

Shibusawa Eiichi and Local Entrepreneurs in the Meiji period

Kazuaki Matsumoto

Professor, Nagaoka University

Introduction

Shibusawa Eiichi (1840-1931) was a leading Japanese entrepreneur who is now known as the “father of Japanese capitalism.” Over his lifetime, he was involved in more than 500 private companies as a founder, shareholder, or otherwise. The most famous of these companies is the First National Bank (Dai-Ichi Kokuritsu Ginko, today’s Mizuho Bank). Shibusawa had something to do with 3 sectors mainly: First, manufacturing industry; spinning, paper&pulp, shipbuilding, brewery, chemical fertilizer, brick, Second, infrastructure; railway, shipping, harbor facilities, Third, energy; electric power, oil, coal mine. At the same time, despite the fact that Shibusawa was also involved in some 600 social projects: welfare, educational institutions, and international friendships less attention has been directed at his relationship with and influence on the development of these sectors in Japan.

In order to encourage the industrialization of Japan, Shibusawa Eiichi felt it was important to establish and develop companies and new industries in not only the Tokyo metropolitan area but also in regions all over Japan. He worked tirelessly to this end, becoming involved with around 500 companies directly himself in addition to fostering the development of human resources and capital. Shibusawa leveraged the human and natural resources as well as the capital that existed in various areas in order to create modern industries and infrastructure throughout the country. He looked for like-minded individuals dedicated to encouraging modern business and then provided them with the skills and support that they would need to accomplish such tasks. It could be said that he attempted to assist “local Shibusawa Eiichi” who would take the initiative for industrialization in their area as a collaborator with Shibusawa himself.

This perspective on Shibusawa Eiichi’s achievement and contribution has been neglected by not only Shibusawa studies but also business history circles.

This paper examines these local entrepreneurs, with particular focus on Kishi Ukichi, Toyama Syuzo and Endo Keishi. Kishi was called “Nagaoka’s Shibusawa Eiichi”, Toyama was called “Osaka’s Shibusawa Eiichi”, and Endo was called “Sendai’s Shibusawa Eiichi”.

I . Shibusawa Eiichi and the Entrepreneurship of Kishi Ukichi

In 1870-1880’s, national banks were planed all over Japan, Shibusawa Eiichi, acted as president of the First National Bank, directed and supported them positively. The First National Bank accepted people concerned in various national banks, instructed them in bookkeeping and accounting, gave job training to them at its head office and branches. In response to many requests of various national banks, the First National Bank dispatched capable and responsible persons who worked at the

Ministry of Finance or currently in the bank's office. They took an active part in various national banks afterwards.

Kishi Ukichi (1839-1910) was the most famous draperies merchant in Nagaoka area, now Niigata Prefecture. He was born in Niigata and went to Nagaoka to marry an heiress.

Kishi and Mishima Okujiro planed national bank. Mishima came from a family with samurai antecedents. Kishi and Mishima made a request to Shibusawa for cooperation to found a national bank in Nagaoka. Shibusawa gladly consented and gave a lecture on essentials of banking management. Shibusawa accepted Nagaoka's young employee to educate him in bookkeeping. Aoyagi Itsunosuke was dispatched to the First National Bank.

Kishi, Mishima, and Aoyagi established the 69th National Bank at Nagaoka in 1878 (Dai-Rokujuukyo Kokuritsu Ginko, now the Hokuetsu Bank). Kishi took office as president of the 69th National Bank in 1891. Kishi dispatched Koaze Kametaro to the First National Bank. Koaze learned banking system for 10 years. After going back to the 69th National Bank, Koaze displayed capability for business, and became a leading member.

For further growth of the 69th National Bank, Kishi requested a manager from Shibusawa. Shibusawa appointed Matsui Kichitaro who acted as Niigata branch manager of the First National Bank. Matsui was in charge of the 69th National Bank and performed reliably. After Kishi's death, Matsui assumed the presidency.

Kishi visited Shibusawa's home in Asukayama and met with Shibusawa to garner support for the establishment of the 69th National Bank. Shibusawa trusted Kishi and the latter's ability to manage its bank.

Kishi worked tirelessly to establish and manage the 69th National Bank as well as having interests in petroleum, through the Nihon Sekiyu Company and the Hokuetsu Sekiyu Company (now the JX Energy), the Hokuetsu Railway Company related to Maejima Hisoka (now JR Shin'etsu Main Line), and the Nagaoka Chamber of Commerce (now the Nagaoka Chamber of Commerce and Industry), and so forth. In all these enterprises, cooperation of Kishi, other entrepreneurs of Nagaoka, and Shibusawa was very important.

II . Shibusawa Eiichi and the Entrepreneurship of Toyama Shuzo

In those days, some national banks encountered problems, and the people involved in them asked Shibusawa to send a competent person to help with their reconstruction. Shibusawa requested Toyama Syuzo to transfer to the 32th National Bank in Osaka, and Endo Keishi to the 77th National Bank in Sendai. Toyama and Endo worked in the Ministry of Finance.

Toyama Syuzo (1842-1916) was born in Nagaoka and graduated from Keio Gijyuku (now Keio Gijyuku University). He got a position in the Ministry of Finance and was in charge of the diffusion of bookkeeping. Then, He monitored national banks as a banking inspector.

Shibusawa asked Toyama to rebuild the 32nd National Bank. Toyama agreed to Shibusawa's request, assumed the role of superintendent of the 32nd National Bank. Toyama took the initiative in reorganizing the bank and accomplished its reconstruction in a short time.

When the Bank of Japan was established in 1882, Toyama assumed the position of director and Osaka branch manager, as the representative of the economic world in Osaka.

Toyama established the Osaka Thrift and Saving Bank in 1890, and the Osaka Bankers' Association in 1897. The latter was for inter-bank cooperation in Osaka. At the same time, Shibusawa founded the Tokyo Thrift and Saving Bank and the Tokyo Bankers' Association. Both banks and associations cooperated fully based on the trust between Toyama and Shibusawa.

We should pay attention to the way in which a credit research system was built up in Japan by Toyama and Shibusawa. They understood very well how important it was that a credit research system was established for the expansion of draft negotiations and credit transactions. In 1892, Toyama founded the Credit-rating Bureau in Osaka (Shogyo Koushin-jo) in cooperation with the Bank of Japan. In 1896, Shibusawa established the Credit-rating Bureau in Tokyo (Tokyo Koushin-jo) in cooperation with Toyama and the Bank of Japan. They could spread a credit research network throughout Japan, and tie up with European and American credit bureaus. Thus as a result of collaboration between Toyama and Shibusawa, Japanese credit research system was established, and was very useful to various companies and entrepreneurs. They recognized that it was important to get accurate information from credit-rating bureaus and to offer full disclosure toward them.

Toyama played a fundamental role in building the modern industrial and financial worlds of Osaka. Not only did Toyama succeed in this ventures mentioned above but he went on to further challenges.

Toyama, Matsumoto Jyutarō, and Torii Komakichi, as influential entrepreneurs in Osaka, together established the Osaka Beer Brewery Company in 1889. It constructed brewery at Suita near Osaka (Suita Factory), and then began to brew and sell in 1892. Suita Factory was one of the largest breweries in Japan. Its brand was named "ASAHI-BEER" (meaning "rising-sun"). Raising quality and working positively to open a new market, the Osaka Beer Brewery Company grew into one of the archetypal Japanese brewery, and is now the Asahi Breweries.

Toyama established Osaka Chemistry Industry Company in 1898. It produced coke, coal tar, ammonium sulfate and artificial dyes, and is now the Osaka Gas.

For the purpose of running an electric railway between Osaka and Kobe, the Hanshin Electric Railway Company was established in 1899. Toyama served as the first president. Toyama's endeavors embraced human resource development, fund-raising, and construction. In 1905, the opening of the line from Osaka to Kobe was achieved. I should also mention that Toyama is known throughout Japan as the "Father of the Hanshin Tigers" for his links to the popular professional baseball team in Osaka.

Toyama was nominated as chairman of the Osaka Chamber of Commerce (now the Osaka Chamber of Commerce and Industry) in 1891. But he refused it firmly because he wanted to devote himself to business. However he did become a part-time director.

III . Shibusawa Eiichi and the Entrepreneurship of Endo Keishi

Endo Keishi (1851-1904) came from a family with samurai antecedents in Aizu area (now Fukushima Prefecture). After the Boshin Civil War, he went to Tokyo and studied Western learning by himself. He entered Keio Gijyuku. After graduation, he got a position in the Ministry of Finance

and was in charge of teaching bookkeeping and economics. Then, he monitored national banks as a banking inspector. His capability and upright personality was rated highly by Shibusawa Eiichi.

In 1870's, people concerned in Sendai planned national bank, made a request to Shibusawa for cooperation to found it. Shibusawa was fully aware of the importance of the Tohoku region, supported it positively. In 1878, the 77th National Bank was established in Sendai. Shibusawa asked Endo to manage the 77th National Bank. Endo agreed to Shibusawa's request and became president of the 77th National Bank (after and now the Shichijyu-shichi Bank) in 1881. Endo led its development and growth, being supported by Shibusawa continuously.

Endo acted as directors of the Miyagi Agriculture and Industry Bank, the Miyagi Thrift and Saving Bank, the Aizu Bank, the Iwaki Bank in Tohoku region.

In addition to the 77th National Bank, Endo worked tirelessly to establish and manage manufacturing raw silk, selling rice and seafood, transport business.

Endo became chairman of the Sendai Chamber of Commerce (now the Sendai Chamber of Commerce and Industry) and established the Ouu Bankers' Association. He participated actively in not only the Sendai area but also the Tohoku region.

After death of Endo in 1904, Oono Seikei and Toki Takeshi became president of the Shichijyu-shichi Bank. They were from the First National Bank and directed by Shibusawa Eiichi.

We should pay attention to the fact that Endo used his own money to buy the site of Aizu castle from the Meiji Government and provided it for the social contribution.

IV . Shibusawa Eiichi and Business Education for local entrepreneurs

Shibusawa Eiichi thought that business and entrepreneur education was important. He realized that it was necessary for sustained growth of business and improvement of entrepreneur's status to educate young people about modern business and build their character, ethics, and sense of responsibility.

In this context Shibusawa was involved in numerous additional educational ventures, including Tokyo High School of Commerce and Business (now Hitotsubashi University), Okura High School of Commerce and Business (now Tokyo Keizai University), and so on. He often made a speech at their ceremonies, and gave lectures on business and ethics.

When Shibusawa traveled all over Japan, he often visited local commercial schools, and encouraged their students. Shibusawa emphasized the importance of business and the significance of entrepreneurship for the future.

In 1886 the Ryumonsha was established by young men boarding at the Shibusawa residence. The group's desire was to learn directly from Shibusawa. Over the years, the membership expanded to include businessmen who had graduated from business schools or worked in office with which Shibusawa was concerned. Many local entrepreneurs and managers with contacts with Shibusawa took part in the Ryumonsha and its collective effort to promote knowledge and virtue.

For example, Fukushima Kashizo acting as executive managing director of the Houden Oil Company in Niigata Prefecture, Moroi Tsunehei serving Chichibu Railway Company and Chichibu

Cement Company in Saitama Prefecture as president were trustee of the Ryumonsha.

Conclusion

Local entrepreneurs such as Kishi Ukichi, Toyama Syuzo as well as Endo Keishi and others are integral to the history of the industrialization of Japan. By looking at their development and achievements, this paper aims to shed light on the history of entrepreneurship in Japan, not just the capital of Tokyo, but in the myriad of localities spread throughout the country. Through close and comprehensive collaboration with local entrepreneurs, Shibusawa Eiichi contributed greatly to the propagation of modern business and the corporation system.

Shibusawa thought much of local industrialization, not only backed up local entrepreneurs as key individuals for the future of localities, but educated young people as crucial for that future. Local entrepreneurs respected Shibusawa deeply, consistently put into practice Shibusawa's approach to business, especially developing human resources, assigning the right people to the right positions, supporting local business education and various schools.

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Table 1: Chronology of the life of Kishi Ukichi, 1839 to 1910

<u>Year</u>	<u>Events in the Life of Kishi Ukichi</u>
1839	Born in Niigata (now Niigata Prefecture)
1849	Goes to Nagaoka to be to Kishi's family, running a draper
1850	Studies the Confucianism and Western affairs with Kobayashi Torasaburo
1854	Changes his occupation to wholesaler and retailer of importation
1869	After the Boshin Civil War, leads reconstruction of Nagaoka city
1875-6	Begins to plan a national bank with Mishima Okujiro, Aoyagi Itsunosuke, and so on
1875	Founds scholarship association (Nagaoka-sya) with Kobayashi Yushichiro
1876	Meets Shibusawa, whenever goes to Tokyo, asks for his teachings
1877	Dispatches Aoyagi Itsunosuke to the First National Bank Asks for Toyama Syuzo and Fukuzawa Yukichi
1878	Founds and becomes senior general manager of the 69 th National Bank Founds rice buying and selling association
1879	Founds and becomes general manager of commerce and investment association
1881	Becomes internal director of the 69 th National Bank
1886	Meets Shibusawa Eiichi at Nagaoka (his first trip to Niigata Prefecture) Dispatches Koaze Kametaro to the First National Bank (for 10 years) Founds the Hokuetsu Reclamation Association for developing Hokkaido with Mishima Okujiro, Sekiya Magozaemon (president of the 69 th National Bank)
1887	Founds the Nagaoka Commerce and Industry Assembly
1888	Founds and becomes director of the Nihon Oil Company
1889	elected Nagaoka town councilor
1891	Becomes president of the 69 th National Bank (-1910) Founds the Nagaoka Spinning Mill
1895	Founds and becomes auditor of the Hokuetsu Railway Company
1900	Founds and becomes president of the Nagaoka Oil Refinery Supports foundation of Niigata Women's High Normal School in Nagaoka
1901	Meets Shibusawa at Nagaoka (his second trip to Niigata Prefecture)
1905	Meets Shibusawa at Nagaoka (his third trip to Niigata Prefecture) Matsui Kichitaro becomes executive managing director of the 69 th National Bank Supports foundation of Saito Women's School in Nagaoka (now Nagaoka University)
1906	Founds and Becomes committee member (later: part-time director) of the Nagaoka Chamber of Commerce
1910	Meets Shibusawa at Nagaoka (his fourth trip to Niigata Prefecture) Dies at his residence in Nagaoka (later president; Matsui Kichitaro)

Source: Koaze Kametaro. *kishiukichi-ou* [The Biography of Kishi Ukichi] Private Printed Edition, 1911.

Table 2: Chronology of the life of Toyama Syuzo, 1842 to 1916

<u>Year</u>	<u>Events in the Life of Toyama Syuzo</u>
1842	Born in Nagaoka (now Niigata Prefecture)
1853	Studies the Chinese Classics with Inoue Gozo near Nagaoka
1858	Goes to Edo and Studies the Chinese Classics with Kiyokawa Hachiro First meets Kawai Tsuginosae, Councillor of the Nagaoka Clan
1859	Studies the Chinese Classics with Inoue Ainosuka in Nagaoka Goes to Edo and Studies the Chinese Classics at Syoheizaka School (-1863)
1868	With kawai Tsuginosuke, goes to the front of the Boshin Civil War After the war, go back to Nagaoka
1869	Enters Keio Gijyuku and taught by Fukuzawa Yukichi (-1871)
1871	Studies Western learning at Kaisei School and kyoritsu School in Tokyo
1872	Gets a position in Akita Prefectural Government and educates Western learning
1873	Gets a position in the Ministry of Finance In charge of spread of bookkeeping, monitors national banks as a banking inspector
1879	Responds a request from Shibusawa Eiichi, becomes superintendent of the 32th National Bank (later president)
1882	Becomes director and Osaka branch manager of the Bank of Japan
1883	Founds the Osaka Warehouse Company
1886	Supports of the establishment of Kansai Low School (now Kansai University)
1887	Visits European countries and America Researches electric power, electric railway, and credit-rating
1889	Founds and becomes auditor the Osaka Brewery Company
1890	Founds and becomes executive vice-president of the Osaka Thrift and Saving Bank Becomes director of the Yokohama Specie Bank
1891	Nominated as chairman of the Osaka Chamber of Commerce, refuses it firmly, assumes part-time director
1892	Founds and becomes of the Credit-rating Bureau (-1911, later executive adviser) Elected Representative (-1893)
1893	Becomes auditor of the Nara Railway Company and the Sakai Thrift and Saving Bank
1894	Becomes auditor of the Kyoto Electric Railway Company
1897	Founds and becomes Chairman of the Osaka Bankers' Association (-1899)
1898	Founds and becomes president of the Osaka Chemistry Industry Company
1899	Founds and becomes president of the Hanshin Electric Railway Company Becomes auditor of the Kawasaki Shipyard Company
1916	Dies at his second-house in Hamadera Beach near Osaka

Source: Takeuchi Yoshio ed. *Keiun-toyamaou-den* [The Biography of Toyama Syuzo] Osaka: Credit-rating Bureau, 1928.