

6

FOREWORD  
**Harm G. Schröter**

University of Bergen, Norway

10

Theory and empirical  
performance: Economic  
Paradigm and Performance  
in the Long Run  
(18<sup>th</sup> to 21<sup>st</sup> century)

12

Introduction  
THEORIES RECONSIDERED  
To what extent are european  
development theories on  
industrialization valid from  
a world point of view?**Dominique Barjot**  
Sorbonne Université/ Renmin  
University of China

60

The Entrepreneurial  
Culture and the Mysteries  
of Economic Development**Louis Galambos**  
Johns Hopkins University

82

Typologies of industrilization:  
lessons from spain**Albert Carreras**  
Universitat Pompeu Fabra, Barcelona

120

When theories don't fit:  
Rethinking the theories  
of economic development  
for South America  
Argentina and Brazil  
1945-2015**Norma Silvana Lanciotti,**  
**Martin Schorr**  
and **Gustavo Garcia Zanotti**  
National University of Rosario

140

Two decades  
of economic reforms:  
the institution of regulation in  
Brazil 1991-2011**Luiz Carlos Delorme Prado**  
Universidade Federal do Rio de Janeiro

162

From Gerschenkron back to  
Smith? The case of the Indian  
big business today**Pierre Lanthier**  
Université du Québec à Trois-Rivières

182

Chinese Model and the  
Choice of Development Path.  
A Perspective from Economy  
History**Sun Rui** and **Wang Qing**  
Renmin University of China

190

Shibusawa Eiichi and the Rise  
of the Capitalist Economy  
in Northern Japan.  
A Research Project**Franck Michelin**  
Teikyo University

204

Japanese Aid and Economic  
Growth during the 1960s  
and Early 1970s**Kazuhiko Yago**  
Waseda University

226

Australia's industrial  
development: The importance  
of importing capital and ideas**Martin Shanahan**  
University of South Australia

244

South in Africa, metropolitan  
in culture: industrial  
development trajectory  
of South Africa**Grietjie Verhoef**  
University of Johannesburg

260

ROUND TABLE  
To what extent are European  
development theories on  
industrialization valid from  
a world point of view?

290

DOCUMENT  
South american models  
of development**Getsiva Cayo Durand de Geist**  
Sorbonne Université

298

ARCHIVES  
Histoire publique et archives  
d'entreprise, un continent  
à explorer**Félix Torres**  
Directeur-fondateur de la société  
Public-Histoire

308

COMPTES RENDUS  
DE LECTURE  
*The international Aluminium  
Cartel, 1886-1978. The Business  
and Politics of a Cooperative  
Industrial Institution,*  
Marco Bertilorenzi*The Japanese and German  
Economics in the 20<sup>th</sup> and 21<sup>st</sup>  
Centuries. Business Relations  
in Historical Perspective,*  
Akira Kudo*Intérêts économiques français  
et décolonisation de l'Afrique  
du Nord (1945-1962),*  
Samir Saul**Dominique Barjot**

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# SHIBUSAWA EIICHI AND THE RISE OF THE CAPITALIST ECONOMY IN NORTHERN JAPAN. A RESEARCH PROJECT

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Teikyo University (Tokyo), Department of International Economy

I would like to express my thanks to the Mr. Inoue Jun, Director of the Shibusawa Memorial Museum; Mr. Takeda Dai and the Akita Bank (Akita city); the Documentation Center of the 77 Bank (Sendai city); Mr. Takahashi Kazuhito, Director of the Archives Center of the city of Daisen (Akita Prefecture); Mr. Ikeda Yasuhisa. This project would have proved impossible to launch without their precious support.

## **Introduction: start of a project**

Shibusawa Eiichi is a historical figure who is often called the “founder of Japanese capitalism”. His role in the birth and development of market economy in Japan cannot be underestimated. Shibusawa having left an autobiography, numerous writings and archives, many studies have focused on his thinking on the economics, the society, the education. He summarized his philosophy by *gappon-shugi*, an expression that can be translated by “ethical capitalism”. Since it has been considered as a Confucianist equivalent to Max Weber’s Protestant ethic of capitalism, or even an ethical approach similar to Saint-Simonianism, this approach developed by Shibusawa as been the subject of

numerous works.<sup>1</sup> In a world where the behavioral approach to economics has been increasingly influential these last years – as the 2017 Economics Nobel Prize given to Richard H. Thaler shows –, the study of ethics in economics is a perfectly legitimate field of research and Shibusawa's thinking has certainly a universal value.<sup>2</sup>

Nevertheless, one can argue that Shibusawa's career has firstly been about action led by pragmatism, more than a theory of economics and ethics. The central role played by Shibusawa in the Ministry of Finance, in the foundation of the First National Bank, and in the creation of many societies across Japan has also been a major subject of research. This is why it seems to us important to attach more importance to his multiform actions as a businessman than to his ethical values and thought.

1 – Concerning the influence of Saint-Simonianism on Shibusawa, see Claude Hamon, *Shibusawa Eiichi 1840-1931. Bâtitteur du capitalisme japonais*, Paris, Maisonneuve & Larose, 2007, p. 54-57; Patrick Fridenson, "Public-Private Connections and Boundaries: From Shibusawa Eiichi's Experience to a Global Historical Perspective", in Patrick Fridenson and Kikkawa Takeo (eds.), *Ethical capitalism: Shibusawa Eiichi and business leadership in global perspective*, Toronto, University of Toronto Press, 2017, p. 60-64; in Japanese language, see Kashima Shigeru, "San-Shimon-shugi to Shibusawa Eiichi" [Saint-Simonism and Shibusawa Eiichi], *Meiji Daigaku Kokusai Nihongaku Kenkyū*, 1, p. 25-35, 2008.

2 – Richard H. Thaler, *Misbehaving. The Making of Behavioural Economics*, New York, W. W. Norton & Company, London, Allen Lane, 2015.

## ABSTRACT

The paper is an introduction to a research project on the role played by Shibusawa in the rise of modern capitalist Japan in Northern Japan in general, and in Akita prefecture in particular. Instead of building an integrated industrial group, he played a crucial role in fertilizing Japanese economy during its transition process to capitalism through his expertise and investments. In Akita, he especially played a role in the development of the banking system, but he also extended his activities to other fields as agriculture, silk and mining industries. At the turn of the twentieth century, his influence declined. However, his prestige continued to be crucial for local actors. If Shibusawa's role in the development of the capitalist in Northern Japan is not overwhelming, following his footsteps can help us to understand the main characteristics of the economy in regions remote from the main economic centers.

JEL Classification: N15, N25, N35, N65, N95

Key words: Japan, capitalism, entrepreneur, saint-simonism, bank, mines, investment

Mots clés: Japon, capitalisme, entrepreneur, saint-simonisme, banques, mines, investissement

## RÉSUMÉ

SHIBUSAWA EIICHI ET LA MONTÉE DE L'ÉCONOMIE CAPITALISTE DANS LE NORD DU JAPON : UN PROJET DE RECHERCHE

L'article constitue une introduction à un projet de recherche sur le rôle tenu par Shibusawa dans la montée du Japon capitaliste moderne dans le nord du Japon en général et dans la préfecture d'Akita en particulier. Au lieu de constituer un groupe industriel intégré, il a joué un rôle crucial dans la fertilisation de l'économie japonaise au cours de son processus de transition vers le capitalisme, grâce à son expertise et à ses investissements. À Akita, il a notamment été un acteur majeur du développement du système bancaire, mais il a également étendu ses activités à d'autres domaines tels que l'agriculture, la soie et les industries extractives. Au tournant du XX<sup>e</sup> siècle, son influence décline. Cependant, son prestige continue d'être crucial pour les acteurs locaux. Si la place occupée par Shibusawa dans le développement du capitaliste du nord du Japon n'est pas écrasante, suivre ses traces peut nous aider à comprendre les principales caractéristiques de l'économie dans les régions éloignées des principaux centres économiques.

However, the purpose of this project is very different, since it aims at being an empirical study of Shibusawa. As the historian Shimada Masakazu has stated, empirical research on Shibusawa has been almost nonexistent so far.<sup>3</sup> Another particularity of this project is also to be about the regional economy, and especially about a region considered as a remote part of the country. Of course, the Japanese economy has never been limited to Tokyo, Osaka and other metropolises. Provinces developed their own economy, sometimes with a real dynamism, especially from Edo period (1603-1868).

Akita prefecture, in Northern Japan, has largely based its economic development on rice culture and its exportation, through Akita harbor, to Osaka, the center of rice market during Edo period. From Meiji period, Akita based its development on new activities like mining and silk industry. The warriors, merchants, and landowners constituted a class of entrepreneurs who needed the knowledge to develop a modern capitalist economy. This is where Shibusawa Eiichi played an important role by bringing expertise – especially in banking technics –, prestige and moral support<sup>4</sup>. This paper's goal is to lay the foundations for a study of the relations between Akita prefecture and Shibusawa Eiichi. In a world where local and global dimensions' mutual links are often discussed with the new concept of "glocalization", and in Japan where the overwhelming weight of Tokyo metropolis is more and more criticized, doing research about the history of a second possible way of Japan's economic development based, in the provinces, on small and medium companies seems relevant.<sup>5</sup>

After introducing the various primary and secondary sources of this research project in a first part, I will expose the results and tracks that I have found in a second part. In a third and final part, new perspectives of research will be introduced.

## I. THE SOURCES

### 1. Secondary sources

Studies on Shibusawa Eiichi have been published a short time after his death, even in English, one written by Obata Kyūgorō.<sup>6</sup> During the same period, most of Shibusawa's work have been published in Japan. Studies on Shibusawa have continued till today, without being very numerous.

The studies on Shibusawa made in European languages are very scarce. One has been published in 2007 by Claude Hamon, a French specialist of Japanese

3 – "Tensions between the Open Market Model and the Closed *Zaibatsu* Model", in Patrick Fridenson and Kikkawa Takeo (ed.), *ibid.*, p. 19.

4 – *Ibid.*, p. 23-24.

5 – On this topic, see Kikkawa Takeo, *Chiiki keizai kasseika to koyō shōshutsu: Gurōbarizeishon no konnichiteki igi* [Revitalization of regional economies and job creation: The modern significance of glocalization], CCIJ Report 63, Tokyo, Consumer Cooperative Institute of Japan, 2009.

6 – *An interpretation of the life of Viscount Shibusawa*, Tokyo Print. Co., 1938.

modern history. This is a biography of Shibusawa Eiichi, based on Japanese sources.<sup>7</sup> Another one is the collective book edited by Patrick Fridenson and Kikkawa Takeo in 2017 about Shibusawa's ethical capitalism thinking. This book's topic is about morality in capitalism, as shown in Shibusawa Eiichi's thinking and action.<sup>8</sup> John H. Sagers' works on the confucian roots of Japanese capitalism attach importance to Shibusawa's thinking heritage.<sup>9</sup>

A few studies have been the result of international conferences, most of them organized by, or with the support of the Shibusawa Eiichi Memorial Foundation. One symposium has been held in 2004, in Saint Louis, at the University of Missouri, on a comparison of the emergence of industrial society in Japan and in the USA.<sup>10</sup> In 2014, Gil Latz edited another book with the support of the same foundation.<sup>11</sup> A panel has also been organized during the WEHC 2015, In Kyoto: the book edited by Patrick Fridenson and Kikkawa Takeo mentioned above is the result of this collective work.<sup>12</sup> In Japanese language, an important study has been published in 2013 on the question of the action of Shibusawa in the field of human resources.<sup>13</sup>

The vast majority of the studies published on Shibusawa so far have been written by Japanese scholars. Shimada Masakazu is one of the most prominent specialists of Shibusawa. What makes his work interesting is his will to reject teleology by surveying Shibusawa's real action and accomplishment, instead of focusing his work on the intellectual side of Shibusawa's thoughts on capitalism. He has written several important books, of whom one has been translated into English.<sup>14</sup> He has also summarized the results of his work in a chapter of the collective book we have introduced above.<sup>15</sup>

7 – Shibusawa Eiichi 1840-1931. *Bâtitteur du capitalisme japonais*, op.cit.

8 – *Ethical capitalism: Shibusawa Eiichi and business leadership in global perspective*, op.cit.

9 – A new book on Shibusawa will be published next month: *Confucian Capitalism: Shibusawa Eiichi, Business Ethics, and Economic Development in Meiji Japan*, New York, Palgrave Macmillan, 2018. Others studies include *Origins of Japanese wealth and power: reconciling Confucianism and capitalism, 1830-1885*, New York, Palgrave Macmillan, 2018; and his Ph.D. thesis: *The intellectual roots of Japanese capitalism: economic thought and policy, 1835-1885*, University of Washington, 2001.

10 – Joel Glassman, Masato Kimura (eds.), *Different lands/shared experiences: the emergence of modern industrial society in Japan and the United States: symposium proceedings* (Proceedings of symposium held at University of Missouri - St. Louis on Sept. 9, 2004), Tokyo, Shibusawa Eiichi Memorial Foundation, 2005.

11 – *Rediscovering Shibusawa Eiichi in the 21st century*, Tokyo, Shibusawa Eiichi Memorial Foundation, 2014.

12 – *Shibusawa Eiichi's gappon capitalism (ethical capitalism) as a model for developing countries in future global perspectives*, Geoffrey Jones, Takeo Kikkawa, Janet Hunter, Myungsoo Kim, XVII<sup>th</sup> World Economic History Congress, Kyoto, 05.08.2015.

13 – Kikkawa Takeo, Shimada Masakazu (eds.), *Shibusawa Eiichi to hito-zukuri* [The development of human resources by Shibusawa Eiichi], Hitotsubashi Daigaku Nihon Kigyō Kenkyū Sentā [Hitotsubashi University Research Center on Japanese Companies], 5, Yuhikaku, 2013.

14 – *Shibusawa Eiichi: shakaigikyōka no senkusha* [Shibusawa Eiichi: a pioneer of social entrepreneurship], Tokyo, Iwanami Shoten, 2011; translated into English under the title: *Entrepreneur Who Built Modern Japan: Shibusawa Eiichi*, translated by Paul Narum, Tokyo, Japan Pub. Industry Foundation for Culture, 2017. See also *Shibusawa Eiichi no kigyōsha katsudō no kenkyū: senzenki kigyō shisutemu no sōshutsu to shushisha keiei no yakuwari* [A study on Shibusawa Eiichi's action as an entrepreneur: the creation of pre-war company system and the role played by investors and managers], Tokyo, Nihon Keizai Hyōronsha, 2007.

15 – "Tensions between the Open Market Model and the Closed Zaibatsu Model", in Patrick Fridenson and Kikkawa Takeo (eds.), *Ethical capitalism: Shibusawa Eiichi and business leadership in global perspective*, op.cit., p. 14-34.



Inoue Jun, the director of the Shibusawa Memorial Museum, has written a good synthesis on Shibusawa.<sup>16</sup> Another specialist is Yamamoto Shichihei, who has published several books on Shibusawa.<sup>17</sup> Another biography of Shibusawa to mention has been written by Tsuchiya Takao.<sup>18</sup> A few collective books on Shibusawa have also been published also these last years.<sup>19</sup>

Beside these books, a more important number of research papers have been published in Japan, mainly in university reviews. As we have seen for the books, many of them focus on Shibusawa's personal philosophy and thinking about economics.<sup>20</sup> A paper of Kimura Masato on Shibusawa's thoughts on the banking system is particularly interesting, considering the central place taken by this sector in Shibusawa's career.<sup>21</sup> More interesting for us are a few studies on Shibusawa's action as an entrepreneur, as in the articles of Kimura Sōji on Shibusawa as a pioneer entrepreneur.<sup>22</sup> Matsumoto Kazuaki has written two interesting papers on the relations between Shibusawa and local entrepreneurs, with a focus on Nagaoka region.<sup>23</sup>

16 – *Shibusawa Eiichi: kindai Nihon shakai no sōzōsha* [Shibusawa Eiichi: a creator of modern Japan], Tokyo, Yamakawa Shuppansha, 2012.

17 – *Shibusawa Eiichi: kindai no sōzō* [Shibusawa Eiichi: the creation of modernity], Tokyo, Shōdensha, 2009; *Kindai no sōzō: Shibusawa Eiichi no shisō to kōdō* [The creation of modernity: the thinking and action of Shibusawa Eiichi], Tokyo, PHP Kenkyūjo, 1987.

18 – *Shibusawa Eiichi*, Tokyo, Furukawa Kōbunkan, 1989.

19 – *Shibusawa kenkyūkai* [Society for the study of Shibusawa], *Kōeki no tsuikyūsha, Shibusawa Eiichi: shinjidai no sōzō* [Shibusawa Eiichi, a man seeking the public interest: the creation of a new era], Tokyo, Yamakawa Shuppansha, 1993; Tōkyō Shōkō Kaigisho [Chamber of Commerce and Industry of Tokyo], *Shibusawa Eiichi: Nihon wo tsukutta jitsugyōjin* [Shibusawa Eiichi: the businessman who created Japan], Tokyo, Kōdansha, 2008; Kenjō Teiji, Iimori Akiko, Inoue Jun (eds.), *Kiitsu Kyōkai no chōsen to Shibusawa Eiichi: gurōbaru jidai no "fuhē" wo mezashite* [The challenges met by the Association for the inter-religion dialogue and Shibusawa Eiichi: towards the "universalism of the global era"], Tokyo, Minerva Shobō, 2018.

20 – Kimura Sōji, "Nihonteki keizai no saikō: Ninomiya Sontoku to Shibusawa Eiichi" [The Reconsideration of Japanese Economy: From Ninomiya Sontoku and Shibusawa Eiichi's Teaching], *Tōyō Gakuen Daigaku Kiyō*, 16, 2008/3, p. 97-115; Ōta Tetsuo, "Shibusawa Eiichi no rinri shisō: sono denki to no kanren" [Shibusawa Eiichi's Philosophy of Ethics], *The Journal of J. F. Oberlin University. Studies in humanities*, 7, p. 200-214, 2016/3; Kenjō Teiji, "Taishōki ni okeru Shibusawa Eiichi no shisōmen de no katsudō" [Eiichi Shibusawa's scholarly activities in the Taishō era], *Shibusawa Kenkyū*, 28, p. 23-29, 2016/1; Inoue Jun, "Gendai ni ikiru Shibusawa Eiichi: uketsugubeki shisō to kōdō" [Eiichi Shibusawa: What his life means to us], *Keizai Kenkyūjo Shōhō*, no 11, p. 37-67, 2007; Shimada Masakazu, "Keieisha ni okeru dōtoku to shūkyō: Shibusawa Eiichi to Kiitsu Kyōkai" [The morality and religion of leading businessmen: Eiichi Shibusawa and the Association Concordia, *Keiei Ronshū*, Bunkyo Gakuin Daigaku Sōgō Kenkyūjo], 17, p. 7-18, 2007/12; Shimada Masakazu, "Shibusawa Eiichi ni yoru shiritsu gakkō no shien: Keika Shōgyō Gakkō to Waseda Daigaku no jirei" [Eiichi Shibusawa's Support for Private Schools: The Cases of Keika Commercial High School and Waseda University], *Keiei Ronshū*, Bunkyo Gakuin Daigaku Sōgō Kenkyūjo, 22, p. 25-46, 2012/12; Ono Susumu, "Moraru kapitārisumu (Moral Capitalism) no keizaigaku: Yokoi Shōnan no kokufuron to Shibusawa Eiichi no dōtoku keizai gappon-gappon-shugi-ron" [The Economics of Moral Capitalism: Through Taking Yokoi Shōnan and Shibusawa Eiichi Seriously], *The Ritsumeikan economic review*, 63 (5-6), p. 385-488, 2015/3.

21 – Kimura Masato, "Shibusawa Eiichi's Thoughts on Banking from Public and Private Perspectives", *Journal of Cultural Interaction in East Asia*, 6, p. 47-58, 2015/3.

22 – Uematsu Tadahiro, "Shibusawa Eiichi to kindaiteki kigyōka no shutsugen" [Shibusawa Eiichi as a Pioneer Entrepreneur], *Kokumin Keizai Zasshi*, Kobe University, Faculty of Economics, 168, 1993/12, p. 1-26.

23 – Matsumoto Kazuaki, "Shibusawa Eiichi and Local Entrepreneurs in the Meiji period", *Nagaoka Kenkyū Ronshō* [The bulletin of Nagaoka University], No. 15, August 2017, p. 43-49, "Shibusawa Eiichi to chiiki keizaikai no keisei: Niigata-ken Nagaoka Chiiki no jirei" [Eiichi Shibusawa and the Local Business Community: The Case of the Nagaoka Area in Niigata Prefecture], *Shibusawa Kenkyū*, 27, p. 81-94, 2015/1.

Concerning the mining industry in Akita, the book of Yamada Isao on Segawa Yasugorō gives interesting information on Shibusawa and the mining industry in Akita.<sup>24</sup> Local banks have published volumes on their history: this is the case of the 77 Bank in Sendai, and the Akita Bank.<sup>25</sup> Concerning the history of the First National Bank, a book has been published in two volumes in 1957-58.<sup>26</sup>

## 2. Shibusawa's archives

Shibusawa has left an autobiography. In Japanese, it has been published in its original version, as well as in modern Japanese.<sup>27</sup> It has been translated into English and published in Japan in 1994.<sup>28</sup>

The Shibusawa Eiichi Memorial Foundation has started to publish the private archives of Shibusawa Eiichi in 1944. This publication has stopped soon after because of the war and started again in 1955. No less than 68 volumes have been published until 1971 under the title *Documents for a biography of Shibusawa Eiichi*.<sup>29</sup> They are available at the Shibusawa Eiichi Memorial Foundation, in Tokyo.<sup>30</sup> The digitalization of these archives has been progressing steadily,<sup>31</sup> among the 68 volumes being available online so far.<sup>32</sup> These archives cover the Shibusawa's career entirely, from his youth till his death, in 1931.

## 3. Local archives

The use of local archives is the main originality of this project. The first category is made of documents of local banks. The first bank I have taken contact with has been the 77 Bank, in Sendai City. This bank has opened to the public a small museum on its own history, where several documents concerning Shibusawa are displayed<sup>32</sup>.

The most important sources for this study come from Akita Bank. Since the three banks of Akita prefecture merged in 1941, the current Akita Bank is the depositary of the archives of these three institutions. During my first visit to Akita Bank, on the 29 September 2017, its staff, and especially a retired agent

24 – Segawa Yasugorō: *kōzan kaihatsu no senkusha* [Segawa Yasugorō: pioneer of the mining industry], Tokyo, Kokusho Kankōkai, 1988.

25 – *Shichi-jū-shichi Ginkō hyaku nijū nen shi* [120 years of history of the 77 Bank], 77 Bank, 1999; *Akita Ginkō hyaku sanjū nen no ayumi* [The march through 130 years of Akita Bank], Akita, Akita Bank, 2009.

26 – *Daiichi Ginkō shi* [History of the First National Bank], Tokyo, Number One Bank Corporation, 1957-1958.

27 – *Amayo Gatari: Shibusawa Eiichi Jiden* [Story of a rainy night: the autobiography of Shibusawa Eiichi], Tokyo, Iwanami Shoten, 1984.

28 – *The Autobiography of Shibusawa Eiichi: From Peasant to Entrepreneur*, translated by Teruko Craig, Tokyo, University of Tokyo Press, 1994.

29 – *Shibusawa Eiichi Denki Shirō*

30 – [http://www.shibusawa.or.jp/english/eiichi/denki\\_shiryō.html](http://www.shibusawa.or.jp/english/eiichi/denki_shiryō.html)

31 – <https://eiichi.shibusawa.or.jp/denkishiryō/digital/main/>

32 – <http://www.77bank.co.jp/museum/top.htm>

who played a central role in the publishing of a volume on the Akita Bank's history, Mr. Takeda Dai, helped me considerably to gather basic information on the history of the bank and its relations with Shibusawa. If these two financial institutions have been opened to the idea of helping me in opening their archives, they do not have an archive service yet, which makes the search of documents rather difficult.

Another important source of documents is the archive center of the city of Daisen, in the Southern part of Akita Prefecture. This city is the first one to have opened a public archives center in the prefecture separately from the public archives center of Akita prefecture. Daisen city is an important place in the history of Akita prefecture's economy since it has been an important producer of rice, as well as the place where the copper mines of Arakawa were exploited. This is also where Ikeda family, one of the three more important landowners of the Tōhoku region, developed its activities. This archive center is has opened its doors this year. Since a large part of these documents are still not sorted, and because of the difficulty of reading documents of the Meiji period, using these archives should be a lengthy task. The last archives center I have been planning to conduct research in is the public archives center of Akita prefecture where important archives concerning the entire prefecture are stored.

## II. REGIONAL ECONOMY AND AKITA PREFECTURE

### 1. Shibusawa and the fertilization of Japanese economy in the provinces

The idea of working on Shibusawa Eiichi and the economic history of Japan was born at the confluence between my personal and familial situation and my encounter with Shibusawa Eiichi. By receiving the Prize Shibusawa-Claudel in 2015, I had the pleasure and honor to get to know the Shibusawa Eiichi Memorial Foundation. By visiting its museum and archives center, I started to feel interested in Shibusawa Eiichi's life and achievements. Furthermore, I attended a workshop on Shibusawa Eiichi's the same year, during the World Economic Congress in Kyoto, where I could feel the deep contemporaneity and originality of Shibusawa's thinking on economics.<sup>33</sup>

The emphasis on the development of the capitalist economy in Japan has been very often focused on the role played by the central State and the large trusts called *zaibatsu*. This focus has been so far extremely important among western specialists of Japan. Whether the dominant place taken by these two categories of players is indisputable, the role played by Shibusawa's approach in the rise of Japan's modern economy is also crucial, as it helped to create a

33 – Shibusawa Eiichi's *gappon capitalism (ethical capitalism) as a model for developing countries in future global perspectives*, Geoffrey Jones, Takeo Kikkawa, Janet Hunter, Myungsoo Kim, XVII<sup>th</sup> World Economic History Congress, Kyoto, 05.08.2015.

diversified economic fabric throughout the country. On the other hand, a large part of the research made on Shibusawa so far has been on his economic, social, political thinking, as if every action he had made during his long life had been guided by a coherent theory.

I have been traveling throughout Akita prefecture for more than twenty years, and my relations with this part of Northern Japan have been deepening thanks to my wife's family, who is from this region. These personal links with this region of Japan have let me be aware of the particularities of its local economy. Moreover, the central role played by a few families of the local "bourgeoisie" made me think that a study of the conditions of the emergence of a modern, capitalist economy from the second part of the nineteenth century could be a very interesting topic.

I could finally build a bridge between Northern Japan's economy and Shibusawa Eiichi after I talked, in September 2016, with Mr. Ikeda Yasuhisa, a member of the most important landowner family in Akita prefecture. I learned that this family developed a large number of new industries one century ago on the model of what Shibusawa Eiichi had done throughout Japan. Moreover, I got to know that the latter and Ikeda family might have been in contact. I also knew, from my wife's family, that Ikeda family had an active paternalistic family by giving education to poor peasant families, even giving scholarships to local students to study in Tokyo and having opened a residence for them in Tokyo, near current Edogawa station. However, the traces of these relations were light, almost evanescent.

## 2. The local banks: Ariadne's thread of Shibusawa's action

From this point, I have started to try to figure out how the multiform action of Shibusawa had shaped the development of Japanese economy in general, and in Tōhoku region in particular. As the historian Shimada Masakazu has stressed out, the majority of the researchers have emphasized the importance of a coherent thinking that, supposedly, guided his various business activities. However, Shimada insists on the necessity to avoid any teleological approach, choosing to survey Shibusawa's action in a concrete way.<sup>34</sup> There is no doubt that the impressive intelligence and literacy of Shibusawa, as well as his strong will to leave a trace to his successors led him to theorize his action afterward. However, I believe that his main characteristic is pragmatism, as shows his aptitude to adapt to the economic, social and political conditions of the time to get the best result possible in managing and supporting firms.

During his sojourn in France to Paris Universal Exhibition in 1867, Shibusawa understood better than anyone in Japan the importance of building a financial

<sup>34</sup> – Shibusawa Eiichi: *shakaigikyoka no senkusha* [Shibusawa Eiichi: a pioneer of social entrepreneurship], *op.cit.*, p. ii-iii.

sector to develop a capitalist economy, and especially the crucial role played by the banks to supply resources to the local level. He also became the most skillful specialist of the banking system, playing a central role in the foundation of the first Japanese commercial bank. By participating in the creation of local banks throughout Japan, he helped to lay the foundations of the capitalist economy in Japan. Throughout his life, he was, before everything, a sower of companies, participating in the creation and management of about five hundred of them. Banks played a particularly important role inside of it.

During the first part of the Meiji era (1868-1912), the banks founded in Japan were named according to the number they received from the Ministry of Finance. The consequence was that they were named with a number reflecting their date of creation.<sup>35</sup> The first commercial bank created in Japan took the name of “Number One National Bank” (Daiichi Kokuritsu Ginkō).<sup>36</sup> Shibusawa, being the only person in Japan having an extended competency about finance, played a central role in the foundation of this establishment. He continued to use this experience in assisting local economic elites to create banks on this model.

Shibusawa’s business activities being multiform, they are difficult to follow and to summarize. This is why I have decided to start my research on following Ariadne’s thread of the foundation of local banks in the Tōhoku region. Banks’ creation is the most obvious trace of Shibusawa’s action throughout Japan, since it is a technical field where he was a pioneer as an official of the first Ministry of Finance after the birth of Meiji regime, as well as a businessman during his long career. This is the field where his competency was the most required, especially in the province, where the capitalist economy was still to create. Banks played a crucial role in giving structure to local economic fabrics. It was also the place where the emerging entrepreneur’s class, local authorities, and other actors gathered. Shibusawa played very often an initiating role during the first phase, then continued his action later as a counselor. His prestige lets him play a moral leadership, something that was essential in bringing confidence to the young financial institutions.

### 3. The birth of a capitalist economy in Akita

The history of capitalism starts in Akita with the suppression of the old order, i.e. the suppression of the warrior order. Having lost their official position in the principality of Akita, they received financial compensation. This financial compensation was at the origin of the foundation of the banking system. In 1879, the first bank was founded in Akita prefecture under the name of “Forty-

35 – The adjective “national”, used from US example, does not mean “founded” by the State, but “founded according to national law”. Then, this bank and the others created afterward were commercial banks, created by private capital.

36 – This is the ancestor of current Mizuho Bank.

eighth National Bank”, only 6 years after the First National Bank was established. In 1896, the latter closed its Akita branch, and this one rose again as the “Akita Bank”. In 1912, the Akita Bank built a brand new building for its new headquarters. Built in red bricks, with marble and precious wood like Tokyo Station, the Home Ministry and several other modern buildings in Tokyo, it did not use for its construction expensive materials imported from abroad, but national materials exclusively.<sup>37</sup> The three Akita prefecture’s banks – the two previously mentioned and Yuzawa Bank – merged in 1941, creating the new Akita Bank.

Mines played a crucial role in the industrialization of Japan, and Akita prefecture played its part. This was especially the case of the copper mines of Arakawa, located in today’s Daisen city. The Southern part of Akita prefecture developed also during the Edo period, from the seventeenth century, as an important rice production area. An important part of this rice was transported to Akita harbor and then exported to Kansai region along the Japan Sea. Besides former warriors and merchant families, another important component of the local elite that played a crucial role in modernizing Akita’s economy was the landowners’ class. In Akita Prefecture, the most important landowner house was the Ikeda family. This family played an important role in developing the Akita Bank, as well as local industries: construction materials, electric industry, mines and other industries.

#### 4. In the footsteps of Shibusawa in Akita

Shibusawa came for the first time to Akita in July 1882. His second visit occurred in 1917. This time, it was a part of a survey trip to the Tōhoku region. One of the purposes was to visit the copper mines of Arakawa. Shibusawa had played a role of adviser to the mines since 1882. He also visited oil fields, rice fields, and sericulture plants. Last but not least, Shibusawa showed his interest in modern technology and new sources of energy by visiting the oil fields of Akita prefecture.<sup>38</sup>

Shibusawa played a similar role for the Akita Bank since the time of its foundation, in 1896, becoming its special counselor.<sup>39</sup> There is no doubt that his knowledge was highly appreciated, as well as his prestige, since conquering the confidence from potential customers was crucial.

37 – The original building still exists in Akita City. It is nowadays administrated by Akita Prefecture as a museum (<http://www.city.akita.akita.jp/city/ed/ak/>).

38 – Akita prefecture has been the main, and almost only, place in Japan where oil could be extracted. Extraction started as soon as 1869, the second year of the Meiji era. The presence of oil fields was the main reason Akita city was bombed by US Air Force in 1945.

39 – Two documents of the archives of the Akita Bank give us a proof of this function that was given by the new bank to Shibusawa. The first was issued the 25 December 1896, date of the fusion of the three banks to give birth to the Akita Bank. The second was issued one month later, the 10 January 1997: it is the minutes of the first general assembly of the new bank.

### III. FROM NOW ON?

#### 1. That place for Shibusawa in Northern Japan's economic development?

The impact of Shibusawa on the development of the capitalist economy in Japan in general, and in Tōhoku region in particular, is difficult to evaluate. From the Meiji era until World War 2, The Japanese economy has been dominated by four industrial groups based on a family structure called *zaibatsu* (textually “financial clique”): Mitsubishi, Mitsui, Yasuda and Sumitomo.<sup>40</sup> Since he did not build an industrial group like his friend Iwasaki Yatarō did with Mitsubishi, Shibusawa did not have a massive investing power.<sup>41</sup> If he took shares in a large number of companies, he did not own, most of the time, the majority of them. Moreover, his investments did not concern the North to a large extent. Then, we can conclude that Shibusawa's influence on the rise of the capitalist economy in Tōhoku region did not rely mainly on direct investments.

More important was his expertise. It is absolutely true that, at the beginning of the Meiji era, he did have an expertise on economic, and especially on financial technics that made him unique. When most of the reformers of the Meiji era were fascinated by the military, science, technology, law, and politics of western countries, Shibusawa took a strong interest in the economy, and especially the financial system during his journey to Paris in 1867. For a long time, Shibusawa played a crucial role in initiating and developing the banking system across Japan. However, there is no proof yet that he played a particularly important role in the foundation of the first bank in Akita prefecture. Then, it is possible to argue that his expertise has been indirect, like a streaming from Tokyo to every corner of the country. With time, new generations of skillful bankers and entrepreneurs arrived to take the lead locally.

If there is one thing that let Shibusawa keeping an important role in the Japanese economy until he passed away, from Tokyo to the fringes of Japan, it was his prestige. When he passed away, he was 91 years old, a canonic age at the time. He crossed the crisis of the end of Edo period (*Bakumatsu*, 1853-1868), all of Meiji (1868-1912) and Taishō (1912-1926) eras, and finally died at the beginning of Shōwa era, just at the moment Japan was on the brink to go over to an aggressive policy in China and Southeast Asia.<sup>42</sup> He was, not only a pioneer of the capitalist economy in Japan but also someone flexible enough

40 – On the history of the *zaibatsu*, see Morikawa Hidemasa, *Nihon zaibatsu-shi* [History of the Japanese *zaibatsu*], Tokyo, Kyōikusha, 1987; Sue Kunio, *Nihon zaibatsu-shi nyūmon* [Introduction to the history of the Japanese *zaibatsu*], Tokyo, Kōbundō Shuppansha, 1996; Yasuoka Shizuaki (eds.), *Zaibatsu-shi kenkyū* [Studies on the history of the *zaibatsu*], Tokyo, Nihon Keizai Shinbunsha, 1979; Kaku kōzō, *Zaibatsu wo kizuuta otokotachi* [The men who built the *zaibatsu*], Tokyo, Popurasha, 2015.

41 – On the history of Mitsubishi group, see Claude Hamon, *Le groupe Mitsubishi, 1870-1990: du zaibatsu au keiretsu*, Paris, L'Harmattan, 1995; Mishima Yasuo, *Mitsubishi zaibatsu-shi* [History of the Mitsubishi *zaibatsu*], Kyōikusha, 1979.

42 – The Manchuria Incident broke out the 18 September 1931, when Shibusawa died the 11 November.



to adapt to the change of time. This is why he became the tutelary figure of Japanese capitalism.

Shibusawa was highly appreciated for his prestige to become a moral support. This is why he played an important role as a member of many boards of directors across the country.<sup>43</sup> In Tōhoku region, as in many other places across Japan, Shibusawa played a role in giving precious advice to local financial and industrial institutions. When he visited Akita prefecture, he played this role, because his prestige was unchallenged. Perhaps what was more important than anything was his neutral position, since he was not a member of the government, nor of any of the *zaibatsu*, despite his large network and his personal links with politicians, bureaucrats, and entrepreneurs.

Shibusawa's role in building and supporting small and medium companies, in the big cities as well as the countryside, was highly appreciated in a world where big industrial groups, the State, and the military were playing an increasingly dominating role. From the end of the nineteenth century, with the increasing military interventions on the continent – First Sino-Japanese War (1894-1895), Boxer rebellion (1900), Russo-Japanese War (1904-1905) –, and the move to protectionism of many countries from the second part of the nineteenth century, Japan started to get away from free trade and to give an increasing role to the State in the economic development.

This phenomenon provoked an inflection in the economic thinking of Shibusawa who, after having been a strong supporter of the free trade the free enterprise, started to accept that the State would play the leading role and became a supporter of the economic colonization of the new colonies of Taiwan (1895) and Korea (1905).<sup>44</sup> Then, it is an overstatement to pretend that Shibusawa's action has always been led by his Confucianist thinking called *gappon-shugi*. It does not mean that Shibusawa was not serious about the importance of morality concerning economic activities, but his idealistic views on capitalism did not prevail over a strong pragmatic sense and the priority given to the future of his country.

## 2. Following Shibusawa's path, or looking for other actors?

Working on the links between Shibusawa Eiichi's action and the birth and development of capitalist in Tōhoku region is not an easy task since archives are difficult to find and use, and also because specialists of local economic history are only a few. Having found a few tracks, it seems that a research of this kind is not an impossible task. However, the choice of the track to focus on is rather difficult.

<sup>43</sup> – Shimada Masakazu, *Shibusawa Eiichi: shakaigikyōka no senkusha*, *op. cit.*, p. 67-71.

<sup>44</sup> – *Ibid.*, p. 153-160.



Following Shibusawa's path across Northern Japan and elsewhere is a possible way. However, the danger is perhaps to attach too much importance to the figure of Shibusawa Eiichi, without being able to really grasp the reality of this region's economic history. Indeed, if Shibusawa played a crucial role during the first period of the Meiji era, there is little doubt that new generations of entrepreneurs followed his path and that his place became less prominent with time. Moreover, Japan started to take some distance from the liberal model advocated by Shibusawa from the second part of the Meiji era, at the turn of the new century. Industrial trusts became more and more dominant, as well as the State. Then, the emphasis put on individual entrepreneurship became somehow an outdated model for Japan, since this country chose to follow the more authoritarian and protectionist German model. If Shibusawa continued to use his influence, he became more and more a kind of guru, when the reality of the economic power was grasped by the *zaibatsu*.

This is why it seems necessary to expand the scope of this research to various actors to try to find out what was the direction taken by Akita prefecture's economy. The dual importance of local and global dimensions is crucial here. In what direction did local initiatives steer this economy? What was the importance of Tokyo and other metropolises, as well as industrial groups in the exploitation of local resources? In what extent the Northern fringes of Japan were used by the economic center? In what extent local actors were able to develop their regions for the local needs? Here are some questions which, I believe, deserve to be addressed.