the relatively low rate of ennoblement compared to Britain, the rate of ennobled businessmen in Prussia increased from 6.5 percent of all those ennobled in the period 1871-79, to 14.5 percent in the period 1906-14. The total number of ennobled businessmen was larger than in Britain, that is, 148 titles were granted in Prussia in the period 1871-1918, whereas 110 such titles were granted in Britain in the period 1868-1919. There seems no doubt that in both Britain and Germany a title of nobility became more accessible to the members of the business elite, in particular to the wealthiest group. Although it is hardly possible to evaluate any tendency towards aristocratization from this result alone, it suggests that the business elite in both countries may have had some motivation in introducing aristocratic values into their life-style, and to some extent, into their social behaviour.

In contrast to the European cases, evaluation and analysis of the Japanese case is perhaps more complex; we need to consider the actual system of nobility in modern Japan, socio-cultural influences and the standard criteria for the award of a title of nobility. Firstly, compared to the European cases, the total number of ennobled businessmen was really small, even for our wealth holders’ group. Only 18 individuals had been granted a title of nobility, an estimated 3 percent of the total sample. However, there was one major difference between the Japanese aristocratic system and the contemporary European ones, namely that in Japan there was no title equivalent to a knighthood in Britain or ‘von’ in Germany. This means that Japanese titles of nobility were limited to titles of hereditary peerage. From this evidence, it is clear that all of the Japanese sample were granted the title of at least baron (one of these cases was later raised to the rank of viscount), and this figure is quite close to that in Rubinstein’s data, namely 21 hereditary peers. The figure is slightly higher than that in the German case, where 14 businessmen were granted a hereditary title.

83 Augustine, *Patricians*, p.43.
according to Berghoff. Thus, the difference in the whole system of awarding titles undoubtedly had a decisive impact on the Japanese case, as compared to Britain and Germany.

In spite of the small size of this ennobled businessmen’s group, in the Japanese case regional distribution was a marked characteristic, since most ennobled businessmen were concentrated in Tokyo, the capital, although there were a number of cases in other areas. This could seem to suggest that only businessmen in highly industrialized areas in modern Japan had the chance of ennoblement. In addition, the primary intention of the state in granting a title of nobility to a businessman was to honour that individual’s business contribution to the development of the Japanese economy. The document granting the title of baron to Mitsui Takamine, cited in his biography, testifies to the effect that the modern Japanese state had granted him this title, not only for his significant business contribution, but also for the following reason:

"...since many businessmen seeking their own interest are confronted with the difficulty of limiting their private interest in order to contribute to the public interest, he (Mitsui) demonstrated his passion to serve our imperial majesty, and his patriotism. His attitude must be considered as a standard and a good example for ordinary Japanese people".

Since Mitsui was the first Japanese businessman, along with Iwasaki Hisaya and Iwasaki Yanosuke, to be ennobled in 1896, and since this document was considered as having established a standard for the ennoblement of businessmen, it is plausible to argue that the evaluation of an individual’s business contribution, which constituted a significant element in his ennoblement, was constructed as indicating his contribution to increasing the economic power of the nation. Although it is unclear whether or not the granting of a title of nobility to businessmen was in the European case due to their business contribution, in the Japanese case it is apparent, and this important standard may well have set Japan apart from the nature of ennobled businessmen in Europe.

85 Of the 14 who received a hereditary title in Imperial Germany, 13 were granted the title of baron and one was granted the title of count. See ibid, p.183.
86 Except for the case of Yasukawa Keiichiro, a famous coal magnate in Fukuoka prefecture, all the other ennobled regional businessmen were in Osaka and Kobe, both of which were economic and commercial centres.
87 Joshakuroku: Mitsui Hachiroemon, quoted in Mitsui Hachiro’uemon Takamine Den Hensan Iinkai (ed.), Mitsui Hachiro’uemon Takamine Den, p.205.
Another difference in the system of Japanese nobility establishes a further distinction from the European aristocracy. With regard to the social hierarchy, the Japanese aristocracy had no hierarchical relationship with Japanese landlords. This is the greatest difference with the European nobility, in which landowners were the basis of the pyramid of the pre-industrial elite. With the nobility standing at the top of this pyramid, there was in Europe a strong vertical relationship between landowners and the aristocracy, meaning that they together created the social values of the pre-industrial elite. It goes without saying that aristocratic title was granted to landowners in the European cases. According to Berghoff’s study, 26 percent of ennobled individuals in Prussia belonged to the category of big-landowner. The institutional system established by the state also influenced the social behaviour of ennobled businessmen. As Augustine points out, a landed entail was a prerequisite for the granting of the title of baron in Prussia. In addition, although in Britain there was no such extreme regulation as in the Prussian case, it is apparent that here too landowners formed the foundation of a hierarchy among the elite, that included the nobility.

By contrast, the aristocracy and landlords were totally separate social groups in modern Japan; nothing of the same vertical hierarchical relationship between them existed. There is no case of a Japanese landlord being granted a title of nobility. This evidence further attests to the separation of the two groups. Moreover, in the Japanese case, it also indicates an absence of the social value of an aristocratic title found in the European case, as something creating a model for life-style or social behaviour. Instead, it is likely that, as Lebra suggests, it was western upper class society, including the wealthy bourgeoisie and the nobility, that became the crucial model for establishing the desired life-style. It is noticeable that in Lebra’s study, the testimony of an anonymous informant who was an ennobled businessman suggests that the reason for his purchasing a landed entail in a local area and engaging in the farming business was because of the recommendation of a friend, who had some knowledge of the life-style of the European aristocracy through his experience in foreign countries, and whose opinion was accepted on the grounds that it was

89 See Augustine, Patricians, p.44.
90 See Lebra, Above the Clouds, esp. chap. 5.
appropriate to follow the practice of western ennobled businessmen. As a result, it seems that in the Japanese case aristocratization almost equalled the ‘westernisation’, and as such is likely to have had a completely different meaning from when the term was used in the European cases. For the Japanese upper class elite, ‘westernisation’ tended to symbolise ‘modernisation’.

Therefore, on the one hand, because of the difference in historical background in the Japanese case, there was lacking the social value system of the pre-industrial elite, of the kind that influenced the creation of new social values in the case of the European business elite, regardless of whether the direction of change was towards integration and restructuring of the elite class, or towards assimilation into the old elite. On the other hand, paradoxically, while the social values of the European landed elite included those considered as anti-capitalistic or even those that seemed to show pre-industrial characteristics that did not fit with contemporary European society, in the Japanese case these values were reinterpreted in the name of ‘westernisation’ and were partly introduced into the modern Japanese elite, including the aristocracy and the business elite. For these reasons, there are certain difficulties in analysing the Japanese ennobled businessmen from a socio-cultural perspective in comparison with the European cases.

What can also be said, however, is that the granting of a title of nobility to members of the wealthy business elite in Japan also demonstrates the prominent position and higher social status achieved by ennobled businessmen. As one might expect, most ennobled businessmen were either the owners of big businesses, like zaibatsu, or significant business leaders and promoters, for instance, Shibusawa Eiichi or Dan Takuma. The ennoblement of businessmen thus had almost the same characteristics as in the European cases, in particular with regard to distinguishing them from other ordinary businessmen and elevating their social status to the top of the business elite. However, some businessmen showed no interest in ennoblement, even though they had a very good chance of being granting a title. One particular example is the case of Yasuda Zenjiro, the owner of the Yasuda zaibatsu, who, as noted previously, had originated in a poor family in a provincial area. According to Fukuzawa Momosuke,

the adopted son-in-law of the famous intellectual Fukuzawa Yukichi, who was also 
known as a significant business promoter, there are several pieces of evidence 
suggesting that Zenjiro had no interest in utilising his informal network with 
contemporary political leaders to obtain a title of nobility. Moreover, Zenjiro also 
rejected approaches from these leaders for financial support in exchange for an 
aristocratic title, even though his initial business expansion had largely depended on 
his connections with those same political leaders. For instance, in the early Meiji 
period, the famous politician Okuma Shigenobu asked Zenjiro to lend him a 
substantial amount of money for his political activities, offering his residence as a 
guarantee. However, Zenjiro rejected this plan since the financial value of the 
residence was insufficient to guarantee the substantial sums involved.92 In another 
case, Katsura Taro, prime minister in the early Taisho period, asked Zenjiro to donate 
1 million yen for a public event. Katsura indicated in return that he could grant 
Zenjiro the title of baron. Nevertheless, Zenjiro donated 300,000 yen for this public 
event, which made Katsura furious.93 These episodes suggest that, although Zenjiro 
had a bad reputation among contemporary observers as a typical greedy financier or 
loan shark, he was, ironically, not greedy enough to purchase higher social status with 
money or through his informal influence. Although this seems to be a rare case, it is 
apparent that not all prominent businessmen were interested in raising their social 
status and entering the ranks of the nobility.

On the other hand, however, the ennoblement of businessmen did not become the 
main means whereby these businessmen sought to totally separate themselves from 
bourgeois values and become integrated into the aristocracy. Moreover, the ennobled 
Japanese businessmen and their families did not show some of the tendencies that 
typified European ennobled businessmen, for instance, changing their social 
behaviour and life-style to make them fully acceptable to the old aristocracy, or 
having some or all family members abandon the business world. In addition, in the 
absence of any model of traditional social values for the nobility, there were other 
systematic reasons that prevented the aristocratization of these Japanese business 
families. Firstly, under the Japanese aristocratic system, the hereditary titles of 
nobility were given not to individuals but to the ie. The logic of this was that only the

93 Ibid, p.98.
head of the *ie* had the right to claim and inherit the title, and the children of the head of the family in such a noble family would lose any aristocratic status when their father died, or retired as head of the *ie*. The only exception to this would be the eldest son or the inheritor of the ennobled *ie*, who took the position of the next household head. Consequently, in contrast to the European cases, in which children could claim themselves to be members of the aristocracy from being born to aristocratic parents, the strong influence of the *ie* in the Japanese case posed certain difficulties for any 'aristocratization' of the kind found in Britain or Germany, since there were clear distinctions in social status within aristocratic families, in particular among children. Secondly, and this was also related to the *ie* system of business families, it was almost impossible for children in ennobled business families, and especially the eldest son, to abandon the business world. As discussed in the previous chapter, the *ie* system had a strong constraining power over family members, and the sons of businessmen, even in the case of the Mitsui families, had almost no choice but to engage in the family business.

In addition, under the *ie* system, the abandoning of the business world by some sons, especially by the eldest son, indicated that that son was being expelled from his own *ie*. Such a course of action meant that he would lose his whole status, including the family head position, related social status, and, in the case of an ennobled businessman's family, any title of nobility as well. One particular example of this is the case of Shibusawa Atsuji, the eldest son of Shibusawa Eiichi, and the likely inheritor of his father's business, along with his title of viscount. As a result of Atsuji's love affair with a geisha mistress, which led to his leaving his wife and children, Eiichi legally ousted Atsuji from his position as the next head of the house of Shibusawa; Eiichi instead appointed Atsuji's eldest son, Keizo, as the formal successor.\(^94\) Thus, in addition to their own self-identity as businessmen, found also in the European cases, it is clear that the *ie* system in Japan influenced the social behaviour, life-style and mindset of family members in the families of ennobled Japanese businessmen. Undoubtedly, the *ie* system restricted children's freedom in relation to the choice of their futures, whether their preferences were towards the aristocratic life-style or towards some other profession. Ironically, the *ie* system, in

reinventing the traditional constraining power of the Japanese household, played a
crucial role in determining the self-discipline of ennobled business families, and in
preventing the total assimilation of these families into the aristocracy, which in the
European cases seems to have been due to the influence of traditional or pre-industrial
factors in society.

Therefore, despite its relative importance for particular wealthy businessmen, the
granting of a title of nobility played a minor role in helping Japanese business wealth
holders to re-define their social status. This was due not only to ennobled
businessmen being a minority within the business elite, compared with the European
cases, but also to the existence of other social constraints, represented in the ie system,
which prevented them from changing their identities as businessmen. The hierarchical
relationships within ennobled business families and the Japanese aristocratic system
itself also had a significant impact on their choice of career. In addition, because of
the difference in historical background, the Japanese aristocracy did not become a
model for the ennobled businessmen, whereas in the European cases, the nobility
became a clear model for those ennobled businessmen. This also indicates that titles
of nobility were less exploited by the state in modern Japan to re-define the
relationship with the wealthy business elite. However, despite aristocratic titles not
working as in the European cases, in which titles of nobility acted to distinguish the
business elite from other groups, who received different honours at the behest of the
government authorities, in the Japanese case there were other significant honours
which strongly reflected the power of the authorities. These will be explored in detail
in the next section.

4.3.2. Non-Hereditary Governmental Titles and Honours

The most important difference between the non-hereditary titles and decorations
bestowed by the contemporary government in modern Japan, and their European
equivalents was their strong bureaucratic characteristic. These honours were primarily
divided into two categories, that is, i (official rank of status) and kun-i (official rank of
decoration). As might be expected, both were primarily granted to public servants,
including bureaucrats, military officers and teachers, and exceptionally to members of
the aristocracy. The system of i was based on the official ranking of the court
public service, although, as in the i system, there was also a seniority element, and it was rare for kun-i to be awarded solely for meritorious service, except in periods of warfare. However, it is noticeable that the official document on kun-i contained strict regulations relating to the bestowal of such honours, to avoid granting them to officials whose tenures of office were characterised by a lack of merit in their public service, even where they requested the award of kun-i on the ground of having sufficient years in the service. Therefore, in spite of certain similarities between both honorary systems, i and kun-i, kun-i attached more importance to achievements in public service and reflected the competence of officials, while i was more symbolic honour. In addition, unlike the titles of nobility, these other codes of honour, both i and kun-i, were non-hereditary titles, and bestowed on individuals, not on the ie. Consequently, kun-i and i were also titles denoting personal honour.

Although the relative importance of both kun-i or i in the political and social system of modern Japan is somewhat debatable, Sonoda has pointed out some important characteristics of the kun-i system in his study, in particular from a comparison of the order of precedence at court in modern Britain and modern Japan. While the order in Britain reflected the social hierarchy of all British citizens, that is, the King at the top of the hierarchy and the tenants at the bottom, the order of precedence in modern Japan was restricted to the bureaucratic hierarchy; other social classes had no position in this order. Secondly, since the order of precedence at court was based on the occupational status of officials and bureaucrats, not titles of nobility as in the British case, and since occupational status also reflected the rank of kun-i, Sonoda emphasised the relatively less powerful position of the Japanese aristocracy even in terms of their status at the Imperial court, pointing to the existence of some sort of meritocracy in modern Japan. From this evidence, he stressed the relative importance of kun-i, as compared to i, suggesting that this also showed the relative importance of occupational contribution rather than social status under the modern Japanese political system. Other studies have also indicated this point. From research on granted titles and kun-i bestowed on the newly ennobled aristocracy and former

97 Information based on Mon-Bu-Kan Jokun Naisoku, 3rd September Meiji 21 (1888), Sumitsu-In Monjo, 2A 16-3 145 1, National Archives.
98 Jokun Naisoku Toriatsukai Tejun, revised 30th September Taisho 3 (1914), Sumitsu-In Monjo, 2A 16-3 146 1, National Archives.
99 See H. Sonoda, Seiyoka no Kozo, pp.201-4.
100 Ibid, pp.204-5.

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feudal lords and court aristocracy group (in other words, the old aristocracy), Asami discovered that there was a strong correlation between higher kun-i and higher aristocratic titles among the newly ennobled aristocracy at the period of the establishment of the peerage system in modern Japan. For example, except in one case, all newly ennobled counts at this particular period were granted kun-itto (first class order of merit) status, largely due to their bureaucratic status. 101

Although there is the possibility that Sonoda's comparison is a flawed one, particularly in relation to his interpretation of the order of precedence at court in modern Britain, as it may be argued that this order just reflected the social hierarchy of the old regime, since the working class was totally absent from it, Sonoda's findings do provide a key as to how we might interpret the system of i and kun-i. With regard to the characteristics of title and decoration, it can be said that the modern Japanese state was characterised by what can be called 'social bureaucratisation', as a key concept in the formation of the social hierarchy. The concept of 'social bureaucratisation' has recently been utilised by researchers of modern German history to reconsider the concept of 'aristocratization'. It tends to redefine all the indicators which had been interpreted as a phenomenon of 'aristocratization', for example granting titles of nobility or other decorations, as demonstrating the close attachment of the bourgeoisie to the modern German state. Thus, according to this concept, ennoblement of the bourgeoisie suggests the political loyalty and cooperative attitude of the bourgeoisie towards the state, and did not indicate any subjection of the state to the nobility. 102 According to this concept, social contribution to the state would seem to have become the standard for bestowing these honorary titles. This also indicates that there were possibly two hierarchies in Japanese society, that is, one based on the bureaucratic order and the other based on wealth and social status. However, this assumption does not necessarily mean the total separation of these two hierarchies. The relationship of both hierarchies must be regarded as being characterised by complexity and interdependence, and under some exceptional conditions the borderline of the two orders could become even more ambiguous. 103

101 See Asami, Kazoku Tanjo, pp.136-38, pp.142-43.
102 For the concept of social bureaucratisation, see Kaebble, 'Wie feudal', pp.164-66
103 Lebra recounts the unusual occasion when a baron's heir, who was also a lieutenant, stood next to the commanders at the holiday ceremonies, because of his higher rank in the Imperial court, which made many officers furious. See Lebra, Above the Clouds, p.166.
On the other hand, the criteria for granting *i* and *kun*-i, which were based on the occupational status of public servants, raises the question of how the rules for bestowing *i* and *kun*-i were applied to cases where the grantee was a business wealth holder. The official instructions and the rules for both honours make no mention of cases where these titles and decorations might be awarded to non-official individuals. The rules for granting *kun*-i merely describe briefly how the decoration should be given to businessmen if they 'have made an enormous contribution to agricultural, industrial or commercial activities'.\(^{104}\) Moreover, while minute details are laid down in relation to the bestowal of these honours on officials, for instance, which occupational status was equivalent to the granting of which class of honour, no such information is given for other cases, for either set of honours. This evidence suggests that the granting of these honours to others was totally dependent on the decision-making and policy of the contemporary government, presumably including the decision as to which class of honour would be bestowed on a business wealth holder. In addition, the documentation on the announcements of these honours also shows major differences in the form of documents relating to official as opposed to business wealth holders. While several standard documents, for example, curriculae vitae, were required in the case of public servants, the cases of business wealth holders given these honours indicate that a large amount of documentation would seem to have been required, including curriculae vitae, letters of recommendation from the ministers of several related ministries, and a report on secret investigations into their contributions to society. In the case of Ohara Magosaburo, who was granted a third class order of merit (*kun*-santo) for his business, agricultural and social contributions, the documents include some relating to secret investigations of institutes, which he had established, that is, the Ohara Institute for Agricultural Research and the Ohara Institute of Social Affairs. These documents include financial reports on these two institutions and the amount of Ohara's donations.\(^{105}\)

These detailed documents consequently suggest several important characteristics in the granting of *i* and *kun*-i to business wealth holders. Firstly, we may assume that detailed investigations were conducted with a view to deciding which class of *i* or

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\(^{104}\) Article 18, *Jokun Naisoku, Sumitsu-In Monjo*, 2A 16-3 145 6, National Archives.  
\(^{105}\) Ohara Magosaburo, *Jokun Saikasho*, 2A 18 686 13, National Archives.
*kun-i* was suitable for bestowal on a particular individual. Because of the lack of any standard or instructions relating to the granting of these honours to non-officials, it was inevitable that a great deal of information and data would be needed for the final decision of the government. Secondly, it also makes apparent the existence of a strong influence of the governmental authorities in granting *i* or *kun-i* to non-officials. In contrast to the case of public servants, where bestowal of these honours totally depended on their occupational status and the level of their official contribution, in the case of the business wealth holders, the granting of *i* and *kun-i* was totally in the hands of the government, in other words, it depended on the government's judgement. Thus, the bestowal of these honours, whether *i* or *kun-i*, may be seen as showing the extent to which the modern Japanese government valued the importance of the business and other activities conducted by the business wealth holders.

Although from both *jo i saikasho* and *jokun saikasho*, we can confirm 131 cases of *i* and 78 cases of *kun-i* being granted to businessmen, this does not give us the total number of business wealth holders who were granted these honours, since both materials contain many cases of both *i* and *kun-i* rank promotion. The lists of both materials in the National Archives of Japan are enormous, voluminous and clumsy, and these lists just display the table of content in chronological order by each year. Since the lists do not contain any index by individual names, it is impossible to trace all cases of wealth holders being awarded either *i* or *kun-i*. In addition, because of the cases where ennobled businessmen were automatically granted *i* (since they were automatically granted the rank of lower-fifth class of *i* at the age of 20), the total number from both sets of materials cannot be said to indicate all cases of business wealth holders being awarded such honours. Nevertheless, though they do not give us a complete picture, the evidence from the documents does indicate some important characteristics of the granting of these honours.

In the cases of the bestowal of *i*, the non-aristocratic and non-hereditary title, we can find there is frequently no mention of the degree and content of their business contribution. Only in a few cases is there an indication of the content of the contribution, for example, in the case of the Mitsui families in Meiji 29 (1896), when the heads of all the Mitsui houses were granted *i*, on the specific grounds of the
substantial contribution of their business activities to the Sino-Japanese War. A similar case can be found in Konoike Zen’uemon, whose financial support for Kuhara Fusanosuke, who was engaged in secret funding of the revolutionaries during the Chinese Revolution, and whose secret negotiations over the Dutch West Indies, resulted in his promotion in 1916 to the higher class of i. However, these cases are truly rare among the documents granting i. The majority of business wealth holders honoured by the bestowal of i in this way, received it mainly for their reputation in making a business contribution. Despite this fact, it is apparent that in many cases in the sample, business contribution alone was insufficient for the granting of i, since many documents also mention the contribution of these figures to the public good, such as Okura Kihachiro, whose establishment of the Okura Commercial High School was highly regarded as a significant contribution to the public interest. We may therefore assume that the contributions of these figures to the public interest, along with their business contributions, played a significant role in the granting of i.

On the other hand, in contrast to i, the documents relating to the granting of kun-i, the official order of merit, mention in detail the contribution, whether to business or the public interest. However, as in the case of i, it is rare to find that the granting of kun-i was due to involvement in a particular event, for example, military action or some sort of secret negotiation related to political interests. Examples of these distinctive cases can be found in the case of Kuhara Fusanosuke (his acquisition of kun-i was due to the reasons mentioned above in the case of Konoike Zen’uemon), or Fujise Masajiro, one of the prominent executives of the Mitsui zaibatsu who was involved in secret negotiations with China to construct a large wireless studio in Beijing, something related to Japanese military interests; or Noguchi Jun, whose business expansion was intimately related to colonial policy in Korea. However, apart from these examples and some particular cases in the period of the Second World War, kun-i were bestowed mainly for more peaceful reasons, like contribution to the expansion of

106 Sho-Go-I Mitsui Hachirojiro hoka 11mei, 10th June Meiji 29 (1896), Joi Saikasho, 2A 16 43 10, National Archives.
107 Danshaku Konoike Zen’uemon, 10th November Taisho 5 (1916), Joi Saikasho, 2A 16 508 19, National Archives.
108 Okura Kihachiro hoka 2mei, 22nd February Meiji 35 (1902), Joi Saikasho, 2A 16 118 17, National Archives.
109 Kuhara Fusanosuke, Jokun Saikasho, 2A 18 496 17, Fujise Masajiro, ibid, 2A 18 653 4 and Noguchi Jun, ibid, 2A 18 750 9-1, National Archives.
foreign exports or to the educational or public interest. Consequently, the documents relating to the granting of *i* and *kun-i* display the perspective of the government on the evaluation of the business and social activities of business wealth holders. With a few exceptions, the granting of these honours rarely reflected the contribution of the grantees to political or military interests. Contribution to the public interest would seem to have had a much greater influence over the bestowing of *i* and *kun-i*. This also seems to suggest that the granting of these honorary decorations to non-officials was interpreted by the grantees as a symbol of honour within Japanese society, and functioned to firmly establish their social status.

Apart from these factors, it is also interesting to note that we rarely find cases where *i* and *kun-i* were granted solely on the basis of contributions through agricultural activities. Exceptional examples to this rule are Honma Mitsuteru, a prominent landlord of Yamagata prefecture, also known as the largest landholder in modern Japan, and Sato Tomo’uemon, a notable landlord in Niigata. This evidence suggests that for the contemporary government, the main importance was attached to industrial development, and while this priority created opportunities for business wealth holders, it also caused clear difficulties in landlords being granted these honours.

More weighty is the question of which businessmen were more likely achieve to these honours, and whether any other findings can be made from analysis of the *i* and *kun-i*, especially relating to the way in which these honours might have been granted to the general public. Despite certain limitations in the data in general, it seems that the majority of business wealth holders granted honours were in particular business sectors, in other words, in the growth industries of modern Japan. As might be expected, business wealth holders in the textile industries, in particular in cotton spinning or textile retailing, are frequently found in both sources. Along with this sector, the wealthy business elite in the heavy industries, whether they were involved solely in that sector or engaged in it as a part of their businesses (as in the *zaibatsu* cases), also constitutes an important group among the business elite so honoured. The possible explanation of this tendency is that the modern Japanese government quite consciously sought to reward in this special way the entrepreneurial achievement of

this business elite, seen as significant as the driving force of the modern Japanese economy. Augustine finds almost the same tendency from looking at the percentage of ennobled businessmen in Imperial Germany who came from the growth industries.\textsuperscript{111} However, it is also notable that the granting of honours was, to some extent, partly exploited to reward businessmen who contributed to the development and expansion of foreign trade, whether these businessmen belonged to the modern sector or the traditional sector. For example, Kashiwabara Magozaemon, a merchant in Kyoto whose family had a strong relationship with the Mitsui families through marriage alliances, was granted an i, for his contribution to the export of lacquerware, product of one of Japan's traditional industries.\textsuperscript{112} Another example is found in the case of Otani Kahei, a trader of Yokohama, who was granted an i because of his significant contribution to Japanese tea exports to foreign countries.\textsuperscript{113} We can assume that the giving of rewards to businessmen in the foreign trading sector was in part a reflection of the economic view of the political elite, who considered the foreign trading sector as an important driving force in Japan's quest to become a rich nation.\textsuperscript{114} In this quest for industrialisation, it is apparent that textiles, heavy industry and foreign trade were together the core of Japan's modern economy, and thus the bestowal of honours on business wealth holders also reflected the political ideology of the government in Japan in this period.

However, there is one significant question raised by analysis of the method and timing of the granting of honours, since many of the documents make it clear that the majority of the honoured business wealth holders were granted i or kun-i immediately prior to their deaths. One possible reason for this may have been a problem with the actual system of these honours. As explained before, both sets of honours were designed to reward the contributions of public servants, and therefore, except for cases in which the government might exercise its influence in granting these honours, it is likely to have been very difficult for a non-official to have been granted these honours during his lifetime, and that was true of business wealth holders as well. A second, and perhaps more plausible, explanation is that the government might

\begin{itemize}
  \item \textsuperscript{111} See Augustine, \textit{Patricians}, p.46; and also Berghoff, \textquote{Aristokratisierung'} pp.186-88.
  \item \textsuperscript{112} Kashiwabara Magozaemon, 15\textsuperscript{th} April Taisho 5 (1916), \textit{Joi Saikasho}, 2A 16 490 10, National Archives.
  \item \textsuperscript{113} Otani Kahei, 20\textsuperscript{th} September Meiji 44 (1911), \textit{Joi Saikasho}, 2A 16 349 1, National Archives.
  \item \textsuperscript{114} For a more general consideration of this perspective, see, for example, H. Takeda, \textit{Nihonjin no Keizai Kannen}, esp. pp.224-26.
\end{itemize}
consider the bestowing of these honours on particular individuals as exceptional cases, so that the granting of *i* or *kun-i* required an assessment of the importance of the contribution of an individual over the long-term and over his lifetime. It presumably also resulted from some difficulty in applying the standards of evaluation of officials for the reward of honours to, in this case, business wealth holders.

These possible explanations are substantiated in part by some of the official documents relating to the granting of *i* and *kun-i*. According to one document, it was argued that there needed to be certain reforms in the timing of any declaration regarding the bestowal of *i* on a particular member of the general public, since the custom of mainly granting *i* immediately prior to death made it impossible for anyone to achieve this honoured position while he was still alive. To resolve this problem the writer recommended a change in the date of issue of any such declaration so as to reward an individual during his lifetime.\(^\text{115}\) Consequently, this document indicates the existence of some kind of standard for granting these honours to business wealth holders. In addition, it is clear from this that these honoured business wealth holders who were granted *i* or *kun-i* during their lifetimes were regarded as having made a truly extraordinary social or economic contribution. These honours symbolised the extent to which the government was willing to reward their huge entrepreneurial accomplishments.

On the other hand, an analysis of changes over time in the number of cases of these honours, especially of *i*, does suggest some crucial insights, although any conclusions must be provisional and further research is needed. From a limited cohort analysis of *i*, however, we can easily find significant growth in the number of *i* granted to businessmen during the Showa period. While 62 such cases can be confirmed from late Meiji to the end of the Taisho period (1896 to 1926), there were 69 cases during the early Showa period, up to the year of surrender in the Second World War (1927 to 1945), even though in the latter group, most cases were granted the honour immediately before their deaths. Although it is impossible to base any convincing discussion on this insufficient data, it does seem likely that there was a shift in government policy towards the reward system in the Showa period, for both *i* and

\(^{115}\) Minkan Korosha no Tokushi Jonin Hizukekata, 28th February Taisho 13 (1924), *Sumitsu-In Monjo*, 2A 16-3 143 64, National Archives.
Such a shift may well have made it easier for business wealth holders to access these honours.

The distinctive characteristics of these government honours of ı and kun-ı in modern Japan become more apparent if we explore further these attributes. Firstly, the characteristic that the granting of these honours mostly took place immediately before the death of the business wealth holder, may be taken as signifying that the honoured person had no right to reject an ı or kun-ı. Although it is likely that the wealthy business elite were anxious to acquire these honours, the timing of the bestowal also demonstrates that the government was not concerned with the real intentions of these business wealth holders, that is, whether or not they had any interest in the granting of ı or kun-ı. In addition to this factor, the bureaucratic order also overshadowed the system of honours, since most of the public was totally detached from it. While these clear limitations on access to these honours are likely to have made the honoured business elite socially distinctive and prestigious, it may well also have played a significant role in enforcing the authority of the government over businessmen, who were a key social group for the economic development of modern Japan, but who remained outside of the bureaucratic hierarchy. It is not hard to see how, despite the incomplete system of honours for the general public, both sets of honours provided the government with an indispensable instrument of control.

A comparison with the European cases seems to suggest a certain disparity in this respect. Despite an apparent respect for the acquisition of titles and decorations among the majority of German and British businessmen, their chase and quest for honours also worked to make them less attractive as an instrument of control. For instance, in the German case, there was the particular title of commercial councillor, used to honour the entrepreneurial achievement of businessmen. Because of certain difficulties relating to the bestowing of titles of nobility on the majority of German businessmen, this title functioned as a political tool both for businessmen themselves and for the governmental elite, supporting the political pacification of the bourgeoisie and social integration. The enthusiasm for honours has also been interpreted as

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indicative of the close attachment of the bourgeoisie to the German state, even though it does not constitute evidence for the subjection of the bourgeoisie to the aristocracy. However, as the possibility of purchasing this title increased, it became obvious that there was a growing opportunity of obtaining the title of commercial councillor through informal methods, and in some cases through fraud, and so the title gradually lost its influence as a reliable political tool and as an instrument of businessmen's interests.\textsuperscript{117} On the other hand, in Britain, granting the title of nobility to rich businessmen was utilised by the political leaders in return for substantial financial contributions for their political activities, and this led some political scandal in late Victorian England.\textsuperscript{118} Despite this loss in the political credibility of honours, largely due to individuals' enthusiasm for obtaining these titles or decorations, the evidence of the European cases serves to highlight the strength of the bureaucratic order in modern Japan with regard to the granting of honours. Moreover, although historical background and the social system are certainly different, the term 'social bureaucratisation', which has been utilised in the analysis of the socio-cultural tendencies of the bourgeoisie in Imperial Germany, is perhaps more appropriate for the Japanese case, in particular in relation to the business elite, since the honours system in modern Japan appears to have prevented the sale and purchase of government honours. Overall, it appears to have precluded any possibility of downgrading the value of honours, as well as confirming the government's authority over the business elite.

4.4. Conclusion

Although marriage alliances and the granting of honours seem to have depended mainly on the personal activities of modern Japanese business wealth holders, it has been argued here that these factors also represented tools whereby they could form and strengthen their informal networks, which in turn would to some extent support their formal business activities. Observation of marriage and the choice of spouse in a comparative perspective showed some similarities between Japan and the European cases, plausibly reflecting a degree of westernisation among the Japanese wealthy business elite, but also some differences largely due to the constraining power of

\textsuperscript{117} See Augustine, \textit{Patricians}, pp.36-38.
tradition. Although further consideration is required of other factors, for instance, the very different historical backgrounds of the three countries, and the limitations of the marriage market, the high rate of social endogamy among business wealth holders would seem to indicate a similar pattern to that found in the two European cases, especially in Germany.

In spite of differences in the patterns of intermarriage, it is clear that all three cases show that marriage did not necessarily mean integration of entrepreneurs into the old elite. In the British case, the choice of spouse from various social classes also indicates that the business elite lacked a tendency towards integration into any one particular social class. The pattern in Japan and Germany signifies some similarities, since the majority of the wealthy business elite retained a bourgeois pattern of intermarriage, as indicated in the data. However, there is no doubt that, if we consider the similarities in the patterns of marriage, it is conspicuous that marriage with the daughter of a family from the non-business elite, in particular from the nobility, was a status symbol for the business elite in all three countries, indicating the increasing power of business wealth holders within the society. From this perspective, the aristocratization, which was apparently caused by the granting of a title of nobility or the introduction of an aristocratic way of life, only played a supplementary role in confirming their social status, and in general, may not have necessarily resulted in the rejection of the bourgeois life-style among the monied business elite.

On the other hand, there were some strong differences in the characteristics of marriage across the three countries, in particular due to the persistence of traditional constraints in the Japanese case. It is apparent that there was enormous influence of the Japanese household (ie) system, closely linked to a patriarchal structure that meant that in business wealth holders’ families the father had the key decision-making power over marriage. This created major restrictions on the children’s freedom of choice of marriage partner, and it was almost impossible to avoid this constraint. This is in strong contrast to the European cases, where the constraints of patriarchal structures on the families of the wealthy business elite seem to have gradually declined, and men in this social group, whether wealthy businessmen themselves or their sons, enjoyed a growing freedom of choice in marriage. Although there are, of course, doubts over whether or not in the Japanese case the constraints of marriage
also meant certain restrictions on freedom of sexual behaviour, in formal terms at least, marriage was seen as part of the overall strategy of Japanese business wealth holders, and was unlikely to be motivated by 'love'.

As for the granting of honours, it has been suggested that such honours indicated the subordinate position of Japanese business wealth holders. Nor does analysis of informal networking through marriage signify that wealthy businessmen enjoyed an autonomous position independent of the state. Even though the number of ennobled businessmen among the Japanese wealthy business elite was small, in contrast to Britain and Germany, and while ennoblement played a relatively minor role among this elite group in the European sense of 'aristocratization', we may also conclude that the relative scarcity of ennoblement is likely to have contributed to enhancing the social value of titles of nobility among the business elite. In addition, in looking at the characteristics of ennoblement among business wealth holders, it is apparent that evaluation of their business contribution from a broader perspective of economic development played an indispensable role in differentiating the wealthy business elite from other business elite groups, who found it almost impossible to benefit from the ennoblement system.

The Japanese system of *i* and *kun-i* awards functioned as a supplement to ennoblement, because of their being more widely accessible to the business elite. Although the function of *i* and *kun-i* was different for the bureaucratic elite, and *kun-i* was more significant for public servants, if we look at the bestowal of these awards on the non-bureaucratic elite, there was no difference in the functions of the two, in that both were essentially to give an honoured status to an individual to reward his contribution to the development of the nation. However, the bureaucratic rules and characteristics of both of these sets of honours resulted in the government having greater authority over their granting. They were also the cause of pressure being put on Japanese business wealth holders of a slightly different kind, which may well have limited the direction of some of their business activities. Though we cannot overestimate the power of these honours, they also indicate some attempts by the government to integrate the wealthy business elite from above by exploiting these honours. It is, moreover, apparent that, despite the positive role of honours for the
wealthy business elite in modern Japan, there did exist considerable pressure on them from the state through its bureaucratic order.
Conclusion

Although Japanese wealth holders comprised a tiny group not only within the general public but also within the elite of modern Japan, it is apparent that their existence was closely identified with some key characteristics of Japan’s economic development throughout the pre-war period, from the late 19th to the mid 20th century. It is not hard to conclude that, since the majority of wealth holders were members of the business elite, as mentioned in chapter 2, the evidence points to the huge wealth of business wealth holders in this period. By contrast, the extreme concentration of wealth in this particular group undoubtedly signifies the wealth inequality that existed among Japanese in this period. The economic differentials highlighted a clear difference between the prosperous rich minority and the miserably poor majority. However, this is not to suggest that Japanese wealth holders represented the ‘modern’, ‘westernised’ group within Japanese society, in contrast with the ‘indigenous’, ‘traditional’ and ‘underdeveloped’ Japanese people more broadly, standing out in the context of the relative backwardness of the pre-war period. The real situation and characteristics of Japanese business wealth holders were, as the analysis throughout this thesis has tried to explain, far more complex than suggested by this simple dichotomy. We therefore need to discuss the complexity of these characteristics in this concluding section.

Similarities and Differences

As the comparative analysis with the contemporary German and British business wealth holders has suggested, there is no doubt that the wealthy business elite in the three countries shared a number of characteristics in terms of their patterns of social strategies. The comparison of social origins in chapter 3 made it apparent that the recruitment of this economic elite was limited to certain social groups, especially those from business families. Even though there are inevitable differences in the cultural context, as in the existence of the former samurai group in Japan, and though the results from the analysis may not be applicable to businessmen as a whole, including the less rich and relatively poor entrepreneurs, the evidence of clear limitations on recruitment to the wealthy business elite indicates the existence of some sort of homogeneity among this group. This homogeneity goes beyond the
holders to select their own spouses, influenced the patterns of marriage alliance in the Japanese case. There was in addition the father's desire to extend the family's social networks, which in turn contributed to reinforcing informal business networks. Although it does not concern marriage, there is some evidence to suggest that denial of the father's authority by a child could result in expulsion from the family and consequent loss of status. Such sanctions may well have been applied in the case of marriage as well.

In the Japanese case, the existence of adopted sons, *yoshi*, also characterised Japanese business wealth holders. As mentioned in chapter 3, the group of adopted sons formed over one-quarter of the total sample. Although the relatively high proportion of adopted sons among Japanese business wealth holders, as already indicated, does not suggest the existence of huge opportunities for individuals from the lower classes to succeed in the business world by utilising this system, the evidence of *yoshi*, along with the pattern of marriage, also showed how the *ie* system strongly influenced the social activities and behaviour of business wealth holders. However, since the *ie* system was reinvented through social reforms during the Meiji period, this system cannot be categorised as an example of the constraining power of tradition over business wealth holders. In addition, both marriage alliances and the case of adopted sons suggests the social exclusiveness of Japanese business wealth holders, and it may well be that their social exclusiveness was reinforced by the application of western social customs and life-styles, which are likely to have influenced the pattern of social strategies of the Japanese business elite, and its formation as a distinctive social group in modern Japan. This also raises the question of what the 'modernisation' or so-called 'westernisation' really meant for Japanese business wealth holders.

**Modernisation and Westernisation**

With regard to 'modernisation' and 'westernisation', it is apparent that the majority of Japanese business wealth holders were strongly influenced by western culture and technology, and by the western method of business activities. As mentioned in chapter 2, since most of them lived in urbanised areas, it may be assumed that business wealth holders had easy access to these western influences, and applied them to their social, personal and business activities. However, it should be noted that the introduction of
new systems to business activities was a prerequisite if these business wealth holders, whether urban or provincial, were to survive the sustained economic fluctuations from the early Meiji period, and to reform their business activities along lines more suited to the new economic circumstances. Failure in accepting and applying new systems introduced from the economically more advanced Euro-American countries thus pointed to the collapse of the business, in particular from the late 19th century onwards, when the government took the initiative in generating social and economic reforms to revitalise the private sector. Therefore, in terms of business activities, there was no distinction between 'modernisation' and 'westernisation', since the western business system was applied to Japanese business throughout this period, with a view to modernising it sufficiently to compete with leading foreign players in business, in both domestic and foreign market.

Nevertheless, this did not lead to total convergence or assimilation of Japanese business with the western business system during the pre-war period. As in the case of the business reforms conducted by the merchant houses outlined in chapter 3, changes and business reorganisation had gradually taken place over a lengthy period, and the form that the reforms took within Japanese business consisted mainly of applying the newly introduced system to the existing business organisation, for example, in the case of merchants, to their merchant houses. Even in the case of the zaibatsu, the symbol of Japanese big business in the pre-war period, the systems of ownership and control remained different from those which seem to have existed in the Euro-American family businesses. In particular, in, for instance, Mitsui and Sumitomo, both of which had their origins in merchant businesses, the influence of the household system on the business was clearly apparent. This evidence indicates that the 'modernisation' or 'westernisation' of Japanese business was somewhat selective. It also suggests that so-called 'modern' Japanese business was, to some extent, a combination of the existing business system and the newly introduced business system.

Awareness of the concepts of 'modernisation' and 'westernisation' is more apparent if we turn to the socio-cultural perspective. On the one hand, as has already been pointed out in relation to marriage alliances and the system of adopted sons, in as far as there tended to be no clear distinction between 'modernisation' and
'westernisation', these concepts were less likely to have an influence in reducing the constraining power of family authority and the ie system. There is also evidence that with regard to the social context, both modernisation and westernisation were selective within the wealthy Japanese business families and the household system. Even in the case of the most prominent business rich, their enjoyment of western life-styles did not necessarily lead to changes in their authoritative household systems, as in the case of the Mitsui families. On the other hand, since westernisation was considered as a part of modernisation in the context of the Japanese business wealth holders, it does appear that integration or assimilation into the non-bourgeois elite, something which frequently happened in the European cases through acceptance of aristocratic life-styles, the obtaining of titles of nobility and consequent retirement from business activities, was not seen in the Japanese case as part of westernisation. It is noticeable that even in the case of the ennobled business wealth holders, there was no one who spontaneously retired from the business world because of obtaining his aristocratic title. Any interpretation of the modernisation and westernisation of Japanese wealth holders must, therefore, be related to another aspect, that is, how they evaluated their business activities and how they considered the contributions they made through those activities.

The role of business contributions

It is apparent that in the Japanese case, there is no religious ethic that could be a driving force of commercial and economic activities. This suggests that there is no equivalent set to that discussed by Max Weber in his work on the relationship between the development of modern capitalism and the protestant ethic. However, instead of any particular ethics, I would like to suggest that the concept of the Japanese family business as represented in the merchant houses, that is, the importance given to the continuity of business in long-term perspective, may well have played a significant role in the development of business activities throughout the pre-war period. Although it may well be that this characteristic was not unique to Japan, it is clear that in the case of the merchant houses, as indicated in chapter 3, any head of the house betraying the concept of the continuity of the family business, put

The contribution of business wealth holders to the development of modern Japanese business suggests they, too, shared a nationalistic attitude towards business activities. It seems likely that this nationalistic ethic behind Japanese business activities necessarily led to the Japanese business wealth holders being to some extent dependent on the state. Since the 'nationalist' contribution of their business activities was to overcome the 'underdeveloped' status of modern Japan, this created certain difficulties for them when it came to resisting any policy of the state, whose ultimate objective was to overcome this position of 'backwardness', even if it was being implemented by a militaristic regime. This dependence is also indicated in the granting of titles of nobility, and the bestowal of honours and decorations on Japanese business wealth holders, as mentioned in chapter 4. The standard for granting these honours was, without doubt, the business contribution of the wealthy business elite, and thus posed a difficult problem for them. Their problem was different from that which faced wealthy European businessmen, namely that social integration with the upper non-bourgeois elite caused a decline of their bourgeois values. Japanese business wealth holders were faced with a rather complicated problem of which they were often unaware, and which seemed to be a sort of trap that was almost impossible to escape from. The dependence of business wealth holders on the state also signifies the limitations of 'modernisation' and 'westernisation' among them in the context of any acceptance of democracy, since their priority lay in the development of the Japanese economy and the Japanese state, at the expense of the broader welfare of society.

**Business wealth holders as a mirror of modern Japan**

It would be hardly surprising if the business wealth holders themselves were aware of the contradictions inherent in the means adopted to overcome the social and economic backwardness of Japan in the late 19th century-early 20th century. The ultimate purpose of Japan throughout the pre-war period, which may be assumed to have been becoming a rich and strong state, in itself stimulated a crucial problem for the 'modernisation' of Japan. In the case of business wealth holders, on the one hand, as part of the social elite, they seriously devoted themselves to making this purpose a reality, by utilising their economic and business power as a tool. On the other hand, the business wealth holders recognised that the relationship between them and the
state could also impede their business activities, as in the case of foreign trade, which was in most cases a huge source of profit for their businesses, since state policy tended to be characterised by expansionism, in particular from the early 20th century. In addition, they understood that the particular characteristics of modern Japan utilised to explain success in the pre-war period, which were regarded as being based on tradition, were in fact invented, and little more than a myth. To explain the attitude of Japanese business wealth holders, it is worth quoting the final statement made by Iwasaki Koyata as head of the Mitsubishi zaibatsu at the end of 1945, when the dissolution of the zaibatsu was inaugurated by the GHQ. The following is part of Koyata’s statement of resignation as president of the Mitsubishi Honsha, the holding company reorganised and renamed during the period of the Second World War:

"...From the perspective of the new regime since the war, there has been particular criticism regarding the monopoly of profit among industrialists. Although there is no doubt that without profit, industries could not survive, it must be noted that businessmen have to be careful about the utilisation and distribution of (firms’) profits. I have always emphasised that the task of the industry is the prosperity of the nation and the welfare of the public, so that the pursuit of self-interest is a secondary position (to business activities). That is the corporate responsibility to society and the nation through industrial activities. However, some people have doubts about this moral obligation, since they consider it to be a feudalistic ethic and attitude resulting from militarism. However, this opinion is a total misunderstanding..."

It may well be that the view presented in this statement was widely shared among business wealth holders, even if the extent of the confidence with which this view was expressed, depended on an individual’s own ideas. The statement also gives a perspective on what ‘modernisation’ may have meant for the Japanese business elite. The business wealth holders considered in this thesis constituted a part of the social elite and exercised considerable influence through their business activities. As such, their dilemmas, to some extent, reflected the image of modern Japan.

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Appendix

The purpose of this appendix is to provide some information and notes about the sources, utilised for the compilation of the data set of this thesis. Although some details about each sources, and any problems have already been explained in each chapter, further explanation of the characteristics and methods of the compilation of the data set is appropriate, since a great deal of additional information from various sources, along with the basic data on estimated wealth, has been collected in order to compile the data set. The methods for compilation of the data set used in the empirical and statistical analysis are shown below.

a) wealth data

As already explained in chapter 1, the main data on the Japanese wealth holders' estimated wealth was collected from Zenkoku 50man yen ijo Shisanka Hyo, published by the Jiji Shinposha in 1915 and later collected in TSNZSJSS, edited by Shibuya Ryuichi. The wealth estimation of the surviving wealth holders in 1934 was based on 50man yen ijo Zenkoku Dai Kinmanka Banzuke, published by Kodansha in 1934, and also included in TSNZSJSS. However, as already explained in chapters 1 and chapter 2, there are no reliable sources for testifying to what extent the data on estimated wealth in both lists are accurate. Unlike in the British case, where it is possible to access the probate records of wealth holders at Somerset House, no such kind of data exists in the case of Japan.

Other Japanese sources, for example, Kizokuin Tagaku Nozeisha Gosen Shikakusha Mikomi Hyo (a secret document about the leading taxpayers who had the right to elect representatives to the Upper House of the Diet), issued by the Home Ministry, does not contain all information about the personal wealth of these representatives, who included wealth holders in the data set. Other available information from official sources comes from several tax records, from detailed sources to just brief mentions of income tax. However, it is impossible to analyse these data in only long-term time scale, since it may be assumed that most such records were destroyed or burnt during the period of the Pacific War. Even if some unknown data is kept in any government office, namely the Ministry of Finance, it would be hardly accessible to anyone, since these government offices have been reluctant to disclose data, even if it is an historical
document. Therefore, there is no other means of analysing the accuracy of wealth estimation in both data sets.

However, it may be assumed that the wealth holders in both lists do represent the Japanese wealthy elite in the early 20th century, in particular their scale of wealth holding. For example, although it is not an analysis at the national level, the detailed tax records of leading taxpayers in the Kansai area, surveyed by the Osaka tax office in 1924, signify that all Kansai wealth holders in the data set belonged to the category of those whose annual income exceeded ¥30,000 in 1924 (Dai3 shu Shotoku Dai Nozeisha Shiorabe). Moreover, although information on income tax is limited, data on the leading payers of income tax published in the 1930s (Zenkoku Tagaku Nozeisha Ichiran: published in 1930 and 1933), indicates that in the case of the 1915 wealth holders' surviving in 1934, all belonged to the upper category of the leading taxpayers of these lists. As a result, even if there is some doubt about the accuracy of wealth estimation in the Zenkoku 50man yen and Zenkoku Dai Kinmanka, wealth holders in the data of this thesis clearly represented the top of the hierarchy among the Japanese wealthy elite throughout the first half of the 20th century. Therefore, this indicates no change in the basic data on wealth estimation collected from both wealth holders' lists, though it needs detailed checks from other sources, as explained above.

b) occupational data

Basic data on the occupational category of wealth holders in the data set are, again, collected from Zenkoku 50man yen and Zenkoku Dai Kinmanka, in addition to the Taisho shoki no Dai Shisanka Meibo, compiled and edited by Shibuya. Among these lists, Dai Shisanka Meibo is the most reliable source on occupational category, since information was collected from various sources in compiling this list. The data on wealth holders' occupational category is largely based on Dai Shisanka Meibo. However, since this list only gives data for a particular date (this list was also based on Zenkoku 50man yen, so that the occupational status of wealth holders was based on 1916 data), it is impossible to trace any changes in occupational status after this period. This causes problems in checking the occupational status of surviving 1915 wealth holders in 1934. In addition, this also caused a further problem for

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list of shareholders and members of the board of directors. This is particularly useful for checking the business activities of the wealth holders in the data sets over the longer term, since all of the volumes were recently reissued.

c) personal data (social origins, educational experiences and marriage etc.)

Personal data, including social origins, education and marriage, are totally reliant on supplementary sources, since no personal information is available in the basic data set, based on *Zenkoku 50man yen*, *Zenkoku Dai Kinmanka* and *Dai Shisanka Meibo*. The sources used to compile personal data for the analysis in this thesis are as follows:

1) social origins: in this case, data on wealth holders’ fathers (in the case of *yoshi*, their adoptive fathers) was necessary, since the definition of wealth holders’ origins is based on their fathers’ occupation. Biographical dictionaries, for instance, *Jinji Koshinroku*, *Zaikai Jinmei Jiten*, or *Zaikai Bukko Ketsubutsu Den* were utilised to collect this information. Other biographical sources, namely *Kazoku Taikan* (Directory of Aristocratic Families), were useful for collecting information on aristocratic wealth holders, including ennobled businessmen. However, these biographical dictionaries tend to focus on business leaders, well-known individuals, and particularly rich persons. Therefore, in some cases, data on lesser figures among wealth holders was unavailable. Also, as pointed out in chapter 3, many wealth holders’ fathers were categorised as *heimin* so that has made it impossible to trace their exact occupation. The method used to try and resolve this problem, though not successful in many cases, was to search other sources, like the old version of *Nihon Zenkoku Shokonin Meiroku* (List of Japanese Merchants and Industrialists), especially in cases where the wealth holders’ father’s exact name was available. In addition, autobiographies, biographies and company histories were useful for some wealth holders who were well-known or successful in the business world, but for whom data on their fathers is unavailable in biographical dictionaries.

2) Educational information: this was the most problematic point in compiling the data set of this thesis. Although this information was mainly collected from biographical dictionaries, exact information on wealth holders’ education was very rare. Moreover, *Jinji Koshinroku*, the biographical dictionaries which usually contain more data on wealth holders’ educational experience than other biographical dictionaries, became
increasingly unreliable for the particular reasons discussed in chapter 1. This meant abandoning the analysis of educational experience for the children’s generation, both because of the enormous size of the samples, and because of the unreliability of the data in biographical dictionaries. Thus, the data on education included in the data set were strictly limited to the cases in which exact and reliable information was available. In some cases, data were double or triple checked through various sources, including biographies, autobiographies and other materials, in order to establish the correctness of the data set.

3) Marriages: marriage data were obtained from various sources, namely biographical dictionaries, autobiographies and biographies. Information on ennobled business wealth holders was easily traced from Kazoku Taikan, since information on marriage was contained in the style of a genealogical family tree. However, there were several problems in tracing the occupational status of spouses’ fathers, which was necessary to analyse the patterns and characteristics of wealth holders’ marriages. Again, we could find many cases of spouses whose fathers were just categorised as heimin in biographical materials, including biographies. In this case, information on the name of the spouse’s father became a key point, because there was some possibility of tracing their occupational status from Jinji Koshinroku, or other materials, for instance, Shokonin Jinmeiroku. Except in these cases, those spouses’ fathers who were just mentioned as heimin were omitted from the data on marriage, since the main aim of the analysis of wealth holders’ marriage was to consider the characteristics of the formation of informal networks through marriage.

4) Others: because of the smaller samples of ennobled wealth holders, the data on wealth holders’ ennoblement relied totally on secondary sources. The data on wealth holders who were granted non-aristocratic titles or decorations have been based on the collection of primary sources, Joi Saikasho and Jokun Saikasho from the Kokuritsu Kobunshokan (National Archives of Japan). However, no statistical analysis has been made of the data on titles and decorations. Because of the nature of the data keeping at the Kokuritsu Kobunshokan, there is a great risk that some documents containing other wealth holders data are almost impossible to find from the titles of the official documents which mentioned the grantees of these honours. On the other hand, in some cases, these documents have been utilised to double and triple check wealth
holders' personal information, since the documents contain detailed curriculum vitae, occupational experiences and koseki.

d) the data set
the data set compiled according to the process outlined above is shown as the final figure in this Appendix.
<table>
<thead>
<tr>
<th>Name (romanisation)</th>
<th>Place of residence</th>
<th>Estimated wealth</th>
<th>Date of birth</th>
<th>Main source of wealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Businessmen: Tokyo and Kanto areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Akaboshi Tetsuemon</td>
<td>Tokyo</td>
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<td>1822</td>
<td>Salaried manager (Mitsubishi)</td>
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<td>1878</td>
<td>Medical equipment trading</td>
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<td>1896</td>
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<td>1878</td>
<td>Construction</td>
</tr>
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<td>1 million yen</td>
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### a) Businessmen: Other areas

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b) Landlords, professionals and unknown

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### d) Colonies

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Bibliography

1. Archival Sources

Kokuritsu Kobunshokan (National Archives of Japan, Tokyo)

Sumitsu-In Monjo (Documents related to the Privy Council meeting)

_joi ni kansuru shorui_ (Documents related to the bestowal of i)

2A 16-3 142 3: _Joi Shinkai Naisoku_ (revised in 27th November, Meiji 24).
2A 16-3 142 4: _Joi Jososhiki oyobi Kigen_ (27th November, Meiji 24).
2A 16-3 142 3: _Byoki Kito to Tokushi Joi no Jososho Shintatsu Ho_ (10th Meiji 26).
2A 16-3 142 18-2: _Meiji 30nen Chokurei Dai 14go (Chokai Chobatsu Men no Ken)_ no Seitei ni kansuru Kakugi (17th February, Meiji 30).
2A 16-3 143 56: _Tokushi Joi nado Hatsurei Kikan no Tokurei Ho_ (1 September, Taisho 12).
2A 16-3 143 64: _Minkan Korosha no Tokushi Joi Hizuke Kata_ (28th February, Taisho 13).
2A 16-3 143 66: _Kazoku Joi Shinkai Naisoku_ (June, Taisho 13).
2A 16-3 144 95: _Joi Sosei ni kansuru Ken_ (22nd September, Showa 16).

_jokun ni kansuru shorui_ (Documents related to the bestowal of kun-i)

2A 16-3 145 1: _Mon-Bu-Kan Jokun Naisoku_ (3rd September, Meiji 21).
2A 16-3 146 1: _Jokun Naisoku Toriatsukai Tetsuzuki Kaisei_ (7th August, Taisho 1).

_joi saikasho_ (Documents on individuals given i)

Note: the documents are categorised as follows:

A) person granted i during his life-time
B) person granted i after his death
C) rank promotion of i during life-time
D) rank promotion of i after death

2A 16 45 10: _Mitsui Hachirojiro_ (including other 11 heads of house of Mitsui families)(A).
2A 16 95 6: _Furukawa Ichibe_ (and Asano Soichiro, A).
2A 16 118 17: _Okura Kihachi_ (including one other individual, in addition to Yasuda Zenjiro,A).
2A 16 343 4: _Okura Kihachi_ (C).
2A 16 345 14: _Wakao Tamizo_ (A).
2A 16 774 19: Hamaoka Mitsutetsu and 19 other individuals including Wada Toyoharu, Muto Sanji (C), Iida Shinichi, Iwai Katsujiro, Inahata Katsutaro, Takigawa Gisaku, Kushida Manzo and Ito Yonejiro (A)).
2A 16 794 26: Ito Denhichi (A).
2A 16 799 11: Hori Tojuro (A).
2A 16 824 1: Koike Kunizo (A).
2A 16 856 29: Suzuki Sobei (A).
2A 16 858 2: Murai Kichibei (B).
2A 16 863 20: Baron Sumitomo Kichiza’emon (D).
2A 16 877 26: Naiki Jinzaburo (D).
2A 16 904 42: Kataoka Naotero (D).
2A 16 922 11: Ukita Keizo (D).
2A 16 944 23: Baron Okura Kihachiro (D).
2A 16 944 56: Wakao Ikuo (D).
2A 16 964 1: Asano Soichiro (and two other individuals, including Fujiyama Raita, C).
2A 16 966 9: Hirose Mitsumasa (B).
2A 16 974 38: Oya Nanahei (B).
2A 16 984 30: Taniguchi Fusazo (B).
2A 16 984 30: Mogi Hichiro’uemon (B).
2A 16 994 54: Honma Mitsuya (B).
2A 16 1012 7: Yasuda Zenzaburo (B).
2A 16 1027 15: Harada Jiro (D).
2A 16 1044 18: Asano Soichiro (D).
2A 16 1053 9: Sato Masagoro (B).
2A 16 1058 22: Baron Konoike Zen’uemon (D).
2A 16 1059 42: Suzuki Saburosuke (B).
2A 16 1060 27: Tamura Komaijro (B).
2A 16 1062 18: Terada Motokichi (B).
2A 16 1067 14: Kume Taminosuke (B).
2A 17 1083 1: Viscount Shibusawa Eiichi (C).
2A 17 1084 6: Terada Jinmoyo (B).
2A 17 1088 1: Takeo Chi’uemon (B).
2A 17 1094 53: Kita Matazo (D).
2A 17 1100 5: Baron Dan Takuma (D).
2A 17 1128 20: Taki Sadasuke (B).
2A 17 1143 4: Otani Kahei (D).
2A 17 1150 17: Sotoumi Tetsujiro (B).
2A 17 1152 14: Magoshi Kyohei (D).
2A 17 1155 2: Tomita Shigesuke (B).
2A 17 1164 17: Sato Tomo’uemon (B).
2A 17 1178 15: Murakami Ryuhei (B).
2A 17 1180 10: Aso Takichi (D).
2A 17 1189 7: Katakura Kentaro (B).
2A 17 1195 18: Muto Sanji (D).
2A 17 1203 25: Watanabe Fukusaburo (D).
2A 17 1224 35: Baron Yasukawa Keiichiro (D).
2A 17 1246 21: Kano Jiro’uemon (B).
2A 17 1285 7: Iwai Katsujiro (D).
2A 17 1299 24: Harada Rokuro (B).
Jokun Saikasho (Documents relating to the bestowal of kun-i)

Note: the documents are categorised as follows:
E) person granted kun-i during his life-time
F) person granted kun-i after his death
G) rank promotion of kun-i during life-time
H) rank promotion of kun-i after death

2A 17 37 25: Baron Iwasaki Yanosuke (G).
2A 17 94 11: Baron Shibusawa Eiichi (G).
   Otani Kahei (E).
   Fujita Denzaburo (E).
   Kawasaki Seizo (E).
   Iida Shinichi (E).
Kaijima Taisuke (E).
Takigawa Benzo (E).
2A 179613: Okura Kihachiro (E).
2A 1711314: Isono Ko’uemon (E).
Matsumoto Shigezaburo (E).
Tanaka Ichibe (E).
2A 171318: Baron Iwasaki Hisaya (G).
Baron Mitsui Hachiroemon (G).
2A 171321: Sumitomo Kichizaemon (E).
2A 173488: Yasukawa Keiichiro (E).
Matsumoto Kenjiro (E).
2A 1734812: Furukawa Toranosuke (E).
2A 1734819: Baron Shibusawa Eiichi (G).
2A 184066: Mitsui Saburosuke (E).
2A 184812: Baron Shibusawa Eiichi (G).
Doi Michio (E).
Murayama Ryuhei (E).
Baron Iwasaki Koyata (G).
Baron Konoike Zen’uemon (G).
Murai Kichibe (E).
Baron Fujita Heitaro (G).
Watanabe Ihei (E).
Tomita Gisaku (E).
2A 1849613: Hara Tomitaro (G).
2A 1849613: Baron Fujita Heitaro (G).
2A 1849617: Baron Mitsui Takayasu (G).
Kuhara Fusanosuke (E).
2A 1849623: Mogi Sobei (Special Awards).
Baron Shibusawa Eiichi (Special Award).
Ito Chojiro (Special Award).
Wakao Ikuzo (Special Award).
Masuda Takashi (Special Award).
2A 1852415: Kawasaki Yoshitaro (E).
2A 1852610: Abe Yoshizo (E).
2A 1854716: Baron Morimura Ichiza’emon (G).
2A 1854810: Baron Mitsui Hachirojiro (G).
2A 1854815: Uchida Shinya (E).
2A 185837: Mitsui Yonosuke (E).
2A 185961: Baron Mitsui Takayasu (G).
2A 185979: Mori Heizo (E).
2A 1863018: Amano Risaburo (E).
2A 186325: Saito Zen’uemon (E).
2A 1863318: Suzuki Sobei (G).
2A 186438: Asano Soichiro (G).
2A 1864517: Tatsuma Kichiza’emon (E).
2A 186534: Fujise Masajiro (F).
2A 1865516: Okazaki Tokichi (E).
2A 1866619: Fukuzawa Momosuke (G).
2A 1867619: Nomura Tokuhichi (E).
2A 186862: Iwasaki Toshiya (F).
2A 18 686 12: Asano Soichiro (H).
2A 18 703 6: Baba Masaharu (E).
2A 18 704 4: Hattori Kintaro (E).
2A 18 713 18: Baron Dan Takuma (H).
2A 18 723 10: Otani Kahei (H).
2A 18 736 11: Kataoka Naoatsu (F).
2A 18 750 9-1: Noguchi Hiroshi (E).
2A 18 768 3: Hirose Suketaro (F).
2A 18 821 1: Sasaki Chujiro (F).
2A 18 857 98: Baron Furukawa Toranosuke (H).
2A 18 946 13: Baron Go Seinosuke (H).
2A 18 996 13: Mori Kozo (F).
2A 18 997 3: Yasukawa Yunosuke (F).
2A 18 999 24: Ohashi Shintaro (H).

2. Biography and Autobiography

Note: except where the author's name is stated, biographies or autobiographies were edited and published by hensan-iinkai (the editorial committees). These materials were only rarely publicly circulated.

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