

KOBE
ECONOMIC & BUSINESS
REVIEW

6th

ANNUAL REPORT



THE RESEARCH INSTITUTE FOR
ECONOMICS AND BUSINESS ADMINISTRATION
KOBE UNIVERSITY

1 9 5 9

Copyright, 1959, by The Research Institute for Economics
and Business Administration, The Kobe University

KOBE
ECONOMIC & BUSINESS
REVIEW

6th

ANNUAL REPORT



THE RESEARCH INSTITUTE FOR
ECONOMICS AND BUSINESS ADMINISTRATION
KOBE UNIVERSITY

1 9 5 9

CONTENTS

	Page
History of Yen — Its Developments in the Japanese Economy (2).....	Hiroshi SHINJO ... 1
The Central Banking Policy in the Meiji Era.....	Masahiro FUJITA ... 19
Economic Growth, Balance of Payment and Capital Movement.....	Hikoji KATANO ... 29
World Trade and Japan's Export — 1953-1957. —.....	Fukuo KAWATA ... 41
Alguns Aspectos da Mobilidade de Japoneses no Brasil.....	Hiroshi SAITO ... 49
Problems of Emigrant-Transportation in Japan.....	Hiromasa YAMAMOTO ... 61
Port Labor Conditions in Japan — Particularly in Kobe Port —.....	Ginjiro SHIBATA ... 75
The Development of the Concept “Operator” in Japan.....	Seiji SASAKI ... 91
Single Industry Towns in Japan.....	Minoru BEIKA ...103
On the Application of the Social Accounting Principle to Business Accounting.....	Nobuko NOSÉ ...111
Valuation of Work in Process.....	Susumu WATANABE ...119
Developmental Stages Relating to Theories of Stock-Equity Accounting.....	Ryuji TAKEDA ...129
On the Rate of Interest in Business Administration.....	Jiro ONO ...137
Various Classes of Data Processing by Means of Electronic Computer.....	Hideo KITANI ...149
Company Histories in Japan — Materials for Business History —	Tadakatsu INOUE and Yoshiro IKUSHIMA ...157

HISTORY OF YEN—ITS DEVELOPMENTS IN THE JAPANESE ECONOMY (2)

Hiroshi SHINJO

6

The history of money in every country might well be said to be the history of its depreciation. The yen is not an exception, rather it might be called a typical example. Roughly observed, the index of prices starting from 1873 (Meiji 6) as 100 goes up to 240 in 1911 (Meiji 44) as the close of Meiji, to 514 in 1925 (Taisho 14) at the close of Taisho and to over 140,000, near the end of the 1950s. That is to say, the value of the yen has declined to about 1/1500 of its original value in about 80 years. It is important to add that the major part of this depreciation was experienced during the inflation caused by wars—especially the last war. The price of gold which was officially fixed in 1871 as 1 Yen per 1.5 grams (0.4 Momme) fine gold, was doubled in 1897 and 1 Yen represented 750 miligram of fine gold. After many revisions the official price of 1 gram of fine gold was fixed at ¥405, the magnification of which exceeds 600.

Money is, as is well known, a standard measure of value and prices for all commodities, but money itself is changeable in value and it has really never been a simple neutral measure of value and prices. As a matter of fact, money has never been a sheer veil of economy. In some cases, the value of money was changed consciously and in other cases was obliged to be changed indifferent of the will of the government. To know what the value of the money of one country should be, therefore, is an intelligence of vital importance in modern life.

Now, when the units of an economy exist independently without having an exchange system as in the past, there needs to be no common means of exchange, and there may exist different kinds of money made of different materials at the same

time. But as export and import begin to be carried on a world-wide scale and the world itself is deemed to be one market including all countries, there should exist only one kind money which all countries have in common. Gold has been fixed as this "money of the world." As we have already seen, when Japan wanted to trade with other countries at the beginning of Meiji, the international gold standard had been almost completed and the adoption of the same standard was a prerequisite. Of course, each governments is free to decide what price should be fixed for a certain weight and fineness of gold, and as a matter of course the price of gold has been fixed by governments proper to their own economy with denominations of their own. As a result the mint parity or official rates of exchange are fixed in all countries, and so the depreciation of money is expressed primarily by the price of gold and exchange rates for foreign currencies.

It is well known that so long as the convertible bank notes system is maintained the rates of exchange among countries never change beyond so called "gold points." The rates of exchange of the yen under the gold standard system from 1897 to 1917 was therefore very stable as shown below.

Table X. Foreign Exchanges 1897-1917.

	Against London		Against New York		Wholesale Price Index (average)
	Highest	Lowest	Highest	Lowest	
1898	2s.0.42d	2s.0.16d	\$49.45	\$48.82	
1899	2 0.8	2 9.4	50.00	49.47	
1900	2 0.4	2 0.3	49.51	49.25	100
1901	2 0.5	2 0.3	49.74	49.25	96
1902	2 0.8	2 0.3	50.13	49.50	97
1903	2 0.7	2 0.4	50.01	49.35	103
1904	2 0.4	2 0.1	49.42	48.76	108
1905	2 0.6	2 0.3	49.80	49.25	116
1906	2 0.5	2 0.4	49.63	49.38	120
1907	2 0.5	2 0.4	49.75	49.38	129
1908	2 0.5	2 0.4	49.57	49.42	125
1909	2 0.6	2 0.5	49.75	49.57	119
1910	2 0.4	2 0.4	49.64	49.42	120
1911	2 0.5	2 0.4	49.50	49.44	125
1912	2 0.6	2 0.4	49.73	49.48	132
1913	2 0.9	2 0.3	49.74	49.33	132
1914	2 0.4	2 0.1	49.63	49.13	126
1915	2 1.3	2 0.2	49.66	48.62	128
1916	2 1.6	2 0.2	50.50	49.88	155
1917	2 1.8	2 1.6	51.00	50.50	195

Though under the gold standard system the rates of exchange are stable, the prices of commodities cannot be stabilized. They fluctuate and change according to business cycles. But when prices rise because of increasing imports and when they fall through increasing exports, a counterbalancing power automatically rises and the gold standard system is the best stabilizer of prices in the long run, though the price index numbers shown above might betray this expectation. But there will be no doubt if we compare these numbers with those in later suspension years. And the fact that international trade was impossible to be carried on freely during the war because of the risks of transportation by sea must also be taken into consideration.

During the 1st World War, Japan next to the United States enjoyed the profits of the war to the full, and was favored with an unprecedented balance of payment. However, looking back over the years from the Russo-Japanese War to the outbreak of the World War I the scale of foreign trade has been enlarged, imports having increased more sharply than exports, the balance of trade showing a yearly deficit except for 1906 and 1909, and the total deficit during the above period amounting to 582 million yen. Not only the balance of trade, but invisible trade also had a deficit. The total of both deficits would have amounted to nearly 1 billion yen for this period, but for the fact that during this period sizable amounts of foreign capital to cover this deficit was borrowed from abroad. Above all, government loans of 82 million pounds, (about 800 million yen) were raised in London to finance war expenditures in 1904 and 1905. Thus, the specie reserve of the Bank of Japan was dependent substantially on foreign loans and without such a support even the maintenance of the gold standard system might have been impossible. Just before the outbreak of the World War I, which changed matter completely, Japanese economy was on the verge of bankruptcy, as the political unrest in Europe made the prospect of new foreign loans very difficult at the time when past debts were falling due.

In 1914 and after, Japanese exports increased year after year because Japan was furnishing goods to underdeveloped countries whose source of supply by former connections became impossible, and invisible exports by shipping and insurance also increased. The total excess of the balance of trade amounted to 1.333 billion yen and that of invisible trade to 1.893 from 1914 to 1919, thus the total of the two made 3.226 billion yen. About one-half of this holding was used to replenish exchange holdings abroad and the specie reserve of the Bank of Japan, about one-tenth to pay back foreign loans and one-third to expend for foreign investments

by Japan. Thus Japan became a creditor country by the 1st World War.

But when the War ended, the reaction came quickly. After reaching the highest peak of 2,099 billion yen in 1920 exports began to decline sharply to 1,253 billion yen in 1922. By 1919 imports already exceeded exports and the deficit balance of trade for 1920 became 388 million yen, the largest amount since the beginning of Meiji. In only three years after the War's end, the total deficits amounted to 824 million, almost 60% or 408 million yen of the excess balances gained during the war disappeared.

7

As already referred to, Japan stopped the gold standard on September 2, 1917, just two days after the same measure was taken by the United States which however returned back to the gold standard on July 13, 1919.

But the suspension of the gold standard system in Japan, continued for 13 years until January, 1930. Bank notes were inconvertible and an embargo was put on gold export during this period.

The World War I resulted in the peace treaty concluded in 1919, and Japan could have followed the example of the United States, if she had not been afraid of losing more gold in the face of the unstable international situations. The government continued the gold embargo with the intention of not decreasing its gold holdings accumulated during the war, and thought it practical to use its deposits in foreign markets for payment, if necessary. As its return to the gold standard seemed probable sooner or later, the rate of exchange against New York rose up sometimes to even more than \$50 per ¥100. Unfortunately in September, 1922 there occurred a great earthquake which damaged Tokyo and its surroundings heavily. Imports sharply increased and again the chance was lost. The return to the gold standard had to be postponed until January, 1930 and even then it lasted no longer than two years. In December 1931 it was again stopped three months after England, and has never been restored again since then.

In those days after the 1st World War it was the public opinion that the abandonment of the gold standard was a temporary, exceptional measure and when the emergency was over, it should be normalized as soon as possible. The International Economic Conference held in Geneva in 1922 passed a final resolution to establish a monetary system enabling stable rates of exchange among nations as soon as possible. The conference was chiefly led by Governor Norman of the Bank of England and Governor Strong of the Federal Reserve Bank of New York but the

necessity of returning to the pre-war gold standard was acknowledged unanimously by participating countries. The resolution did not imply the necessity of resuming gold standard money of the same weight and fineness as in pre-war days. They might be devalued when necessary and the notes might be convertible even in gold bullion or exchange instead of gold coins. And as is wellknown, Germany, Russia, Austry, France, Netherland, Belgium, Italy and others adopted the gold standard devalued and newly defined, while the United States and England resumed the standard of pre-war days. It is self-evident that in the latter case, the deflationary policy was indispensable in cancelling the depreciation because if the rates of exchange should be resumed, the prices of commodities would have to be lowered in the same degree. Premier Hamaguchi, head of the Minseito party which was traditionally anti-inflationistic, enacted the resumption of payment in gold in January 1930 and began to take decisive steps for a deflationary policy. The finance minister was Junnosuke Inoue, ex-governor of the Bank of Japan, and a known deflationist. Inoue had been advocating in his book entitled "Japanese Economy and Finance after the War" published in 1926 as follows; "Panic is inevitable in the business world as a possible result of sizable decreases of currency when bank notes resume convertibility, though it is very difficult to estimate the amount exactly. Should panic arise, it would be impossible to increase imports. Some antagonists against lifting the embargo calculated the possible increase of currency as large as 7 or 8 hundred thousand yen. It could not be so large. To think of the total loss of Japanese gold holdings in the event of the redemption of gold payment was an utterly groundless fear for a layman." The opposit party the Seiyukai were always inclined toward an inflationary policy. But antagonists of the proposed measure were rather few in number at this time. To mention some, there were Tanzan Ishibashi, then the Editor-in-Chief of the Oriental Economist, and Kamekichi Takahashi representing the minor opinion which asserted energetic opposition to the adoption of the gold standard without devaluation. Advocates urged that Japanese economy be put on the rails following their predecessor's model by way of suffering from declining prices and the rising foreign rate of exchange to the pre-war level. People wanted to be prepared for better days in the future and the policy was supported by the public opinion of that time. "A Tract on Monetary Reform 1924" by J. M. Keynes was even translated into Japanese, but the question which was vital to Japan, deflation or devaluation was not fundamentally discussed even among academic circles. Too much reliance was placed upon the classical doctrines and the foregoing examples of England and the United States.

But as England and the United States found it impossible to maintain the restored value of the pound and the dollar after all, why could it be different for Japan? The re-imposition of a gold embargo in England came into force in September, 1931, owing to the continued depressed business conditions inside the country and motivated by the international credit crisis caused by a bank failure in Austria. The Japanese Government failed to follow the English example at once and while the re-imposition of a gold embargo in Japan was deemed to be a problem of time, a huge reflux of gold promoted by powerful speculators like the Mitsuis, necessitated the government to stop gold payments. Premier Hamaguchi was shot and Minister Inoue was assassinated as sacrifices to the deflation policy. The government changed from Hamaguchi to Inukai (Seiyukai Party) and the finance minister from J. Inoue to Korekiyo Takahashi, a veteran financier, and Ex-minister, and the former policy was abandoned. The devaluation of the United States dollar came at last three years later in January 1934 by the newly elected President Roosevelt.

The panic in Wall Street in the stock exchange occurred in the Autumn of 1929 and Hoover's moratorium was effected in 1931. International finance became paralyzed thereafter. The great depression of the 1930s began. President Roosevelt who put a series of anti-deflation policies called the New Deal into action started by devaluing the dollar by 40.94% (the dollar became equivalent to 0.88 gram. instead of 1.50 gram. gold. That is to say an ounce of pure gold became equal to \$35 instead of to \$20.67).

Thus, even the pound and the dollar which were restored to their pre-war value after the war by the enforcement of the deflationary policy had to be given up in the face of severe economic instability. In order to promote economic activity, the raising of the standard gold price would be effective in preventing a bottomless drop of prices and by giving room in furnishing circulating capital and increasing purchasing power by a fiscal policy. Moreover, the fall of foreign exchanges would encourage exports as well as check imports and even guard against countries which had already devalued their money. The same measure was then unavoidable on the side of the defensive countries—competitive devaluation. Such being the case, getting off the gold standard system in this stage was clearly different in nature from that exercised before 1930. Governments aimed at something positively and intensively. It was not desirable that the gold standard system in its original form return again. The idea of "managed" currency has taken the place of the gold standard system.

At any rate, the rates of exchange became remarkably unstable after 1917,

as shown below, with the exception of from 1930-1931.

Table XI. Foreign Exchanges 1917-1945.

Year	Against London		Against New York	
	Highest	Lowest	Highest	Lowest
1917 (Taisho 6)	2s. $1^{11}/_{16}$	2s. $1^1/_2$	50. $7/_8$	50. $3/_8$
1918 (" 7)	2 $2^5/_{16}$	2 $1^{11}/_{16}$	52. $1/_8$	50. $7/_8$
1919 (" 8)	2 $6^1/_2$	2 $1^9/_{16}$	51. $7/_8$	49. $7/_8$
1920 (" 9)	2 $10^3/_8$	2 $3^1/_2$	50. $5/_8$	47. $3/_4$
1921 (" 10)	2 $8^3/_8$	2 3	48. $1/_4$	47. $7/_8$
1922 (" 11)	2 $3^5/_{16}$	2 $0^7/_8$	48. $1/_2$	47. $1/_2$
1923 (" 12)	2 3	2 $0^9/_{16}$	49. 0	48. $1/_2$
1924 (" 13)	2 $3^1/_{16}$	1 $7^1/_2$	48. $1/_4$	38. $1/_2$
1925 (" 14)	1 $9^1/_2$	1 $7^1/_4$	43. $1/_2$	38. $1/_2$
1926 (Showa 1)	2 $0^1/_8$	1 $9^1/_2$	48. $3/_4$	43. $1/_2$
1927 (" 2)	2 $0^1/_4$	1 $10^7/_{16}$	49. 0	45. $5/_8$
1928 (" 3)	1 $2^5/_8$	1 $10^1/_8$	48. 0	44. $3/_4$
1929 (" 4)	2 $0^1/_{16}$	1 $9^5/_8$	49. 0	43. $3/_4$
1930 (" 5)	2 $0^3/_8$	2 $0^1/_8$	49. $3/_8$	49. 0
1931 (" 6)	2 $3^3/_{16}$	2 $1^1/_4$	49. $3/_8$	48. $1/_8$
1932 (" 7)	2 $1^1/_2$	1 $2^3/_4$	37. 0	20. 0
1933 (" 8)	1 $2^{15}/_{16}$	1 2	31. $1/_4$	20. $1/_4$
1934 (" 9)	1 $2^1/_8$	1 2	30. $3/_8$	28. $5/_8$
1935 (" 10)	1 2	1 2	29. $1/_8$	27. $3/_4$
1936 (" 11)	1 2	1 2	29. $1/_2$	28. $1/_2$
1937 (" 12)	1 2	1 2	29. $1/_4$	28. $1/_2$
1938 (" 13)	1 2	1 2	29. $1/_4$	27. 0
1939 (" 14)	1 2	1 2	27. $3/_8$	23. $5/_{16}$
1940 (" 15)	1 $5^{13}/_{16}$	1 2	23. $7/_{16}$	23. $7/_{16}$
1941 (" 16)	1 2	1 2	23. $7/_{16}$	23. $7/_{16}$

In this period concerning the stabilization of the rates of exchange there were two alternatives, either calculated against London or against New York; from 1917-1924 stabilization was aimed around \$50-48 against New York, from 1925-1930 (the period of England's return to gold) around 2 shillings against London, and from 1932 on the yen was linked to the dollar until 1932 and after 1933 linked to 1 shilling 2 pence against New York.

In the next table are given principal figures which will show the changes of Japanese economic conditions in the period from the outbreak of the 1st World War to the restoration of the gold standard.

Table XII. Japanese Economy 1913-1929. (million yen)

	Notes issued (year's end)	Specie reserve	All Banks' Deposit	All Banks' Loans	Exports	Imports	Wholesale Price Index (1900=100)
1913	426	224	2,229	2,749	632	729	132
1914	386	218	2,329	2,827	591	596	126
1915	430	248	2,811	2,997	708	532	128
1916	601	411	3,833	3,841	1,127	756	155
1917	831	650	5,740	5,133	1,603	1,036	195
1918	1,145	713	8,225	7,464	1,962	1,668	255
1919	1,555	952	9,918	9,963	2,099	2,173	312
1920	1,439	1,247	9,869	9,826	1,948	2,336	343
1921	1,547	1,246	10,456	10,669	1,253	1,614	265
1922	1,558	1,064	10,297	11,128	1,637	1,890	259
1923	1,704	1,057	10,616	12,215	1,448	1,982	263
1924	1,662	1,059	11,066	12,489	1,807	2,453	273
1925	1,632	1,057	11,485	12,985	2,306	2,573	267
1926	1,570	1,058	10,845	11,338	2,045	2,377	237
1927	1,682	1,063	10,812	10,919	1,992	2,179	225
1928	1,739	1,063	11,287	10,333	1,972	2,196	226
1929	1,642	1,072	11,444	10,322	2,149	3,216	220

8

The year 1931 (Showa 6th year), when Japan suspended gold payments, belongs to the earlier period of the world-wide great depression of the 1930s. It goes without saying that in Japan the foregoing two years under the gold standard were still worse. Credit crises occurred almost yearly from 1927 to 1931 and many banks stopped payments while numerous firms were closed. After the country went off the gold standard in 1931, the economic conditions began to improve, but not so fast as expected. Some signs of improvement will be shown below.

After the suspension of the gold payment, the system of note issue by the Bank of Japan was naturally revised. The maximum amount of fiduciary issue had been fixed at 120 million yen from the beginning since 1897 without modification, although in reality the fiduciary issue had been exceeding this limit in the shape of excess issues for which the Bank had to pay issue taxes. But in July, 1932 the above limit was expanded to 1 billion yen, and in April, 1938 to 1.7 billion yen. In April, 1939 the limit was further raised to 2.2 billion yen, but in April, 1941 by making the existing law temporarily ineffective, the government introduced the "Maximum

Table XIII. Japanese Economy 1926-1935.

	Average Whole sale Price Index No. (1900=100)	Production 1931-1933=100		Capital Planned Unit ¥.	Foreign Trade Unit ¥.	
		Mining	Industry		Export	Import
1926	237	—	—	1,658	2,119	2,563
1927	225	105.6	74.5	1,523	2,065	2,359
1928	226	107.9	79.2	1,457	2,038	2,373
1929	220	110.9	83.3	1,042	2,218	2,389
1930	181	106.0	89.4	457	1,519	1,680
1931	153	97.2	89.0	458	1,179	1,319
1932	161	96.1	97.4	539	1,457	1,524
1933	180	106.8	113.6	1,136	1,931	2,017
1934	178	116.4	132.8	1,334	2,256	2,400
1935	186	125.0	148.7	1,427	2,600	2,617

Amount Limit System," which was enacted in February, 1942, at the same time when the Bank of Japan Act was revised, and under which the discrimination of the specie and fiduciary reserves was no more necessary and the fixing of the maximum amount for the fiduciary issue became needless.

On the other hand, the official price of gold continued to be raised successively as the purchasing power of the yen declined, as shown in the following:

1897	¥1.33 (per 1 gram of fine gold)
1931 (Mar. 7)	"1.99
1932 (Jan. 9)	"2.49
1933 (April 7)	"2.95
1934 (Jan. 11)	"3.05
1935 (May 6)	"3.56
1936 (" 15)	"3.77
1937 (" 10)	"3.85

The suspension of the gold standard does not necessarily bring disorder to foreign exchange markets. By the operation of the Exchange Stabilization (Equalization) Fund in the hand of the government, or by regulating demands for foreign exchange, the rates of exchange for foreign countries might be maintained at an even constant or "pegged." The declining rate of exchange might, at first sight, look very favorable for a country, which must improve its balance of payment by spurring exports and suppressing imports. But a cheap rate of exchange means only selling cheap and buying dear for a country like Japan whose exports depends much upon imports of raw materials. Favorable effects would be short-lived,

unless repeated unlimitedly to bring on endless inflation. As a matter of fact, under incessantly fluctuating exchange rates, foreign trade transactions would be too risky to be concluded. Moreover, competitive cheap exchange rate policies among countries will naturally cancel each other out and as a result every country tends to wish to have rather stable exchange rates which equilibrate their economies. That is the reason why exchange rates of the yen came to be stabilized again after a period of competitive devaluations. But the way to realize a stabilized rate of exchange was no longer through market operations but directly to adjust the demand for foreign money to its supply.

The Foreign Exchange Control Act was put in force on May 1, 1933 (Showa 8) and thereafter all demands and supplies for foreign exchange were concentrated into government accounts in order to adjust demands to maintain the rates of exchange. Prior to this, since July, 1932, the Capital Flight Prevention Act had been enacted as a forerunner of the systematic exchange control which came out about one year later under the exchange control, the rates of exchange were "pegged either against London, 1 shilling two pence per 1 yen or against New York, 23 dollars and 7/16 cents per ¥100 or to both. In order to maintain these rates, the exchange control had to be revised stepwise more strictly, until at last all trade and foreign exchange transactions became impossible, Japanese pound and dollar assets abroad having frozen in 1941 anteceding the outbreak of the Great War. It might be worth mentioning that in the 1930s all possible types of foreign exchange transactions were experienced in Japan from the extreme free style under the gold standard system to the other extreme under a full-scale "Autarkie".

Now, let us turn to look at the moves of inner economy after the re-suspension of the gold standard. In order to stand against this deepening depression, the monetary authorities started to loosen the money supply. Declining prices which characterizes a depression are caused by excessive supplies and over-production and these mean the shortness of effective demands for goods and services both in and out of the country.

The classical method of increasing the supply of money has been understood to be the lowering of the official rate of the central bank. Below are given tables showing the movements of interest rates and principal accounts of the Bank of Japan and all Japanese banks (Some long-term banks are included other than deposit banks).

A cheap interest rate policy to provoke new investments is not so effective as the adverse policy to curtail it, as the prospect of profits may be decreasing or

Table XIV. Official Bank Rates. (Sen for ¥100 per dium)

			Commercial fills re-discounted	Loans on Government's Bonds	Other loans
1931	Oct.	6	1.6 sen	1.7 sen	1.8 sen
"	Nov.	5	1.8	1.9	2.0
1932	Mar.	12	1.6	1.7	1.8
"	June	8	1.4	1.5	1.6
"	Aug.	18	1.2	1.3	1.4
1933	July	3	1.0	1.1	1.2
1936	Apr.	7	0.9	1.0	1.1
1937	July	15	0.9	0.9	1.1
"	Sept.	21	0.9	0.9	1.1
1938	Mar.	12	0.9	0.9	1.1
1941	July	21	0.9	0.9	1.1
1944	Apr.	4	0.9	0.9	1.0
1945	Nov.	1	0.9	0.9	1.0

Table XV. Bank of Japan: Principal Accounts. (million Yen)

End of	Notes issued	Advances to Government	Loans	Cash and Bullion
1926 (Showa 1)	1570	22	587	1,117
1927 (" 2)	1682	22	893	1,112
1928 (" 3)	1739	22	849	1,113
1929 (" 4)	1642	22	680	1,109
1930 (" 6)	1436	25	754	878
1931 (" 6)	1330	25	964	521
1932 (" 7)	1426	47	772	463
1933 (" 8)	1545	25	856	455
1934 (" 9)	1627	68	878	494
1935 (" 10)	1767	118	843	533
1936 (" 11)	1866	186	745	577
1937 (" 12)	2305	3	628	825
1938 (" 13)	2755	3	509	548
1939 (" 14)	3679	3	1,065	536
1940 (" 15)	4777	3	819	516
1941 (" 16)	5979	2	904	527
1942 (" 17)	7149	1	1,827	580
1943 (" 18)	10266	1	3,642	627
1944 (" 19)	17746	956	8,944	519
1945 (" 20)	55441	11,220	37,838	523

Table XVI. All Banks: Principal Accounts. (million yen)

End of	Deposits	Borrowed Money	Loans	Securities	Governments Bonds only
1926	10,845	926	11,338	3,234	—
1927	10,811	1,291	10,919	3,902	—
1928	11,287	1,336	10,333	4,760	2,286
1929	11,444	1,402	10,322	4,885	2,291
1930	11,035	762	10,184	4,785	2,168
1931	10,595	1,481	10,052	4,562	2,056
1932	10,777	1,319	9,616	4,655	2,169
1933	11,509	1,365	9,214	5,196	2,710
1934	12,203	1,278	8,875	5,906	3,278
1935	12,911	1,044	9,081	6,564	3,598
1936	13,968	1,260	9,505	7,039	3,900
1937	15,747	1,044	11,012	7,135	3,986
1938	19,117	821	12,223	9,439	5,767
1939	25,092	1,252	15,038	12,309	7,573
1940	31,190	972	18,371	14,948	9,624
1941	37,801	1,150	20,985	19,447	12,885
1942	46,569	1,591	24,857	26,530	18,184
1943	56,328	4,174	32,354	33,415	24,085
1944	77,927	13,768	51,154	42,945	32,995
1945	119,829	37,690	97,621	55,228	44,921

even negative in times of a great depression. Moreover, new investments might increase supplies more than the ultimate effective demands brought about by the former and might make the situations still worse than before. That was the reason why in many countries fiscal policies appeared in the 1930s to play a greater part in increasing effective demands as supplementary to the central banking policy. Fiscal policies may redistribute the national income, may directly increase national income by giving public works, jobs to the unemployed, and by raising the propensity to consume of the country at large. And that will provoke new investments in turn. Thus effective demands may be increased within the country by a large-scale fiscal policy or else may be expected to increase from outside by securing markets exclusively for her products in foreign countries. Looking back at this period's exports, it can possibly be said that the political leaders put too much weight upon the latter. No, the party government had been losing confidence and the atmosphere of fascism was becoming influential. Several conspiracies for a coup d'état took place. In the 5-15 Accident (May 15, 1932) Tsuyoshi Inukai, Premier of the last party cabinet was killed by a group of young navy officers and in the 2-26

Incident (Feb. 26, 1936) Finance Minister Korekiyo Takahashi, Ex-premier and the head of the Seiyukai-party, Makoto Saito, Admiral and Ex-premier and some others of fame were assassinated by a troop of army terrorists. In 1940 all political parties were dissolved. In the course of these events, the Manchurian conflict occurred on September 18, 1931, and Manchukuo became independent in March, 1932. In March of the next year Japan seceded from the League of Nations. The China incident occurred near Peking on July 7, 1937 and soon battles expanded to the whole of China. In 1940 the Germany-Italy-Japan Triple Alliance was concluded, and finally the great war broke out on the Pacific on December 8, 1941.

Under such circumstances, the national budget expanded in scale year after year and the Government had to issue bonds to make both ends meet as shown in the following tables. But it is to be remarked that the largest part of the national expenditure was for military goods and for the mobilization of troops.

Table XVII. Governments, Expenditure 1931-1945.

General Accounts				Special Account for Extraordinary War expenses
Total Expenditure	Administration	Military		
1931	1, 477	650	455	—
1932	1, 950	858	686	—
1933	2, 255	879	873	—
1934	2, 163	685	942	—
1935	2, 206	623	1, 033	—
1936	2, 282	656	1, 078	2, 034
1937	2, 709	889	1, 237	4, 795
1938	3, 288	1, 422	1, 167	4, 844
1939	4, 494	1, 947	1, 629	5, 723
1940	5, 860	2, 462	2, 226	9, 487
1941	8, 134	3, 563	3, 013	18, 753
1942	8, 276	6, 180	79	29, 818
1943	12, 551	9, 937	2	73, 494
1944	19, 872	16, 287	2	{ 6, 449
1945	21, 496	16, 724	—	{ 10, 017

While in the beginning of the 1930s, inflationary policies backed by the managed currency system were not effective in stopping price declines and in stirring up business activity, it went far at the end of the same decade in keeping the yen's

Table XVIII. National Budget and Index Number of Prices 1926-1945.

(million Yen)

	National Budget	Settled Acet.	National debt outstanding	Average Index Number of Wholesale Prices (Tokyo) (1900=100)
1926	1,667	2,056	5,172	237
1927	1,759	2,063	5,398	225
1928	1,721	2,006	5,831	226
1929	1,774	1,826	5,959	220
1930	1,611	1,597	5,956	181
1931	1,497	1,531	6,188	153
1932	2,018	2,045	7,054	161
1933	2,321	2,332	8,139	180
1934	2,224	2,247	9,090	178
1035	2,215	2,259	9,854	186
1936	2,308	2,372	10,575	198
1937	2,915	2,914	12,817	238
1038	3,522	3,595	17,345	251
1939	4,837	4,970	22,886	278
1940	6,117	6,445	29,848	311
1941	8,211	8,602	40,470	330
1942	8,985	9,192	55,444	265
1943	14,373	14,010	77,555	376
1944	21,244	21,040	107,633	419
1945	29,157	23,487	140,811	595

value stable. Inflation crept in and when the 2nd World War, in which General Tojo's cabinet entered in December 8, 1941, ended in defeat on Aug. 15, 1945, it burst out in an inflation never experienced before in Japanese history.

In February, 1942 the New Bank of Japan Act was enacted at the 60 years' expiration of the former Act of 1882. In article 1 of the new Act it states that "the Bank of Japan's object is to regulate currency, and adjust credit as well as to maintain and foster credit systems in accordance with the government policy, in order to give full play to the best possible economic power of the nation," and in article 2, "the Bank of Japan is to be managed solely to attain objects of the nation as its mission." The Bank was of a character that made it 100 per cent subordinate to the finance minister and its dependence or neutrality from the government was explicitly denied. Prior to this, by "the Extraordinary Fund Regulation Act" of Sept., 1937 for long-term lending and by "the Ordinance of management funds of banks, etc." of Oct., 1940 for short-term lending, credit control had been exercised not only

Table XIX. Japanese Foreign Trade by Continents 1926-1945.

(million Yen)

	Asia		Europe		America		Africa		Oceania	
	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import
1926	903	1,018	129	416	906	767	43	41	62	132
1927	845	873	148	388	888	750	51	36	61	127
1928	835	903	160	404	880	706	44	32	53	138
1929	915	858	147	420	971	739	61	43	54	139
1930	704	633	128	280	545	496	57	24	36	98
1931	505	494	104	200	452	385	59	18	27	117
1932	677	451	127	225	472	555	86	27	47	140
1933	931	659	182	283	546	681	137	43	65	211
1934	1,170	812	228	296	512	848	182	80	80	214
1935	1,304	870	263	352	653	913	188	69	95	250
1936	1,371	1,060	308	330	719	1,055	198	108	98	210
1937	1,646	1,295	356	504	824	1,556	243	206	106	222
1938	1,665	1,204	261	376	530	1,605	137	61	97	98
1939	2,320	1,181	238	310	769	1,248	153	93	95	86
1940	2,494	1,514	184	193	756	1,533	129	91	93	122
1941	2,155	1,680	47	122	374	960	47	43	27	94
1942	1,749	1,665	43	46	—	41	—	—	1	—
1943	1,607	1,786	133	117	—	5	—	—	3	—
1944	1,298	1,932	—	11	—	3	—	—	—	2
1945	388	909	—	3	—	43	—	1	—	—

Table XX. Index Numbers of Production in War-time. (1931-33=100)

	General Index	Mining	Iron and Steel	Chemical	Textile
1936	158.4	139.7	197.4	187.8	164.3
1937	180.8	151.2	218.1	209.1	197.5
1938	179.6	162.8	233.0	229.1	181.6
1939	165.1	173.3	242.6	218.4	133.7
1940	163.7	184.7	249.6	219.1	115.6
1941	155.8	177.9	261.1	213.7	91.8
1942	138.8	177.3	259.5	181.5	62.1
1943	135.1	176.9	248.1	156.2	62.5
1944	99.2	152.5	161.1	106.4	22.2
1945	40.0	63.9	27.3	33.7	4.8

Table XXI. Rising Prices and Bank notes circulation 1945-1947.

	Wholesale General Price Index in Tokyo (1900=100)	Retail Price Index in Tokyo (1910=100)	Black Market Price Index in Tokyo		Bank of Japan notes in circulation (End of month)
			Consumers' goods Sept, 1945=100	Producers' goods Aug. 1946=100	
1945 Jan.	444	362	—	—	17, 114
Feb.	453	370	—	—	17, 841
Mar.	476	384	—	—	20, 526
Apr.	541	394	—	—	22, 129
May	548	413	—	—	23, 207
June	551	431	—	—	26, 181
July	563	445	—	—	28, 456
Aug.	577	475	—	—	42, 300
Sept.	624	478	—	—	41, 426
Oct.	638	434	92	—	43, 188
Nov.	679	489	112	—	47, 749
Dec.	1, 053	495	128	—	55, 441
1946 Jan.	1, 211	1, 057	170	—	58, 566
Feb.	1, 322	1, 277	200	—	54, 342
Mar.	2, 132	1, 852	196	—	23, 323
Apr.	2, 587	2, 455	187	—	23, 173
May	2, 681	2, 761	191	—	36, 316
June	2, 767	3, 155	201	—	42, 759
July	3, 117	3, 292	200	—	49, 731
Aug.	3, 298	3, 230	186	100	57, 572
Sept.	3, 612	3, 433	172	105	64, 435
Oct.	3, 606	3, 855	180	109	70, 589
Nov.	4, 006	4, 017	194	121	74, 817
Dec.	4, 195	4, 352	222	137	93, 398
1947 Jan.	4, 453	4, 516	254	164	100, 040
Feb.	4, 586	4, 566	275	185	105, 490
Mar.	4, 825	4, 772	304	208	115, 726
Apr.	5, 618	5, 344	348	231	122, 400
May	5, 782	5, 586	370	271	129, 685
June	6, 210	5, 666	419	292	136, 320
July	8, 768	6, 849	456	330	143, 746
Aug.	11, 706	7, 623	452	362	150, 684
Sept.	13, 128	8, 770	478	383	156, 417
Oct.	14, 099	11, 671	518	401	167, 665
Nov.	15, 478	13, 601	519	408	178, 158
Dec.	16, 072	14, 553	558	418	219, 142

quantitatively but also qualitatively. The number of banks decreased to about 80 by concentration, whether desired nor, into "one prefecture one bank principle."

So national savings and loanable funds were concentrated to maximize the military powers of the nation. However, as natural resources as well as human powers are limited, the more stringent the needs of the economic society are controlled, the more difficult and incomplete will be the result. The level of production began to decline remarkably soon after the war against the Allied Powers began.

The old-fashioned quantity theory of money would be applicable in time of war as an explanation of rising prices, though in general that theory cannot stand a theoretical test. The theory asserts, if the quantity of currency is increased, the level of prices would rise proportionally, and vice versa. In ordinary times, this proposition can not be true, because even the same increased quantity of currency

Table XXII. Prices and Note-circulation after 1948.

		Wholesale Price Index All commodities	Wholesale Price Index (Tokyo) 1934-36=1	Note circulation (¥ million)
1948	Jan.	8,506	345.4	519,764
	Feb.	8,600	348.9	521,137
	Mar.	8,668	347.9	515,977
	Apr.	8,693	344.1	517,710
	May	8,812	344.7	501,136
	June	9,382	347.2	516,352
	July	13,448	348.9	512,806
	Aug.	15,754	355.6	526,991
	Sept.	17,038	359.6	520,921
	Oct.	17,344	357.4	533,568
	Nov.	18,544	358.8	547,252
	Dec.	18,722	360.2	629,891
1949	Jan.	18,994	363.0	566,168
	Feb.	19,615	364.0	549,568
	Mar.	19,700	360.9	534,624
	Apr.	20,602	354.2	543,972
	May	21,010	348.2	522,604
	June	20,934	342.3	534,214
	July	20,959	340.5	524,001
	Aug.	21,308	341.9	521,724
	Sept.	21,691	343.0	515,346
	Oct.	21,904	344.2	529,814
	Nov.	21,912	346.1	542,137
	Dec.	21,887	343.7	622,061

(bank notes and deposit money) would have different effects on our economy. They may be expended for consumption i.e. to buy consumers' goods or services without producing anything, or to buy goods in order to resale them or again to employ laborers to produce goods and pay a sum of money as wages or salaries, the latter get incomes or the income of the country increases. That is to say, income causes national income increases, in other cases only money capital increases without influencing national income, or again in another case both income and capital increases. And in some cases goods are produced without increasing consumption and in other cases goods may be consumed without increasing production or at least in the same degree. Therefore before we can analyse the quantity of money increased or decreased as different flows of funds having different effects on the size of production, income, savings, investment, or consumption, we can say nothing about the result.

What is different during a war? In a modern war, war-waging countries try to maximize their military powers, and their resources and labor power are utilized to the full for this purpose by sacrificing peace-time production. However, military goods and labor powers thus brought under government command are simply and quickly consumed. Therefore, so far as the economy of a country can be observed as a reproduction of production and consumption of goods or of national income, the size of reproduction should necessarily become smaller as the war is carried on. The result is that in spite of the fact that national income in money increases, the goods purchased by it become scarce and the supply prices must be raised to be in equilibrium with increased demands. That is the reason why inflation is inevitable in a war economy.

Inflation does not cease with the war's end but it bursts out after the war in earnest, and especially catastrophically in the defeated country. Red-ink budgets continue, import of goods is almost impossible for the time being, production plants are damaged, raw materials and motive powers are difficult to command, both employers and employees lose their incentive to work fairly under the incessantly rising prices, black markets thrives and goods disappear from regular routes, and nobody saves under the prospect of inflation. And the vicious circle continues.

Japanese inflation after the 2nd World War could not settle down until April, 1949 when the yen's rate of exchange against the United States dollar was fixed as ¥360 equalized to \$1, and Japan was permitted to enter the World Economy of the Post-war period. (To be continued)

THE CENTRAL BANKING POLICY IN THE MEIJI ERA

Masahiro FUJITA

(I)

Today, the limitation and effect of financial policy (and currency and banking policy) are one focus of the most important discussions in our financial circles. It is understood, of course, that those in control of the financial policy are government authorities (especially the finance minister), and the Bank of Japan.

We shall try to stress here the importance of a central banking policy. Since the establishment of the Bank of Japan in 1882 (Meiji 15), various central banking policies remain in operation. In the development of the capitalist mode of production in Japan (the industrial capitalism of Japan is generally considered to have been established in 1896—foundation of the Yahata Steel Foundry⁽¹⁾), the performing function of our banking system is remarkable. Therefore, we want to analyse our central banking policy from the standpoint of the history of Meiji money and banking, and we shall try to include a recent central banking policy analysis as much as possible.

(II)

In September 1881, Prince Matsukata put forward a proposal “Recommending the establishing of a Bank of Japan” and “Memorial of Finance.” These propositions were made in the form of a recommendation to Prime Minister Sanetomi Sanjo. We summarize his memorial on the establishing of a Bank of Japan as a central bank as follow;

(a) Facilitation of finance (money and banking operation)—the Central Bank to be the apex focal point of the banking system of all banks in the entire coun-

try, the national banks to be regarded as branches of the central bank.

(b) Extension of capital power or ability of national banks and many enterprises—financial power of ordinary banks to be promoted by advance and discount operations, so that the serious condition of lack of capital will disappear.

(c) Realization of low interest—this is the only powerful method of increasing circulating funds.

(d) Transference of some parts of the superintendence of the ministry of finance—the central bank is not only the revenue and expenditure institution of national funds but also of private service institutions (giving facilitation to private credit or advance and finance funds to purchase domestic or foreign currency and purchase gold and silver bullion).

(e) Discount of foreign bills—by means of discounting foreign bills to absorb species from over-sea areas.

Afterwards, Prince Matsukata was appointed Minister of Finance in March 1, 1882, so he powerfully pushed his financial policy⁽²⁾.

As is generally known, the Bank of Japan (Nihon Ginko) was constituted in October 1882 after the model of the Bank of Belgium, whose prototype was the old Reichsbank.

The remarkable financial matters before the establishment of the Bank of Japan were severe inflation and rapidly increasing trends of inconvertible paper money. Just at this time, Prince Matsukata was appointed Minister of Finance in October 1881. He began to engage in stabilizing* the economic crisis by means of withdrawing inconvertible notes and tax adjustments or reducing the international payments. These measure were named the so-called “Matsukata deflationary policy⁽³⁾” and the content of his policy was a rigorous deflationary policy which contained the readjustment of the amount of issuing notes (inconvertible national bank-notes), another measure was the establishment of the central bank.

Within the space of twenty years the financial system of this country became deeply-rooted and grounded.

The table below clearly indicates the success of the Matsukata policy:

* In 1893 a committee was organized to investigate the monetary system of Japan to inquire (i) the cause and the effect of recent fluctuations of prices of gold and silver, (ii) the influence of their fluctuations upon the economy of this country and (iii) the necessity of revising the monetary system of this country due to these fluctuations and if revision was necessary which system and what measures should be taken.

Table 1. Amount of Government convertible note
issued, withdrawn from circulation.
(unit: thousand yen)

Year	Issued	Withdrawn	In Circulation
1868	24,037		24,037
1869	26,053		50,090
1870	5,408		55,500
1871	4,772		60,272
1872	8,128		68,400
1873	20,733	852	88,281
1874	14,633	1,111	10,802
1875	2,443	5,173	99,071
1876	4,545	1,529	105,147
1877	650	1	105,797
1878	34,657	1,035	139,418
1879	1	9,111	130,308
1880	410	5,778	124,940
1881		6,035	118,905
1882		9,536	109,369
1883		11,369	97,999
1884		4,619	93,380
1885		5,035	88,345

The central bank did not actually exercise the note-issuing right, owing to the wide variation which existed between silver and paper money in circulation, in other words, the bank was fully preoccupied with aiding the Government in effectively adjusting the currency system. So, in May 1884, *the Convertible Bank Note Regulation* was promulgated and in May of the following year the bank began to issue notes.

But, *the Convertible Bank Note Regulation* merely provided that the specie reserve for the convertible notes should be in silver coins, without stipulating either the maximum issue or the minimum specie reserve.

The Government simply instructed the bank to maintain a fixed specie reserve of 2 million yen and to issue notes to the extent of 5 million. Such a policy was probably due to the fact that the paper money in actual circulation, consisting of Government notes and national banks notes, already made up a large even quantity and so that the banks' notes should not be permitted to swell that quantity to a dangerous volume.

On the other hand, the authorities were afraid that the banks' notes, being

based on specie reserve and convertible into silver, might be driven out by the inconvertible notes.

There was no limit prescribed on the amount of Bank of Japan notes to be issued, but it was left to the discretion of the minister of finance.

In those days, our government started to redeem its notes with silver coins in January 1886, and since then Government paper money and silver coins have been in circulation on parity. A steady increase was subsequently registered in the volume of Bank of Japan notes. In March 1886, the Government ordered the bank to increase its notes to 20 million yen.

After having acquired experience in this method our government revised *the Note Regulation* in July 1888 using as model the system of Germany of those days.

The Revised *Note Regulation* had the following main character.

- (a) The specie reserve had hitherto consisted of silver coins alone, the new regulation required the Bank of Japan to hold gold and silver coins and bullion as reserve against its notes in circulation. The regulation authorized the bank to issue notes to the amount of 70 million against securities such as national bonds, treasury bills, Government promissory notes, foreign exchange bills and other sound securities.
- (b) The regulation fixed the minimum rate of tax on fiduciary issue over and above the normal limit of 1,000 million at 3 per cent per annum.
- (c) The Bank of Japan was required to loan to the Government 22 million yen as monetary compensation for the exclusive rights to the note-issuing privilege at an interest of 2 per cent per annum. Later this clause was amended, doing away with the interest altogether.
- (d) The bank was to pay the government half of the remainder of the net profits after deducting the amount equivalent to 6 per cent on the paid-up capital and apportioning to the reserve fund one-twentieth of the balance of the above deduction. In the case the balance of the net profit after this payment to the Government exceeded 4 per cent per annum on the paid-up capital, three-quarters of the excess amount was to be paid to the Government.
- (e) The bank was required to publish in *the Official Bulletin* the weekly average amount of notes issued and the specie reserve in order to maintain public confidence. And this limitation of the fiduciary issue was raised to 85 million in May 1890 and to 120 million in March 1899. This amount remained unchanged for thirty years in spite of frequent demands for expansion.

(III)

First of all, the Bank of Japan as a central bank was modelled on the experiences

of advanced countries. The central banks of England, France, and Belgium, not to speak of smaller institutions, have all been private institutions. For instance, as late as 1854 the Banks of Spain, Portugal, England, Sweden, Denmark, Russia and Austria became practically insolvent in consequence of the credit they granted or were obliged to the State⁽⁴⁾. Under such financial circumstances, our government authorities increased their desire to establish a central bank as the focal point of the banking system.

In those days, there were various opinions on the central bank and many discussions took place. All central banks have commonly some fundamental functions. We can list them as follows:

- (a) Purchase and sale of national bond loans can be granted on the security of national bonds provided that the period does not exceed six months and the amount does not exceed 80 per cent of the market value of securities deposited.
- (b) Discounting of bills endorsed by two or more approved persons and payable within 100 days, provided that merchandise attached to the bill are acceptable collateral replacing one signature.
- (c) Accepting deposits in the form of Government balances, of the clearing of settlement funds of banks; and of the balances of banks as reserve for payment of deposit (cash reserve).
- (d) Safe-keeping business collection of bills, purchase and sale of bullion, and advances made for bullion.
- (e) Issuing Bank Notes.

Moreover, according to the Bank of Japan Act § 21. October 6, 1882; (a) to discount or purchase bill or notes issued by the Government, bill of exchange, and other commercial bills as well as similar instruments, (b) to deal in gold and silver bullion, (c) to make loans on gold and silver coin and bullion, (d) to collect bills for banks, companies, and merchants who had previously entered into a business relation with the Bank, (e) to receive sums of money in deposit accounts, and gold and silver coin, precious metals, and documents for safe-keeping, (f) to make advances on current account or loans for fixed terms upon the deposit of public loan bonds, bills or notes issued by the Government, and other securities guaranteed by the Government.

Next, on restriction on business (a) the bank shall not advance money on mortgage of real property or become an owner thereof, except for its business requirements, mortgages may be taken over for the purpose of covering doubtful debts, but must be disposed of within one year, (b) the bank shall not own shares of corporations, (c) the bank shall refrain from all operations which may be regarded as contrary to national interest.

These principles are based the Bank of Japan Act § 22. which is as follows; the Bank of Japan shall not engage in lines of business other than those set forth in article 21, and is expressly forbidden to undertake the following operations (a) to make loans on the security of real estate or shares of banks or other companies, (b) to make loans on security of shares of the Bank or to purchase same, (c) to become a shareholder in industrial companies or to take part, either directly or indirectly, in industrial enterprises, (d) to become the owner of real estate except in so far as it is necessary for establishing the head office and branches of the bank⁽⁵⁾.

The Bank of Japan, originally was formed as a joint stock company with a capital of 10 million yen, of which 50 per cent was subscribed by the Government and the rest by the public—Government holdings were transferred afterwards to the Imperial Household.⁽⁶⁾

And shareholders were limited by the provision of the Bank of Japan Act §7 —§ 20: (a) Only Japanese are entitled to hold shares, (b) any Japanese desirous of becoming a shareholder must obtain permission of the minister of finance, (c) general meetings of shareholders may be attended only by those who own ten or more shares for at least sixty days prior to the meeting, (d) each shareholder shall have one vote for every ten shares, one additional vote for every fifty shares over and above that number. No one can have more than ten votes as proxy for others.

This regulation differs in principle from that of the Commercial Code, which stipulates that one share is entitled to one vote. The right of shareholders to the distribution of dividends is equal to that of shareholders of any ordinary joint-stock company. The composition of the board provided for (i) one governor, (ii) one vice-governor (both of whom were to be appointed by the Government for a term of five years), (iii) four directors selected and nominated by the Government from twice as many candidates elected at the general meeting of shareholders. The term of office was to be four years, (iv) four to five auditors were to be elected at the general meeting of shareholders for a term of three years. In those days, this board was only one institution of the highest administrative policy-making institutions. But, nowadays, the highest policy-making institution is not the board of governor but the policy board of the Bank of Japan. The largest focus of recent discussions on revisions in the Bank of Japan is the function of the policy board. Though we have neither space nor intention here, this problem requires further examination. So, we shall take it up at a future opportunity.

At the end of 1883, Government inconvertible paper money in circulation amounted to about only 98 million. But, this condition was equal to the level of

1875, showing a contraction of approximately 30 per cent in comparison with the peak of 1878. The Minister of Finance, Prince Matsukata, planned a readjustment of currency, especially, of government inconvertible paper money extraordinarily issued. This plan included the establishment of our banking system with the Bank of Japan as its peak.

Prince Matsukata's idea⁽⁷⁾ was that in a healthy society there should be a variety of banks whose functions should be distinct and exclusive; for instance, banks for short-term loans to facilitate trade and commerce, banks for long-term loans to aid industries, and banks to collect savings from the poorer classes. All the banks should be chartered by the state, and each type should have its peculiar functions and its especial advantages. Some privileges should be available for banks of one type and not for banks of another type, since some permit of a lower capitalization and some of a higher. Our government should control the activities of all these banks. The execution of this idea determined the financial organization of this country. Prince Matsukata deemed it necessary to initiate a central institution which was to be strictly and closely controlled by the Government and whose mission was to issue convertible notes, to regulate the amount of currency, and to manipulate the foreign exchanges in the interest of the nation. Prince Matsukata strongly criticised the national banks system and emphasized the need of a central organization which, once established, would coordinate all the banking activities and bring to the same level the rates of interest throughout the country.

The hoarding of precious metals would automatically cease, and credit transactions would be greatly facilitated. The role of the ministry of finance in the banking operations would be taken over by the central bank, and the tightness of money, consequent upon the reasonable collection of taxes, would be remedied. The most important function would be the withdrawal of inconvertible paper, which duty would be entrusted to the central bank.

The constitution of the Bank of Japan was drawn up with these objects in view.

As above-mentioned, the circumstances toward the establishment of the Bank of Japan were promoted by Prince Matsukata and Marquis Ohkuma, but we may briefly summarize these causes as; (a) the government needed a central institution in order to handle the treasury accounts which could be utilized in accumulating specie, (b) it needed an organ, and a sole organ, to issue notes against specie reserves, as plural reserves had proved a failure, (c) it required an organization to take charge of adjusting and controlling the undesirable currency situation created by a defective system which had allowed more than a hundred banks of issue (na-

tional banks were over established in those days). It was seen to be futile to expect the national banks to serve the public interests at their own expense, as experience showed that these banks increased or reduced the amount of their notes according to their own business requirement; and the volume of currency in circulation fluctuated irrespective of the market's actual demand for currency. Moreover, in view of the fact that national banks could earn greater profits by expanding their paper issue, they therefore induced the industrialists to form companies and financed them almost recklessly. And the national Bank Act made it possible for the banks to lend money on real estate security: as a consequence, a considerable amount of bank funds was frozen. Such being the situation it was absolutely necessary to withdraw note-issuing privileges from the national banks and to concentrate the business in a single central organization, so that the money market and the currency situation might be effectively adjusted and controlled. Coincident with such a situation in this country, there was a pronounced tendency in European countries towards a unification of note-issuing systems, (d) the national banks and ordinary banks in those days operated their business quite independently without any correlation. This caused an undue strain on the money market at one time and excessive ease at another. Such a development reacted detrimentally on the general monetary situation as a whole. Therefore the need for a central bank was sorely felt in order to provide a special source for ways and means, and to supply funds liberally and at low interest for the sound development of banking and other undertakings, (e) in time of financial panic, which Japan had already experienced, the existence of a central bank to provide a liberal supply of funds to tide over the crisis was felt to be imperative.

(IV)

Nowadays the lack of a central bank is rare and exceptional in any advanced country. Moreover, even most underdeveloped countries have central banks in some forms which are adapted to domestic economic and political situations.

In civilized countries with a large volume of foreign trade the idea of a state bank has been discarded, but on the other hand if this idea is given up precaution should be taken to prevent a private bank from degenerating into a purely private concern for the interests of a particular groups. Government supervision must be given, but limited of course to general supervision, and must never tend to subordinate the banking organization to any policy of promoting unsound finance.

It was owing to this fear that the Bank of Japan, although in structure a private concern, was rendered an official institution subject to rigorous government control.

The right of issuing paper money is one of the most fundamental and important proper characteristics by which a central bank is especially distinguished from ordinary banks.

The second characteristic is that it should perform as a banker's bank; it follows then that this bank should place as much capital as possible in the hands of ordinary banks. Yet it does not mean that the bank should have nothing to do with the public directly; for it can open deposit accounts to all and with certain reservations, do usual banking business. The third characteristic of a central bank is to provide an efficient central control for the credit of the country.

Another characteristic of a central bank is to fully perform the main function

Table 2. The Development Process of the Business of the Bank of Japan

Year	authori- zed capital	paid-up capital	reserve (fund)	general deposit	govern- ment deposit	total deposit	general loan	govern- ment advance	deposit (ad- vance)	total loan	amount of bank note issue
1893	20,000	10,000	6,880	1,989	1,618	3,607	34,624	22,000	—	56,624	148,663
1894	20,000	10,000	7,250	1,722	3,192	4,914	36,602	37,500	—	74,102	149,814
1895	30,000	22,500	8,350	1,981	4,715	66,906	69,878	63,500	—	130,378	180,337
1896	30,000	22,500	8,850	2,221	193,709	195,930	93,640	77,000	91,486	258,084	198,314
1897	30,000	22,500	10,550	4,809	74,443	79,252	104,973	28,831	63,827	202,195	226,229
1898	30,000	30,000	12,320	2,088	27,006	29,094	84,376	20,000	22,967	133,874	197,400
1899	30,000	30,000	13,320	5,423	70,892	76,315	121,098	20,000	48,350	195,235	250,562
1900	30,000	30,000	14,600	2,278	33,400	35,678	109,052	34,000	36,437	182,520	228,570
1901	30,000	30,000	15,700	3,141	21,839	24,979	53,677	66,000	27,016	144,943	214,097
1902	30,000	30,000	16,600	4,287	16,316	20,603	54,603	50,000	26,023	132,121	232,094
1903	30,000	30,000	17,150	3,917	1,5533	19,450	50,722	43,600	27,777	122,254	232,921
1904	30,000	30,000	17,600	12,425	41,468	53,893	79,317	116,586	27,401	223,305	286,626
1905	30,000	30,000	18,800	14,025	459,024	473,050	119,233	70,000	58,823	248,056	312,791
1906	30,000	30,000	20,100	6,288	416,443	422,731	115,575	22,000	29,041	166,616	341,766
1907	30,000	30,000	21,500	8,003	490,714	498,718	135,949	22,000	20,580	178,528	369,984
1908	30,000	30,000	23,500	7,993	223,236	231,229	85,515	22,000	20,803	128,318	352,734
1909	30,000	30,000	25,500	5,633	209,982	215,615	49,551	22,000	20,391	91,942	552,763
1910	60,000	37,500	26,560	9,333	268,817	278,149	112,118	30,800	27,047	169,965	401,625
1911	60,000	37,500	27,040	10,179	121,323	131,501	142,298	47,660	23,601	213,559	433,399
1912	60,000	37,500	27,660	6,149	85,704	91,853	165,340	26,080	27,430	218,850	448,922
1913	60,000	37,500	28,280	4,959	113,276	118,235	124,430	22,000	32,048	178,478	426,389
1914	60,000	37,500	29,205	15,441	100,214	115,654	87,385	22,000	33,130	142,516	385,589

of an international financial mechanism. Besides, an important characteristic of a central bank is that it should be the only issue bank and should lend only as a last resort. The latter, in other words, implies a banker's bank.

However, our national banks and ordinary banks were not able to develop and extend their function as commercial banks because of the limitation of banks of underdeveloped countries.

From the early Meiji Era, our national banks and ordinary banks have grown as industrial banks rather than as commercial banks. Similarly, the Bank of Japan, functioned not merely as a bankers' bank, but also had the character of an industrial bank by giving long-term credit to national banks. Such a tendency became very clear as the foundation for the return of the collateral system in the case of the panic of 1890. We can consider the main features of the central bank (the Bank of Japan) in those days to be an industrial financial institution and overseas financial institution. Nevertheless, the fundamental function of the Bank of Japan was that it would be an issuing bank. Now, our country is going to develop from a so-called underdeveloped country to an advanced country in the true sense, so our economic and financial system must wholly adapt to such trends.

Note.

- (1) M. Yamada, *Nihon Shihonshugi Bunseki* ("Analysis of the Japanese Capitalism").
- (2) K. Ono, Inflation in the early era of Meiji, *Kobe University Economic Review*, 2, 1956. pp. 93-100.
- (3) H. Shinjo, *History of Yen—Its Developments in the Japanese Economy* (1), *Kobe Economic & Business Review* 5, 1958, pp. 12-16.
- (4) T. Akashi and N. Suzuki, *History of Money and Banking in Japan*, 1957. pp.82-100.
- (5) T. Yoshino, *Treatise on the Successive Governor of the Bank of Japan*, 1957.
- (6) T. Yoshino, *A study on Our Banking system*. 1952.
- (7) *The Meiji Zaisai-shi* (*History of Finance in the Meiji Era*), ed. by the Dept. of Finance, Vol. 14. p. 38.

ECONOMIC GROWTH, BALANCE OF PAYMENT AND CAPITAL MOVEMENT

Hikoji KATANO

0. 1. In this article, I shall fully explain the necessary conditions for the equilibrium growths in open economy. In section 1, I shall analyse situations in which capitalists in each country act to make productivity correspond to effective demands. And in section 2, I shall deal with ones in which they closely cooperate to make productivity correspond to effective demands, and to equalize the balance of trade.

0. 2. Assumptions and notations.

World consists of two countries (country 1 and country 2).

Each country produces a gross product X_i ($i=1,2$) according to the normal operation of constant capital K_i . There is the following relation between them,

$$(0. 2. 1) \quad \sigma_i K_i = X_i, \quad i=1, 2.$$

A gross demand for home product consists of compensation demand, laborer's consumption demand, capitalist's consumption demand and new investment demand for home product and export.

$$D_i = Z_{id} + W_{id} + c_{id}R_i + I_{id} + E_i$$

Import consists of demand for foreign products.

$$M_i = Z_{im} + W_{im} + c_{im}R_i + I_{im}$$

Therefore, compensation demand Z_i , laborer's consumption W_i , capitalist's consumption c_iR_i and new investment I_i are

$$\begin{aligned} Z_i &= Z_{id} + Z_{im}, & W_i &= W_{id} + W_{im} \\ c_iR_i &= c_{id}R_i + c_{im}R_i, & I_i &= I_{id} + I_{im} \end{aligned}$$

Therefore, gross demand is

$$D_i = Z_i + W_i + c_iR_i + I_i + E_i - M_i.$$

Viewing gross demand from another angle, it consists of compensation Z_i , wage

W_i and profit R_i .

$$D_i = Z_i + W_i + R_i$$

From the above-mentioned two relations, I have

$$(0. 2. 2) \quad I_i = s_i R_i + M_i - E_i, \quad s_i = 1 - c_i.$$

There are constant relations between normal product X_i and compensation Z_i and between X_i and wage W_i ,

$$(0. 2. 3) \quad Z_i = p_i a_i X_i, \quad W_i = w_i \tau_i X_i,$$

where p_i stands for price of X_i , a_i for quantity needed for production of a unit of X_i , w_i for money wage per unit working hour, and τ_i for working hour needed for production of a unit of X_i .

There is a constant relation between gross demand D_i and import M_i ,

$$(0. 2. 4) \quad M_i = i_i D_i$$

B_i stands for balance of trade,

$$(0. 2. 5) \quad B_i = E_i - M_i$$

U_i stands for difference between normal product and gross demand,

$$(0. 2. 6) \quad U_i = p_i X_i - D_i$$

New investment increases constant capital in the next period,

$$(0. 2. 7) \quad I_i = \Delta K_i$$

In the following argument, I use the model (0. 2. 1)~(0. 2. 7).

0. 3. For convenience in the following argument, I will clarify the needed rate of growth for the situation in which productivity corresponds to effective demand and the balance of trade is zero in each country respectively.

In model (0. 2. 1)~(0. 2. 7), I analyse the time-path of constant capital K_i subject to

$$(0. 3. 1) \quad U_i = 0 \quad \text{and} \quad M_i = E_i = 0.$$

The time-path is

$$(0. 3. 2) \quad K_i^*(t) = (1 + s_i \alpha_i \sigma_i)^t K_i(0),$$

or

$$(0. 3. 3) \quad I_i^*(t) = s_i \alpha_i \sigma_i K_i^*(t),$$

where

$$\alpha_i = p_i - p_i a_i - w_i \tau_i,$$

and s_i and $\alpha_i \sigma_i$ stand for capitalists' rate of accumulation and rate of profit per unit of constant capital respectively. Therefore, new investments by normal accumulations in each country are needed and are sufficient for the maintenance of the situation in which productivity corresponds to effective demand and the balance of trade is zero.

Now, in this article, I will always assume

$$(0. 3. 4) \quad s_1\alpha_1\sigma_1 \geq s_2\alpha_2\sigma_2.$$

Argument for the inverse case may be clarified in the same way as in (0. 3. 4).

1. In this section. I will assume that capitalists in both countries are uncooperative. In this case, what kind of situation do they expect to attain?

In any country, capitalists are anxious for equilibrium between productivity and effective demand. For capitalists as such, it may not be matter whether the balance of trade is zero or not, though equilibrium between productivity and effective demand causes inequality in the balance of trade; they can not be directly affected by this inequality.

Now, in this section, I shall investigate whether the equilibrium situation between productivity and effective demand can be maintained or not so long as the other conditions do not change.

In model (0. 2. 1)~(0. 2. 7), I analyse a time-path of constant capital subject to

$$(1. 1) \quad U_i = 0, \quad i = 1, 2.$$

The time-path is

$$(1. 2) \quad K_i(t) = \frac{1}{u_+ - u_-} \{(u_i - a_i)u_-^t + (a_i - u_-)u_+^t\} K_i(0),$$

where

$$a_i = 1 + s_i\alpha_i\sigma_i, \quad b_i = i_i\sigma_i,$$

$$(1. 3. a) \quad u_+ = \frac{1}{2} \{ (a_1 + b_1 + a_2 + b_2) + \sqrt{(a_1 + b_1 + a_2 + b_2)^2 - 4[(a_1 + b_1)(a_2 + b_2) - b_1b_2]} \}$$

$$(1. 3. b) \quad u_- = \frac{1}{2} \{ (a_1 + b_1 + a_2 + b_2) - \sqrt{(a_1 + b_1 + a_2 + b_2)^2 - 4[(a_1 + b_1)(a_2 + b_2) - b_1b_2]} \}$$

And, when the initial balance of trade equals zero,

$$(1. 4. a) \quad B_1(t) = \frac{M_1(0)}{u_+ - u_-} (u_+^t - u_-^t) (a_1 - a_2) \geq 0,$$

$$(1. 4. b) \quad B_2(t) = \frac{M_2(0)}{u_+ - u_-} (u_+^t - u_-^t) (a_1 - a_2) \leq 0.$$

This means that, in a situation in which productivity corresponds to effective demand in each country, the balance of trade is positive for a country with a higher rate of growth and negative for a country with a lower rate.

Then I shall investigate how much new investments must be projected at every period in order to maintain the situation.

From (1. 2) I have

$$(1. 5) \quad I_i(t) = s_i \alpha_i \sigma_i K_i(t) + \frac{u_+^t - u_-^t}{u_+ - u_-} (u_+ - a_i) (a_i - u_-) K_i(0),$$

where the second item on the right side is positive for country 1 and negative for country 2, because

$$(1. 6) \quad \begin{aligned} (u_+ - a_1)(a_1 - u_-) &\geq 0, \\ (u_+ - a_2)(a_2 - u_-) &\leq 0, \end{aligned} \quad \text{for } a_2 \geq a_1.$$

This means that a new investment in country 1 cannot be supported by home savings alone and in country 2 there is an over-supply of home savings.

These are assured by the following relations. From (0. 3. 2) and (1. 2) I have

$$(1. 7) \quad K_1(t) - K_1^*(t) \geq 0.$$

$$K_2(t) - K_2^*(t) \leq 0.$$

This means that country 1 grows at a higher rate than $s_1 \alpha_1 \sigma_1$ and it goes inversely for country 2. Therefore, new investments in country 1 are needed more than at the rate of $s_1 \alpha_1 \sigma_1$, and the inverse is true for country 2.

As shown by (1. 5), lack of capital is constant in country 1 and in excess for country 2, in order to grow maintaining a situation in which productivity corresponds to effective demand in each country. It causes naturally capital movement from country 2 to 1.

Now, as shown by (1. 4), the balance of trade in country 1 is positive and negative for country 2. Therefore, country 2 can compensate her debit on a balance of trade by her capital transfer to country 1. However, to what extent is it possible to compensate? To answer this question, I have, from (1. 4) and (1, 5),

$$(1. 8) \quad I_i(t) - s_i \alpha_i \sigma_i K_i(t) = B_i(t).$$

This means that a debit on a balance of trade can be compensated completely by capital transfer. Therefore, I can see a constant equality on a balance of payment.

As I have shown, in both countries, the equilibrium growth between productivity and effective demand is, *ceteris paribus*, always possible. However, in this case, the balance of trade is always positive for country 1 and negative for country 2. And this inequality can be compensated for by the capital transfer.

2. In this section, I assume a situation in which there is not only an equality between productivity and effective demand but also an equality on balance of trade owing to capitalist's international cooperation of economy.

In model (0. 2. 1)~(0. 2. 7), I analyse a time-path of constant capital subject to

$$(2. 1) \quad U_i = 0, \quad B_i = 0.$$

This condition means that productivity corresponding to effective demand and balance of trade equals zero. The time-path is

$$(2. 2) \quad K_i(t) = \left(1 + \frac{s_1\alpha_1\sigma_1 + s_2\alpha_2\sigma_2 l}{1+l}\right)^t K_i(0)$$

or

$$(2. 3) \quad I_i(t) = \frac{s_1\alpha_1\sigma_1 + s_2\alpha_2\sigma_2 l}{1+l} \cdot K_i(t)$$

where

$$K_2(t) = lK_1(t), \quad l = \frac{i_1\sigma_1}{i_2\sigma_2},$$

l means an equilibrium ratio between constant capitals in both countries. Therefore, the above-mentioned equilibrium rate of growth is a weighted mean of national equilibrium rate of growth ($s_i\alpha_i\sigma_i$); the weight is that equilibrium ratio of constant capital.

To grow maintaining a situation in which productivity corresponds to effective demand and the balance of trade is equalized, new investments must be projected by the amount of (2. 3). Now I can rewrite (2. 3) as follows:

$$(2. 3^*) \quad I_1(t) = s_1\alpha_1\sigma_1 K_1(t) - \frac{al}{1+l} K_1(t)$$

$$I_2(t) = s_2\alpha_2\sigma_2 K_2(t) + \frac{a}{1+l} K_2(t),$$

where

$$(2. 4) \quad a = s_1\alpha_1\sigma_1 - s_2\alpha_2\sigma_2 \geq 0$$

This clarifies the following matter. In country 2, there must be invested not only savings from profits in country 1 but also by capital transfer from country 1 to 2.

These are assured by the following relations. l is always positive, and

$$s_1\alpha_1\sigma_1 \geq \frac{s_1\alpha_1\sigma_1 + s_2\alpha_2\sigma_2 l}{1+l} \geq s_2\alpha_2\sigma_2.$$

Therefore, I have

$$(2. 5) \quad K_1(t) - K_1^*(t) \leq 0,$$

$$K_2(t) - K_2^*(t) \geq 0.$$

This means that country 1 grows at a lower rate than $s_1\alpha_1\sigma_1$ and it is inverse for country 2. Therefore, new investments in country 1 are smaller than the rate of $s_1\alpha_1\sigma_1$, and the inverse is true for country 2.

As shown in (2. 3*), to grow maintaining a situation in which productivity corresponds to effective demand and the balance of trade equals zero, there are

always excess-capital for country 1 and lack of capital for country 2. Therefore, there may naturally be capital transfer from country 1 to 2. But, in this case, as the balance of trade is always equalized, capital transfer in itself must be done independently. This capital transfer takes the form of long loans or donations. (In this article, I shall not touch on donations). In order to lend according to the capitalist's rule, the rate of profit in country 1 must be lower than in country 2, and the capital of country 1 goes to work in a foreign country at a higher rate of profit;

$$(2. 6) \quad \alpha_1\sigma_1 < \alpha_2\sigma_2$$

However, when the rate of profit in country 1 is higher than in country 2, how does this happen?

$$(2. 7) \quad \alpha_1\sigma_1 \geq \alpha_2\sigma_2.$$

In this case, it can not be possible to transfer capital from country 1 to 2. In such a case, for the achievement of a common aim by capitalists in both countries so that productivity corresponds to effective demand and the balance of trade equals zero, capital in country 1 must be transferred to country 2 against the capitalist's rule.

So far, I have assumed that a constant capital in both countries fills the equilibrium ratio I needed for equilibrium growth. Now I shall investigate a situation in which constant capital in both countries does not fill the equilibrium ratio.

In order to correlate productivity to effective demand and to equalize balance of trade, economy must grow at the equilibrium rate of (2. 2). To maintain the equilibrium rate of growth, constant capital in both countries must keep the equilibrium ratio. Therefore, when constant capital in both countries does not fill the equilibrium ratio, any adjustment for keeping the equilibrium ratio is needed. Now, to clarify this problem, I investigated needed new investments by which constant capital in both countries can be kept for equilibrium ratio, though the preceding constant capital in both countries does not keep equilibrium ratio. The new investment can be seen by solving the following simultaneous equations,

$$(2. 8) \quad \begin{aligned} K_2(t) + I_2(t) &= l[K_1(t) + I_1(t)] \\ I_1(t) + I_2(t) &= s_1R_1(t) + s_2R_2(t). \end{aligned}$$

This is

$$(2. 9) \quad \begin{aligned} I_1(t) &= \frac{s_1\alpha_1\sigma_1 + s_2\alpha_2\sigma_2 l}{1+l} \cdot K_1(t) + (l' - l) \frac{1 + s_2\alpha_2\sigma_2}{1+l} \cdot K_1(t) \\ I_2(t) &= \frac{s_1\alpha_1\sigma_1 + s_2\alpha_2\sigma_2 l}{1+l} \cdot K_2(t) - (l' - l) \frac{1 + s_1\alpha_1\sigma_1}{(1+l)l'} \cdot K_2(t) \end{aligned}$$

where l' is a ratio of constant capital between both countries in an unequilibrium

situation,

$$K_2(t-1) = l'K_1(t-1).$$

In this case, in addition to new investments at equilibrium rate of growths, there may be added supplementary investments shown by the second item on the right side. For capital transfer shown by (2. 3*), if $l' < l$, capital transfer as a whole is weighted, and if $l' > l$, the inverse goes.

However, there may accrue a singular matter in this case. In (2. 3*), demand for (by country 2) and supply of (by country 1) capital transfer always corresponds. And if there is a possibility for capital transfer, equilibrium growth is always possible. But, in the case of (1. 8), the absolute value of the second item on the right side is not always equal to each other. Therefore, in this case, if there is a possibility of capital transfer, demand for and supply of capital are not always equal, and equilibrium growth becomes impossible.

As I have shown, to grow maintaining a situation in which productivity corresponds to effective demand and balance of trade equals zero, there must be constant equilibrium ratio between constant capitals in both countries. And these must always be available for monolateral loans, though equilibrium growth is possible.

3. Last, I shall show a supplementary explanation comparing the above-mentioned two situations.

In the situation in which equilibrium growth between productivity and effective demand are kept, balance of payment is always equalized by cancelling the balance of trade for balance of capital with each other. On the other hand, in the situation in which growth can be kept maintaining equalities between productivity and effective demand and between export and import, monolateral loan of capital is needed. Therefore, monolateral increase of credit on capital account in balance of payment results. Judging from the above subject, it may be seen that the first case (*laissez faire*) is more reasonable than the second case (international cooperation of economy). However, the rate of growth in country 1 is larger than the rate of growth in country 2, and, as time goes by, the economic activity level in country 1 becomes larger than that in country 2. And the difference between the strong and the weak or between the rich and the poor becomes more and more conspicuous. (I do not argue to judge whether it is right or not). Comparing the second situation with the first one, I can see that in the second situation the rate of growth is equal in both countries. And in the second situation

there may not be an accumulated difference as in the first situation. This is just the aim of international cooperation of economy.

I have shown the economic consequences of the first and second situations. However, I can not treat the whole feature. I shall investigate the entire at some later date.

4. Appendices.

4. 1. Proof of (1. 2).

From the model (0. 2. 1.)~(0. 2. 7), if

$$u_i = 0,$$

then

$$I_i = s_i R_i + M_i - E_i.$$

From this,

$$\Delta K_i(t) = s_i \alpha_i \sigma_i K_i(t) + i_i \sigma_i K_i(t) - E_i(t)$$

The above-mentioned equation is changed its form into the following

$$K_1(t+1) - (a_1 + b_1)K_1(t) + b_2 K_2(t) = 0$$

$$K_2(t+1) - (a_2 + b_2)K_2(t) + b_1 K_1(t) = 0$$

$$a_i = 1 + s_i \alpha_i \sigma_i, \quad b_i = i_i \sigma_i.$$

Therefore

$$K_i(t+2) - (a_1 + b_1 + a_2 + b_2)K_i(t+1) + [(a_1 + b_1)(a_2 + b_2) - b_1 b_2]K_i(t) = 0.$$

From this equation, I can find the time-path of constant capital, namely,

$$K_i(t) = \frac{1}{u_+ - u_-} \left((u_+ - a_i)u_+^t + (a_i - u_-)u_-^t \right) K_i(0),$$

where u_+ and u_- are characteristic roots, ($u_+ > u_-$). And u are all real, therefore, time-path $K_i(t)$ is steady and not cyclical.

4. 2. Proof of (1. 6)

$$(1. 1) \quad \text{sign} \quad (u_+ - a_1)$$

$$u_+ = \frac{1}{2} \left[(a_1 + b_1 + a_2 + b_2) + \sqrt{(a_1 + b_1 + a_2 + b_2)^2 - 4[(a_1 + b_1)(a_2 + b_2) - b_1 b_2]} \right]$$

Therefore

$$2(u_+ - a_1) = (A - 2a_1) + \sqrt{A^2 - 4B}$$

where

$$A = a_1 + b_1 + a_2 + b_2$$

$$B = (a_1 + b_1)(a_2 + b_2) - b_1 b_2$$

$$A^2 - 4B > 0$$

(a) case of $A - 2a_1 \geq 0$,

$$u_+ - a_1 > 0.$$

(b) case of $A - 2a_1 < 0$

$$2(u_+ - a_1) = \sqrt{A^2 - 4B} - (2a_1 - A) \geq 0, \text{ for } a_1 \geq a_2.$$

Therefore

$$u_+ - a_1 \geq 0$$

(1. 2) sign $(u_- - a_1)$

$$u_- = \frac{1}{2} [(a_1 + b_1 + a_2 + b_2) - \sqrt{(a_1 + b_1 + a_2 + b_2)^2 - 4[(a_1 + b_1)(a_2 + b_2) - b_1 b_2]}]$$

In the same way as for (1. 1)

$$2(u_- - a_1) = (A - 2a_1) - \sqrt{A^2 - 4B}$$

(a) case of $A - 2a_1 > 0$

$$2(u_- - a_1) = (A - 2a_1) - \sqrt{A^2 - 4B} \leq 0 \text{ for } a_1 \geq a_2$$

Therefore

$$u_- - a_1 \leq 0$$

(b) case of $A - 2a_1 \leq 0$

$$u_- - a_1 < 0$$

From (1. 1) and (1. 2), I have

$$(u_+ - a_1)(a_1 - u_-) \geq 0 \text{ for } a_1 \geq a_2$$

(2. 1) sign $(u_+ - a_2)$

$$2(u_+ - a_2) = (A - 2a_2) + \sqrt{A^2 - 4B}$$

In this case, a relation

$$A - 2a_2 = (a_1 - a_2) + b_1 + b_2 > 0, \text{ for } a_1 \geq a_2$$

is always effected. Therefore,

$$u_+ - a_2 > 0$$

(2. 2) sign $(u_- - a_2)$

$$2(u_- - a_2) = (A - 2a_2) - \sqrt{A^2 - 4B}$$

In this case, I have always

$$A - 2a_2 > 0, \text{ for } a_1 \geq a_2,$$

therefore

$$2(u_- - a_2) = (A - 2a_2) - \sqrt{A^2 - 4B} \geq 0 \text{ for } a_1 \geq a_2.$$

So that,

$$u_- - a_2 \geq 0, \text{ for } a_1 \geq a_2.$$

From (2. 1) and (2. 2), I have

$$(u_+ - a_2)((a_2 - u_-) \leq 0, \text{ for } a_1 \geq a_2$$

4. 3. Proof of (1. 7)

$$K_i(t) = \frac{1}{u_+ - u_-} [(u_+ - a_i)u_-^t + (a_i - u_-^t)]K_i(0)$$

$$K_i^*(t) = a_i^t K_i(0)$$

From these two relations, I have

$$k_i(t) = K_i(t) - K_i^*(t) = \left[a_i^t - \frac{u_+^t - u_-^t}{u_+ - u_-} a_i + u_+ u_- \cdot \frac{u_+^t - u_-^t}{u_+ - u_-} \right] K_i(0)$$

$$\cong 0, \text{ for } a_i \cong a_j, \quad i, j = 1, 2, \quad i \neq j.$$

According to mathematical induction,

$$k_i(1) = 0$$

$$k_i(2) = (u_+ - a_i)(a_i - u_-) \cong 0, \text{ for } a_i \cong a_j.$$

Now, when

$$k_i(n) \cong 0, \text{ for } a_i \cong a_j,$$

I have

$$k_i(n+1) = a_i k_i(n) + \frac{u_+^n - u_-^n}{u_+ - u_-} (u_+ - a_i)(a_i - u_-) \cong 0, \text{ for } a_i \cong a_j.$$

Therefore, for all positive t , I have

$$k_i(t) \cong 0, \text{ for } a_i \cong a_j.$$

So that,

$$K_1(t) - K_1^*(t) \geq 0,$$

$$K_2(t) - K_2^*(t) \leq 0.$$

4. 4. Proof of (1. 8).

$$\begin{aligned} I_i(t) - s_i \alpha_i \sigma_i K_i(t) - B_i(t) &= \frac{u_+^t - u_-^t}{u_+ - u_-} (u_+ - a_i)(a_i - u_-) K_i(0) - \frac{u_+^t - u_-^t}{u_+ - u_-} \cdot (a_i - a_j) M_i(0) \\ &= \frac{u_+^t - u_-^t}{u_+ - u_-} \cdot K_i(0) [(u_+ - a_i)(a_i - u_-) - b_i(a_i - a_j)] \\ &= \frac{u_+^t - u_-^t}{u_+ - u_-} \cdot K_i(0) [-a_i^2 + (u_+ + u_-)a_i - u_+ u_- - b_i(a_i - a_j)] \\ &= \frac{u_+^t - u_-^t}{u_+ - u_-} \cdot K_i(0) [-a_i^2 + (a_i + a_j + b_i + b_j)a_i \\ &\quad - (a_i + b_i)(a_j + b_j) + b_i b_j - b_i(a_i - a_j)] = 0 \end{aligned}$$

Therefore I have

$$I_i(t) - s_i \alpha_i \sigma_i K_i(t) = B_i(t).$$

4. 5. Proof of (2. 2)

In model (0. 2. 1) \sim (0. 2. 7),

$$(4. 5. 1) \quad U_i = 0, \quad i = 1, 2,$$

is the same as

$$\sum_i U_i = 0$$

and

$$U_i = 0, \quad i = 1 \text{ or } 2.$$

From the former I have

$$(4. 5. 2) \quad \sum I_i = \sum s_i R_i,$$

and from the latter

$$(4. 5. 3) \quad D_i = p_i X_i, \quad i = 1 \text{ or } 2.$$

However, I have

$$(4. 5. 4) \quad B_i = 0, \quad i = 1, 2.$$

For (4. 5. 3) and (4. 5. 4), since

$$\begin{aligned} D_i &= Z_i + W_i + c_i R + I_i \quad (\text{for } B_i = 0) \\ &= Z_{di} + W_{di} + c_{di} R_i + I_{di} + M_i \\ &= Z_{di} + W_{di} + c_{di} R_i + I_{di} + E_i = p_i X_i, \end{aligned}$$

these two conditions are equivalent. Therefore one of them can be eliminated.

And conditions (5. 4. 1) and (4. 5. 4) are equivalent for (4. 5. 2) and (4. 5. 4).

Now from (4. 5. 4), I have

$$(4. 5. 5) \quad K_2(t) = l K_1(t), \quad l = \frac{i_1 \sigma_1}{i_2 \sigma_2}.$$

And from (4. 5. 2) and (4. 5. 5), I have

$$(4. 5. 6) \quad \Delta K_i(t) = \frac{s_1 \alpha_1 \sigma_1 + s_2 \alpha_2 \sigma_2 l}{1 + l} \cdot K_i(t).$$

So that

$$(4. 5. 7) \quad K_i(t) = \left(1 + \frac{s_1 \alpha_1 \sigma_1 + s_2 \alpha_2 \sigma_2 l}{1 + l} \right)^t K_i(0).$$

WORLD TRADE AND JAPAN'S EXPORT

— 1953 — 1957 —

Fukuo KAWATA

(I)

The purpose of this article is to make an analysis of the recent world trade structure and to examine the position of Japan in the network of world trade. At the beginning, we shall classify the world trading countries into four groups, that is, (1) western industrial countries, (2) non-industrial countries, (3) socialist countries, and (4) Japan. In the first group are included the United States, Canada, the United Kingdom, and Continental Western Europe. To the second group belong Latin America, overseas sterling areas, territories of Continental Western Europe, non-sterling countries of the Middle and Far East. In the third group are counted Soviet Russia, eastern European countries and Mainland China.

In 1953, export of the Western industrial countries took up 62% of the total world export, while that of non-industrial countries was 34%. About three-fifths of the exports of industrial countries of the West were carried out among themselves, and only less than two-fifths were directed to non-industrial countries.

While two-thirds of the exports from non-industrial countries were directed to industrial countries of the West, only less than a quarter was absorbed by non-industrial countries themselves.

Socialist countries sold three-fifths of their products to industrial countries of the West and two-fifths to non-industrial countries.

Unlike other groups, Japan depended for her exports more on non-industrial countries than on industrial countries. About 70% of Japan's exports were directed to non-industrial countries, and 30% to industrial countries.(see Table 1-A)

As for imports a similar situation as that for exports prevailed with industrial

Table 1-A. World Trade Structure in 1953
(in billion dollars)

From \ To	I	II	III	IV	Total Export
I	25.4(36.4)	16.1(23.0)	0.7(1.0)	1.0(1.4)	43.2 (62.0)
II	16.6(24.4)	5.7 (8.2)	0.6(0.8)	1.0(1.5)	23.9 (34.2)
III	0.8 (1.2)	0.5 (0.8)	—	0 (0)	1.3 (2.0)
IV	0.4 (0.5)	0.9 (1.3)	0 (0)	—	1.3 (1.8)
Total Import	43.2(62.0)	23.2(33.3)	1.3(1.8)	2.0(2.9)	69.7(100.0)

Source: United Nations, Yearbook of International Trade Statistics, and Monthly Bulletin of Statistics.

Note: I indicates Western industrial countries

II indicates non-industrial countries

III indicates socialist countries

IV indicates Japan

0 indicates amount less than 0.45 billion dollars.

Figures in parentheses show percentages of the total export (or import)

Trade figures among socialist countries are not available.

One billion means one thousand million in this article.

countries of the West and with non-industrial countries as well; that is, both of them depended mainly (60% or 70%) on industrial countries as sources of imports. Socialist countries and Japan, however, imported almost equally from industrial and non-industrial countries. [see Table 1-A]

In 1957, the share of industrial countries of the West in world export rose to 64%, while that of non-industrial countries declined to 30%.

The proportions of exports of Socialist countries and Japan to world exports increased to 2.8% and 2.6% respectively.

As to the distribution of exports, the pattern in 1957 was almost the same as in 1953. Industrial countries of the West, non-industrial countries and socialist countries sold major parts of their products to industrial countries of the West. In contrast to those countries, Japan exported more to non-industrial countries than to industrial ones. This is the same as in 1953, and it is one of the characteristics of the direction of Japan's export. [see Table 2-B]

As for import, industrial countries of the West and non-industrial countries depended for more than 60% of their import on industrial countries of the West, while socialist countries and Japan purchased about half of their imports from industrial countries. From Table 2-A and Table 2-B, it is made clear that the flow of commodities from Group I to Group I occupies about 40% of world trade, while that from Group II to Group II constitutes less than 10%. This means

Table 2-B. World Trade Structure in 1957
(in billion dollars)

From \ To	I	II	III	IV	Total Export
I	37.8(38.0)	22.3(22.5)	1.6(1.6)	1.7(1.5)	63.4 (64.0)
II	19.6(19.8)	8.0 (8.1)	1.2(1.2)	1.5(1.7)	30.3 (30.6)
III	1.5 (1.5)	1.2 (1.2)	—	0.1(0.1)	2.8 (2.8)
IV	1.0 (1.0)	1.5 (1.6)	0.1(0.1)	—	2.6 (2.6)
Total Import	59.9(60.4)	33.0(33.4)	2.9(2.9)	3.3(3.3)	99.1(100.0)

Source: See Table 2-A.

that complementarity between industrial nations is larger than that between non-industrial countries. In addition, geographical proximity between group I countries is also conducive to the rapid development of their trade.

Trade from Group II to Group I, or from Group I to Group II comes next to trade from Group I to Group I, but when we add them together as trade between industrial and non-industrial countries, the sum total is larger than trade from Group I to Group I. This implies that complementarity between industrial and non-industrial countries still plays an important role for the growth of their trade. [see Table 1-A and Table 1-B]

World trade expanded by 29.3 billion dollars between 1953 and 1957. About 70% of this increment is due to the growth of export of Western industrial nations, and it should be noted that 42% of the increase of world export is attributed to the expansion of export among industrial countries of the West themselves. Non-industrial countries took up only about 22% of the increase of world export.

The increases of export from Group I to Group II and from Group II to Group I are about 20% and 10% respectively, and even when we add them together, the sum total is less than the increase of export from Group I to Group I.

Socialist countries and Japan accounted for 4.6% and 4.4% respectively of the increase of world export.

Therefore, expansion of world export between 1953 and 1957 is chiefly ascribed to the increase of export by Western industrial nations, and especially the increase of export among themselves plays a significant part in the growth of world export.

As for the increase of import, the contribution of industrial countries of the West was 57%, which is fairly less than the percentage in the case of export; while the contribution of non-industrial countries was 33%, which is considerably larger than the ratio in the case of export. Shares of Socialist countries and of Japan in the growth of world import were 5.4% and 4.1% respectively, and this proportion

is almost the same as in the case of export. [see Table 1-C]

Table 1-C. Changes in World Trade Structure from 1953 to 1957
(in billion dollars)

From \ To	I	II	III	IV	Total Export
I	12.4(42.5)	6.3(21.4)	0.8(3.0)	0.7(2.4)	20.2 (69.8)
II	3.0(10.6)	2.3 (7.8)	0.7(2.3)	0.5(1.6)	6.4 (21.9)
III	0.7 (2.2)	0.6 (2.2)	—	0.1(0.2)	1.4 (4.6)
IV	0.6 (2.1)	0.6 (2.1)	0.1(0.2)	—	1.3 (4.4)
Total Import	16.7(57.0)	9.8(33.5)	1.6(5.4)	1.2(4.1)	29.3(100.0)

Source: See Table 1-A.

(II)

In the preceding section, we find that the expansion of the value of world export is mainly due to the development of export by industrial countries. Now, we shall make a survey of the commodity pattern of exports by industrial countries.

The total value of manufactured goods exported by Western industrial countries increased from 26.5 billion to 40.0 billion dollars. Of this increase of 13.5 billion dollars, 44.7% was held by machinery and transport equipment, 24.4%

Table 2-A. Export of Manufactures by Western Industrial Countries
(in billion dollars)

Commodity	1953	1957	Amount of Increase (1953-1957)	Share of Increase (1953-1957) (%)	Rate of Increase (1953-1957) (%)
Chemicals	2.85	4.66	+ 1.81	13.3	+63.5
Textiles	2.97	3.20	+ 0.23	1.7	+ 7.7
Metals and Metal Manufactures	5.02	8.33	+ 3.31	24.4	+65.8
Machinery and Transport Equipment	10.65	16.70	+ 6.05	44.7	+56.6
Other Manufactures	5.06	7.21	+ 2.15	15.9	+43.0
Total Manufactures	26.55	40.10	+13.55	100.0	+58.0

Source: Board of Trade Journal, 18 August 1956 and 8 August 1958.

Note: Western Industrial countries include United Kingdom, Western Germany, France, Italy, Belgium Luxembourg, Netherlands, Sweden, Switzerland, U. S. A. and Canada.

by metals and metal manufactures, 13.3% by chemicals, 15.9% by "other manufactures," and 1.7% by textiles. [see Table 2-A]

During 1953-1957, Japan's export of manufactured goods increased by 1.5 billion dollars from 1.0 billion dollars to 2.5 billion dollars. Of this increase 29.5% was taken by machinery and transport equipment, 29.0% by textiles, and 27.9% by other manufactures, 8.8% by metals and metal manufactures, and 4.3% by chemicals. [see Table 2-B]

Table 2-B. Export of Manufactures by Japan
(in billion dollars)

Commodity	1953	1957	Amount of Increase (1953-1957)	Share of Increase (1953-1957) (%)	Rate of Increase (1953-1957) (%)
Chemicals	0.06	0.13	+0.07	4.3	+103
Textiles	0.38	0.81	+0.43	29.0	+117
Metals and Metal Manufactures }	0.19	0.32	+0.14	8.8	+74
Machinery and Transport Equipment }	0.19	0.63	+0.44	29.5	+234
Other Manufactures	0.23	0.65	+0.42	27.9	+183
Total Manufactures	1.04	2.54	+1.50	100.0	+144

Source: See Table 2-A.

From Table 2-A and Table 2-B, we learn that in the case of Western industrial countries, increase of export depends chiefly upon the expansion of export of machinery and transport equipment, and metals and metal manufactures, while in the case of Japan, beside machinery and transport equipments, textiles and "other manufactures," (which are chiefly miscellaneous articles) play an important part in the expansion of her trade.

As for the rate of increase, metals and metal manufactures and chemicals show higher percentages in the Western industrial countries, while machinery and transport equipment and "other manufactures" register larger percentages in the case of Japan.

On the average the rate of increase of export during the 1953-57 period was 58% in the case of the Western industrial countries and 144% in the case of Japan. Japan's export advanced at the rate of more than twice that of Western

industrial nations.

The commodity composition of the export of manufactures of Western industrial countries is also different from that of Japan. In the former, machinery and transport equipment and metals and metal manufactures occupy a considerable portion, while in the latter textiles and "other manufactures" have the largest share, although machinery and transport equipment have become increasingly important. [see Table 2-C]

Table 2-C. Composition of Export of Manufactures by the Western Industrial Nations and Japan
(in percentage)

Commodity	Western Industrial Countries			Japan		
	1950	1953	1957	1950	1953	1957
Chemicals	10.9	10.7	11.6	2.3	5.9	5.0
Textiles	15.0	11.2	8.0	47.0	36.1	32.3
Metals and Metal Manufactures	17.2	19.0	20.8	22.4	17.9	12.7
Machinery and Transport Equipment	37.2	40.2	41.8	11.3	18.1	24.8
Other Manufactures	19.7	19.1	18.0	17.0	22.0	25.2
Total Manufactures	100.0	100.0	100.0	100.0	100.0	100.0

Source: See Table 2-A.

(III)

We shall now proceed to examine the intensity of Japan's export to various regions or countries of the world according to the method adopted by Professor A. J. Brown in his work, "Applied Economics" (pp. 214-215). If Japan exports to country A in proportion to A's total external purchase of goods, then the index of intensity becomes one, and this is a standard case. For example, if Japan's export to country A takes up 10% of Japan's total export, and country A's import from all countries of the world takes up 10% of world total imports (except Japan's import), then the index of intensity of export becomes 1.0. If the former ratio is 15% and the latter ratio is 5%, then the index becomes 3.0; and if the former ratio is 4%, and the latter ratio is 8%, then the index becomes 0.5.

Now we shall calculate the index of Japan's export intensity to various regions of the world. [see Table 3] From Table 3, we learn that the intensity of Japan's export is large with non-industrial countries, and small with Western industrial

countries. The largest figure is registered with our export to "other areas," which consists chiefly of South-east Asian countries. This is because of the complementarity of economic structure of these countries with that of Japan and their geographical proximity to Japan.

It is also noticeable that the intensity of our export to the United States is comparatively large, although the intensity to European industrial countries is very small. In this case, proximity plays an important role.

During the period from 1953 to 1957, the intensity of Japan's export changed. The intensity of her export to Western industrial countries, as a whole, increased, mainly due to the increase of intensity with the United States and Canada, although the intensity of trade with European industrial nations remained very low. This may foretell a promising future in our export to the United States and Canada, so long as trade restrictions are not strengthened against Japan.

On the other hand, the intensity of her export to non-industrial countries declined, mainly because of the decrease of intensity with "other areas," (that is, South-east Asian countries.)

The intensity of Japan's export to socialist countries increased considerably during the period, chiefly through the expansion of trade with mainland China. [It is, however, regrettable that since May, 1958, trade with mainland China has virtually been suspended on account of political matters.]

Table 3. Index of Intensity of Japan's Export

Countries	1953	1957
Western Industrial Countries	<i>0.48</i>	<i>0.62</i>
United States	1.19	1.77
Canada	0.20	0.45
OEEC Sterling Area	0.22	0.29
Continental OEEC Countries	0.21	0.27
Non-Industrial Countries	<i>2.10</i>	<i>1.68</i>
Latin America dollar area	0.73	0.65
Latin America non-dollar area	0.94	0.62
Over-seas Sterling Areas	1.74	2.10
Territories of Continental OEEC Countries	0.32	0.22
Other Areas*	4.59	3.52
Socialist Countries	<i>0.16</i>	<i>0.97</i>

Source: See Table A-1.

Note: Other Areas include, among others, South-east Asian Countries, such as Indonesia, Thailand, Philippines, Vietnam, Cambodia and Laos.

(IV)

It is generally admitted that complementarity and proximity are main factors determining the pattern of international trade. In addition to these two factors, we must mention a third factor, that is, the level of income. The higher the level of income, the larger the volume of trade, other things being equal. In the proximity of Japan, there are non-industrial countries of Asia whose economic structure is complementary, and this is because Japan's intensity of export has been quite large with them. However most of these Asian countries are low-income countries and their purchasing power is very limited. This retards Japan's further advance to these markets. It is, therefore, necessary for Japan to cooperate with these countries in their economic development aiming at raising their level of income.

Moreover, with the progress of their economic development, these Asian countries are changing their composition of imports in favour of capital goods at the expense of consumer goods, and in the capital goods industries Japan is not so strong in competition as compared with Western industrial nations, in spite of her proximity to Asian markets.

Japan, therefore, should make every effort to raise the productivity of her capital goods industry, so that she may become competitive in the export of capital goods.

ALGUNS ASPECTOS DA MOBILIDADE DE JAPONESES NO BRASIL

Hiroshi SAITO

Passados cinquenta anos desde a entrada de sua primeira leva, a imigração japonêsa no Brasil parece ter superado, hoje, as fases iniciais do processo de assimilação. Há evidências, de caráter objetivo, que atestam os passos de sua integração no contexto social-econômico brasileiro bem como de sua adaptação ao meio-ambiente do Novo Mundo. E, com o tempo, vão sendo incorporadas na memória obscura do povo as frases desconfiantes que outro'ra eram lançadas a êsse grupo étnico, o qual era considerado de caráter "misterioso," aparentemente "inassimilável" e, mesmo, "insolúvel como enxôfre" na expressão famosa do sociólogo Oliveira Viana.⁽¹⁾

Uma dessas evidências se refere à maneira como se tem processado a mobilidade, tanto social como espacial, do grupo japonês. Abordamos, neste artigo, alguns aspectos dessa mobilidade, com maior ênfase à sua distribuição ecológica e levando em conta, no sentido temporal, os movimentos no espaço.

População e sua distribuição

Iniciando-se em 1908, a entrada de imigrantes japoneses no Brasil alcançou até o ano de 1941 a cifra de 188,615.⁽²⁾ Depois de uma interrupção de dez anos, a corrente foi retomada, no após-guerra, a partir de 1953. Do total imigrado no período anterior a II Guerra Mundial, que nos interessa mais de perto, pelo menos por ora, verifica-se a seguinte distribuição, dividida em principais períodos:

(1) Cf. Oliveira Viana, *Raça e Assimilação*. Rio de Janeiro: 1932. p.205.

(2) A cifra baseia-se em estatísticas oficiais do Japão. Há uma pequena margem de diferença em relação a dados estatísticos brasileiros, fato que, alias, pouco influi ao assunto aqui tratado. De igual maneira, os dados sobre a entrada de japoneses no Brasil baseiam-se na mesma fonte.

Períodos	No de imigrados	Porcentagem
De 1908 a 1914 (7 anos)	15, 543	8, 24
De 1915 a 1923 (9 anos)	16, 723	8, 87
De 1942 a 1935 (12 anos)	141, 732	76, 14
De 1936 a 1941 (6 anos)	14, 617	6, 75
Total	188, 615	100, 00

As cifras quasi que insignificantes, referentes ao período de 1915-16, é resultante da I Guerra Mundial. A partir de 1924, o govêrno japonês toma medidas positivas com o fim de incrementar a imigração para o Brasil, mediante a concessão de auxílios às famílias de imigrante e a criação de órgãos especializados; e o resultado aí está expresso no decênio 1925-35. Os seis anos compreendidos entre 1929 e 34, constituem o auge de todo o período, pois registram 94,458 imigrantes entrados nesse espaço de tempo, o que corresponde a 50.1% do total entrado até 1941. A diminuição gradativa a partir de 1935, reflete o efeito do conhecido regime de quotas, adotado em 1933 pelo govêrno e parlamento brasileiros. Um simples exame desses algarismos basta para verificar que o grosso da população de origem japonêsa atualmente radicada no Brasil é constituído de elementos que imigraram nos últimos tres decênios e de filhos e netos que deles se originaram.

O movimento demográfico do grupo japonês constitui um assunto pouco esclarecido. A dificuldade reside, principalmente, na falta de meios seguros e adequados para averiguar a população de fato da ascendência japonêsa bem como respectivos índices demográficos, muito embora alguns estudiosos tenham efetuado tentativas de estimativa.⁽³⁾ Os recenseamentos nacionais do Brasil não fornecem dados senão segundo as nacionalidades—de cuja classificação escapam os filhos e netos que são brasileiros—ou, segundo a côr da pele, pela qual os amarelos não japoneses são incluídos no mesmo grupo. Nem tão pouco os levantamentos levados a efeito por órgãos consulares e entidades oficiosas conseguiram levantar dados de exatidão esperada.⁽⁴⁾ A dispersão de elementos de origem japonêsa na vastidão do territorio

(3) Ver por exemplo, Kiyoshi Yamamoto, *Brasil no Nikkeijin-Jinko Suikei*. São Paulo: 1957. Seiichi Izumi e Hiroshi Saito, "Pesquisa sôbre a aculturação dos japoneses no Brasil," *Sociologia*, XV, 3 (1953) (São Paulo).

(4) No período anterior à última guerra, os japoneses estavam concentrados no interior do Estado de São Paulo e os órgãos consulares exerciam influencias ou, mesmo, controle, sôbre as comunidades japonesas, tornando essa circunstância viavel a realização de censos. O mesmo não mais acontece no após-guerra: as comunidades japonesas estão muito mais *independentes e emancipadas* face às influencias dos órgãos governamentais do seu país de origem. Além disso, a *re-migração em rumo às cidades e a Estados vizinhos*, torna dificil a tarefa de localizar os mesmos elementos.

brasileiro, fenômeno expressivo nos anos recentes, e a convivência cada vez mais íntima desses elementos com as populações brasileiras tornam extremamente difícil a semelhante tarefa. É uma evidência, aliás, da intensa mobilidade que está em curso, objeto de estudo desse artigo.

Distribuição, por áreas, de japoneses e descendentes no Brasil, em 1932 e 1958.

Áreas	1932 (*)			1958 (**)		
	Famílias	Pessoas	%	Famílias	Passoas	%
Estado de São Paulo:						
1 São Paulo (Cidade)	} 951	5, 137	3. 9	11, 572	62, 327	15. 5
" (Subúrbios)				6, 624	40, 907	10. 1
2 E. F. Central do Brasil	529	3, 006	2. 3	2, 963	18, 256	4. 4
3 E. F. Bragantina	—	—	—	661	3, 685	0. 9
4 C. Mogiana	3, 552	22, 681	17. 0	819	5, 368	1. 3
5 C. Paulista (Tronco)	} 2, 259	11, 081	8. 3	2, 863	18, 992	4. 7
6 Araraquara-Douradense				1, 694	12, 139	3. 0
7 E.F. Noroeste do Brasil	8, 081	42, 664	32. 0	6, 319	45, 316	11. 2
8 Alto Paulista (prolongam.)	1, 474	7, 370	5. 5	7, 563	51, 955	12. 9
9 E.F. Sorocabana	2, 459	18, 315	13. 7	5, 090	32, 686	8. 1
10 Santos-Juquiá e Sul Paulista	1, 958	10, 031	7. 5	3, 278	22, 038	5. 5
Total para o Estado:	21, 263	120, 285	90. 2	49, 447	313, 669	77. 7
Norte do Paraná	513	3, 478	2. 6	8, 740	62, 172	15. 4
Sul do Paraná	101	489	0. 4	552	3, 735	0. 9
Minas Gerais	356	1, 997	1. 5	381	2, 191	0. 5
Goiás	121	874	0. 7	287	1, 802	0. 5
Mato Grosso	531	2, 337	1. 7	1, 199	7, 046	1. 8
D. Federal e Estado do Rio	85	389	0. 3	951	5, 376	1. 3
Amazônia (Amazonas, Pará e Ter. Federais)	306	1, 641	1. 2	1, 206	6, 411	1. 6
Rio Grande do Sul				147	701	0. 2
Outros Estados	242	1, 868	1. 4	114	525	0. 1
Total exclusive o Estado de São Paulo	2, 255	13, 073	9. 8	13, 577	89, 959	22. 3
Total geral	23, 518	133, 358	100. 0	63, 024	403, 628	100. 0

(*) Os dados de 1932 foram baseados em levantamentos realizados pelo Consulado japonês em São Paulo e por Brasil-Jiho. Números referentes a Mogiana incluem parte da Araraquara e, os da Central, a parte da S. Paulo-Railway.

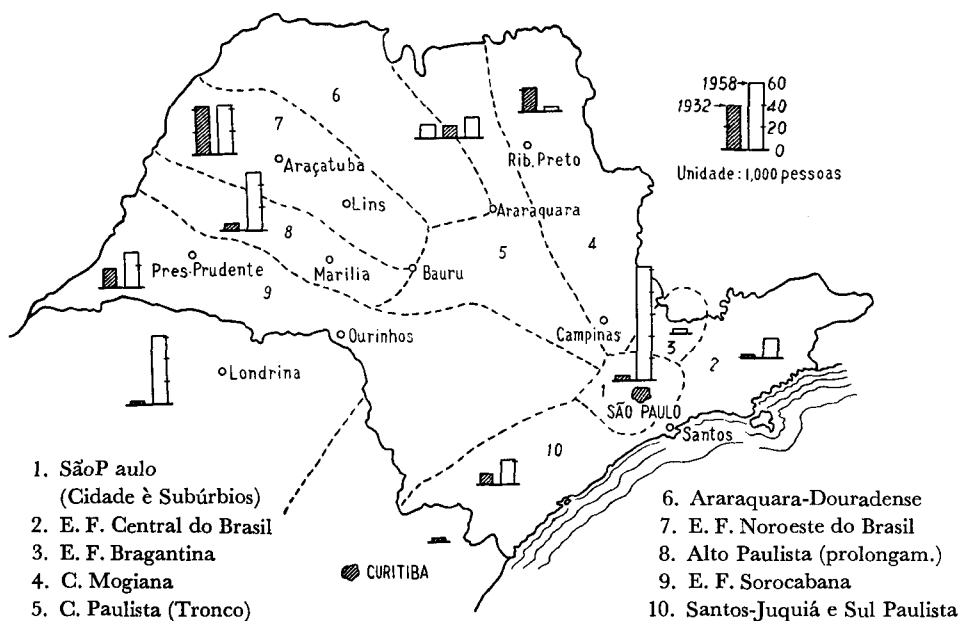
(**) Os dados são resultados do levantamento prévio da Comissão de Recenseamento da Colônia Japonesa, realizado em junho de 1958. Faltam dados parciais referentes a Andradina e uma localidade do Paraná, os quais são calculados em cerca de 570 famílias.

Felizmente, como uma das realizações programadas em comemoração ao cin-

qüentenário da imigração japonêsa para o Brasil, foi realizado em 1958 um recenseamento geral da colônia japonêsa, do qual se incumbiu uma comissão competente e contando, ainda, com a colaboração técnica do IBGE.⁽⁵⁾ O quadro demonstra a distribuição por regiões e áreas da população de origem japonêsa, tomando-se como datas de referencia os anos de 1932 e 1958. Os dados referentes a 1958 são resultantes do levantamento prévio procedido pela Comissão de Recenseamento da Colônia Japonêsa. No tocante a dados de 1932, os mesmos foram baseados nos censos efetuados pelo Consulado japonês e pela imprensa, em comemoração, então, ao vigêsimos quinto aniversário da imigração. Um ligeiro exame do Quadro capacita-nos a fazer seguintes comentarios:

1. *Aumento expressivo de japoneses na cidade de São Paulo e em seus subúrbios.* Em 1932, residiam em São Paulo e arredores apenas 671 famílias e 5,137 pessoas, correspondendo a 3.85% do total presente na data; em 1958, o mesmo número passou

Distribuição, segundo zonas, da população de origem japonesa, no Estado de São Paulo e Paraná em 1932 e 1958.



(5) A Comissão de Recenseamento da Colônia Japonesa foi instalada nos princípios de 1958. Como a chegada da primeira leva de imigrantes se verificara há cinquenta anos, no dia 18 de junho de 1908, marcou dia 30 de junho de 1958 como data de referencia. Mobilizando milhares de monitores e recenseadores, estendeu suas atividades em todo o território nacional, em estreita cooperação com os órgãos governamentais brasileiros. Até agora, sabe-se apenas dados parciais do levantamento prévio, esperando-se para breve a conclusão do trabalho.

a 18,196 famílias e 103,234 pessoas, o que vale dizer que cerca de 30% de japoneses e seus filhos residentes em todo o Estado de São Paulo ou, cerca de 25% da mesma população em todo o território brasileiro estão concentrados na área metropolitana de São Paulo. Sem dúvida, a tendência acompanha, até certo ponto, o fenômeno mais amplo que se observa nos anos recentes em São Paulo e em outras grandes cidades: migração rural-urbana. Acontece que no caso de grupo japonês, essa migração continuou marcante mesmo depois de 1947, quando a tendência de outros grupos, nacionais e estrangeiros, se mostrou diminuída.⁽⁶⁾ Um ligeiro aumento observado nas áreas compreendidas no Vale do Paraíba atesta, também, a mesma tendência.

2. *Áreas em que se observaram mudanças.* Durante os dois decênios e meio que separam as duas datas de referência, grande número de imigrados japoneses deslocou-se das zonas cafeeiras antigas, compreendendo as regiões tributárias das ferrovias da Mogiana, da Araraquara, da Douradense e da Paulista. A população de origem japonesa presente em 1932 nas referidas áreas que ascendia a 25.3% do total, decresceu em 1958 para, apenas, 9.0%.

3. *Áreas que continuaram inalteradas.* As áreas que não sofreram alterações sensíveis são as de Santos-Juquiá-Sul Paulista, Noroeste e Sorocabana.

4. *Áreas em que se observaram aumentos.* As regiões da Alta Paulista—principalmente os municípios localizados ao Oeste de Marília—e do Norte do Paraná absorveram grande massa de imigrados em movimento. Para as regiões da Alta Paulista, a proporção de japoneses residentes passou de 5.5% (1932) para 12.9% (1958); igualmente a população japonesa do Norte do Paraná passou de 2.6% para 15.4%, respectivamente.

5. *Outros Estados.* Para outros Estados, a situação continuou inalterada, sem mudanças substanciais a não ser ligeiro aumento para os Estados do Rio de Janeiro e do Rio Grande do Sul.

É óbvio que a mudança verificada no quadro da distribuição regional de japoneses e seus descendentes durante o período de 1932-58 está intimamente ligada a fatores socio-econômicos que, por sua vez, condicionaram a direção e a natureza da mobilidade ora em foco.

Formas de estabelecimento

Quanto à maneira com que se processou o encaminhamento e a instalação inicial de japoneses no Brasil, pode-se estabelecer três formas principais: a) trabal-

(6) Vicente Unzer de Almeida e Otávio Texeira Mendes Sob., *Migração Rural-Urbana*. São Paulo: 1951.

hadores contratados para as fazendas de café (colonos de café); b) imigrantes de colonização agrícola (proprietários); e c) aqueles encaminhados às regiões da Amazônia. Deixamos de lado, por ora, os imigrados na Amazônia, não por seu número relativamente pequeno—apenas 2% do total da população de origem japonesa em 1958—mas principalmente por sua evolução posterior peculiar que se processara, quasi que independentemente, dos grupos encaminhados para o Sul do país.

Desde o seu início em 1908, os imigrantes japoneses foram encaminhados quasi que totalmente à lavoura cafeeira do Estado de São Paulo. A cafeeicultura paulista estava, então, em seu auge de expansão, buscando, rumo a Oeste, matas virgens e áreas férteis da terra roxa. Os trilhos da Mogiana, da Paulista, da Araraquara, e logo mais, da Noroeste do Brasil ligavam as fazendas de café à cidade de São Paulo, então em seu espantoso crescimento e, passando por esta, ao porto de Santos; e daí ao além-mar. Em troca do café, o porto recebia e os trilhos transportavam em sentido contrário as levas de imigrantes, vindas de varias nações, além de mercadorias. Fazia anos que a escravidão era extinta; os italianos, tidos como bons colonos e cuja presença nas fazendas era estimada, não vinham desde 1902, quando o govêrno do seu país proibira por certo espaço de tempo, a saída de colonos e essa quasi interrupção durou até 1920. Era a vez de os japoneses abastecerem o mercado deficitario de braços da lavoura cafeeira. Assim, a introdução de colonos japoneses continuou intensa até por volta de 1935, quando, por efeito do conhecido regime de quotas, foi restrita a sua entrada no país. A cafeeicultura paulista começava mostrar então, primeiros sinais de decadência, cedendo lentamente seu lugar às zonas pioneiras que se extendiam ao Norte do Paraná.

Mesmo que não tivesse sido imposta a restrição em 1933, a corrente de trabalhadores japoneses não teria satisfeito a fome de braços de grandes cafeeicultores. O que se verificava nas fazendas de café com os colonos japoneses, era uma especie de fonemeno de *sucessão*: eles não permaneciam muitos anos e, mal terminado o prazo de contrato, saiam de fazenda em busca de melhores condições de vida e, sobretudo, à procura de meios de se tornarem lavradores independentes. Afim de compensar o desfalque, fazendeiros esperavam a chegada de novas levas e assim o processo se repetia.⁽⁷⁾

Ao lado desses contingentes de imigrantes-trabalhadores, entrou, tambem,

(7) As queixas de fazendeiros eram frequentes quanto a curta permanência de colonos japoneses nos cafezais paulistas. Desde que o imigrante japonês era introduzido como braco bustitutivo da mão de obra escrava, a instabilidade deles ia contra o interesse dos fazendeiros. Neste sentido, o parecer apresentado em 1923 pelo então parlamentar João de Faria à Comissão de Agricultura da Camara é representativo da opinião da classe de fazendeiros,

considerável número de imigrantes-proprietários, ou seja, de colonização agrícola. A entrada desse tipo de imigrante foi particularmente ativa durante o decênio de 1926-36. Eles foram encaminhados em núcleos previamente planejados e preparados e, onde, desde a chegada, possuíam lotes de terra a seu dispôr. As empresas de colonização, as quais contavam com a participação de capital do governo japonês, adquiriam glebas de terra virgem, proviam-nas de instalações necessárias, inclusive estradas hospitalais, escolas, e cediam depois aos imigrantes. O primeiro desses núcleos foi instalado no Vale da Ribeira em 1913, desdobrado mais tarde com a criação da colônia de Sete Barras. Outros núcleos de maior dimensão foram criados a partir de 1926: são as colônias de Aliança (Mirandópolis), Tieté (Pereira Barreto), Bastos e Tres Barras (Assai), este no Norte do Paraná. Veremos rapidamente, a situação desses núcleos no ano de 1932.⁽⁸⁾

Vale da Ribeira de Iguape. Compreendiam tres núcleos: Katsura, Registro e Sete Barras. Os dois primeiros criados em 1913 e o último em 1919. Totalizavam 75,853 hectares. Contavam, em 1932, com 692 famílias e 4,378 japoneses e seus filhos.

Aliança (Mirandópolis). A colônia esta dividida em varias glebas, adquiridas parceladamente. O estabelecimento de primeiros imigrantes data de 1926. A população de japoneses e seus filhos era, em 1932, de 465 famílias e 2,302 pessoas.

Tieté (Pereira Barreto). Área de 47,500 alqueires, datando sua aquisição de 1928. Em 1932, o nucleo contava com uma população de 284 famílias instaladas e 1,627 pessoas de origem japonesa.

Bastos. Área de 13,000 alqueires, adquirida em 1928. O estabelecimento de colonos verificou-se a partir do ano seguinte. Contava, em 1932, com 804 famílias e 4,028 japoneses e seus filhos.

Tres Barras (Assai). Gleba de 12,500 alqueires, de solo extremamente fértil. Instalado o nucleo em 1932, tem acolhido nos anos seguintes grande numero de pequenos lavradores. Em 1955, Assai contava com 1,315 famílias e 10,660 pessoas de origem japonesa, das quais 403 famílias e 3,457 pessoas residentes no perímetro urbano.

Destinados, originariamente, a acolher os imigrantes diretamente chegados do Japão, êsses núcleos receberam também grande número de colonos japoneses que passaram primeiros anos nas fazendas de café. Dentre as 2,885 famílias que se estabeleceram nos núcleos de Aliança, Tieté, Bastos e Tres Barras durante o período

(8) Cf. *Brasil-Nenkan* (Anuário do Brasil.) Organizado por Brasil-Jiho (Noticias do Brasil), edição comemorativa do 25º aniversário da imigração japonesa. São Paulo: 1933.

de 1929 a 1940, contavam-se 1,777 delas com as experiências de colono de café.

Ascensão social vs. Mudança de residência

Os imigrados que foram encaminhados às fazendas de café do Estado de São Paulo, não permaneceram muitos anos nos mesmos locais, salvo casos excepcionais. Regra geral, mal terminando o prazo estipulado no contrato de trabalho que era de dois anos, saíam à cata de outras fazendas onde ofereciam condições melhores ou à procura de outras modalidades de trabalho, como sejam o arrendatário, o meeiro e outros similares. Para êsses colonos, os estágios de ascensão social eram, mais ou menos, os seguintes:

a) Permanência de dois a três anos nos cafezais em obediência as cláusulas de contrato firmado entre o fazendeiro e o agente de imigração; b) após o que procuravam formas de trabalho mais favoráveis como *contratistas* para a formação de cafeeiros, *meeiros* ou *arrendatários* nas culturas de algodão, cereais e outros durante um período que variava de três a cinco anos; c) finalmente com os recursos acumulados durante êsse período, tornavam-se proprietários de terras. O tempo dispendido nesse itinerário ascendente é variável por numerosos fatores: doenças no seio de família, má colheita ocasionada pela geada fora de época ou por pragas ou simplesmente uma baixa brusca de preços bastavam para que o imigrante retroceda, em prejuízo dos anos de labor, ao ponto de partida, i.e., ao colono de café, para novamente começar o itinerário. Para alguns, êsse vai-e-vem se repete durante dezenas de anos. Obviamente, a mudança de posição ou de modalidade de trabalho era acompanhada a de residência. Até que se consiga chegar à posição de sitiante e, conseqüentemente, a certa estabilidade econômica, os imigrados transferem frequentemente sua residência.

Um levantamento realizado em 1939, junto às famílias japonesas residentes nos municípios tributários das estradas de ferro Noroeste do Brasil e Alta Paulista, demonstrou que o número médio da mudança de residência era de 2.5 vezes durante 11 anos, prazo médio de permanência no Brasil dessas famílias.⁽⁹⁾ Uma outra pesquisa, realizada em 1952, junto a 255 famílias-amostras nos Estados de São Paulo e Paraná, mostrou que cada família era portadora de experiência, em média, de 4.8 mudanças.⁽¹⁰⁾ Fato interessante é que a frequência da mudança de residência

(9) Shungoro Wako, *Bauru-Kannai no Hojin*. São Paulo: 1939.

(10) Seiichi Izumi, "Brasil no Nikkei Colonia", in *Imin*, Tóquio: 1957. p.40. A pesquisa em questão da qual participou o autor, foi realizada nos anos de 1952 e 53 nas localidades de São Bernardo de Campo, Mogi das Cruzes, Lins, Santa Cruz do Rio Pardo e Bastos no Estado de São Paulo e Assaí no Paraná. Ver também S. Izumi e H. Saito, "Pesquisa sobre a aculturação dos japoneses no Brasil", *Sociologia*, XV, 3 (1953).

não está em função do tempo de permanência no país, conforme demonstrou a pesquisa. Isto prova que os imigrantes são extremamente moveis nos primeiros dez anos após chegada ao país, prazo êsse que pode ser considerado como necessario para a aquisição de propriedade agrícola ou essencial para atingir as condições equivalentes de estabilidade em outras formas de trabalho. Depois desse prazo, diminui consideravelmente a mobilidade espacial.

Como é facil de se discernir, a frequencia de mudança de residência está intimamente relacionada com o processo de ascensão social. O imigrante transfere sua residência em busca de melhores *status*, melhores oportunidades de sucesso. Cada mudança no local de residência corresponde, portanto, à mudança no seu *status*: de simples colono a arrendatario ou meeiro, deste a proprietario. Ou, ainda, a mudança de residência era acompanhada, como muitas vezes acontecia, de uma mudança de ocupação, de lavrador a comerciante, hoteleiro, industrialio ou artifices.

Para tornar a realidade o seu plano, o imigrante não mede a distancia física a ser coberta para o novo local de estabelecimento. Longe de sua terra natal e ainda “estranho” na nova terra, está êle livre de laços emocionais e sociais que o prendessem a uma determinada localidade. Era só tratar um caminhão e com ele transportar sua família e poucos utensilios trazidos de sua terra. De fato, o imigrante é impellido a locomover-se, não de um municipio a outro, mas muitas vezes, de uma região à outra e mesmo, raramente de um Estado a outro. Não porque êle é nômade ou semi-nômade por índole, como muitos pensam; mas o era por circunstâncias.

Na época de maior fluxo de japoneses no Estado de São Paulo, as fazendas de café floresciam, ainda, nas zonas latifundiarias, não havendo aí terras retalhadas que acolhessem pequenos agricultores. O imigrante que aspirasse um lavrador independente mudava de zonas de grandes propriedades para as pioneiras onde se ensaiava o regime de loteamento para pequenos lavradores ou para as zonas chamadas “velhas” onde predominavam uma agricultura de subsistência, a dos sitios e sitiantes.

O planalto ocidental do Estado de São Paulo estava em plena fase de desbravamento na década de 1920. As empresas de terras loteavam as enormes glebas e acolheram, ao lado de uma corrente da população nacional, o grosso desses grupos imigrados. Já na década seguinte, de 1930, o Norte do Paraná emerge como a frente pioneira, oferecendo grandes possibilidades por sua extensão de terra roxa. O roteiro do café era tambem, a partir do sec. XX, o itinerario seguido pelo imigrante.⁽¹¹⁾ E o início da cafeicultura por mãos do imigrante fez com que o café,

até então considerado um produto latifundiário, passasse a ser cultivado também em pequenas propriedades.

Um outro roteiro, não menos importante para acompanhar os passos do imigrante japonês, nas regiões pioneiras, era o de algodão. Um novo e extraordinário surto de “ouro branco” que data por volta de 1930, avassala as diversas regiões do Estado durante uns dois lustros, para depois, esmorecer de seu ímpeto. A expansão rápida da cultura algodoeira foi desbravando, não só as zonas pioneiras, mas também, as áreas até então consideradas pouco próprias para o café, de preferência, de solo arenoso. Das áreas abordadas pelo trilho da Alta Paulista surgiram as chamadas “cidades-congumelos”, das quais o caso mais conhecido a cidade de Marília. As terras arenosas e de “massapé” dos municípios tributários da Sorocabana ofereceram ao imigrante condições idênticas para o cultivo do algodão. Importantes lavouras de algodão sucederam ao café nas zonas colonizadas, já com sinais de cansaço. Assim parte da Paulista e da Mogiana, zonas tradicionalmente cafeeiras, tornou-se palco da cultura de algodão. Ora, a expansão da lavoura algodoeira corresponde justamente à época em que o grosso de imigrantes japoneses se achava em pleno estágio de sua ascensão social, de colono de café a arrendatário e meeiro, destes a proprietário.

Infelizmente não há dados numéricos; mas sabemos que por volta de 1935 a 1940, numerosos grupos de japoneses se dedicavam à cultura algodoeira em diversas regiões do Estado como arrendatários ou contratistas.⁽¹²⁾

Uma outra corrente afluiu em direção a municípios próximos à capital do Estado. Embora próximos a centro consumidor, esses municípios estavam relegados a segundo plano no cenário econômico do Estado por se tratar de zona “velha” e “cansada” sem culturas notáveis, ou então entregues à prática de uma agricultura de subsistência tão tradicional à população cabocla. Eram terras consideradas, na expressão então corrente, como “Terra p’ra japonês”, ruim e imprestável. Como se sabe o estabelecimento do imigrante japonês nessas áreas próximas a São Paulo, marcou o começo de uma nova agricultura, intensiva e diversificada, a qual

(11) A respeito da expansão da cultura cafeeira e o movimento demográfico, consultar: Sergio Milliet, *Roteiro do Café e Outros Ensaio*, São Paulo: 1941. Ver também: Pierr Monbeig, *Pionnier et Planteurs de São Paulo*. Armand Colin, Paris: 1952.

(12) Na época, verificaram-se a concentração de japoneses nos municípios tais como Avaré, Ivaí, Cerqueira Cesar, Ourinhos, Santa Cruz do Rio Pardo, São Pedro do Turvo, Salto Grande, Paraguaçu Paulista, Rancharia, Bastos e outros municípios da chamada Alta Sorocabana; Piratininga, Cabralia, Garça, Fernão Dias, Marília, Pompeia, Tupan, na Alta Paulista.

passou a abastecer as populações metropolitanas de São Paulo e do Rio de Janeiro.⁽¹³⁾

(13) Os municípios de Mogi das Cruzes, Suzano, Santa Izabel, Juqueri (Mairiporan), Cotia e Itapeverica são alguns desses municípios onde surgiram mais tarde importantes organizações cooperativistas por iniciativa de japoneses. Ver a respeito: Hiroshi Saito, *O Cooperativismo na Região de Cotia: Estudo de Transplantação Cultural*. Escola de Sociologia e Política, São Paulo: 1956.

PROBLEMS OF EMIGRANT-TRANSPORTATION IN JAPAN

Hiromasa YAMAMOTO

1. Urgent population problem in Japan and overseas emigration

As a consequence of World War II Japan lost forty-six per cent of its overseas territory and had to absorb 5 million people who returned from old colonies, there-after suffering from a more severe population pressure than before. Japan ranks third in the world in density of population with 242 persons per square kilometer. The population density of Japan per hectare of arable land is 17 persons, which is the highest density rate in the world. Moreover, the census of October, 1955, indicates that the population growth of Japan will produce 17 million workers in the next ten years, of which 800,000 will come into the labor market.⁽¹⁾ These

Table 1. Japanese emigrants after the war and immigration countries
(at the date of July, 17, 1958)

Year Destination	1952	1953	1954	1955	1956	1957	1958	Total
Brasil	54	1,480	3,524	2,659	4,370	5,172	1,751	19,010
Paraguay		18	208	647	1,074	1,587	352	3,806
Argentina			2	117	23	57	10	209
Dominica			—	—	565	299	331	1,195
Bolivia			7	87	3	377	194	668
United States			—	—	118	—	—	118
Others			—	4	15	27	7	53
Total	54	1,498	3,741	3,514	6,168	7,439	2,456	25,059

(Source) Department of Migration, Ministry of Foreign Affairs

(1) Estimate of Population Research Institute, Ministry of Welfare

are the most urgent problems that Japan must solve.

As a method of solving the population problem, the necessity of overseas emigration has been keenly recognized. However, the volume of overseas emigration of Japan after the war amounted to only 25,059 persons up to July 17, 1958.⁽²⁾ The total volume of emigration of Japan during the last seven years was far less in comparison even with that of the annual volume of the main emigration countries of Europe.⁽³⁾ From this fact, it is vitally necessary to reconsider the existing migration policy and to line up a promotion policy for the purpose of developing the overseas emigration of Japan. The transportation problem of emigrants, with which we are concerned here, is also one of the important matters to be reconsidered. For it is a well-known fact that suitable transportation facilities for emigrants with cheap rates are conducive to an enlarged volume of emigration.

2. Objects of a policy for emigrant-transportation

The policy of emigrant-transportation has two different purposes. One is to protect and shelter emigrants during their journey from fraud and persecution so that they can arrive at their destination with healthy bodies and minds. That sphere of the policy was very important during the period from the beginning of overseas migration to the end of the nineteenth century, but since the beginning of this century almost all problems of that sphere have been solved.⁽⁴⁾ It is the same in Japan, too. With the enactment of the Emigrant Protection Act of 1893, ample measures were provided to protect emigrants. Regarding emigrant transportation, the law provides a section of an emigrant-ship, in which emigrants are afforded sufficient protection during their voyage with regard to food, sanitary condition, medical care and so on. Accordingly we shall omit that sphere of the policy from our consideration.⁽⁵⁾

Another sphere of the policy, which is worth our attention at present, is that of providing proper transportation facilities for emigrants cheaply. In most cases emigrants are not wealthy, if not poor, so high transportation costs and absence of proper transportation facilities will disturb the flow of migration. Provisions of

(2) Department of Migration, Ministry of Foreign Affairs

(3) The averaged annual volumes of emigration during seven years from 1946 to 1952 were 158,000 in Great Britain, 45,000 in Netherland and 105,000 in Italy. (Source, U.N. Population Statistics)

(4) Cf. I.L.O., *The Migration of Workers* 1936, p.112

With regard to contents of policy of emigrant transportation, see. O.L.I.; *Migration Law and Treaties*. Vol. I. 1928. ch.X Transport of Emigrants

(5) However, we cannot say that no problem remains to be solved. For example special insurance system for emigrants is desirable to protect their lives and properties against accidents.

transportation facilities with a cheap fare or fare-free are desirable in developing overseas emigration. But emigrant transportation is handicapped in its nature because of the difficulty in finding return passengers or cargoes, and that leads to high transportation costs. In addition emigrant-fare has to be kept at a lower level than that of usual third-class passengers. These conditions are likely to make emigrant transportation unprofitable. Therefore the government should give some form of assistance to transportation businesses if it wishes to maintain emigrant transportation through private enterprises. Consequently, in relation to the latter sphere of the policy, the government must take steps both to reduce the transport-fare for emigrants and to assist transport business so as to maintain service.

Hereafter we shall consider the emigrant-transportation policy of Japan with regard to the latter aspect. And because emigration from Japan in the postwar period has been concentrated to South American countries, we shall pay attention to ocean transportation of emigrants from Japan to South America.⁽⁶⁾

3. Measures to reduce passenger-fare for emigrants

In the earlier stages of Japanese emigration to South American countries, the Government of Japan did not take any steps to reduce passenger-fares for emigrants, except for approving the fares charged by transportation companies based on the Emigrant Protection Act, not to disturb the flow of migration from fare raising. During that period Japanese emigrants could travel fare-free through the assistance of the State of Sao Paulo, Brasil, which provided transportation for agricultural workers. But the assistance from the State of Sao Paulo ended in 1920. Then the government of Japan had to adopt some measures to reduce transportation costs for emigrants so as to alleviate them of the burden of transportation costs. Moreover, as a consequence of the great earthquake of Japan in 1923 there were many sufferers who hoped to emigrate. The Government of Japan decided to provide earthquake sufferers with passenger fares from Japan to South American ports. And afterwards the government enlarged the scope of assistance to all emigrants for South American countries, and this assistance had been maintained until emigration from Japan stopped because of the outbreak of World War II.

After the war emigration to South American countries reopened, late in 1952.

(6) Before World War II Japanese emigration was also mainly concentrated to South American countries but there were many Japanese scattered in the old colonies, China, South East Asian countries and the United States. But most of those emigrants, except those to South American countries, were short-term emigrants who desired to return home some years later. In addition, according to the Emigrant Protection Act, only those who emigrated to South American countries were regarded as emigrants in the sense that the act prescribed.

The government provided loans to emigrants for passenger-fares instead of providing fare-free services as they did before the war. The object of this loan, however, is restricted to the passenger fare from Japan to the terminal port, so travel costs from the port to the destination of settlement must be borne by the emigrants themselves. Emigrants had to repay annually same percent of the loan at an annual interest of 0.055 per cent over a period of eight years after a lapse during the first four year when the loan is not redeemable. In addition there is a discount of ¥10,200 on the ¥140,400 third-class passenger-fare for emigrants between Japan and Santos.

This system of loans for passenger fares has room for improvement. As for the terms of repayment, emigrants in most cases find it difficult to repay in accordance with the terms, though the loan has a relatively long period of repayment and a low rate of interest. Because almost all Japanese emigrants are settlers who engage in agriculture as a family unit, they feel it difficult to repay loans amounting to 400,000—500,000 yen per family during the period when they are still endeavoring to get settled and can hardly gain any profit from their harvest. In fact the rate of the calling-in of loans is under one per centum of the amount to be repayed.⁽⁷⁾ Therefore it is desirable that the government make easier the terms of the loan, if it is impossible to provide emigrants with transportation cost as was practiced in prewar days. And further the cost of land transportation from the landing port to the place of settlement should be included in the object of the loan. Because postwar Japanese emigration has increased, the majority settle in inland places far from the ports, such as Bolivia and Paraguay, and their luggages are bulky and need high freight costs, whereas most of the prewar Japanese emigrants settled in Brasil and their inland transportation costs were borne by receiving firms.⁽⁸⁾

4. Measures to assist emigrant transportation firms

Before the war Japanese shipping was developed through powerful governmental assistance, and the business of transporting emigrants was not an exception. Prewar governmental assistance to emigrant transportation by sea was carried out through a general shipping policy including route-and shipbuilding-subsidy, not through special policies designed to relieve firms from difficulties caused from the peculiar situations of emigrant transportation, such as low passenger-fares and large unused space on return voyages.

(7) Research group for International Migration, Present situations of overseas emigration of Japan and the trend of emigration policy of Japan. Nov. 1958. p.49.

(8) op.cit. pp. 48-50.

The Japan/West coast of South America route via Africa, which became the main route to South America for Japanese emigrants, was opened in 1916 by the Osaka Shosen Kaisha.⁽⁹⁾ This route was designated by the Ministry of Communication in October 1920, consequently, the government afforded the O.S.K. Line a route subsidy based on the Assistance Act for Ocean Routes. With the provision from this subsidy the O.S.K. Line could not only cover the loss caused from the operation of emigrant vessels, but could also show some gain.

Table II. Effects of Route-Subsidy for Emigrant-Transportation before the Second World War (1,000 yen)

Year	Earning	Expenditure	loss and gain	net subsidy	net loss and gain after subsidy
1927	4,392	5,199	- 805	1,228	423
1928	4,714	5,131	- 417	1,229	812
1929	5,166	5,463	- 297	1,326	1,029
1930	5,240	5,924	- 684	1,396	712
1931	4,623	5,278	- 656	1,540	884
1932	4,722	5,090	- 368	1,545	1,177
1933	6,969	6,446	523	1,638	2,161
1934	6,364	6,201	163	1,515	1,678
1935	6,295	6,441	- 146	1,377	1,231
1936	6,602	6,457	145	1,246	1,391

(Source) O.S.K. Line.

With regard to emigrant vessel construction, the government applied a shipbuilding subsidy and moreover after 1937 measures to assist in building superior vessels were begun, therefore the O.S.K. Line could build emigrant vessels at low cost. Therefore, we may suppose that the prewar business of transporting emigrants, being protected by subsidies, suffered little in operating emigrant vessels.

After the World War II circumstances surrounding emigrant-vessel operations changed. All prewar subsidy policies for shipping were abolished and no emigrant-vessels survived war damages. Consequently, at the reopening of the Japan/South American line to transport emigrants, the government and the O.S.K. Line had to face many difficulties caused by the peculiar situation of emigrant-vessels operations.

(9) The East coast of South America route was opened in 1905 by the Toyo Kisen Kaisha. But it had little relation with emigrant transportation. Until the opening of the West coast route by the O.S.K. Line, Japanese emigrants had been carried by foreign vessels or by vessels chartered by emigration companies.

a) Construction of emigrant vessels

In 1951 when overseas emigration attracted public attention in Japan, trade routes between Japan and South American countries were maintained both by Japanese vessels which set sail once every two months and by Dutch vessels which set sail three times every four months. The carrying capacity of emigrants was only about ten passengers in the former and 200—300 passengers in the latter. Thus Japan had to enlarge the carrying capacity so as to develop emigration.

In 1952 the O.S.K. Line placed the Santos-maru, a cargo-passenger liner on the route via the Panama Canal, and in the following years new vessels including emigrant-vessels were put on the route. In 1958 a Japanese emigrant-vessels fleet was organized with five vessels that had been placed on the route, one vessel a month, with the result that they were able to transport 8,700 emigrants annually. However, in comparison with the prewar Japanese emigrant-vessel fleet which was organized with 10 vessels transporting 24,000 passengers in 1934 and 1935⁽¹⁰⁾ when Japanese emigration to South America was at its peak, the postwar Japanese fleet is far smaller in carrying capacity, and consequently, postwar Japanese emigrants have to make use of foreign vessels too.

Table III. Emigrant transportation by different carriers

	1952	1953	1954	1955	1956	1957
O.S.K. line	54	1, 173	3, 549	2, 081	3, 827	5, 722
R.I. line	0	325	192	1, 432	2, 266	1, 709
others	—	—	—	—	18	8
Aircraft	—	—	—	—	44	—
Total	54	1, 498	3, 741	3, 513	6, 155	7, 439

(Source) O.S.K. Line

According to the five-year emigration program formed by the government of Japan, in 1959 as the first year of the program 11,000 emigrants will settle in South American countries, and in the following years they will be increased to 5,000 annually so that the total number of emigrants in the next five years will amount to 100,000. The government points out that for the purpose of carrying out this program successfully it is necessary to increase the transporting capacity of emigrant-vessels and

(10) In prewar emigrant transportation the O.S.K. Line made vessels on the African line extend its route temporarily to South America, when the number of emigrants increased so much that ordinary emigrant-vessels could not carry all of them. The prewar carrying capacity, which we mention here included those of vessels which set sail on South American routes temporarily.

to construct six ships, including four special emigrant vessels, during the five years beginning in 1959.⁽¹¹⁾

While the necessity of emigrant-vessel construction has been recognized, special measures to facilitate shipbuilding have not been adopted yet. Because shipping companies in Japan lost their capital accumulation and ships during the war, the fund needed for shipbuilding has been furnished by loans from financial funds and from private banks and the burden of the loans and interests has put pressure upon shipping companies which have been suffering from the declining trend of freight rates in shipping markets.⁽¹²⁾

However common this phenomenon may be to all shipping companies in Japan, the burden of loans and interest is more severe on businesses operating emigrant-vessels than on others, because in the operation of emigrants-vessels it is more difficult to earn profits and in addition, emigrant-vessels are strictly restricted in their usage. Accordingly the emigrant-vessels building program accompanied by the five year program of emigration, will place a greater burden on shipping business that have built and are operating emigrant-vessels. Under present conditions the difficulties of emigrant transport have no prospect of easing in the near future, unless the government affords some form of assistance to emigrant-vessel construction.

b) Difficulties of emigrant-vessel operation

The transportation of emigrants has in its nature the tendency to be a one-way transport of passengers on an outward voyage, and on the return voyage vessels are compelled to operate with much unused passenger space. In the emigrant transportation of Japan to South American countries the tendency is clearer.⁽¹³⁾ The coefficient of utilization of third class passenger space by emigrants in the

(11) Department of Migration, Ministry of Foreign Affairs, Five-Year Program for Overseas Emigration (Data for the fifth Overseas Emigration Council. No. 7, Jan. 1959)

(12) The total shipbuilding cost of five emigrant ships was 7,465.6 million yen, of which 3,869.7 million were financial loans and 3,098 million loans from private banks. The shipping company's capital fund was only 497.8 million yen. (Department of Shipping, Ministry of Transportation, Data relating to Emigrant Ship. p.15) With regard to financial loans for shipbuilding and its effect, see H. Yamamoto, The Recovery Method of the Japanese Shipping Industry in Post-War Period (The Kobe Economic & Business Review, No. 2, 1954. pp.89-106)

(13) In the Royal Inter-ocean Line, which also carries Japanese emigrants to South American countries via Africa, the conditions are different from those of Japanese vessels. For example, the former lays stress on general travellers via Africa rather than emigrant transportation. Consequently Dutch vessels have seating capacities for 104 first class passengers, 66 for 2nd class, 84 for tourist class and 179 for third class. In contrast Japanese vessels have room for 902 third class passengers and only 80 for other classes.

post-war period is shown in Table IV. We can easily see that on the return voyage only ten per cent of the capacity has been utilized. This situation is quite different from that of Italy which can transport considerable numbers of passengers on the return voyage also.

Table IV. Coefficient of Utilization of third class passenger space in Japanese emigrant vessels (%)

Year	outward voyage			inward voyage
	emigrants against available 3rd class seats	3rd class passengers against available seats	all 3rd class passengers against available seats	all 3rd class passengers against available seats
1955	48.7	21.5	70.2	9.6
1956	76.9	17.0	93.9	9.8
1957	81.8	10.7	92.5	7.9

(Source) O.S.K. Line

Taking into consideration the condition mentioned above, postwar Japanese emigrant-vessels have to be designed not as pure emigrant-passenger boats but as special passenger boats that have considerable capacity for third class passengers, and that on the return voyage a large part of the third-class passenger space can be transformed into cargo space. By such a device of increasing cargoes to be loaded the shipping business intends to cover the loss of operation, caused by the unused capacity on the return voyage. This method should be regarded as deceitful reflecting the nature of the Japan/South America route. This method also premises a considerable amount in the flow of cargoes from South American countries to the Far East, including Japan. But this premise seems to be unhealthy. Trade between Japan and South American countries during the postwar years increased to a greater extent after the opening of trade than during the prewar period and reached its peak in 1955, but there-after the volume of trade has been declining.⁽¹⁴⁾ The decline of trade has been due to inflation, the bad balance of payments in Brasil and Argentina that are main traders with Japan, and there is little prospect of the condition becoming better in the near future.

Tariff rates for main cargoes on the route kept pace with the decline in volume

(14) Development of trade between Japan and Latin American countries was surveyed in "Development of Trade of Japan" 1956. (Department, Ministry of Trade and Industry) pp. 452-479. See also, Ministry of Trade and Industry, White Paper of Trade, 1958, pp.343-377.

of trade.⁽¹⁵⁾ Therefore the method designed to get more cargoes for the purpose of covering the loss on return voyages has not produced satisfactory results, at least, at present. According to the calculation of the O.S.K. Line, the operation of emigrant-vessels produced a 400 million yen loss in 1958, so the Line expressed its desire to be given some form of assistance or coverage of loss by the government to alleviate difficulties in emigrant transportation.⁽¹⁶⁾

5. Measures to improve emigrant transportation

What methods are most effective to overcome the difficulties of emigrants transportation? We shall examine available measures to improve the situation. At first we shall call attention to measures improving the earnings of emigrant-vessel operation. Lack of passenger demand on return voyages is the largest cause of losses in the operation of emigrant-vessels. The O.S.K. Line has been endeavoring to collect group-travellers and to catch passengers at intermediate ports, and has tried to increase the volume of cargo on return voyages. Because in emigrant transportation it is inevitable in its nature that passenger demands are concentrated on outward voyages, adequate measures other than those adopted by the O.S.K. Line can not be found to increase the earnings on return voyages.

However, though it can hardly be expected that trade between Japan and South American countries will increase in the near future, the government of Japan should endeavor to develop trade with them through a conclusion of a trade agreement and, if possible, make provisions for loans. These will lead not only to an increase of trade, but also to prosperous conditions on the Japan/South America route where we are concerned. In addition we may suggest an alternative method that emigrant-vessels change their return courses and come back via Europe. Indeed there is a relatively large flow of passengers from South America to Europe, but from Europe to the Far East we cannot expect any considerable demand of passengers. In addition, considering the increase of additional cost resulting from the change of route and competition to catch passengers, the alternative method does not necessarily seem hopeful.

Turning our attention to the space used by passengers on the outward voyage, the coefficient of utilization of the third class by emigrants was 81.8 per cent at the highest, though the coefficient of utilization by third class passengers including emi-

(15) Tariff rates in Far East River Plate Brazil Conference shows a declining trend. On inward voyages the rate of iron-ore was \$20 in August 1956, after reaching \$23 in June 1957, declining continuously to \$9 in February 1958. On outward voyages cargoes in lot are given special rates, 40% less than the tariff rates.

(16) Cf. H. Emura, Problems of South America Emigrant Route (Kaiji Kenkyu No. 35)

grants was over ninety per cent in 1956 and 1957 while in 1955 it was 70.2 per cent. It is possible and necessary to improve the space to be used by emigrants for available third class seats and to increase the coefficient of utilization to nearly 100 per cent by emigrants and other third class passengers. For that purpose it is necessary that the government endeavor to send out emigrants as planned, but that has not been carried out successfully. There are points to be remedied. For example 4,902 emigrants were sent out by the end of November 1958, while the emigration program of 1958 expected to send out 10,000.⁽¹⁷⁾ The causes that have prevented the plans from proceeding smoothly may be sought in circumstances arising in immigration countries, but Japan also has to share in the responsibility of its failure. In Japan much time has been spent in the procedure of collecting emigrants, so the period of advertisement for emigrants has to be restricted to only a month so as to allow emigrants to arrive at their destinations at the proper time for settlement. In addition previous notices before the collection of emigrants were inadequate. Under such conditions it is difficult for possible emigrants to make up their minds to emigrate and take necessary measures for doing so. In relation to this we should refer also to the fact that postwar Japanese emigrants included those invited by acquaintances in South American countries other than emigrants sent out in accordance with the governmental program. There was one year when the emigrants invited amounted to over a half of the total annual number of emigrants.⁽¹⁸⁾ In such a case it is possible to conjecture that spontaneous emigration could cover the failure of the emigration program. However, emigration based on invitation can be expected neither to increase the volume of immigration further nor to fix the accurate number of annual emigration. Therefore it is desirable that the sending out emigrants should go along the plan smoothly so as to decrease the unused capacity of emigrant-vessels on outward voyages. And for that purpose it is essential that emigration organizations make up detailed annual programs to send out emigrants and carry them out efficiently.

In the process of seeking measures to improve the earning of emigrant-vessel operations, it becomes clear that an increase of passengers and volume of cargo on return voyages can be expected to occur in the near future, that it is possible to decrease the unused capacity of third class passenger space on outward voyages, in

(17) Department of Migration, Ministry of Foreign Affairs. States of Emigration and Problems to attain the Aims of Emigration Program (Data for the Fifth Overseas Emigration Council, No. 1, Jan. 1959)

(18) Research Group for International Migration, op. cit. p.42.

some measure, by controlled emigration, and that it is difficult to maintain emigrant-vessel operation without loss if we keep emigrant-fare at the present low level through consideration of the fact that fare-raising would disturb the flow of emigration. Therefore, so far as the present conditions remain unchanged, the government must aid emigrant-vessel operations.

The Government may choose any of many kinds of assistances, for example, to provide a fix amount as an operating subsidy for emigrant vessels, or to compensate for losses which result from the emigrant-vessel operation, or to give permission for emigrant-fare raising under terms so that the amount of the price-raising will be borne by the government. But now the most desirable measure is to cover these losses within the limits that result after private operators have made their greatest effort for emigrant-vessel operation.

In the next step we should consider the building up of emigrant-vessels and of a fleet as a comparatively long term problem. The Government asserts, as we mentioned above, that an increase of emigrant-vessels is necessary to accompany the development of the emigration plan. With regard to this, we must take up the following two points. One is that the emigration plan can hardly be expected to attain the necessary volume of emigrants if the government continues negotiations for emigration with immigration countries individually as done now. Accordingly, estimates for necessary increases of emigrant-vessels are apt to produce errors. The other is the problem of funds used for building emigrant-vessels. As mentioned above emigrant-vessel operations have been suffering from the pressure of loans and interest, so it is desirable to adopt special measures to assist emigrant-vessel building other than the ordinary shipbuilding program by which the Japanese merchant fleet has been rebuilt.

Thus we may reach the conclusion that for the present the government should give such assistance to emigrant-vessel operation and its shipbuilding as has been enforced in Italy or as in prewar Japan. Of course the government should avoid undue increase of financial funds, and for that purpose it is necessary to make and carry out emigration programs, both with regard to short- and long-terms, so as to reduce the unused capacity of emigrant-vessels and to determine the volume of fleet to be constructed without error. Then we must return to the fundamental problem of emigration policy and consider our questions from wider viewpoints if we would solve the question of emigrant transportation policy decisively.

Overseas emigration of Japan has been restricted to far lower levels with regard to its volume, number of immigration countries and profession of emigrants in

comparison with European countries. The situation has remained unchanged even though Japan has made considerable effort to develop its emigration since its reopening after the war. So far as Japan has been compelled to negotiate with the main immigration countries *individually*, it is quite difficult to improve the present situation and moreover, to make adequate plans for emigration. A fundamental solution of this problem in Japan is possible only with international cooperation for migration. We have good examples in international cooperation gained from activities of IRO and ICEM. Though these organizations confine their activities to special spheres of migration, we can get important suggestions from a survey of how they were able to destroy the bottle-neck of international migration.⁽¹⁹⁾

6. International co-operation for the development of migration

In the face of the existence of a huge volume of war refugees and the overpopulation problem in Europe after the war, the United Nations and European countries recognized the facts that international migration had been disturbed by the severe immigration rules in main immigration countries, by price-raising of ocean passenger-fares which had continued since the thirties of this century,⁽²⁰⁾ and by lack of proper transport facilities for emigrants. To solve these problem international cooperation was urgently desired by the concerned countries, because the efforts of individual countries were not sufficient to overcome these difficulties. Thus the International Refugee Organization and the Intergovernmental Committee for European Migration were established, based on the intention of developing international cooperation.⁽²¹⁾

While IRO endeavored to relieve the restrictive rules of immigration countries and took measures to facilitate the activities of organizing immigration countries in selecting workers, the IRO provided the necessary training for emigrants, and prepared emigrant-vessels. For the training and sending out refugees IRO established three centers (Resettlement-, Staging-and Embarkation-Centers), and the movement of refugees between centers and procedures for emigration were carried out

(19) Regarding the facts that emigration problems in Europe could be overcome through international cooperation, H. A. Citroen given a handy description in his work.

Cf. *European Emigration Overseas Past and Future*. 1951

(20) Regarding governmental assistance of countries for transport costs and fare-raising before the war, Cf. I.L.O., *Technical and Financial Co-operation with regard to Migration for Settlement*, 1938. pp.42-45.

(21) Regarding the process to organize I.R.O. and I.C.E.M., see following writings, J. Vernant, *the Refugee in the Post-war World*, 1953, pp. 33-39 and pp. 46-50 P. Jacobson, *The Intergovernmental Committee for European Migration* (in *Economics of International Migration*, edited by B. Thomas, 1958) pp.108-111.

in conformity to the plan. In consequence emigrant-vessels could be operated on schedule without any disturbances and the carrying capacity of each vessel was able to be used in full. In addition refugees felt no inconvenience during their travel. For the purpose of permitting emigrants to enjoy their trip under good sanitary conditions at minimum cost, IRO secured passenger space on vessels setting sail to different destinations, and further, the organization chartered and placed on the routes thirty-nine vessels with a carrying capacity of 37,500 passengers.⁽²²⁾

ICEM was organized by European countries and main immigration countries, so the organization could keep close relations with countries concerned. Therefore ICEM has been able to prepare proper transport-facilities and also to transport emigrants of different countries according to the special emigration program. ICEM has made use of private vessels only when their carrying capacity and accommodations were satisfactory and available at remarkable cost. ICEM concluded special agreements with shipping conferences regarding emigrant-fare in all possible cases. When adequate private tonnage could not be made use of, ICEM prepared vessels with a guarantee of high utilization of space or secured vessels by time charter or by round trip charter. In the latter case if shipowners gained profits earning on their return voyage, ICEM adjusted the charterage.⁽²³⁾

International cooperation through IRO and ICEM has been useful to improve the situations of emigrants transportation. Because these organizations made it possible to enforce emigrant transportation based on short-term and long-term programs. Consequently, unused capacity on emigrant-vessels has decreased and the cost of emigrant transportation has been reduced. With regard to the long term program, necessary tonnage for emigrants has been secured.

Problems which we have been facing can also be solved fundamentally by joining such organizations as IRO and ICEM. With international cooperation we can send out under fixed plans more emigrants to more immigration countries than before, and a Japanese emigrant-fleet could be made use of by Japan and others, thus reducing the unused capacity of vessels.

However, at present ICEM confines its activities to European migration only, as shown by its name, and has no contact with migration problems of other regions. We should build up the organization for international cooperation on a world-wide scale to solve migration problems of the world, including Japan and other Asian countries.

(22) H. A. Citroen, *op.cit.* pp.42-3.

(23) P. Jacobson, *op.cit.* pp.113-114.

PORT LABOR CONDITIONS IN JAPAN

—PARTICULARLY IN KOBE PORT—

Ginjiro SHIBATA

Historical

The port labor situation in Japan has been bound by tradition since the beginning of the Meiji Era. Though some rationalization took place during and after the recent war, old traditional conditions have been revived since then, and difficult and perplexing problems connected with both the port administration and labor management exist now. The present report aims to point out the difficulties and to offer some suggestions forward the settlement of these questions. But to treat the problems of those of Japan in general, the description would not only become quite complex but abstract as well, so for the present we shall take up the problems connected with the port of Kobe in particular.

As soon as the port of Kobe was opened to foreign vessels in 1867, many foreign merchants began to reside in a settlement, while domestic merchants also began gathering in the city and the port rapidly became active. The unemployed workers, most of whom were vagabonds and the poor who had been discharged by their masters or had left their work as a consequence of the Meiji Restoration, flowed into the city in great numbers and various troubles occurred daily. Hyogo Prefecture was at a loss as how to regulate these people who had no fixed abode and built a port laborers' home called "Hyakunin-beya" (hundred men's house). At that time the laborers (alias "Gonzo") already could be divided into two kinds—regular employees and day-workers—but the labor was not specialized according to its nature, for example, loading and unloading or shore work. The labor conditions were much more extreme than the present; a gang then, consisted of about fifteen workers while at present it is about twenty-five; and their average wage was ¥0.25 per day

(all-night additional wage was 1.6 times thereof), from which ¥0.17 was deducted for bed and meals.

Most of the port laborers were under the personal supervision of a contractor called "Kobe-gumi" at the beginning, but later in 1873 were separated into two groups—Kami-gumi and Naka-gumi, and worked in different sections of the port. Labor contractors or labor brokers gradually increased with the passage of time, and especially, the Civil War of 1877, the Sino-Japanese War of 1894-1895 and the Russo-Japanese War of 1904-1905 swelled the number of such contractors and brokers. After the Russo-Japanese War the Governor of Hyogo Prefecture instructed that they form a union so as to prevent frequent troubles which arose from the rivalry between them. This was the first case of a union of this kind in this country. Among the port laborers the relation of boss and followers came into existence by necessity and bloody struggles over these posts occurred very often in the port. Followers were supposed to give absolute obedience to their boss and the boss in turn gave allegiance to his master (contractor) sometimes at the risk of his life. This was the fact during the Meiji and Taisho Era.

On the occasion of Sino-Japanese hostilities in 1938 the national economic policy was put on a war footing and all transportation was controlled by the Government. Consequently, the business of terminal services was limited to a single company for each different business in the port and the Kobe Port Carrying Company, Ltd. (the Kobe Koun Kaisha, Ltd.) became the carrying service in the port of Kobe; the Kobe Port Work Company, Ltd. (the Kobe Kowan Sagyo Kaisha.) was the primal contractor for shore laborers, and the Kobe Ship Loading Company, Ltd. (the Kobe Sempaku Niyaku Kaisha.) was established for stevedore. And even subcontractors of port laborers were forced to join and formed the Labor Suppliers' Union whose name was changed to the Patriotic Labor Service Association when the National Mobilization Law was proclaimed in 1941. Thus, each terminal business was amalgamated into one to carry out the war program and all laborers were changed into machines under the patriotic password, "unselfish devotion to country". This situation continued until the end of the war.

After the war all such situations were removed, the Kobe Port Work Company closing in Dec. 1947 and the Kobe Ship Loading Company being prohibited from carrying on business in April, 1948 and finally being dissolved by the Conference Memorandum issued from General Head Quarters of Allied Forces in June, 1949. An outline of the memorandum is as follows.

"In consequence of the dissolution of the Kobe Ship Loading Company, the

workers are to be the regular employees of contractors whom they chose, and each contractor can employ laborers other than the regular employees, if necessary, only through the Public Employment Security Offices (PESO). If the contractors wish to employ any skilled worker who belongs to another contractor through mutual understanding, it must be done without any compensation under the inspection of PESO. PESO is to prohibit any unofficial labor supply business, that is, such business is to be carried out exclusively by PESO. And GHQ advise that collective bargaining should be done to conclude an agreement concerning the port carrying business between the newly formed contractors' association and the labor union."

By this memorandum the situation of port labor changed again completely. The contractors and subcontractors of port labor were thrown into free competition, but all the skilled workers who had belonged to the dissolved companies could be the direct exclusive employees of the contractor whom they chose, and according to the prohibition of illegal labor supply exploitation by the middleman was excluded and casual laborers could only be employed exclusively through PESO.

On the side of port laborers themselves, marked and complicated changes were also present after the war. Since the end of the war, GHQ endeavored to form and nurture a port labor union until 1951 when GHQ was dissolved. They advised several times to organize a single port labor union and played a prominent role in the successful struggle for increasing wages. At one time unified labor agreement was successfully concluded, but after the dissolution of GHQ the labor union dissolved into several groups until the function of the union ceased completely in the fall of 1952. In June, 1955 many groups of laborers in the port of Kobe, in company with the port-laborers in other ports, again organized a union, the All Japan Port Labor Union (the Zenkowan); some of the others combined as the Kobe Branch of the Japan Port Labor Unions' Association (Nikkoren) in April, 1956 and the rest remained as members of single independent partnerships.

In 1950, with the opening of the Korean Hostility, the port of Kobe became a commissary base for the Allied Forces. For the urgent loading and unloading of war supplies, absolute order necessary in cargo loading compelled the trades to meet the demands of the port laborers completely. The trades (labor contractors and subcontractors) made strenuous efforts to gather the number of laborers required and the so-called "underground arranger" (Yami-Tehaishi) who gathered port laborers illegally, generally unskilled, and supplied them to trades secretly, appeared again. Moreover, with the Korean Hostility, Japanese imports and exports increased so rapidly that all ports were under the pressure of business, until the ill-treatment

case committed by an underground arranger was exposed in Kobe by the police and the Bureau of Labor Standard (Rodo-Kijun Kyoku) in June, 1956.

The occurrence of criminal case affected the labor unions seriously. The Branch of the All Japan Port Labor Union soon requested governmental agencies concerned for fundamental improvement in labor conditions and port facilities, and asked that the agencies form an organization to settle composite and fundamental port labor policies, and expected them to all that the Port Transport Industry Act and Employment Security Act be observed and practiced completely. The Hyogo Prefecture Branch of the General Conference of Japan Labor Union (Nihon Rodo-kumiai So-Hyogikai or Sohyo) also issued a statement including the six items presented as follows, and handed it to all governmental agencies.

1. Enactment of a Port Labor Act.
2. Amendment of the Port Transport Industry Act and its prudential application.
3. Complete practice of the Labor Standard Act.
4. Reform of public employment business.
5. Increase of welfare facilities for port laborers.
6. Removal of the wavy fluctuations in the volume of cargo-loading during the month.

On the other hand, governmental officials were seriously concerned about this problem. In September, 1957 the Department of Labor and Industries of Hyogo Prefecture, the Kobe Shipping Bureau of the Ministry of Transportation, the Hyogo Bureau of Labor Standard of the Ministry of Labor and the Kobe Public Employment Security Office organized an affiliating conference. They deliberated jointly on the problem and came to the conclusion that (1) conditions of employment for day-laborers should be presented openly: (2) payment of wages should be done clearly: (3) identification of the liaison man, who applies for the day laborers to PESO and secures them in the name of his employer, should be shown clearly: (4) The Labor Standard Act should be put into practical force: and (5) sufficient procurement of port laborers should be achieved.

Most of these resolutions were promptly put into practice and an appreciable contribution was made to the port labor policy. The conference had been timely opened to examine the problems occurring and to unify the opinions of the various groups.

Before this, the All Japan Port Labor Union presented a petition to the Diet in January, 1956, asking for the enactment of a port labor act so as to meet the 1949

resolutions of the ILO. In this petition they asked for (1) stabilization of employment and a register system for port laborers, (2) preference of employment to registered laborers, (3) a minimum wage and allowance for unemployed day workers and (4) setting up committees consisting of representatives of employers and employees in Tokyo and prefectures where principal ports are located in order to deliberate on the problems mentioned above.

This petition was adopted and the Ministry of Labor formed the Counter-Measure Conference for Port Labor Problems in Tokyo, consisting of the representatives of public interests, laborers, employers and governmental agencies. This Conference started in November, 1956, and after meeting seven times and inspecting five principal ports, it submitted a report dated July 19, 1957 to the Ministry of Labor.

This report stated the need of composite policies adapted to the special character of port labor and the difficulties of a too rapid preparation for an ideal structure, and the following recommendations were made to the Government and its agencies, employers, and labor unions.

a. Control of demand and supply of labor.

1. Expansion of the facilities and functions of the public employment security offices; especially, regarding the functions of the offices, (1) discipline of the staff to be made rigid so that they would comprehend the nature of port work and be able to undertake an adequate employment business for the laborers, (2) classification of port labor by the kind of work to be done by consultation with employers, employees and officials concerned, (3) a register system of port laborers to be thoroughly executed; day laborers who are registered and classified to be given preference in employment, but their position as day workers not to vary in any way, (4) supervision over the illegal supply of laborer to be strengthened, and (5) when laborers are out of day work, other employment to be found for them, for example, any private work or official work for unemployment relief; or an unemployment insurance system to be applied to them.

2. Settlement of an organ for strengthening cooperation between employers and employees.

- (i) Since the day laborers are exposed to unemployment daily, it is desirous to promote positively their employment as regular workers at certain firms.
- (ii) Raise of day laborers outside of PESO should be prohibited.

b. Administration of supervision over port labor management.

1. Guidance and supervision should be done thoroughly concerning the condi-

- tions of labor, direct payment of wages, allowance wage system and hours of labor.
2. A system of port laborers' hand book should be created so as to establish and maintain order of port labor and to protect the welfare of port laborers.
 3. According to the object of the International Labor Treaty, a standard for prevention of disaster should be settled, education for safety should be practiced completely and notices regarding dangerous and injurious matters should be clearly posted.
- c. Port carrying business.
1. To prevent excessive competition, the standard of scale for port carriers should be raised to the limit whole cargo of a ship being able to be handled by a single-hand; and this measure should be carried out within two years after which the carriers under this standard would be abolished.
 2. Rate and component of wages announced in public should be re-examined and made reasonable.
 3. A re-subcontract of port labor should be prohibited by taking proper legal measures.
 4. Governmental agencies concerned should not only promote and guide the port carriers' business but control them properly.
- d. Welfare facilities.

Since facilities for port laborers in existence are very insufficient, it is urgently essential to newly establish or increase them.

e. Port Labor Conferences.

Port labor conferences should be established in Tokyo and districts where principal ports are located. The conferences should be formed by the officials concerned, the representatives of public interests, and the representatives of employers and employees.

According to the recommendation presented in the report above-mentioned, prefectures where main ports are located have established conferences as the report indicated.

In January 1958 Hyogo Prefecture formed the Kobe Port Labor Conference with the representatives of the employers, the labor unions, the public interests and officials concerned. This conference aims to adjust the employment and working conditions of the port labor and to give suggestions concerning the control of port labor and the welfare of the laborers; that is, this conference has been formed in order to realize the purport of the report of the Counter-Measure Conference for

Port Labor Problems in Tokyo, based on the special situation of the port of Kobe.

Recent Conditions and Problems

Employers of port laborers in the port of Kobe are divided into four classes according to their work: general transport industry (or freight forwarder), stevedore work, lighter industry, and quay work. Of these trades the largest employ more than two hundred workers while the smallest use less than twenty five. Those of the smaller scale comprise the majority.

Labor contractors can be further divided into two classes, primal contractors and subcontractors. Before February 1959, the divisions were three, that is, subcontractors were divided into first subcontractors and second subcontractors, but the latter was abolished in February 1959. Primal contractors are those who receive requests for cargo handling or carrying from shipping companies or traders or warehouse companies, of which they handle part of the work themselves, but other parts are given out as contracts to subcontractors. Each subcontractor is subject exclusively to a definite primal contractor. This subordinate relationship has been kept distinct for a long time, especially in stevedore work. Their number and scale in the port of Kobe as of the end of February 1959, are as follows:

1. Number of Registered Contractors and Subcontractors in Kobe Port

Class	General transport industry	Stevedore	Lighter industry	Quaymen contractor	Total	
					Round	Eliminate duplication
Number	92	41	82	131	346	295

2. Number (Ditto) classified by Capital Size in Kobe Port

Class (in ¥1,000,000)	Individual	under 0.5	under 1.0	under 2.0	under 5.0	under 10.0	under 50.0	over 50.0	Total
Number	19	26	35	59	48	19	31	24	261

3. Number (Ditto) classified by the Number of Workers regularly employed in Kobe Port May 1958

Class by No. of Workers	under 25	under 50	under 100	under 200	under 300	over 300
Number of Employers	150	61	21	13	3	1

Source: The Employment Security Section, Hyogo Prefecture.

Primal contractors and subcontractors are gradually increasing in number, especially for general port transport industry as follows.

4. Change in Number of Trades in Kobe Port
End of March in every Year

Year	1951	1952	1953	1954	1955	1956	1957	1958	1959
Trades									
General Port Transport	46	48	49	49	54	49	58	80	92
Stevedore	25	33	45	43	41	41	42	41	41
Lighter	86	84	88	87	85	81	78	81	82
Quay	98	109	116	120	117	119	125	130	131
Total	255	274	298	299	297	290	303	332	346
(Eliminate duplication)	174	184	206	208	212	214	224	249	259

Source: Ditto.

Regularly employed laborers of primal contractors and subcontractors have organized unions. Many of them are direct members of the All Japan Port Labor Union (the Kobe Branch has about 1,300 members) and some of the others, whose employers operate only in the port of Kobe, have formed independent unions in each firm, these unions joining together as the Kobe Port Labor Unions Association (the members are about 600 in total). The former has appealed to free day-laborers who are named by employers as time-limit employees (so-called "named day-worker") to apply for membership in the Union, but they have not yet succeeded sufficiently in this. The rest (about 1000 laborers) have organized independent unions in each of their workshops but are not related to other unions. The latter is counted by groups of ten unions.

Trouble generally occurred hitherto on the side of the All Japan Port Labor Union. As the latest example, in September 1957 they demanded a retirement allowance of ¥1,923,400 for those who served in the same company for 35 years continuously, as well as the settling of a regular wage increase system, the fixing of off-days at the year-end, the new year, and port festival days, etc. In reply to these demands the companies agreed to a retirement allowance of ¥8,000 for one year's service, ¥48,000 for 5 years' service and ¥121,000 for 10 years' service. After a group negotiation of two months a revision was made by the companies to increase the allowance for 10 years of service to ¥135,000, and the Union complied with this. After that, in February 1958, in concert with the spring struggle of the General Conference of All Japan Labor Unions, the All Japan Port Labor Union demanded

again a base-up of wages by ¥2,000 and an increase of allowance for night work, etc. and they went on a 24-hour strike on March 26, in which about 350 stevedores and 100 quaymen took part. Three days after, they again refused cargo-handling for two hours. Negotiations were carried on many times between the Union and the companies until May 11, during which the Union carried out two-hour and 24-hour strikes twice, and against which the companies announced a lock-out. On May 11, both groups, being exhausted in the end, reached a compromise that the lock-out would be called off and they would peacefully discuss the questions with each other. The negotiations were successful and the efficiency allowance was increased to ¥420-495 for a 200-hour average per month. Nevertheless, workers who were employed by some companies seceded from the Union, in disagreement with the action of the Union, and formed several different independent unions.

This is the situation of regular port laborers employed by fixed companies.

5. Ordinary Wages of Free Day Port-Laborers

December 31, 1957

(Unit: Yen)

Work Time		8-17 o'clock			17-6 o'clock			6-8 o'clock		
		High-est	Low-est	Ave- rage	High- est	Low- est	Ave- rage	High- est	Low- est	Ave- rage
Grade of Wage										
Classification of Workers										
In Ship	Winchman	650	580	620	800	700	730	1,450	1,250	1,300
	Stevedore	700	450	550	950	550	700	1,700	1,050	1,250
	Cleaner	550	500	530	800	650	700	1,450	1,100	1,520
At Quay	Heavy shoulder	900	700	760						
	Hook (ice, wheat, crude sugar)	850	650	700						
	" (cotton)	900	750	850						
	Laying in warehouse	900	700	800						
	Lighter (crude sugar, sulfur)	730	650	680						
	" (others)	650	500	550						
	Hand-cart	550	480	500	650	550	600			
Pole carrying (coal)	850	700	750							
" " (salt)	950	700	900							
Miscellaneous	Needle work (male)	600	500	550						
	" " (female)	600	300	350						

Note: Miscellaneous works and various kinds of allowances are omitted. Above figures are the net receipts, that is, after health insurance (¥8), unemployment insurance (¥5) and a meal (¥12) have been deducted. Time includes a one-hour recess per every 8 hours.

Source: The Bentenbama Branch Office, the Employment Security Section, Hyogo Prefecture.

Most of the difficult social problem questions are rather presented by the group of free day-laborers.

Free day-laborers are classified, by their functions as registered with the public employment security offices, into seventeen classes. Stevedores are classified into four groups; deck, winch, general cargo, and cargo in bulk. Quaymen are divided into heavy-shoulder, shoulder, hand-cart, pole carrying, cotton-hook, cargo-laying in warehouse, and repacking. Miscellaneous works are grouped as watch, tally, needle work, labelling and odd-job. Their wages are set according to the above classifications by the judgment of the contractor who employs them. An example in the port of Kobe is shown above.

Free day-laborers were generally employed in two ways before March 31, 1959; first were those employed through the public employment security office, while the others were employed on the outside by PESO. The former is classified into two types, the "applied over the counter" and the "named by an employer" which further includes the "long-time hired" and "short-time hired". After April 1, 1959, employment on the outside by PESO was to be abolished in general and all free port-laborers were to be employed exclusively through PESO. But because of the shortage of the staff of PESO and of long usage, this new measure has not yet been sufficiently carried out. Part of the free laborers are hired as yet through the hands of arrangers at the request of subcontractors.

Properly speaking, port work should be carried on by the hands of regular port-laborers and only when a port is extraordinarily active should free day-laborers be employed to assist the regular laborers. But in practice, a great part of the work in every port has been usually done by free day-laborers. The following table shows the yearly cumulative number of port laborers who actually worked in the port of Kobe in the last three years.

6. The yearly Cumulative Number of Port-Laborers
who Actually Worked in the Port of Kobe

Kind of Work	Stevedore		Quay Workers		Others		Total	
	Regular	Free	Regular	Free	Regular	Free	Regular	Free
1956	379,903	550,600	663,252	575,254	1,618,353	376,166	2,661,508	1,502,020
1957	427,592	670,026	727,109	687,801	1,788,504	387,630	2,943,205	1,745,457
1858	401,888	464,484	786,562	510,591	1,894,625	343,318	3,083,075	1,318,393

Note: Others include lightermen, tugboatmen, overseers, etc.

Resource: The Kobe Shipping Bureau, the Ministry of Transportation.

Of the free port-laborers, the so-called "named day-laborers" are employed

always in greater numbers than “the applied-over-the-counter” of PESO. The former are employed on the average at the rate of about 70% of all free laborers employed. Details are shown in the following table.

7. The Monthly Cumulative Number of Free Day-Laborers who Actually Worked in the Port of Kobe

Kind of Work	Works in Ship				Works at Quay				Miscellaneous			
	Named		Over the Counter		Named		Over the Counter		Named		Over the Counter	
1957		%		%		%		%		%		%
Jan.	28,342	69.4	12,451	30.6	10,217	21.7	36,810	78.3	10,217	71.6	4,061	28.4
Feb.	33,693	69.1	15,075	30.9	30,599	68.1	14,328	31.9	10,519	98.7	116	1.1
Mar.	36,393	69.1	16,275	30.9	29,542	68.3	13,710	31.7	12,331	70.4	5,179	29.6
Apr.	33,537	69.3	14,834	30.7	25,794	65.9	13,323	34.1	12,831	79.4	3,327	20.6
May	39,853	69.1	17,788	30.9	34,431	65.6	18,052	34.4	11,610	65.3	6,171	34.7
June	37,012	69.2	16,483	30.8	28,080	67.2	13,689	32.8	10,323	68.4	4,770	31.6
July	40,442	69.2	18,009	30.8	30,776	61.9	18,949	38.1	10,873	68.0	5,117	32.0
Aug.	33,704	63.2	19,604	36.8	33,047	67.4	16,009	32.6	10,146	75.9	3,228	24.1
Sept.	32,039	61.2	20,302	38.8	31,611	62.7	18,790	37.3	12,125	75.5	3,925	24.5
Oct.	27,396	61.2	17,360	38.8	29,235	66.3	14,868	33.7	12,232	75.8	3,902	24.2
Nov.	25,235	66.5	12,739	33.5	22,707	71.7	9,244	28.3	11,949	78.6	3,256	21.4
Dec.	29,352	66.0	15,151	34.0	25,325	69.4	11,174	30.6	10,706	73.8	3,797	26.2
1958												
Jan.	19,092	66.0	9,836	34.0	28,537	67.2	13,906	32.8	6,983	81.2	1,622	18.8
Feb.	21,149	66.0	10,919	34.0	35,769	77.0	10,690	23.0	6,770	90.3	727	9.7
Mar.	22,471	66.0	11,576	34.0	37,173	72.6	14,007	27.4	9,205	87.9	1,268	12.1
Apr.	23,487	65.9	12,157	34.1	34,665	69.3	15,382	30.7	6,799	78.3	902	21.7
May	23,113	66.0	11,907	34.0	34,622	69.9	14,907	30.1	6,933	78.6	1,885	21.4
June	19,920	66.0	10,263	34.0	32,274	74.0	11,357	26.0	6,874	81.3	1,583	18.7
July	21,005	67.0	10,365	33.0	37,012	71.2	14,966	28.8	7,450	74.8	2,505	25.2
Aug.	22,912	67.0	11,285	33.0	34,086	68.5	16,113	31.5	6,731	74.9	2,252	25.1
Sept.	23,284	67.0	11,437	33.0	34,219	72.8	12,754	27.2	6,616	76.4	2,049	23.6
Oct.	26,201	67.0	12,905	33.0	23,703	69.7	10,302	30.3	7,180	85.2	1,248	14.8
Nov.	18,547	51.4	17,536	48.8	27,430	61.2	17,384	38.3	7,242	84.7	1,307	15.3
Dec.	28,470	67.0	13,998	33.0	37,029	82.4	7,921	17.6	6,637	73.5	2,399	26.5

Source: The Employment Security Section, Hyogo Prefecture.

From this fact, both PESO and the Kobe Port Labor Conference have repeatedly said to the employers that most of the “named-day-laborers” should be employed as regular employees by those who usually name them. The named day-laborers of a long-time-limit are employed generally every one month, while those for a short-

time-limit are hired every day or every few days. Therefore, at least the free laborers usually named for a long-time-limit would like to be employed as regulars altogether.

The employers, however, are not generally pleased with this advice; because as long as free laborers are left as "the named", they can employ them at any time and as many as they want without the obligation or trouble which would be necessary by appointing them as regulars. Since there is no legal measure to compel them to engage any laborer as a regular, the only measure that can be adopted at present is to develop their consciousness of the importance of consistent management in the port work and to stabilize the relation of an employer and his employees.

When the port is very active, registered free port-laborers are employed in full, and a shortage of laborer occurs. At such a time, the question on the side of laborers will be concentrated upon welfare problems, that is, an increase of wages and allowances, procurement of residence, guarantee of sufficient rest and avoidance of being driven too hard. On the side of the employers, they have inevitably to employ many free laborers who have little experience about port work and sometimes they must scramble for laborers.

On the contrary, during a slack period the port labor problem enters upon a quite different phase. Unemployment becomes the dominant question above all others. First, free laborers, so-called "the applied over the counter" are sacrificed; "the named" will be excluded by and by from being called; and at last even among the regulars unemployment increases. This would be an ordinary phenomenon occurring in a process of a general business cycle too. As a port labor problem, however, the question is more urgent than in the case of general business conditions. Because, a cycle in the case of port labor employment comes every month and most of the laborers are daily wage earners as stated above.

Employment of free port-laborers has a tendency to be concentrate extremely in the period from the end to the beginning of the month in general. This tendency is due to the fact that shipping companies are inclined to place their ships for exports at terminal ports at such times, and consequently, exporters inevitably make every arrangement for cargo forwarding in accord with the shipping program.

The public employment security offices, the labor unions and the labor contractors all desired that the wavelike fluctuations of employment be averaged throughout the month.

The battery-leading-to-death case of August 1956, to which we just referred before, was certainly caused originally from this concentrating of severe work in

a limited period within a month. Taking a warning from this case, the Kobe Port Stevedore Control Committee was formed in October 16, 1956, by the members of the representatives of the Kobe Shipping Bureau (an Agent of the Ministry of Transportation), the Kobe Customs House, the Hyogo Bureau of Labor Standard, the Kobe Municipal Bureau of Port and Harbor, the Kobe Public Employment Security Office, the Kobe Foreign Trade Association, the Kansai Foreign Shipowners' Association, the Kobe Liners' Association and the labor contractors' and subcontractors' associations. They agreed to the following resolutions and began to practice them from October 24, 1956.

- (1) Loading of cargo which is done by the hands of one gang (20-25 workers) either during the daytime or at night should be limited to 200 tons as a lot.
- (2) When the total loading for a vessel is under 1000 tons, the work should cease at half-a-night. Half-a-night means until 9 o'clock P.M. When it is under 3000 tons, all-night work is permissible only once. When it is over 3000 tons, the number of times for all-night work may be added by one for every 3000 tons as an unit.
- (3) Every contractor and subcontractor should report to the office the number of lots which they demand, classifying the work as daytime, half-a-night, all-night or 2 days running, and also report whether they need or not an arrangement of laborers for the number of lots in which they must engage. The Committee may control the proper quantities between them.
- (4) Measures above-mentioned should be practiced at the end of every month (28th).

Besides, the Committee asked all shipping companies and foreign traders for an arrangement of their programs of placing ships and cargo forwardings so as not to concentrate everything at the end and beginning of every month.

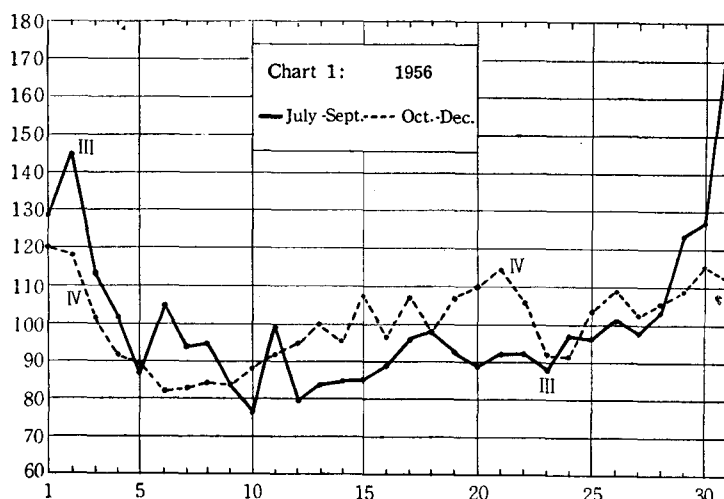
The above measures were successful to a certain extent since then. That is, the concentration of handling cargoes has been moderated to some extent and consequently the employment of port laborers has been somewhat averaged during the month. The daily fluctuations of the employment of free port-laborers through PESO are shown in the charts at the end. All fluctuations in the charts are expressed as index numbers which are based on the averages (that is, average = 100.0) of daily figures in each month and are averaged again quarterly for every year.

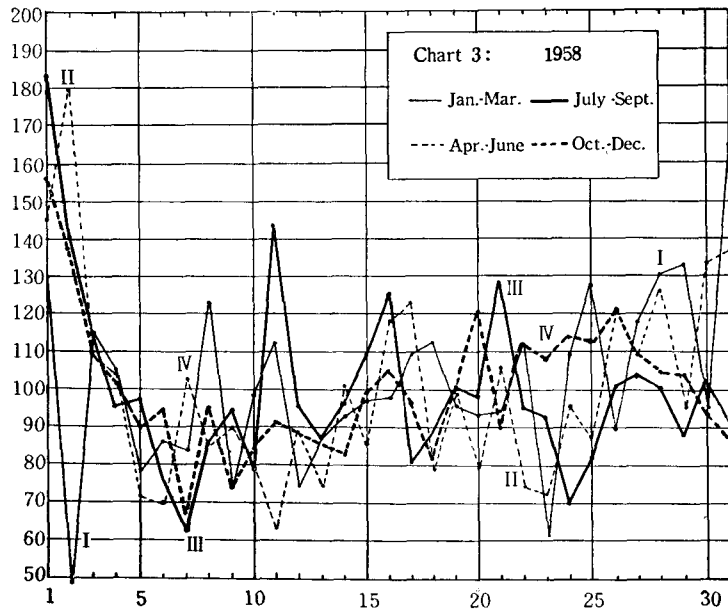
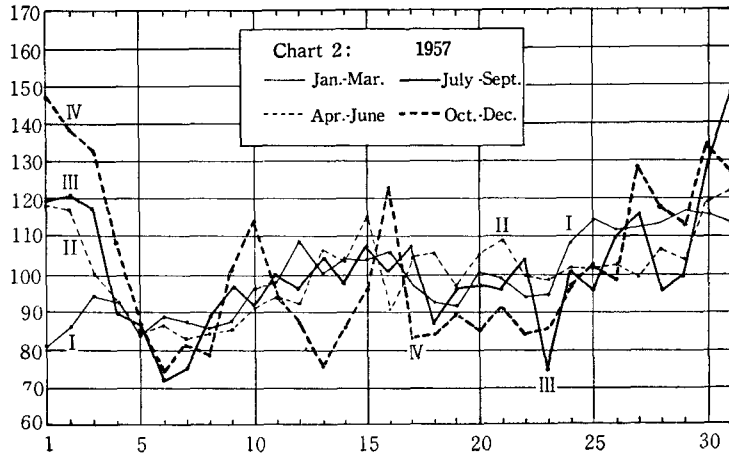
Moreover, in addition to the exercise of the above measures, the business conditions in Japan's foreign trades have gradually declined, because of the strengthened control of foreign exchange which began from the spring of 1958. Port laborer em-

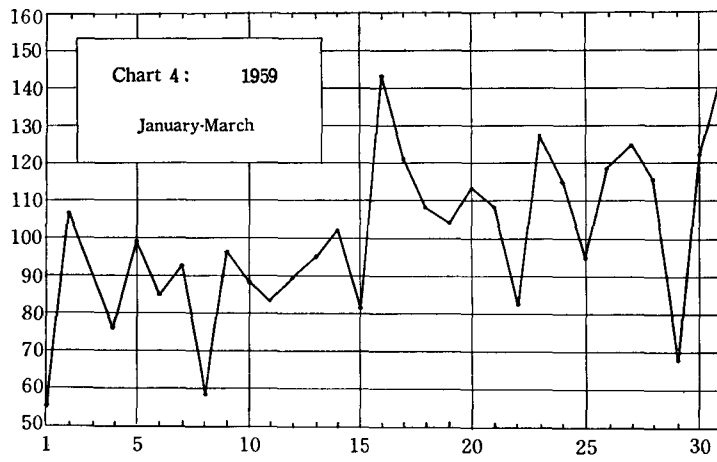
ployment has naturally decreased, and even on the busiest days, unemployed laborers are large in number. These unemployed, if they are qualified, are generally used at various works given for unemployment relief by the government, otherwise they are employed for private work through the service of PESO.

Many questions still remain on port labor. The recommendations stated in the report (mentioned above) which was submitted in November, 1956 to the Ministry of Labor from the Counter-Measure Conference for Port Labor Problems have not yet been completely carried out. Besides, other measures decided at the governmental agencies, for example, a port laborers' hand book system, the prohibition of raising laborers on the outside by PESO, etc. have not yet been fulfilled, on account of the hesitation on the part of the employers. Illegitimate employment by an arranger or a boss has not yet disappeared and for such illegitimate employment and outside employment, higher wages are usually paid than those announced publicly or the payment for laborers employed through PESO. This is certainly a valid reason why the orders and rules in port labor markets cannot be readily observed.

QUARTERLY INDEXES FOR DAILY
EMPLOYMENT OF REGISTERED FREE LABORERS IN KOBE PORT
Monthly Average=100







NOTE: Calculated from the data given by the Employment Security Section, Hyogo Prefecture.

THE DEVELOPMENT OF THE CONCEPT “OPERATOR” IN JAPAN

Seiji SASAKI

Foreword

After World War II Japanese shipping circles have popularized a strange pair of maritime terms, “Owner” and “Operator” due to their enthusiasm for English. These words, however, have very special Japanese meanings in their real use or in their scientific concepts. In Japanese, “Owner” sometimes corresponds to “Jun-Shenshu” and “Operator” is frequently equivalent to “Unkogyo-sha.” And as the term “Jun-Shenshu” means a simple or pure shipowner, it would refer to only a part of Japanese shipowners, who own but don’t operate their ships. On the other hand, the term “Unkogyo-sha” is more curious, for all of them are, in fact, not only operating much tonnage but owning so much their ships too, even if less than operated vessels. Therefore they are not pure operators in rigid meaning of the word in English. It is thus very questionable whether either of these Japanese maritime terms “Owner” and “Operator” can be called English.

Sometimes the phenomenon or its theory on the separation of the operating business from owning business of the vessel may be raised as a basis for these distinctive terms, but this opinion also includes other questions, for such separation has created the most popular concepts of “Charterer” and “Shipowner” as international maritime terms. In addition, we must also examine whether both concepts of “Owner” and “Jun-senshu” are equal, or whether “Operator” and “Unkogyo-sha” are same. These two of current maritime terms are very interesting, and involve in themselves many important specialities, which were brought about by both historical process and today’s conditions of Japanese shipping industry. Fuller details on the above-said problems, however, shall be given at an other opportunity,

if possible, and this article will treat mainly the term "*Operator*" along with its historical appearance and developmental process. Here we previously notice that the italic "*Operator*" means "Unkogyo-sha" or the Japanese terminology, and we shall regard "*Operator*" and "Unkogyo-sha" as being similar in this article for the sake of brevity of description.

(1)

"*Operator*" or "Unkogyo-sha" as a special maritime term developed as a name for one of the distinctive groups inside all Japanese shipping interests. It is almost certain that this distinction resulted from the so-called separation between the ownership function and the operating function of the vessel. But we must recognize, as has been described, the historical and substantial disparities in such a simple and rough expression. This separation is and must be divided into two parts. The first and most popular one is known by the terms, "Shipowner" and "Charterer," and the secondary special one brings the distinction between "Jun-shenshu" or "*Owner*" and "Unkogyo-sha" or "*Operator*" inside pure shipping agents. The shipowner and Charterer are international terms which have been recognized since ancient times, and have been used most commonly in Europe and America. On the other hand, the secondary separation appeared just after the development of our modern shipping industry, and it seems that such distinctive words, especially *Operator*, are not yet used as common technical terms in modern world shipping circles, even though such separation of function is itself fairly regarded in real business or in theoretical study.

The concept "Unkogyo-sha" or "*Operator*" does not mean a simple "Charterer," but is clearly a pure shipping agent who takes charge of the operating function of vessels as his chief occupation. The charterer is a common or all-inclusive being, whether it is a shipping agent or not. It includes all the enterprises which is chartering a vessel from her shipowner. Over against this the Unkogyo-sha (*Operator*) was a pure shipping company and as such it was enough actually to operate ships for the purpose of transporting people or shipper's cargo. Whether a charterer or not and whether a shipowner or not, have by origin no relation to being a Unkogyo-sha. But actually the Unkogyo-sha or "*Operator*" has a very close connection with the terms "charterer" and "shipowner." Among others the relation between charterer and *Operator* is nearest and most important.

Though it was a general rule that the shipping agent was shipowner as well as carrier, and that all shipowners were most certainly shipping agents, the charterer

was not necessarily a pure shipping agent, for even trading firms or other large shippers were able to charter and operate vessels. Under such circumstances the main reason why Unkogyo-sha was recognized as a new independent group among shipping agents had to be found in the point that it did adopt special or exceptional, but fairly similar business method to that of the charterer. Charterer and Unkogyo-sha, apparently, engaged together in the same marine transportation business depending on chartered ships. On the points that both employed steamer from her owner, and that both took charge of operating functions instead of the shipowner, the Unkogyo-sha was much closer to the charterer. Now, we can start our study on the beginning of the concept Unkogyo-sha or *Operator* by asking the time and reason of its appearance as another group outside the charterer.

Generally speaking, modern Japanese shipping industry started in the right direction by the hands of both monopolistic enterprises, the Nippon Yusen Kaisha and the Osaka Shosen Kaisha. These largest companies were clear shipowners as well as strong carriers which operated their own vessels as a rule. They had been called by a special Japanese term "Shasen" which meant a privileged power. They were such a special group in Japanese shipping circles that till World War II no other name was necessary for them. Therefore they had no relation with the appearance of the intentional term "Unkogyo-sha" or the foreign-born expression "*Operator*."

Operator was indeed formed and recognized as a name for the general unprivileged shipping agents' group, so-called "Shagaisen." Apart from the Shasen group, modern general shipping companies had been mainly established by the hands of individual shipowners, about after the 20th of the Meiji Era, who had bought one or two steamers and at first operated them on intercoastal or neighboring routes. Almost all of those earliest Shagaisen group, therefore, were carriers as well as shipowners. There was also no active necessity for such a special distinctive name as Unkogyo-sha in the early days of the Shagaisen. The Zaibatsu shipping group, like the Mitsui Bussan and the Mitsubishi Shoji, — they had been sometimes called by another word, "Jogaisen" (excluded ships) and later been included into the Shagaisen group — were merchant carriers which had to be distinguished from pure shipping agents. And as they were so much nearer to the charterer-concept, they also gave no-impetus to the creation of the new term.

The Sino-Japanese War (1893-4) and the Russo-Japanese War (1903-4) gave the greatest and most important opportunities for modern Japanese shipping industry, especially the Shagaisen, to develop on a general and rapid scale. Many

new steamship companies had taken part in doing modern shipping business with larger steamers and over many ocean routes. An approach to larger-sized steamers and longer navigation routes was a natural tendency of those days. This movement was attended by a noticeable change in the general Shagaisen business management, which had been regarding a conversion from their business type of small-scale owning and operating steamers to large-scale hiring, then the above-said secondary function separation, after the development of modern shipping, spread out at last on a large scale. It was clear that such change or separation had been brought about by the original stagnation of Japanese shipping agents (ship-owners), and that the shipowners who had bought or built larger steamers had hardly sufficient ability to operate their vessels profitably by their own hands. On this point, we may state that a similar or original shipping enterprise to today's Junshenshu (*Owner*) had appeared at a relative early stage.

Those function separation, however, still remained in a condition which were only noted as the distinction between shipowner and charterer, so that Unkogyo-sha, which should be distinguished from charterer, was not approved publicly. Until World War I it was common knowledge that the majority of large or middle-sized steamers which were navigating on all ocean routes beyond the neighboring waters were operated by only Mitsui Bussan, and that the Shagaisen was almost controlled by the Mitsui.* Consequently the general Shagaisen-shipowners which became to play only the part of ownership had recognized the Mitsui Bussan as almost the only charterer of their large steamers, and they had entrusted all the real operating business of their vessels to this trading firm.

The famous Mitsui Bussan Shenpakubu which had been established as a normal department of this trading company on April 29, 1903 might be recognized as one of the shipping agents, but so far as it was the sub-organization of this company and performed both the business of owning and operating for the purpose of carrying their merchant goods, at least, so far as it was a clear merchant carrier, we can not describe it as a pure shipping agent. Their chartering or operating business was nearer to that of a charterer than that of *Operator*.

During this period, the N.Y.K. and the O.S.K., sometimes, had also chartered and operated a few Shagaisen. But they, as it has described, had formed a privileged group which had been given exclusive government protection and carried on main regular line-services and did not need any other name like *Operator*.

* cf. The Kaiun Kokokushi, 1927, p. 754.

(2)

The modern (secondary) separation phenomenon between the owning function and the operating function of a vessel had hardly an opportunity to be recognized in Japanese shipping circles before World War I. The extraordinary shortage of tonnage in this war was a decisive factor in such a transfer. Many shipping millionaires were born of this boom, and every shipowner selected a large-sized steamship as a simple and prompt method of speculative wealth accumulation. But they did not operate their steamers by their own hands due to inexperience. The function separation has consequently come forward, and such simple shipowner-groups naturally differed from the ship-operator groups. The former aimed at charterage, and the latter purposed to obtain a greater surplus of freight over charterage, or to gain profits to protect their trading business.

About June 1917, 252 Shagaisen (steamers) were chartered while only 64 steamers were operated by their owners, that is, 80 per cent were in fact operated by non-shipowners. But we must lay much more stress on the following fact, that new operating enterprises have been formed inside the so-called "Charterer" or "Operator." This is more important than such phenomenal materials as a change in the Shagaisen shipowners' business or the ratio of chartered steamers, for those new comers were given first and direct opportunity to be recognized Unkogyosha or *Operator* as a special group in our country. The fact that many shipowners had built or bought large steamers for the purpose of hiring them out, and the N.Y.K., the O. S. K., the Mitsui Bussan and a few other trading firms had chartered those steamers, were not yet enough to create the concept, "Unkogyo-sha" or "*Operator*," because the conditions were the same as usual, and the later would rather be called by the term "Charterer." The Unkogyo-sha must be a group distinct from the usual charterer. Now, any group could charter and operate newly those Shagaisen?

The data that the Kaiun-kokoku-shi had recorded on the basis of the main number of cases chartered during the four months from May to August, 1917, give us a valuable suggestion to approach this problem.

Co. Suzuki Shoten	51
Mistui Bussan	36
Yamashita Kisen Kaisha	30
Shoshou Yoko	15
Foreign Trading Firms	15
Co. Masudaya	8

Co. Yuasa Shoten	7
Co. Okura Shoji	5
Taiyo-kaiun Kaisha	4
Co. Murai Boeki	4

(The Kaiun-kokoku-shi p. 757)

Eight members among the above ten charterers were clear trading enterprises. Two members, the Yamashita Kisen Kaisha and the Taiyo-kaiun Kaisha, were famous and true steamship companies, which of course meant they were also pure shipping agents. Both of them are still main members of today's shipping circles. From these figures, we can clearly see that the former had chartered 36 steamers while the latter had chartered 4 vessels during this period.

The beginning of the Yamashita Shipping Company goes way back to the opening years of the 20th Century. Mr. Kamesaburo Yamashita, a coal merchant, had bought the *Kisagata-maru* in 1903 and organized the Yamashita Gomei-Kaisha (an unlimited partnership) in 1911. In 1916 this enterprise was reorganized into a joint-stock company, the Yamashita Kisen Kabushiki-Kaisha. On the other hand, the Taiyo Kaiun Kaisha (a joint-stock company) was a new steamship company, which was established by Chojiro Ito, Chozo Ito, T. Iguchi, T. Ishida, N. Hatsui, G. Katsuta, Y. Ugawa and T. Hirota in 1917, just in the midst of the war.

Mr. Yamashita had been only an insignificant "single ship owner" and mainly rented his steamers to the Mitsui Bussan or the Katsuta Shokai, a shipping broker, because of his inexperience or ignorance of the ship-operating business until World War I. This war, however, led him to enter this field, for he owned just then not only many steamers, but operated many more vessels which were chartered from other shipowners. The Taiyo Kaiun was a special shipping firm without their own ships, at least till the next year, in which their first steamer, "*Ume-maru*" was bought into. Therefore this company began their shipping business by operating the chartered vessels for freight.

Compared with the ordinary business of the N.Y.K., the O.S.K. or of the trading firms these two shipping enterprises carried on, at least were thought to carry on, a strange shipping business, for they aimed mainly to charter and operate many steamers with almost the sole purpose of gaining a surplus of freight over their charterage costs. It was certainly an entirely new business from those of the usual charterer and Shasen, so that it led to the creation of the concept "Unkogyo-sha" or *Operator*. Thus we can recognize those two steamship companies as the originator of this Japanese special name.

(3)

A large-scale function separation had not only created the concepts "Shipowner" and "Charterer" but just now formed a new pair of concepts "Shipowner" and "Ship-operator." The latter led to a more widespread appreciation of such distinction between many general enterprise types which were satisfied with the ownership business of vessels and a few special types which aimed mainly at operating as pure shipping agents themselves. As a general rule, the former, the Junshenshu in Japanese, was a kind of shipping agent which owned the vessel but did not operate it. They lent their steamers to other shipping agents or trading firms to gain the charterage. And the greater part of the Shagaisen, so-called "a single ship owner," "individual shipowner" or "minor shipowner," belonged to this group. On the other hand, the latter, the Unkogyo-sha, owned a few steamers or none at all and aimed mainly at operating the chartered steamers in line with their own business plan. The vessels thus carried only such cargoes as they gathered from many shippers, and earned greater freight than the charterage costs which he had to pay the shipowners. Though the word operator in English originally meant such a simple agent who operated ships regardless of their ownership relation, the Unkogyo-sha, or *Operator* in Japanese was a more specially limited concept.

Apart from the Taiyo Kaiun which owned no steamers, at least during the one year after its foundation, the Yamashita Kisen owned, in fact, some steamers and operated them together with chartered vessels. The N.Y.K. and the O.S.K. also chartered steamers from the Shagaisen group and operated them together with their own vessels. On this point, the Yamashita and the N.Y.K. or the O.S.K. were in the same condition, even though the latter, the Shasen, was a privileged group and carried on mainly line business. So far as it was a true shipping agent, there was hardly any distinction between the Yamashita and the others. But, as has often been described, the difference between the Shasen and the Shagaisen was too absolute and rigid, so that, the Yamashita had to be called by another name. This was the main reason that the name or its concept, like Unkogyo-sha or *Operator* was created in our shipping circles. Therefore, *Operator* was, in its rigid meaning, the operator outside the Shasen group, and limited to within the Shagaisen group.

There are some questions on the problem as to whether the term, "*Operator*" had been used popularly in those days. This word had been first recognized in the description of the Kaiun-Kokokushi which had been published in 1927. This tells us the fact that the term was used from about the end of the Taisho era or from the

early years of the Showa era, though the meaning of “*Operator*” in Japanese, as above-said, was perfectly distinctive from that of its ordinary English connotation.

Since the concept, Unkogyo-sha or *Operator*, had been acknowledged in Japan as a special kind of shipping agent, its meaning or its concept has changed in real usage today. It may be said that this term has a historical development. Now we shall start to seek for an early estimation of this special shipping agent. On this subject matter, the above-said history-book, the Kaiun-Kokokushi, gives us valuable suggestions. It describes in summary as follows; though a senior in shipping circles had pointed out and deplored the fact that there had not been any development of the *Operator* in our country, this was rather a speciality in Japanese shipping circles,this was a kind of abnormal business in the transition period, and if large-scale shipping companies which could carry on a worldwide transportation or the so-called great international shipping brokers which would treat all shipping business would develop in the future, such an exceptional business, like *Operator*, would begin to decline,the supremacy of *Operator*, therefore, meant rather the infant development of our shipping industry,it would be very questionable, whether such a growth as *Operator* could be regarded with pride, and whether it would develop in the future,

We can to-day regard the Unkogyo-sha as true shipping agents, for they carry on complete transportation functions of ships. And also it can be said that the development of many *Operator*, like the Yamashita and the Taiyo, as well as the N.Y.K. and the O.S.K. ought to have meant the prosperity of Japanese shipping as a whole. Furthermore, as this book describes, some men of foresight had stressed the need of the appearance of such shipping agents. Nevertheless, the author of the above-said book, a famous shipping newspaperman, dared to assue that such *Operators* would be abnormal and there was no hope for their growth. Though it may have been the man’s arbitrary opinion, his thought was never random or senseless, so far as he was a well-known journalist and the author of voluminous, fairly authorized shipping history book. We must naturally understand that there were also strong anti-*Operator* opinions or contemptuous attitudes toward the Unkogyo-sha in those days.

(4)

So far as the term had been used with such limited special meaning or method that only a few operating Shagaisen group, namely the Yamashita Kisen and the Taiyo Kaiun, or the Daido Kaiun Kaisha which was established in 1930 were called

by this word, the concept of *Operator* or Unkogyo-sha had a special characteristic. Frankly speaking, the early *Operators* were estimated as fairly a contemptuous group, and therefore the word had an insulting tone. This can be also clearly understood by the words of another expert in relation to the term. Mr. Okazaki, the general director of the Nippon Shipping Exchange, defined this special group as speculative shipping agents in his book, the Kaiun*. Many experienced shipping men affirmed also that the Yamashita, the Taiyo and the Daido had speculator's tendencies in those days, and that the early business type of those two or three *Operators* were treated as abnormal or heretical. Perhaps, there was jealousy over their active development in the general Shagaisen group, while *Operator* was distinguished as an ignoble tramp steamship company different from the Shasen group. It can be easily supposed that such jealousy would lead to an unreasonable undersetimation of them.

The Yamashita kept on operating 500,000-800,000 dead-weight tonnage in those days and the Taiyo continuously chartered over 300,000 too. During the long depression period after World War I both companies gave, indeed, an opportunity for the voluminous Shagaisen to continue their real activities. They stimulated not only the growth of many other *Operator* businesses, but accelerated the development of modern Japanese shipping industry as a whole. Thus the earliest *Operator* rendered remarkable services to Japanese shipping history. Nevertheless the frequent tendency of looking askance at the pioneer was apt to regard the *Operator* as a speculator and to underestimate it. So far, the concept, Unkogyo-sha or *Operator* was yet indistinct and undeveloped.

Accordingly it is easy to understand that the developmental change of the concept "*Operator*" should have begun by weeping away such an unreasonable impression as that of its being a speculative shipping agent and by improving the condition that was apt to be despised. Indeed the real course of this development was opened by the direct involvement of many stronger historic shipping companies, though the above-said two or three companies also developed within themselves and through their success gave great impetus to the business of other shipping agents.

Soon after the establishment of the Daido Kaiun Kaisha, at least before the 10th of the Showa era (1935), the Kawasaki Kisen Kaisha, the Kokusai Kisen Kaisha and the Mitsui Bussan Senpaku-bu (the shipping department of the Mitsui Bussan Kaisha) had come to be called by the word "*Operator*." The Kawasaki and the Kokusai were established together in 1919. On this point they were rather

* cf. The Kaiun, p.147.

newcomers after World War I, but both had very close connections with the famous Kawasaki Shipbuilding Company, now the Kawasaki Ju-Kogyo (heavy industry) Kaisha, and constituted the so-called "K-Line." Such a back ground and their powerful activities readily led them to command the confidence of many merchants and general shipping agents. The Mitsui Bussan was, as a matter of course, the most famous historic merchant carrier and even then had begun to develop as a common carrier. Its historical back ground and its control-power for Shagaisen were even greater and stronger than those of the Shasen group.

Since so many stronger shipping agents have been involved in the concept "*Operator*," this term has lost its contemptuous connotation. The word, Unkogyo-sha or *Operator* in Japanese still retains some such special meaning as all of them were special steamship companies which mainly chartered ships belonging to other firms. There was accordingly something of a speculative nature in those *Operator's* business. But now it is not worthy of special mention. Even if they had some speculative business, it no longer had any effect of lowering their positions as shipping agents. On the contrary, the term became a respectful word for first-class shipping agents, which were mostly large-scaled companies carrying on an ocean-going transportation business with larger and better steamers than those of other popular shipping firms, some of which operated their own vessels in coastal or inshore routes, like the Shimatani Kisen Kaisha, the Kuribayashi Shosen Kaisha, etc., while the majority owned only their vessels without operating them. For a few of the greatest selective Shagaisen enterprises which were doing ocean or international transportation business such an English or international word was suitable. Any middle-class operating steamship company was, as a rule, placed outside the ordinary meaning of this term.

Such a reversing development of the usage has not only made the position of those *Operators* higher than ever, but resulted in a significant change in the concept, for the term has now become a honorific title for the leading group among Japanese shipping circles, though the meaning, "first class" or "leadership," was still limited within the Shagaisen group. And this was the greatest and most important characteristic in the term till World War II. The prewar term, *Operator* never included the Shasen group, that is, the N.Y.K. and the O.S.K., in its concept. The same word, *Operator*, had and has a very clear difference in its prewar and postwar meanings.

World War II has brought about many revolutionary changes in both the quality and quantity of Japanese shipping industry. The industry itself, is changing as a whole, while each member, himself, has passed or is passing through varied experi-

ences. Above all, there is a discontinuance of the distinctive relation between the Shasen and Shagaisen groups. Those terms have been not used today. We can surmise the following fact from this discontinuance; that the prewar relation of both group powers, or the former's superiority in our shipping circles has changed very clearly and essentially. Though both companies are still the largest and most representative steamship enterprises in Japanese shipping circles, the N.Y.K. and the O.S.K. have almost completely lost their privileged status. The reappearance of their special treatment as Shasen can not perhaps be expected.

By involvement of the above-said two largest shipping agents, the *Oprator* has come to represent the Japanese modern shipping industry as a whole after this war, and to hold a larger-scale leadership. It is even a new term, for its concept has changed so thoroughly. Of course, we must not neglect the fact that there were such historical conditions as the "Unko-jitsumu-sha system" in war shipping control policy which gave a large direct impetus to the diffusion of this word. However, the fact that the scope of *Operator* which had been limited to the Shagaisen group has been enlarged to cover almost all shipping agents and is leading the Japanese shipping industry is most important from the historical developmental viewpoint. Another importance can be found on such points as the real business-performances of prewar *Operators* who had been composed of only a few of the stronger Shagaisen-shu but has approached closer to that of the Shasen group. To-day's *Operators*, either the N.Y.K. and the O.S.K. or the others, are carrying on almost the same services, especially regular transportation services.

In brief, the group, named, "Unkogyo-sha" or "*Operator*," is now governing the entire Japanese shipping industry as well as what the Shasen had been controlled. And in today's concept, the N.Y.K. and the O.S.K. are placed on the same level with other steamship companies, namely *Operators*. There are no longer any clear distinctions. This is an important change in this concept and it may be said that through this development the Japanese special term "*Operator*" is approaching the English concept of "Operator."

SINGLE INDUSTRY TOWNS IN JAPAN

Minoru BEIKA

(1)

In Japan, a considerable part of her industrial activities has been concentrated in a few central districts including our representative trade ports, Keihin (Tokyo and Yokohama), Hansin (Osaka and Kobe), and Chukyo (Nagoya), especially where many classes of industries have accumulated. This is because our country must depend on raw materials from abroad and foreign markets for products to a high degree, as she has less industrial resources and smaller home markets, and moreover it is due to the fact that the surplus population in agricultural districts has concentrated in those few industrial districts. Accordingly, our local districts have relatively fewer industrial plants, excluding certain traditional localized ones, and other small-sized industrial firms. However, some modernized chemical industries (synthetic fibre, oil or natural gas chemical industries, etc.) have recently been constructed in the country districts.

As the result, a considerable number of the large plants in the country, which belong to representative industrial companies in Japan, have naturally formed quite a few "single-industry-towns" in agricultural districts. These plants chiefly belong to the iron and steel, shipbuilding, and chemical industries. These kinds of industries are formed not only in the central industrial districts, but also in the agricultural districts. Such a single-industry-town has characteristic features relating to the company and community relations, being considerable different from the features in the central districts. This article is to deal with the management problems for a core plant in relation to such a single-industry-town in Japan. We can find one more type of a single-industry-town which has a certain localized industry through a number of small-sized firms. But this article omits the latter

type, since it has different problems.

(2)

In general, the economic activity of an industrial plant has an important effect upon the economic, social, and cultural lives of the local community where the plant is located. Economically, employment and income in the community are the principal effects. They are not only in relation to the number of workers and the amount of income which have directly originated from the wages and salaries, and the various other payments by the plant, but also to the indirect effects which the direct activities of the plant have circulated by giving employment and income to various other activities in the local community. Several studies for these problems have been found before. Moreover, the more the relative weight occupied by the plant in the community grows, the more its effects are many sided and larger; they are not only economic phases, but also social and cultural phases. Furthermore, the characteristics of the various activities in such a community also have no small effect on the activities of the plant. It is possible to find a most remarkable model of such relation between the company and community in the "single-industry-town." These phenomena are also not unusual in Japan. A single-industry-town in Japan seems to have the common general characteristics as in other industrial countries, and it also has peculiar characteristics found only in Japan. The purpose of this article is to point out these characteristics.

Representative single-industry-towns in Japan are as follows'.

Manufacturing Industry (1957)

Single industry town	Prefecture	Population	Core plant	Employee
Sunagawa	Hokkaido	31, 437	artificial fertilizer	2, 454
Tomakomai	Hokkaido	57, 190	pulp and paper	3, 114
Muroran	Hokkaido	134, 508	iron and steel	7, 881
Kamaishi	Iwate	84, 706	iron and steel	3, 128
Hitachi	Ibaraki	145, 816	{metallic mining electric machine	7, 381
Toyota	Aichi	43, 079	motorcar and track	3, 000
Kariya	Aichi	54, 640	machine	12, 000
Aioi	Hyogo	35, 905	ship building	5, 826
Tamano	Okayama	65, 202	ship building	6, 500
Innoshima	Hiroshima	42, 759	ship building	5, 000
Ube	Yamaguchi	169, 626	coal mining, artificial fertilizer and cement	6, 173
				4, 156
				18, 000

Niihama	Ehime	112,570	metal mining, chemical products and machine	8,000
Omuta	Fukuoka	205,880	coal mining and chemical products	26,000
Nobeoka	Miyazaki	120,202	chemical products	12,000

Mining Industry

Yubari	Hokkaido	131,666	coal mining	{ 12,428
Mikasa	Hokkaido	61,576	coal mining	{ 1,152
Bibai	Hokkaido	91,231	coal mining	{ 5,999
Ashibe+su	Hokkaido	74,957	coal mining	{ 1,762
Matsuo	Iwate	21,645	metal mining	{ 5,500
Osarizawa	Akita	11,142	metal mining	{ 3,824
Ashio	Tochigi	18,510	metal mining	{ 5,073
Kamioka	Gifu	26,871	metal mining	{ 3,711
Yanahara	Okayama	16,082	metal mining	4,465
Takashima	Nagasaki	18,253	coal mining	2,598
Sakito	Nagasaki	25,548	coal mining	2,400
				3,800
				2,600
				4,551
				3,940

Looking over the above table, we can see that single-industry-towns in Japan usually have a population of about 20,000 to 60,000 in general, and in the few cities their populations are between 100,000 to 200,000 that a core industrial plant has developed to integrate the independent or dependent associated industrial plants horizontally and vertically, and that these cities have multi-core plants mutually related.

(3)

Mutual relations between the core plant and the local community where the plant is located, are found in various activities as follows:

- (1) Mutual relations between the core plant and other residential industrial firms (chiefly middle-and small-sized firms due to the single industry town),
 - (2) Mutual relations between the core plant and many local wholesale and retail merchants,
 - (3) Mutual relations between the core plant and local agricultural activities,
 - (4) Mutual relations between economic and social activities of the core plant and the various phases of life of the townsmen.
- (1) The core plant and other residential industrial firms.

Since there are primarily few industrial firms required by the core plant in a single industry town, the core plant should either have some of their own subsidiary

establishments necessary to the principal manufacturing activities, or foster some independent associated industrial firms in the local community. Even if the core plant could utilize these independent associated firms, the plant should hold itself responsible for supporting these associated firms, since independent associated firms can find few customers except the core plant in the local community. Such relations will bring characteristic management policies and behaviors to both. It is desirable that the core plant adopt business policies to foster the residential associated firms, not to utilize them as neutral zones for economic fluctuations. Such policies should be favourable to the core plant too, in the long run. But care must be taken as some problems are apt to accompany them. It tends, not only, for the associated firms to be gripped by inertia as they grow accustomed to the fostering policies of the core plant, but also for the management of the latter itself to fall into a habit of idle ease from its dominating position in the community. It is one of the serious problems of industrial development in the present technical innovation age.

(2) The core plant and local merchants.

In Japan, the local community where the core plant is located, is relatively insignificant as a market for these products (even if consumer goods) of the plant, in most cases. Therefore in this case, the matter is chiefly concentrated in the problem of distributing the necessities of life to the townsmen and the employees of the plant. One problem is related to the effect on the commercial activities in the local community by the business conditions of the core plant. The other problems are concerned with the coordination or competition between the institutions controlled by the plant to supply commodities to the employees and the independent local wholesalers and retailers. The former problems include not only the economic effects from the amount of the various payments of the plant, but also the direct and indirect effects on the commercial activities of the community by the method of those payments and the buying habits and modes of the lives of the employees. An example can be taken from the fact that commodities prices in some single industry towns tend to rise 10% to 20% on pay-day every month. Moreover price levels in most single industry towns seem to be higher than in other ordinary industrial districts. Local retailers in such town are inclined to neglect the improvement of their marketing management, due to the same hot house growth as the sub-manufacturers above-stated. For that reason, the core plant might necessarily have to get their own shops to sell (or supply) the commodities of life to their employees at lower prices and with more service. As a result, it often brings about conflict between the two—the local retailers (and wholesalers) and the plant shops. More-

over, retired workers from the plant have opened quite a few retail shops in the same town. It should be one of the inevitable responsibilities of the core plant to adjust the interests of the concerned groups; employees, retailers and townsmen.

(3) The core plant and local agricultural activities.

These relations are necessarily more important in single industry towns than in other industrial districts. Problems are found on two-fold. One is related to the physical effects, and the other to the human and structural effects. The physical effects are such problems as land use competitions between industrial and agricultural activities, and the disposition of harmful plant water and smoke. These should be settled not only as one of the plant policies in local community relations, but also for technological efficiency in the manufacturing process. The human and structural effects on agricultural activities are no less important than the physical effects. In a single industry town, the core plant inevitably has to employ for workers, a considerable number of the farmers or their family in the neighbouring rural communities. As a result, pure farmers decrease and side farmers increase, so gradually the type of so-called "plant-worker-farmers" has come into existence. Thus the administration of such farm villages and the management of their agricultural industry come to have characteristic problems, such as the increase of very small-sized farmers, the idea toward agriculture of the farmers in such districts changes and their mode of life too is affected not a little by those changes. The core plant must investigate the quality of such workers, for industrial activities. These workers in farm villages have fairly different natures from those of workers in industrial districts. Moreover, the core plant should inevitably share the responsibility of developing such agricultural communities, more or less, because Japan has originally less arable land for provisions (only about less than 20% of the whole land). The agriculture and industry relations are one of the most important problems in our country.

(4) The core plant and the lives of the townsmen.

The industrial development of the core plant means an increase in the employment of the local people, but the degree of the employment increase is generally lower than the degree of population increase in the local community, due to technical developments in industry. Since there are few other industries for employment in the town, employment problems are very serious in a single industry town. Moreover, the quality of the operations of a core plant may characteristically limit the quality of the employees, for instance, sex, or age restriction, kind of skill, and so on. Accordingly, the structure of the occupied population in a single industry town tends to incline to a conspicuous unbalance that it is in danger of being

detrimentally affected by economic fluctuations.

In short, the four types of mutual relations between a core plant and its local community above-stated, emphasizes the importance of local community relations, for the core plant or its company in a single industry town.

(4)

What are the real states of the community relations policy of industrial companies in Japan? Generally speaking, most of our industrial companies do not seem to have definite community relations policies. Actually, the general affairs department of our companies which is a relatively characteristic department of our companies, deal with such problems, without having definite policies. Especially, real activities in the community relations have been undertaken in single industry towns. It is now a question as to what constitute problems in actual community relations in the single industry town.

In a sense the community relations in single industry towns in Japan seem to go beyond a moderate state. As stated at the beginning of this article, the industrial activities have been concentrated in few central districts, so a number of single industry towns has come into existence in local districts. Therefore, the core plants in these towns must necessarily undertake much work which are not directly related to the original business of the plants and which are unnecessary in these central districts, for the purpose of preparing good working conditions for their employees. Such positive favouring policies to the local community have been traditionally institutionalized, so that the various facilities given by the core plant have unconsciously been deserving to not only the employees and the townsmen, but also to the local government. Thus the employees and townsmen tend to lack positive will for improvement. These phenomena can be seen as being caused by the insensible excess of community relations policies of the core plant.

Generally, the characteristics of a modern town (or city) life are so many sided and so dynamic that the business activities, cultural lives, amusement, religious and daily lives of the townsmen are separated from each other in the community. However, in a single industry town, the many-sided lives of people are blocked up in the same circle to a considerable extent and have features similar to the rural community life of Japan. We can go so far as to say, that in some cases the single industry town seems to have a feudalistic atmosphere. Accordingly, the management of the core plant has been directly or indirectly affected by such an atmosphere. This is also one of the important management problems for business enterprises in Japan.

Community relations in general are very essential for business enterprises, as it has recently been emphasized, especially in the U.S.A. But naturally the actual policies must be peculiar to each real industrial business. It is natural that community relations have been emphasized in American industrial enterprises recently, since they have established many new branch-plants at great strides in various new locations for the expanding markets of their country. In Japan, the enterprises should reflect on their existing community relations policies which have naturally accumulated through unavoidable necessity, at least in the single industry towns. In such cases, the simple intensification of community relations might have resulted in human inertia against the improving activities of the townsmen and the management of the core plant. Moreover, the municipality, the local self-governing body and the state, also tend to depend on the community relations policies of the core plant. These mutual relations might have brought about the actual features of the labour and management relations as more characteristic or more undesirable in certain cases. Community relations in single industry towns must be an essential matter of concern for the interest groups, but actual policies and behavior must be decided under actual circumstances.

In the industrial districts, however, the necessity of so-called community relations should be emphasized, since the local industrialists and the national industrialists or the local firms and the large plants of nation-wide companies might not always have good relations with each other in the local communities.

(5)

The management problems in business activities due to spatiality which may be found in the internal relation of the company, consist of two sides which conceptionally are actually combined. One side of the problem may be found in the spatial diversification (branch plants, sales offices, etc.) of the company. The other may be the management problems that each of the diversified establishments of the company has been affected by the peculiar conditions of the enviroing local community. The latter problems seem to be more weighty than the former in Japan.

Many reasons could be enumerated. But in the final analysis, the dual (unbalanced) structure of economic conditions in Japan should have been realized in the spatial phases of industrial management. The real features could be found in the unbalance between urban (or metropolitan) and rural communities in their economic, social and cultural phases, the accumulated industrial concentration in

the few central districts and the formation of single industry towns and of dotted small-sized industrial districts, and of the excessive concentration in Tokyo of the head offices of many representative companies. As a result, the regional differences by the unbalance between forwardness and backwardness in regional development, have caused difficult management problems in multi-establishment companies. Typical cases are to be found in single industry towns, as stated before.

Accordingly, for the purpose of solving such problems even to a small degree the community-relations policies in a single industry town should be examined by the concerned companies on the one hand, and regional development policies should aim to remove the regional unbalance on the other hand. Especially, in the latter, the regional industrial development policies by the government have important relation to the problem. Generally, industrial development has been seen to have a direct effect on employment and income in the local community, but attention must be paid so that a balanced regional development in industrial activities can gradually settle one of the spatial problems in the management of the companies, and contribute indirectly to the industrial development of Japan as the whole. The latter viewpoint must be emphasized to prevent a shortsighted application of the location theory. The single industry town has typically shown us one of the characteristic features of the regional problems of industrial activities in Japan.

ON THE APPLICATION OF THE SOCIAL ACCOUNTING PRINCIPLE TO BUSINESS ACCOUNTING

Nobuko Nosé

I. Introduction

Recently, Dr. Bray has made a proposal saying that it is necessary to apply the principle of social accounting to business accounting. In other words, the main points of his writing can be understood as follows, that is—he tried to establish 1) a measuring principle for business income and 2) an accounting system for business accounting to fit that of social accounting and to develop this method for that purpose.⁽¹⁾

We would like to take up the first problem in his remarks in this article. The reason we do this is that, first of all, this problem is the most important before and is set to the line of “relation between accounting and economics” as the theoretical background for this argument. Secondly, there still remain many pros and cons concerning this problem as it was formed during the period when the inflation was going on in England. The study of this problem is also very interesting from the view point of its relationship with the economic background in England.

Analysis of this problem will be made in the following order:

- I. An outline of Dr. Bray's proposal.
- II. His thoughts in his proposal and opposite opinions.
- III. Social background of Dr. Bray's proposal.
- IV. Conclusion.

(1) See his works 'Measurement of Profit,' 'Accounting Mission,' 'Four Essays in Accounting Theory' and 'The Interpretation of Accounting.'

(II)

The postulate of measurement on social accounting, which he used as a standard for studying business accounting, is the method of recording transactions for the business sector in the category of the social accounting concerned. There is nothing peculiar in this itself, because considerable isomorphism lies between the accounting system in the business sector and business accounting. The question arises as to the reason of applying this method to business accounting, which has already established its postulate, convention and assumption, unless this application comes from the practical reasons.

Dr. Bray's explanation on this point is not so very clear and not intersecting as that of the social accounting view. If forced to find a reason from the social accounting view, we should conclude that the current business accounting system, in the course of expected fluctuations in price level and increasing productivity, is now in a stage where its convention needs to be reexamined and reformed, and also to be adjusted by way of adding the logic of economics to the conventional tendency with influenced by law. Here, he compares the two accounting situations on the concept of business income. According to his words, these two forms of accountings are different on the following two points regarding fundamental measurement.

- 1) Whereas social accounting measures the produced value added, business accounting evaluates the profit from revenue—from realized sales.
- 2) Social accounting estimates and sums up the imput according to the current market price basis, while business accounting does so according to the historical cost basis which has been really paid by the business.

It is interesting to note that Dr. Bray places great importance on the second point when he examines the concept of business income, that is, what he says is that there are many defects in which present accounting adopts the monetary postulate when inflation is going on. About that, he says "there is little that we should need to say about this if we still lived in times of relatively stable money values. As things have turned out, particularly in the face of rising prices, it is very doubtful whether this approach can be supported."⁽¹⁾

Thus, he insists that the depreciation system of traditional accounting, which can be traced back to the past historical cost which was ruled by the Recommendations on Accounting Principles by the Institute of Chartered Accountants of England and Wales, is a backward-looking method, and the depreciation system of social accounting, according to the current market price or replacement cost, is a forward-

looking one, and the latter surpasses the former when counting economic income. This argument on treating fixed assets applies also to inventory assets. Regarding the above-mentioned Recommendations which are concerned only with 'the lower of cost or market value' and 'the consistency in method', he says. "The questions of replacement does not arise in arriving at the accounting measurement of profit."⁽²⁾

This traditional method regards only for expending money capital on inventories, and contrasts with the method of social accounting in which the inventory cost is counted according to the last cost or end period prices. Thus, the business income, counted by the traditional method, cannot help amounting to a large sum of money which contains capital gain—the difference between historical costs and current prices. In this way, Dr. Bray opposes the concept of the *real capital maintenance* behind the income count in social accounting to that of the *maintenance of contributed money capital of proprietors* behind the business income count in business accounting, and in conclusion, he insists that it is necessary for us to depend upon the former method which is significant in national economics.

(1) F. S. Bray, 'Measurement of Profit,' p.67.

(2) Bray, 'Measurement,' *ibid.*

III

In Dr. Bray's proposal, the social accounting postulate should be taken into business accounting as a part of his demand in which he insists that the consistency should always be held between social accounting and business accounting. But, we wonder whether this consistency can be formed between two accounting systems of such different spheres and whether there can be any question beyond the balance of the two systems. Let us examine this matter a little further.

First of all, we would like to see the situation of those who study social accounting. When they count the accounting aggregates in a business sector, they estimate the expense of the inventory and fixed assets according to the current market prices. So, their way of doing comes from the motive of social accounting itself in which they wish to count the real value of one year's productive activity in one country according to the current market prices. This testing of theirs is naturally needed for measuring the real national products. But it does not mean for other accounting systems to imitate this, nor does it mean that it is generally used for micro accounting entity—for instance, for business. Of course, in social accounting, some statisticians, who are really collecting and examining data, are dissatisfied

with the amount of depreciation expenses and inventory cost, which is given by business accounting,⁽¹⁾ and also support the argument on the consistency of the two systems in appraisal method as they wish to enforce the direct count of the sampling method.⁽²⁾ It goes without saying that this opinion itself comes from practical reasons—a quite practical motive in which they can carry out accurately, cheaply, and immediately the counts in social accounting, not from any theoretical reason.

Then, we must inspect his proposal from a theoretical viewpoint.

First, we can recognize that the problem in the business income concept is not only a matter of the relation between social accounting and business accounting but it also has a more profound background. This is understood as the line of subject which arose concerning the relation between accounting and economics. Therefore, next, let us see how the position of this problem is fixed in the history of the relation between accounting and economics. First, social accounting is a kind of national accounting in which we count the social income according to the definition of economics, and it is well known that the principle of real capital maintenance, the principle of income count for social accounting, was originally stated by Pigou⁽³⁾ and followed by other economists to estimate the national income, the objective counterpart of economic welfare. Added to this, in the relation between the two studies which is prosecuted through an examination of accounting income and economic income, that this principle of economic income count is quoted as the fundamental basis is well recognized by those who know the related process between these two studies.⁽⁴⁾

We can, after all, understand that Dr. Bray's proposal is to study the relation between social accounting and business accounting instead of that between accounting and economics. On the other hand, examining this relation from the accounting viewpoint, we can know that this is evidently one expression of the argument of whether it should depend upon the historical cost basis or the replacement cost (current market price) basis as the principle of measuring business profit. Those who insist on the replacement cost or current market price always quote more or less this economist's income and capital conception as the core of their arguments. So, from these two above-mentioned points, we can understand what it means in accounting when the income conception of social accounting is applied to the business accounting which finally goes to the argument of the principle of the replacement cost or current market—periodical matching of revenue and cost in same price levels.

Now we would like to examine more about whether this opinion in accounting

has any other points for argument aside from Dr. Bray's explanation. People who prefer the replacement cost principle are convinced that they can restore the value of explanation about the statement of profit and loss and resolve the problem of present financial deficiencies at the same time, and believe themselves right, having their just economic income conception as their chief reasonable support, and having the responsibility for manager to reserve replacement fund, the demand for sound finance and holding the comparability of business efficiency, the elimination of the influences toward business fluctuation, and finally the claim of accordance to the national income accounting as complementary support.⁽⁵⁾ Here, we can see the fact that the basis of Dr. Bray's argument is equivalent to only the above mentioned last point as complementary support. By the way, we know that this replacement cost principle can be passed if it can completely conquer the opposite cost principle—the last card of traditional scholars in accounting. This last card is theoretically stated as follows. According to Mr. Norris, 1) We do not think that monetary value fluctuation will happen as a count term in accounting. 2) We have to apprehend capital and interest concepts in their primary meanings. 3) We should satisfy the necessity of objectivity on reports of past transactions. 4) We must think of the measurement of profit and financial policy to be in different dimensions. And adding to these, Norris insists that he cannot easily get index and datum proper in practical collection.⁽⁶⁾

Moreover, the above-mentioned argument of cost basis can satisfy the following as being more practical arguments. 1) Want of a replacement fund depends on the re-investment condition of funds in business and the degree of technical advancement. 2) There is an institutional objection, for instance, disagreement of tax authorities. 3) managers of business do not like to use the replacement cost basis during a depression. 4) The purpose of fund increases and tax reductions can be achieved by increasing the retained profit and introducing some device as the initial allowance into the tax law. And, in England, there is one objection, given by the Tucker Report, from the impartial point of view—an objection for the preferential treatment to the owners of business as against other classes of tax-payers, especially to the owners of special businesses.⁽⁷⁾

Dr. Bray has to dispute every one of these objections and conquer them so that his insistence of the replacement cost principle may have a persuasive effect in accounting. It is not so persuasive, if he only insists that the income count principle of social accounting should be the same as that of business accounting without disputing above points.

- (1) S. Kuznets, 'Changing Inventory Valuations and Their Effect on Business Savings and on National Income Produced,' see also, S. Fabricant, 'On the Treatments of Corporate Savings in the Measurement of National Income.'
- (2) R. Stone, J.E. Utting and I. Darbin, 'The Use of Sampling Methods in National Income,' *Accounting Research*, Vol. 1, No. 4, July, 1950.
- (3) A.C. Pigou, 'Economics of Welfare,' Ch. 4.
- (4) J.T. Wheeler, 'Economics and Accounting,' pp.42-76, Ch. 2 of 'Handbook of Modern Accounting,' edited by M. Backer. Study Group on Business Income, 'Changing Concept of Business Income,' Ch. 3.
- (5) A. R. Prest, 'Replacement Cost Depreciation,' *Accounting Research*, Vol. 1, No. 4, July, 1950.
- (6) H. Norris, 'Profit, Accounting Theory and Economics,' *Economica*, Aug., 1945.
- (7) Tucker Report, Article 100, 104, 105 and 109 of Ch. 3.

IV

The objection to Dr. Bray's argument is not only prominent as an accounting argument, but it also depends upon present business conditions which are the real base of accounting, that is, upon the fact that there are really some lines of business which are against taking the uniform social accounting principle. Now, let us study the social meaning of Dr. Bray's argument and the opinions against it behind the social framework of England. First, in the general background, the degree of prices increase in England after World War II, is shown in a general price index as:—52(1945), 58(1947), 67(1948), 70(1949), 80(1950), 97(1951), 100(1952) [100 = (1953)],⁽¹⁾ and then it is shown in an average index of replacement cost as this —159(1945), 195(1947), 209(1948), 218(1949), 232(1950) [100 = (1938)].⁽²⁾ This is the background for inflation accounting, which is insisted upon by scholars on current market price basis.

This background, however, is only a general base. So it does not mean the urgency degree of the physical capital maintenance or of interest taking a new accounting system in each business. As for my opinion, this is the very background to which each business objects to take the new unifying count system as Dr. Bray says.

So, when we consider his proposal of the replacement cost basis, we must at first understand that each business is different in the timing of its capital expenditure and enjoys different effects from it.

The above-mentioned Tucker Report looks askance at the fact that some business had prepared all their equipment before the war, as this proposal was allowed by tax laws, and they have not yet paid for replacement and new capital after the war, but still have obsolete machinery without treating as scrap. These businesses generally do not expend capital to modernise their plants, and have fixed

assets lately, saying that they had expended their capital before the War, and have received much more tax benefits than re-expended businesses.⁽³⁾ Thus, as the Tucker Report suggests, it is natural that there are many objections on the side of a new business or any expansion in existing ones.

But questions do not disappear here, for there are some businesses that object because they can not practise it at all. Probably, there will be some businesses which are not willing to agree to change the present accounting system even if they have the above-mentioned conditions, because it is difficult in them to treat the inflation accounting.

So, secondly, we must recognize that a business, which cannot get much revenue in proportion to its cost increase, will be against this proposal. This includes two kinds of business, one is the public company under the control by the government, and the other is a business which can not make profits even in the time of inflation—under conditions of general small products. In these two, the former can request a revision of fee to the government, saying that they will increase their replacement expense unless they are able to increase the price and will be able to get an allowance from the government before long, while the latter's objection comes from the fact that the increasing degree of price and the rate of profit have their weakness and incongruity at the time of inflation especially at the end, and these kinds of business cannot always help clinging to count according to the historical cost unless they have the ability of obtaining enough profit. So, the argument, which existed only one side, should be considered wider.

Thirdly, the technical level in making a price index is not the same in each business. The objection of traditional accounting scholars, saying that the index puts selfishness into right technique, is suspended with the fact that producing an accumulated price index is too difficult for minor private companies without any count equipment.

Moreover, in accounting for inflation in England, we see the fact that the Federation of British Industries is its direct advocate, and some big business recommends and practises it. And more remarkable thing, we should know that this business is the famous monopolistic enterprise, i.e. Imperial Chemical Industry, Ltd. and Unileverse. From this, we can understand that Dr. Bray's proposal of taking the social accounting postulate into business accounting is not an urgent matter for many average businesses or those below average, but is recognized by only a few big businesses as an interesting idea.

(1) Source, 'World Statistics,' Vol. 8. p. 460.

- (2) Taxation and Research Committee, 'Accounting for Inflation.'
- (3) Tucker Report, *ibid.* Article 109. Now, we must add that the initial allowance system, recommended by the Tucker Report, which admits to count 40—20% of the initial allowance of fixed asset is relief for inflation accounting in England.

V

1) Dr. Bray's opinion of taking the social accounting postulate into business accounting is summarized in the argument of the replacement cost basis in business income count.

2) Dr. Bray's insistence is one of the expressions at present in the relation between 'accounting and economics.'

3) Dr. Bray's argument has not yet been proved enough as a criticism for present business accounting, while, in its inclination of surpassing the theory of social accounting, it is deficient in persuasive ability—lack of theoretical accuracy.

4) As I mentioned before, the adaptation of the social accounting principle into business accounting is not always useful for every business, but is useful for only a few special businesses—partiality.

5) The application of the social accounting principle to business accounting is only supported by practical props, i. e. easy, cheap estimation in social accounting and desire of rising provisions in big business.

VALUATION OF WORK IN PROCESS

Susumu WATANABE

I

Here we understand by 'valuation of work in process' the determination of costs to be assigned to work in process, not yet finished at the end of the cost accounting period. In process cost accounting on the basis of actual costs, the sum of manufacturing costs of the period and costs of work-in-process inventory at the beginning of the period (hereinafter referred to as 'total manufacturing costs') is to be divided between finished goods of the period and work in process at its end, with the logical consequence that the determination of costs to be assigned to work in process at the end of the period is at the same time the determination of costs to be assigned to finished goods of the period. The relation, therefore, between total manufacturing costs and valuation of finished goods and work in process may be stated by the following formula:

$$\begin{aligned} C_1 + C_2 &= C_3 + C_4 \\ C_1 + C_2 - C_3 &= C_4 \quad \dots\dots(1) \end{aligned}$$

C_1 =costs of work in process at the beginning of the period, C_2 =manufacturing costs of the period, C_3 =costs of work in process at the end of the period, C_4 =costs of finished goods of the period.

By formula (1), we first determine costs of work in process, and then find costs of finished goods by deducting costs of work in process from total manufacturing costs. But this is not the only possible way of allocating total manufacturing costs. Such allocation may also be attained by the following formula:

$$C_1 + C_2 - C_4 = C_3 \quad \dots\dots(2)$$

Formula (2) is no less theoretical and no less practicable than formula (1) in allocating total manufacturing costs between finished goods and work in process. In

addition to formulas (1) and (2) by which C_3 or C_4 is first determined and then deducted from $C_1 + C_2$ to find C_4 or C_3 , it is possible to compute C_3 and C_4 independently of each other (in accordance with the principle of cost allocation to be mentioned below). But formula (1) is in general use, solely because it is the simplest procedure.

The following are important factors to be taken into consideration in allocating total manufacturing costs between finished goods of the period and ending work-in-process inventory.

(1) Process cost accounting is the method applied to those industries in which a continuous and repetitive production of the same kinds of goods is carried on. Costs of a given department or process are assigned uniformly among units produced in the department or process. In other words, the unit cost of the products is calculated in terms of average cost. That is because there is no reason why one unit should be distinguished from another in assigning manufacturing costs. (Here process cost accounting is to be differentiated from job order cost accounting in which production costs are accumulated for each production order, each production order having its own costs to be assigned to it.) The performance of that particular department or process necessary for obtaining average unit cost is represented in terms of finished units. For instance, work in process, 200 units 60 per cent. complete, is added to finished units as equivalent to 120 finished units. The quantity thus represented in terms of finished units is called 'equivalent production' or 'effective production'. Thus a common denominator necessary to compute average unit cost is obtained by computing equivalent production.

Equivalent production is generally computed with regard to materials on the one hand and labor and manufacturing overhead on the other. The proportion of materials contained in unfinished units at the end of the period to materials contained in finished units is not necessarily equal to the proportion of labor and overhead assignable to unfinished units to labor and overhead assignable to finished units. As to materials, we first estimate the ratio of materials contained in unfinished units to materials contained in finished units, and then obtain equivalent production of unfinished units at the end of the period by multiplying the quantity of unfinished units by that ratio. As to labor and manufacturing overhead, we first estimate the ratio of unfinished units at the end of the period to finished units in terms of stages of completion, and then obtain equivalent production of unfinished units at the end of the period by multiplying the quantity of unfinished units by that ratio.

The correctness of the estimation of materials contained or of stages of comple-

tion, through influencing the estimation of the performance of that department or process, exerts a great influence upon cost assignment between finished and unfinished units. It is in this aspect that the alleged importance of the valuation of unfinished units in process cost accounting is to be considered. For if equivalent production is properly estimated, assignment of costs will automatically be correctly made between finished units and unfinished units at the end of the period on the assumption as to the 'flow of cost factors' to be mentioned in the following paragraph.

(2) As to the flow of cost factors there are three assumptions generally accepted: (a) first-in first-out, (b) average, and (c) last-in first-out. On the basis of these assumptions there arise Fifo, average and Lifo methods respectively. These three methods have a uniform application to all kinds of inventories. Cost assignment in process cost accounting is no exception to the rule. In other words, costs of unfinished units at the end of the period may be regarded as consisting exclusively of manufacturing costs of the period—provided the quantity of unfinished units at the end of the period is not greater than the quantity of manufactured units corresponding to the manufacturing costs of the period—(Fifo), as consisting of both the costs of unfinished units brought forward from the preceding period and the manufacturing costs of the period (average method), or as consisting of the costs of unfinished units brought forward from the preceding period—provided the ending quantity of unfinished units is not greater than the beginning quantity of unfinished units—(Lifo).

In the case of the Fifo method, the costs of unfinished units at the end of the period are valued as consisting solely of manufacturing costs of the period. The unit cost necessary to value unfinished units at the end of the period is obtained by applying the following formula:

$$U_f = \frac{C_2}{q_4 + (P_3 \times Q_3) - (P_1 \times Q_1)}$$

U_f = unit cost to be used in valuing unfinished units by Fifo, q_4 = quantity of finished units of the period, P_3 = stage of completion of unfinished units at the end of the period, Q_3 = quantity of unfinished units at the end of the period, P_1 = stage of completion of unfinished units brought forward from the preceding period, Q_1 = quantity of unfinished units brought forward from the preceding period.

Hereinafter we refer to the denominator in this formula $q_4 + (P_3 \times Q_3) - (P_1 \times Q_1)$ as performance corresponding to the manufacturing costs of the period. This is a quantity obtained by subtracting the equivalent production of unfinished units brought forward from the preceding period from the total of the quantity of finished

units of the period and of the equivalent production of unfinished units at the end of the period. The manufacturing costs of the period have been expended for the production of this quantity. $(P_1 \times Q_1)$ is subtracted because it refers to the performance during the preceding period. But as already pointed out, the cost assigned to unfinished units at the end of the period is to be determined separately with regard to materials and labor and overhead, so that C_2 in the above formula denotes material cost of the period for the purpose of material cost assignment and that it denotes labor cost and overhead of the period for the purpose of assigning them. Correspondingly q , P and Q in the denominator denote q , P and Q corresponding to material cost or labor cost and overhead, and so forth.

Thus the cost of unfinished units at the end of the period ($C_{3,f}$) and the cost of finished units ($C_{4,f}$) are to be calculated by the following formulas:

$$C_{3,f} = U_f \times (P_3 \times Q_3)$$

$$C_{4,f} = C_1 + C_2 - C_{3,f} \quad \text{or} \quad C_1 + U_f \times (q_4 - P_1 \times Q_1)$$

These formulas mean that the cost of finished units is determined on the assumption that the manufacturing costs of the preceding period are contained exclusively in the cost of finished units. As stated above, however, where the quantity of unfinished units at the end of the period exceeds the performance corresponding to the manufacturing costs of the period, part of C_1 is contained in the cost of unfinished units at the end of the period. In this case, therefore, all the costs of the preceding period cannot be said to be contained in the cost of finished units. But such rare cases will be left out of consideration in this article.

In the case of the Lifo method, the valuation of unfinished units at the end of the period is somewhat complicated. The reason is that the valuation of unfinished units at the end of the period varies with the relative quantity of the equivalent production of unfinished units at the end of the period ($P_3 \times Q_3$) and of that of unfinished units at the beginning of the period ($P_1 \times Q_1$).

Where $P_3 \times Q_3 = P_1 \times Q_1$, unfinished units at the end of the period are valued at the amount C_1 . In this case, therefore, C_2 is itself the cost of finished units of the period. Where $P_3 \times Q_3$ is greater than $P_1 \times Q_1$, we divide the quantity $P_3 \times Q_3$ into two parts, (a) that part of $P_3 \times Q_3$ which is equal to $P_1 \times Q_1$ to be valued at C_1 and (b) the excess (hereinafter to be represented by Δq) of $P_3 \times Q_3$ over $P_1 \times Q_1$ to be valued at the unit cost U_f used in the case of the Fifo method. That is because in the case of the Lifo method costs are assigned on the assumption that that part of $P_3 \times Q_3$ which is equal to $P_1 \times Q_1$ continues to be $P_1 \times Q_1$ and that only Δq , the increment during the period, consists of the performance corresponding to the manufactu-

ring costs of the period.

Thus the cost of unfinished units at the end of the period (C_{3l}) and the cost of finished units (C_{4l}) are to be calculated by the following formulas:

$$C_{3l} = C_1 + U_f \times \Delta q$$

$$C_{4l} = C_1 + C_2 - (C_1 + U_f \times \Delta q) \quad \text{or} \quad C_2 - U_f \times \Delta q$$

Where $P_3 \times Q_3$ is smaller than $P_1 \times Q_1$, unfinished units at the end of the period are valued at C_1 less the cost corresponding to the decrement during the period (hereinafter to be represented by $-\Delta q$). In Lifo valuation, C_1 does not generally consist of uniform unit cost, but of 'layers of costs', different layers having different unit costs. Assuming for simplicity's sake that C_1 consists of uniform unit cost, C_{3l} and C_{4l} are as follows:

$$C_{3l} = C_1 - \frac{C_1}{P_1 \times Q_1} \times \Delta q \quad \text{or} \quad \frac{C_1}{P_1 \times Q_1} \times (P_3 \times Q_3)$$

$$C_{4l} = C_1 + C_2 - \frac{C_1}{P_1 \times Q_1} \times (P_3 \times Q_3) \quad \text{or} \quad C_2 + \frac{C_1}{P_1 + Q_1} \times \Delta q$$

In the case of the average method, the total of C_1 and C_2 is distributed between finished units of the period and unfinished units at the end of the period by the ratio between their quantities. The unit cost (U_a) needed for this purpose is calculated as follows:

$$U_a = \frac{C_1 + C_2}{q_4 + (P_3 \times Q_3)}$$

And the cost of unfinished units at the end of the period (C_{3a}) and the cost of finished units (C_{4a}) are to be calculated by the following formulas:

$$C_{3a} = U_a \times (P_3 \times Q_3)$$

$$C_{4a} = C_1 + C_2 - U_a \times (P_3 \times Q_3) \quad \text{or} \quad U_a \times q_4$$

As clearly shown by these formulas, it is characteristic of the average method that the unit cost given to a finished unit is equal to the unit cost given to the unit of the equivalent production of unfinished units. (This is not the case with the Fifo or Lifo method.) But this is the result of the selection of the average method as a cost assignment method. When we say that in process cost accounting the unit cost of the product is an average cost, we do not mean the average cost described above. In other words, process cost accounting lends itself to the application of either the average or Fifo or Lifo method. Selection among these three methods is a matter to be considered from an entirely different point of view.

II

What do we mean by saying that in process cost accounting the unit cost of the product is an average cost (because there is no necessity, as in the case of job order cost accounting, of distinguishing different products in assigning manufacturing costs.)? Does it mean that the unit cost of finished units produced during a cost accounting period is uniform? As a matter of course, uniform costs for finished units can be obtained by dividing, by the quantity of finished units, the costs assigned to finished units by one of those methods. (In the same way, uniform costs for unfinished units can be obtained by dividing, by the quantity of unfinished units, the costs assigned to unfinished units.) But the 'average cost' primarily meant in process cost accounting is not the averaged cost in this sense. For example, the average cost of finished units can be obtained by dividing, by the quantity of finished units, the cost of finished units calculated by the *Fifo* method. In this case, the average cost is as follows:

$$\frac{C_1 + U_f \times (q_4 - P_1 \times Q_1)}{q_4}$$

But this formula is not the only way of obtaining the unit cost of finished units by the *Fifo* method. The *Fifo* method, in distributing manufacturing costs, assumes that the manufacturing costs of the period are first expended for the completion of unfinished units brought forward from the preceding period, and then for the production of units started during the period. Strictly speaking, therefore, finished units of the period should be divided into (a) units brought forward from the preceding period and finished during the current period and (b) units started and finished during the current period, the two parts having costs corresponding to them respectively. Thus the cost of finished units (C_{4f}) is to be divided into the following parts:

$$\begin{aligned} C_1 + U_f \times P_1' \times Q_1 & \dots \text{the part of finished units which consists of units} \\ & \text{brought forward from the preceding period} \dots \text{(a)} \\ U_f \times (q_4 - Q_1) & \dots \text{the part of finished units which consists of units} \\ & \text{started and finished during the current period} \dots \text{(b)} \end{aligned}$$

Here $P_1' = 1 - P_1$

In this case, it is of course possible to obtain average costs of (a) and (b) respectively. The unit cost of (a) is one thing, and that of (b) is another, assuming that cost factors are subject to price fluctuations. That is to say, the unit cost of (a) is $\frac{C_1 + U_f \times P_1' \times Q_1}{Q_1}$, may be different from the unit cost (U_f) of (b).

To divide finished units of the period and to calculate and record the respective costs as above mentioned is not repugnant to the purport of process cost accounting, but is a procedure more compatible with the purpose of the Fifo method, where this method is adopted. It is then obvious that to obtain a uniform unit cost for finished units of the period is not the primary object of process cost accounting. Still less is it the proper purpose of process cost accounting to equalize the unit cost of unfinished units at the end of the period (the stage of completion being of course taken into account) and the unit cost of finished units.

By saying that in process cost accounting the unit cost of the product is an average cost, we really mean that the manufacturing costs of the period (C_2) are equally distributed over the performance corresponding to the manufacturing costs of the period, that is to say, C_2 is equally distributed over the quantity represented by $q_4 + (P_3 \times Q_3) - (P_1 \times Q_1)$. For there is no reason why works of the same kind performed during the same cost accounting period should be distinguished to have different unit costs charged on them. And the unit cost equally distributed over the performance corresponding to the manufacturing costs of the period is U_f .

This incidence of U_f is clearly shown in the Fifo cost allocation. As above mentioned, C_1 and C_2 are distributed in the following relation;

$$C_1 + C_2 = [C_1 + U_f \times P_1' \times Q_1] + [U_f \times (q_4 - Q_1)] + [U_f \times (P_3 \times Q_3)]$$

In the case of the Lifo method, where $P_3 \times Q_3 = P_1 \times Q_1$, finished units are valued at the unit cost of U_f and, where $P_3 \times Q_3$ is greater than $P_1 \times Q_1$, the total of C_1 and C_2 is to be distributed as follows:

$$C_1 + C_2 = [C_2 - U_f \times \Delta q] + [C_1 + U_f \times \Delta q]$$

In the case of the average method, U_f does not become apparent, because the total of C_1 and C_2 is distributed between finished units of the period and unfinished units at the end of the period without distinguishing C_1 and C_2 , and there is no particular need to obtain U_f for C_2 . But the effect of U_f on the valuation of unfinished units at the end of the period by the average method can be found by the following formulas. But, for simplification, q_1 shall stand for $P_1 \times Q_1$, q_3 for $P_3 \times Q_3$, and q_2 for $q_4 + (P_3 \times Q_3) - (P_1 \times Q_1)$. In this case, the cost of unfinished units at the end of the period calculated by Fifo may be represented as follows:

$$C_{3f} = \frac{C_2}{q_2} \times q_3 \quad \text{or} \quad U_f \times q_3$$

The cost of unfinished units calculated by the average method is as follows, and we can see how far $\frac{C_2}{q_2}$ exists in it:

$$\begin{aligned}
 C_{3a} &= \frac{C_1 + C_2}{q_1 + q_2} \times q_3 = \frac{C_1}{q_1 + q_2} \cdot q_3 + \frac{C_2}{q_1 + q_2} \cdot q_3 \\
 &= \frac{C_1}{q_1 + q_2} \cdot q_3 + \frac{C_2}{q_1 + q_2} \cdot q_3 \cdot \frac{q_2}{q_2} = \frac{C_1}{q_1 + q_2} \cdot q_3 + \frac{q_2}{q_1 + q_2} \left(\frac{C_2}{q_2} \cdot q_3 \right)
 \end{aligned}$$

In the case of the average method, $\frac{C_2}{q_2}$ is not particularly calculated, but we should realize that this calculation is hidden in the average method. If we represent by x the quantity consisting of C_1 out of q_3 , and by y the quantity consisting of C_2 , C_{3a} may be expressed as follows:

$$\begin{aligned}
 \frac{C_1}{q_1} x + \frac{C_2}{q_2} y &= C_{3a} \\
 x + y &= q_3
 \end{aligned}$$

The values x and y can easily be obtained by solving the above simultaneous equations.

It has thus become clear that the average cost meant by process cost accounting is not the average cost meant by the average method as a method of cost allocation. And process cost accounting lends itself to the application of either the Fifo, average, or Lifo method. The question which method should be selected is to be considered from an entirely different point of view.

The Fifo method is supported on the ground that it is a method of identifying the flow of cost factors with the flow of goods. In fact, unfinished units at the end of the period in a given department or process will consist of materials received most recently. Thus Fifo is a method of making the flow of cost factors correspond with the flow of goods. But Fifo leaves something to be desired from the point of view of matching costs against revenues on the same price level, because the cost of products calculated by Fifo may include costs of the previous period (perhaps on a different price level) and gross profit or loss from sales may involve 'inventory profit or loss'. The significance and effect of the average method are similar to those of the Fifo method.

The Lifo assumption as to the flow of cost factors does not generally agree with the actual flow of goods. The reason why this method is none the less supported is that the cost of products calculated by this method does not include costs of the previous period (except where the quantity of unfinished units at the end of the period is below the quantity brought forward from the preceding period), and makes it possible to match costs against revenues on the same price level. It should be noted, however, that such matching is possible only where Lifo is applied consistently through all stages of materials, work in process and finished goods. In this case

the manufacturing costs of the period become the cost of goods sold during the period. No such matching is attained where Lifo is applied only at the stage of materials or of finished goods, because part of the manufacturing costs of the period will sink at the stage where Lifo is not applied, and will not be charged on the current revenue. Argument in favor of Lifo at the stage of materials and against it at the stage of work in process or finished goods is lacking in consistency from the theoretical viewpoint (except where the actual flow of goods is last-in first-out only with regard to materials). It is because the proper purpose of Lifo cannot be attained unless the method is consistently applied through all stages of materials, work in process and finished goods, in so far as we recognize the necessity of matching costs against revenues on the same price level, and of excluding 'inventory profit or loss' from the periodic profit or loss.

DEVELOPMENTAL STAGES RELATING TO THEORIES OF STOCK-EQUITY ACCOUNTING

Ryuji TAKEDA

(1)

It is well known that there are "Issue Equity Theory" and "Entity Equity Theory", which mainly support a partial theoretical structure of the Stock-Equity Accounting Theory.

"Issue Equity Theory" means that out of a separate capital fund entrusted to a corporation by a particular class of its stockholders, when a part of corporation own stock is purchased by a corporation, the corporation has paid back to some or all of that class the money which they paid-in and, if there is a premium involved, has at the same time distributed to them some of its accumulated earnings. And "Entity Equity Theory" implies that the corporation has paid back to certain of its stockholders part of the capital fund which was entrusted to it by all of its stockholders, and has reduced its capital fund correspondingly.⁽¹⁾

As it was about five or six years ago that these two equity theories came into question in Japan, there are not sufficient studies relating to these developmental and historical circumstances. Under such particular circumstances in Japan, based upon literatures which I could obtain, I have tried to consider that how Issue Equity Theory and Entity Equity Theory have come into existence in relationship with the history of literature concerning stock-equity accounting in America.

(2)

The processes of systematizing theories relating to Stock-Equity Accounting

(1) Cf. Samuel J. Broad, *The Capital Principle*, Accounting Review, January 1942, p.28.

constitute the essential features in American Accounting, but its formation and evolution belong to the twentieth century. And Issue Equity Theory and Entity Equity Theory are the theories relating to "paid-in capital", which were the focus of active discussion in the 1930's and 1940's.

I intend to follow chronologically the processes of such theories as they appear in writings. In summary, the processes are follows:

- 1917 William A. Paton and Stevenson, *Principles of Accounting*.
 - 1922 William A. Paton, *Accounting Theory*.
 - 1922 Roy B. Kester, *Accounting—Theory and Practice*.
 - 1924 William A. Paton, *Accounting*.
-
- △1932 Adolf A. Berle, Jr., and Gardiner C. Means, *The Modern Corporation And Private Property*.
 - 1932 William A. Paton, ed., *Accountants' Handbook, Second Edition*.
 - 1936 American Accounting Association, *A Tentative Statement of Accounting Principles Underlying Corporate Financial Statements*.
 - 1937 Leo A. Schmidt, *Theory And Mechanics of Accounting*.
-
- 1940 H.T. Scovill, *Premium On Redemption of Preferred-Stock Issues*. *Accounting Review*, June 1940.
 - 1940 William A. Paton, and A. C. Littleton, *An Introduction to Corporate Accounting Standards*.
 - 1941 George Hillis Newlove, Leo Cecil Haynes, and John Arch White, *Elementary Accounting, Revised Edition*.
 - 1941 Frank P. Smith, *Preferred Stock Redemption Premiums*, *Journal of Accountancy*, August 1941.
 - △1941 George O. May, *Premiums on Redemptions of Preferred Stock*, *Journal of Accountancy*, August 1941.
 - 1941 American Accounting Association, *Accounting Principles Underlying Corporate Financial Statements*.
 - 1941 William A. Paton, *Advanced Accounting*.
 - △1942 Samuel J. Broad, *The Capital Principle*, *Accounting Review*, January 1942.
 - 1942 William W. Werntz, *Comments on the Capital Principle*, *Accounting Review*, January 1942.
 - △1943 George O. May, *Financial Accounting*.

- 1943 S.E.C., Accounting Series Release, No, 45. (cf. Newlove-Garner, Advanced Accounting, Vol. I, p.p. 101-2, Lonis H. Rappaport, SEC Accounting Practice And Procedure, 1956, p. 291).
 - △1944 William T. Sunley, and William J. Carter, Corporation Accounting, Revised Edition.
 - 1947 Charles H. Langer, Accounting Principles and Procedure—Advanced Accounting.
 - 1948 American Accounting Association, Accounting Concepts And Standards Underlying Corporate Financial Statements.
 - 1949 William A. Paton, Essentials of Accounting.
-
- 1951 George Hillis Newlove, and S. Paul Garner, Advanced Accounting, Vol. 1.
 - 1951 H. A. Finney, and Herbert E. Miller, Principles of Accounting—Intermediate.
 - 1952 Maurice Moonitz, and Charles C. Staehling, Accounting—An Analysis of its Problems, Vol. II.
 - 1955 William A. Paton, and William A. Paton, Jr., Corporation Accounts And Statements.
 - 1958 H. A. Finney, and Herbert E. Miller, Principles of Accounting—Introductory.
 - 1958 William A. Paton, and Robert L. Dixon, Essentials of Accounting.

(Note) ○ mark means Issue Equity Theory.
△ mark means Entity Equity Theory.

It seems to be reasonable to me that these developments are classified with following four steps.

The First Period—The embryo period of Issue Equity Theory. (1910's - 20's).

The Second Period—The period of insitutionalizing Issue Equity Theory, and the embryo period of Entity Equity Theory. (1930's).

The Third Period—The period of opposition and conflict between Issue Equity Theory and Entity Equity Theory. (1940's).

The Fourth Period—The period of generalization. (1950's).

(3)

The embryo period of Issue Equity Theory contains principally the equity theories of the 1910's and 1920's. As equity theories which belong to this period,

we shall pick up early Paton's accounting theory and Kester's accounting.

Though the thought of distinguishing paid-in capital by classes of stock appears in Paton's stock-equity accounting theory, where capital deductions in the substantial meaning are performed, it is doubtful—because concrete examples are not illustrated—whether he has the intention to follow up the charge against paid-in capital by classes of stock.

Kester says approximately as follows in his "Accounting—Theory and Practice, vol. I" on that aspect. Where more than one kind of stock is issued, such as common, and one or more kinds of preferred, separate capital stock accounts should be kept for each class, and the record of the transactions affecting common and preferred stock should always be kept distinct and separate.

He apparently insists that credit and debit of capital accounts should be treated by each class of capital stock, but he does not illustrate whether he deals with charges to paid-in surplus accounts identically.

Therefore, Paton's and Kester's equity theories have meaning as being embryo types from the view-point of Issue Equity Theory at present.

(4)

The thought of entity equity comes into existence in studies in the 1930's.

Men who embossed the Entity Equity Theory with well defined patterns, were Adolf A. Berle and Gardiner C. Means (*The Modern Corporation And Private Property*, 1932), as far as I know. This book does not belong to accounting fields, but is juridical in nature. We shall not be able to overlook it in the history of equity accounting, because it is the first study on entity equity theory.

An outline of their insistence is mostly as follows. Many corporation statutes permit payments made for preferred shares to be deducted, at least in part, from capital account, thereby preserving unimpaired the surplus account, leaving it available for dividends. If redemption premiums of preferred shares can be paid only out of earned surplus, the operation might reduce the earned surplus so far that payment of dividends upon the junior shares might be prevented. Accordingly, corporations set up paid-in surplus, thereby protecting their earned surplus account from drains occasioned by retirements.

The legal ideas of Berle-Means were later endorsed from the accounting view-point by Samuel J. Broad. Accordingly, their article gives Entity Equity Theory the features of an embryo.

In opposition to Entity Equity Theory, Issue Equity Theory gained an institu-

tional foundation about the middle of 1930. It means that the idea of Issue Equity Theory was adopted as a capital principle in "A Tentative Statement of Accounting Principles Underlying Corporate Financial Statements" by the Executive Committee of the American Accounting Association (1936).

(5)

As problems relating to accounting practice, controversies concerning either entity equity basis or issue equity basis were raised many times in the 1940's.

New special tendencies occurred in aspects of corporate financing from about 1935. One important tendency was the predominance of securities floated for refunding purposes. For instance, during the five year period of July 1, 1935 to June 30, 1940 securities registered with the S.E.C. for the purpose of redeeming (out of proceeds) outstanding preferred stocks totaled approximately \$616,000,000, or approximately five per cent of all securities effectively registered in this period."⁽²⁾

Referring to the practical necessity above mentioned, the recording of preferred stock redemption premiums may prove to be a problem of practical importance. The logic of A. A. A. Accounting Principles in 1936 remains unchanged in William A. Paton and A. C. Littleton, "An Introduction to Corporate Accounting Standards" in 1940.

At the same time of Paton and Littleton, H. T. Scovill developed the Issue Equity Theory about preferred stock redemption premiums. His study is based on the reasoning developed from the economic concept of profit and loss in business and from a single entry method of calculating profits. His conclusions is that "the premium paid upon the redemption of an entire issue of preferred stock is properly chargeable to earned surplus to the extent that the total premium paid exceeds the amount of premium paid into the issuing corporation on the same issue of preferred stock at the time it was issued."⁽³⁾ There is the completed transaction theory as a premise of his conclusion.

A similar conclusion to that of Scovill was expressed by Frank P. Smith in 1941. But the conclusion reached in Smith's article is presented entirely from the standpoint of the corporation.

The insistence of Smith was taken over in Wernz's comments (Accounting Re-

(2) Frank P. Smith, Preferred Stock Redemption Premiums, Journal of Accountancy, August 1941, p.133.

(3) H. Scovill, Premium on Redemption of Preferred-Stock Issues, Accounting Review, June 1940, p.205.

view, 1942), and later Wernz's opinion was formally presented in S.E.C. Accounting Series Release, No, 45 in 1943.

Samuel J. Broad backed up the thought of Berle-Means from both legal standpoint and corporate entity standpoint (The Capital Principle, Accounting Review, January 1942). But his article is aimed at the critiques against "Accounting Principles Underlying Corporate Financial Statements," A.A.A., 1941.

His conclusions are as follows. "From a legal standpoint, as well as from a corporate entity standpoint, it would seem that a corporation has one capital fund and one capital fund only." "Accordingly, I (S. J. Broad) see no occasion for the accountant to depart from the legal interpretation of the transaction, namely, that the corporation has a single capital fund entrusted to it by stockholders as a whole to be used for their benefit and that any increase or decrease in this fund is an increase or decrease of capital, and not a distribution of income."

Capital concepts according to his thinking, are not concepts of economic capital and of capital from the standpoint of the stockholders, but concepts of the equity of the corporation as a separate entity, that is the business capital concepts. Accordingly, it seems to me that he conceives accountabilities of corporation for its stockholders, which are discharged by fulfilling the rights that are established by law and by the contract contained in the charter of the corporation.

Since the main factors of accounting purposes is to hold the historical records of transactions on the one hand and clearly present its records as well as fairly report them on the other, I can not express approval for Broad's logic that paid-in surplus may indiscriminately be utilized for all kinds of adjustments in all classes of capital stocks.

George O. May rejects not only dealing with paid-in capital by classes of shares, but also treating redemption premium as a charge for earned surplus. As logical grounds for his argument, based on his peculiar opinions that accounting is not a science but a utilitarian art, he has reached the conclusion that accountants should hold no more authority than the rules prescribed by the corporation statute.

We can find the same propositions in Sunley-Carter's Corporation Accounting.

Accordingly, we may conclude that the Entity Equity Theory is an expression of juridical accounting thoughts.

(6)

Why do we have to keep the separation of paid-in capital by classes of stock in Issue Equity Theory? Stating my conclusion first, we should understand it as

a form of revelation of the cost principles in equity accounting. Accordingly, an amount recognized as the cost in equity is not such a nominal dollar amount as a par or stated value, but an amount actually paid-in to a corporation as a bargained price, namely the paid-in capital or the contributed capital, which may appear as a result of financial exchange between the corporate entity and its stockholders. Issue Equity Theory is supported by the thought that intends to support continually the apparent line to present clearly costs by each class of stock, as well as not to disturb such a cost where the equity adjustments have occurred.

As different classes of stockholders may have different grades of interests in corporations, where corporation issues more than one kind of stock, we shall be able to understand that the corporate entity is bound by the lump-accountabilities differentiated by classes of stockholders.

What we must pay attention to here is that Issue Equity Theory does not intend to deal with the paid-in capital which are usually attached to physical securities.

Issue Equity Theory in the modern sense may come into being with acknowledging that the flow of physical securities and the cost flow have to be systematized separately. Therefore, Issue Equity Theory based upon cost principles is not the accounting thought that intends to calculate paid-in capital by *each* stockholders and has also already overridden thoughts of stewardship. We shall be able to appreciate that not only does it make clear the situation of accountabilities to the different classes of stockholders, but it also performs the principles of social responsibilities under circumstances which those stockholders spread widely over society.

ON THE RATE OF INTEREST IN BUSINESS ADMINISTRATION

Jiro ONO

(I)

It is a matter of common knowledge that interest is an essential factor in the important problems of financial management, i.e. the valuation of enterprise, the control of working capital by coordinating buying-and selling terms, price policy (e.g. decision of transfer price), dividend policy and a comparison of production processes etc., and that for many years various opinions on interest in business have been published, especially from the view-point of cost accounting.

However, it seems to me that there have been few opinion in which the interest in business was considered as one of the most important categories of economics. But a consideration from this fundamental side must not be disregarded because a business is also an economy.

So, here, referring to several sources, I will try to consider the theory of Eugen Schmalenbach on interest in business from this fundamental point of view.

(II)

On interest in business, there are two opinions, i.e., one that understands it as a general category essential in economy and another that understands it as a historical category which appears in only a given step of economic development.

According to the theory of E. Schmalenbach, who insists on the first opinion in accord with K. Mellerowicz and K. Schwantag et al., the purpose of economy is to give human beings as many as possible the useful goods at the least cost, and for that purpose business is responsible and must compare cost with cost, cost with utility, and utility with utility of goods and services that are used or produced in business.⁽¹⁾

His “cost” means the value of goods that are consumed in the production process whether it is disbursed or not, and “the value of goods” is decided again by its utility and scarcity. So, cost is the loss of utility and has its origin in the fact that by applying the goods to a given production-process the possibility of its application to another is limited or excluded.⁽²⁾

And capital, i.e. the stock of goods, also has particular utility in that through a so-called round-about-production-process it increases the building powers and durability in the economy of all development-steps. This utility has its own value, which appears as price in credit-circulation and is independent of the value of goods embodying the capital.

Schmalenbach defines this price or value of capital utility as interest. Therefore, the interest in business means the loss of utility i. e. the occurrence of cost because an amount of capital is used and bound in a business and cannot be applied to other purposes.⁽³⁾

This definition of the interest concept indicates that Schmalenbach views interest as an essential category in every step of economic development, which is made clearer in his opinion of cost appraisal as follows.

Cost is a concept which makes it possible to realize a definite purpose in accordance with the purpose of economy that produces goods (i.e. value) in as large quantities as possible with the least cost, so that it must be appraised at such an amount as might make it possible for a business to reach an exact decision out of the many possibilities and get the most economic result, that is, it must be appraised as “Die optimale Geltungszahl,” which means such a figure that a production not capable of being done will be done if the cost is appraised at a lower value than it, and a production to be done will be neglected if appraised at a higher value.

Establishing such figure is essential in business and the economy of all development-steps, not only of capitalism but of the central-controlled Russian type. There may be some difficulty of calculation in an economic structure, but it does not deny “Die optimale Geltungszahl.” Neglecting it is neglecting the subject of economy, and in such an economy, on the one hand, the cultural and economical due demands of the people are not taken care of, and on the other hand, useful goods are left.

This principle must be applied to capital interest. Interest appears

- (1) as the transaction-price or the control-price built among economic parties in a credit-economy.
- (2) as the transaction-price decided between two economic parties (e.g. house rent) even where there is no general credit-circulation.

- (3) as the calculation-price i.e. the yard-stick measure for the use of capital in business.
- (4) as the calculation-price also in a controlled economy where the government has capital and a free credit-circulation is not found.

So, interest can exist not only as market price but as calculation-price—“Die optimale Geltungszahl” that is essential to carry out the economic purpose in Business and also in national economy, i.e. to transfer capital to a place where it can get the highest utility. The rate of interest—the most general form representing interest—as calculation-price also must be appraised at such a figure that, whatever the historical step of the economic development is, if the rate is appraised lower than it the capital will be invested where it need not be used, and if it is appraised higher the useful investment objects will be neglected without due reason.⁽⁴⁾

On the contrary, in the second theory, interest is understood as a historical category that appears only in a given step of the economic development. According to the opinion of A. Schnettler who tried to consider interest in business as an independent object apart from any money- and capital market, one of the most important characters of the present-day economic institution is that when the various production-means are bound into an organization i.e. a business, a higher value than the value of the consumed goods is produced. So because of this structure of social economy, business cannot exist if it does not produce this surplus in addition to the value consumed from a long view-point. As a compensation the amount of surplus, which is generally produced on an average with the capital in an economy, must be given to the capital used in each business whatever the form of finance.

In other words, this amount of surplus is an equivalent necessary to control the use of capital, to keep the stream of capital orderly, and to assure the existence of business. And Schnettler defined this equivalent as “the interest essential in business (Der betriebswirtschaftliche Zins).”

Therefore, he understood interest as the factor that appears only in the production-process characteristic in present-day economy, not as the cost essential in the production-processes of all steps of economic development. He stated that interest exists in a private-capitalism-economy where individuals have money-capital and business-means-capital, and they are bound into a business for an equivalent i.e. interest, and in a national-capitalism-economy where money-capital is in the hands of the government but business-means-capital is in the hands of individuals and production is still done privately, however, interest does not exist in a commun-

ism-economy where the government has all the capital.

And further, he said "The interest in business is seized as a part of the profit and only as an amount for calculation from one point of view, and as cost from the other. In my opinion it does not matter whether the interest is a part of the profit or not." That is, in his theory, it was not made clear that interest is a cost.⁽⁵⁾

M. R. Lehmann also, in his early work,⁽⁶⁾ insisted that interest is not a cost-factor, but that it is necessary to calculate the interest of the whole capital used in business.

We have known that there are two different standpoints in the theories which recognize interest as an essential factor in the calculation for business administration. In the latter point of view, interest is regarded not as a general category in economy but as a category peculiar to a particular step of the economic development, starting at rather a given present-day business than the whole of social economy. On the contrary, in the opinion of Schmalenbach or Schwantag⁽⁷⁾ interest is understood as the value of capital-utility general in every step of the economic development, as cost in business and as "Die optimale Geltungszahl" which makes an exact comparison, essential to an orderly capital-control, possible.

Here, we can find one of the characteristics of the theory of Schmalenbach, which is related to his basic view-point that it is one of the most serious tasks of business finance to make the limited amount of capital bind more productively, and that we have already recognized in his theory on enterprise-valuation or on capital-concept.

Then, one of the most important problems is how to decide the rate of interest in business as "Die optimale Geltungszahl." In the following, we try to consider this point by examining his opinion on interest-building.

Note

- (1) Eugen Schmalenbach; *Praktische Wirtschaftslenkung*, Band 1, Die optimale Geltungszahl, 1948, p.14-p.16.
- (2) E. Schmalenbach; *Kostenrechnung und Preispolitik*, 1956, p.5, and see F. F. Wieser; *Theorie der gesellschaftlicher Wirtschafts*, 1924, p.74.
K. Mellerowicz; *Kosten und Kostenrechnung I*, 1957, p.4 and p.78.
- (3) E. Schmalenbach; *Kapital, Kredit und Zins*, 1951, p.18 and p.40.
- (4) E. Schmalenbach; *ibid.*, p.47-p.48.
E. Schmalenbach; *Die optimale Geltungszahl*, p.45-p.49, p.67, and p.85-86.
- (5) A. Schnettler; *Der Betriebswirtschaftliche Zins*, 1931, p.5-p.6, p.8-p.9, p.16 and p.20-p.21.
- (6) M. R. Lehmann; *Allgemeine Betriebswirtschaftlehre*, 1930, p.148-p.149.
- (7) K. Schwantag; *Zins und Kapital in der Kostenrechnung*, 1948. He also starts from the same stand-point as Schmalenbaches'.

(III)

In Schmalenbach's theory of business finance, there is the thought that the value, which is conjectured as being built when every body in the social economy is supposed to act only economically, must be adopted as the calculation-value to regulate the activities of all economy, including businesses, i.e. the thought that the price, which is found in the mechanism of a perfectly free competition, is the most useful value of cost and utility. And this thought is found also in his theory on the rate of interest.

Here Schmalenbach adopts the method of deducting an abstraction, in which conditions that have no actuality are imagined and are gradually changed in thought to conform to actual problems. Because the rate of interest, which is very complex and influenced by various forces, can be exactly observed only by isolating it in thought from them.

And he divides the process of building the rate of interest as follows.

(1) The rate of interest in an economy where no credit i.e. no capital-circulation, can be found.

In this step, we suppose that no credit—i.e. offering the utility of capital to others—can be found. Therefore, in such an economy, a capitalist has his capital only in the forms of houses, factories, land and goods, etc., and so the utility of capital is never traded. But there is the rate of interest as cost and as “Die optimale Geltungszahl.” Capital must be bound in order to bring about its highest utility i.e. the highest profit also here, and for this purpose the investment must be done with the standpoint of going from the object of the highest profit to that of lesser profits one after another. And the largest of the profits, anticipated in the investment-objects left after all the capital has been bound, is the rate of interest as cost and as “Die optimale Geltungszahl.” Because this amount of capital-utility is lost by binding the capital into the investment-objects, and so is the yard-stick for the use of capital in the meaning that the free capital which will be given to the owner thereafter must not be bound in an object of less profit than this rate. So, it must be recognized that the utility of capital has no price but has value.

However, here, because there is no circulation of capital, the rate of interest as value of capital-utility varies in each business, e.g. the rate is 9% in the one and 4% in the other. This difference can be lessened to a degree through imitation of businesses with each other but this equalization is inadequate. In an individual business and also in the whole of economy, under this presupposition, capital can not

be used to bring out its largest utility.

- (2) The rate of interest in an economy where only the untransferable accounts-receivable are found.

In this step, we suppose that a seller can give his customers credit in the form of untransferable accounts-receivable but other forms of credit such as money-loans have not yet been found. Here the seller at least requires the above-mentioned rate of interest in his own business and also the customer will not receive this credit if his rate of interest is lower. After all, the difference between these rates will disappear and the rate as "Die optimale Geltungszahl" will be built at the point where the demand and the supply of credit equalize each other and the profit of the seller and customer will become as large as possible. And when the capital is circulated among businesses one after another the capital will be bound to become more profitable. But the equalization of the rate of interest is still inadequate because it is limited to a narrow range in which sellers and customers of given goods are related to each other.

- (3) The rate of interest in an economy where also transferable accounts-receivable (note-receivable) are found.

It is obvious that the rate of interest is equalized in a wider range. Because through using note-receivables the relation of sellers and customers become more polygonal, the note-receivables are transferred from a business in one region to one in another, and capital is bound more productively by keeping the more profitable note-receivables instead of money or goods. But here the capital-market is not built yet.

- (4) The rate of interest in an economy where further loan-credit appears.

In this step, we suppose loan-credit and a bank. But this bank does not have the function of transforming the capital offered on short terms into a capital of long terms, and can only apply the deposit of given terms to loans of the same terms. For example, we suppose that the demand and the supply of capital of a given term in a bank are as follows.

Rate	Demand	Supply	Amount of credit given
11%	110, 000 M	600, 000 M	110, 000 M
10%	130, 000 M	520, 000 M	130, 000 M
9%	370, 000 M	470, 000 M	370, 000 M
8%	370, 000 M	270, 000 M	270, 000 M
7%	490, 000 M	120, 000 M	120, 000 M

If the bank tries to apply the supply to the demand as much as possible and to make the capital work as productively as possible, the rate of interest will be decided between 8% and 9%, and the amount of the capital traded will be 370,000 M.. So, this rate is the cost as "Die optimale Geltungszahl" to regulate the activity of the business because binding the capital in the business is losing the utility of this rate anticipated to be received by supplying the capital to market, i.e. the capital in business must at least bring out the utility of that rate.

- (5) The rate of interest in the economy where further organizations for transformation and mobilization appear.

In this step the banks and the mobilization of securities transform the credit supplied on short terms to a credit of long terms generally demanded by businesses, and the rates of interest which were built on short-term-credit supplied will rise on the one hand, the high rate of a long-term-credit demanded will fall on the other hand and the difference between both credits will tend to disappear. And through the circulating of capital between banks and the security-market and among the credit-forms above-mentioned, this tendency will be further strengthened. Therefore, if complete equalization is thus accomplished, the whole credit-market will be controlled by the sole rate of interest, and theoretically the rate thus built will be regarded as the most important interest-cost that is the yard-stick to bring on the largest utility in the whole of economy and also in businesses.⁽⁸⁾

Note

- (8) E. Schmalenbach; Kapital, Kredit und Zins, p.154-p.188.

(IV)

In Schmalenbache's theory mentioned above on building the rate of interest, the logic of marginal value is carried through. In his abstract credit economy which premises the complete transferability of capital and the mechanism of free competition, the rate of interest is dependent on the disposable amount of free-capital and the demand for it, and the rate as "Die optimale Geltungszahl" is decided by the profit or the utility of the last unit of free-capital invested i.e. the utility lost by supplying the last unit of free-capital traded. In other words it is insisted that the rate which is decided at the intersecting point of supply and demand is "Die optimale Geltungszahl."

Then Schmalenbach insists that the rate of interest as cost in business must be decided by the marginal rate, i.e. the rate of capital which is financed last and demands the highest price, or by the marginal utility i.e. the profit which the last

unit of capital in business brings out, whatever the rate of interest actually paid is, when the supply of capital from outside is prevented.⁽⁹⁾ Because the demand and the finance in individual businesses appear as the process to the complete equilibrium-point.

That is, when the highest rate of interest is adopted as the cost, if it is decided above (or under) the equilibrium-point of the business the demand for capital will decrease (or increase) because the cost (i.e. the rate of interest actually paid or the profit anticipated to be received outside) of that amount of capital is higher (or lower) than the profit gotten in the business, and the demand and the finance will equalize to the point in which the profit becomes as large as possible. In this meaning the marginal rate of interest is an important cost-factor for the control of capital. Then, the equilibrium-points that varies in each business will be equalized to the point of equilibrium of the whole economy through transferring of capital from the business of a lower equilibrium-point to a business of a higher point, so that the profit might become the largest in the whole of economy, in the businesses and also in all individual capitalists. And when the marginal utility i.e. the marginal profit is adopted, it is intended to invest the limited amount of capital most profitably under the condition that the supply is prevented, but even here the outflow of capital, if possible, will made the rate of interest in the business approach the rate in the equilibrium-point of the whole economy though it is incomplete.

Thus, Schmalenbach insists that the rate of interest in business must be decided by the marginal rate or the marginal utility, in relation to the thought that the rate of interest built under the marginal-value-principle in the mechanism of free competition is "Die optimale Geltungszahl."

However it seems to me that there are some further problems to consider in his theory.

Note

(9) E. Schmalenbach; *Kostenrechnung und Preispolitik*, p.221 and p.225-p.226.

(V)

In another theory, such as introduced in the first place, on the rate of interest in business, various opinions are stated.

According to the opinion of Schnettler which we quoted above as one that regards interest as the historical category peculiar to a particular step of economic development, the rate of interest in business must be one of the average rates in the national economy as follows,

- a) the average rate of interest paid on debts.
- b) the normal market-rate of interest, or the discount rate of the central bank, or the definite rate under or above the discount rate.
- c) the rate which matches the risk adherent to the investment of capital.
- d) the effective rate of interest on long-term national debts.⁽¹⁰⁾

He understood interest not as cost essential in the production-process of all steps of economic development but as a calculation-amount, as a factor of finance, or as the historical and conventional compensation for the contribution of capital owned by individuals in a capitalistic economy.

So he insists that the rate of interest generally required as compensation on the average must be adopted as calculation-price in business administration.

And both Mellerowicz and Schwantag, who are fundamentally dependent on the same cognition as Schmalenbaches', insist on the rates of interest as being different from the above-mentioned.

Mellerowicz, who understands interest as the loss of capital-utility and as cost in business, states that calculating the interest-cost of the whole capital used in business is necessary for an exact business-analysis. However, according to his opinion, the rate of interest in cost-accounting must be appraised by "an effective rate of interest of a long-term secure investment—the prevalent rate in the national economy." Because the marginal cost is dependable on short-term problems in business but on long-term problems the average cost makes a more exact decision possible, and in the problems such as the control of capital-rentability or finance the long-term point of view is more required.⁽¹¹⁾

Schwantag, who also starts from the same cognition that interest is the loss of the marginal utility of capital i.e. cost in business, states "It is only when various credits offer the utility of the same quality that the rate of interest of the credit which covers the last demand for capital can be adopted. But actually the utility of debenture-credit is not the same as that of note-credit or of bank-loan. Each capital, offered by the credits of various terms and risks, has its own utility of a particular value and so of a particular price."

And he calculates the rate of interest as cost in business by dividing the amount of interest paid or profit desired in finance by the whole capital used.⁽¹²⁾

In comparison with the opinions above-mentioned, it must be pointed out that Schmalenbach's opinion is related to his theory on capital and interest-building. According to his theory, capital is the stock of goods and, also on the calculation of interest in business, it is insisted that whether the capital in business is

borrowed from an outsider or contributed by the owner is not important but rather it must be considered whether the capital is bound into the production-process or not.⁽¹³⁾

And he considered how the rates of interest, i.e. the utility-value of capital (the stock of goods) of the same abstract quality, are equalized to only one rate under the premises of the mechanism of free competition and the complete transferability of capital.

That is, it seems to me that he thinks that the utility of capital will become the same quality whatever the form of finance if all factors act *only economically*, and that the sole rate built beyond the differences due to forms of credit or finance must be regarded as “Die optimale Geltungszahl” in the whole of economy and also in businesses, and that also the rate in the actual business must be understood as the appearance in the process to the complete equilibrium-point.

This is one of the most characteristic points of Schmalenbach’s theory in that it is related to the framework of his business-finance-theory and starts from his basic view-point of national economics and so shows the nature of his so-called technique-theory (Kunstlehre).

But as Schwantag pointed out, the equalization of the rate of interest is not so complete in actual business. It seems rather justifiable to me that each utility of capital, offered by various credits, has its own quality and the differences of credit-conditions, including terms or risks, must be taken into consideration.

And as Mellerowicz insisted on the long-term point of view, the large fixed assets in present-day business bind capital much longer and make it more inflexible, that is, the complete transferability of capital, which is a premise of the marginal principle, tends to become very little. This means that it is possible that his general economic law has already lost its practical meaning and can not be applied to actual business, and that therefore his theory on interest might already lose the nature of his technique-theory. It must be (at least) recognized that there are some problems to consider in Schmalenbach’s opinion that the highest rate in the actual business can be substituted for the marginal rate of interests in his abstract theory.

Further, there is the difficulty of the calculation of capital-utility as a problem to regard. It will be an important cause to segregate the utility—the profit in business from one in the whole of economy i.e. the utility of capital can not always be decided only by the profit of business.

Note

(10) A. Schnettler; *ibid.*, p.62.

(11) K. Mellerowicz; *Kosten und Kostenrechnung II*, p. 16-17 and K. Mellerowicz; *Wert und Wertung*, 1952, p.61.

(12) K. Schwantag; *ibid.*, p.38-p.40 and p.44.

(13) E. Schmalenbach; *ibid.*, p.320.

VARIOUS CLASSES OF DATA PROCESSING BY MEANS OF ELECTRONIC COMPUTERS

Hideo KITANI

For the past two or three years, electronic computers of medium or large sizes have become remarkably popular in various countries in Europe and America as data processing machines in business routine. From our country also, orders for some twenty electronic computers of such brands as IBM type 705, 7070, 650, Univac File, and UCT have already been placed with their overseas suppliers, and part of these computers have already been put into operation in Japan.

As compared with the electronic calculating punch, which is one of the constituent elements of the punched card system, the electronic computer has a much larger capacity for inner storage, and as compared to the program instruction system, which is a plug-board type in the case of the electronic calculating punch, it works on a stored program system whereby the business program is given previously to the storage unit. Moreover, it is a machine of great capacity and rich in adaptability which admits of a combination of varieties of input and output devices and storage devices.

Therefore, it is generally thought that the use of this kind of electronic computer in business routine will enable all business operations to be performed on an electronic system, or, in other words would make possible the so-called "Automation of data processing." In fact, such an idea is feasible when the computer has quite a large storage capacity. To take inventory control as an example, the up-to-date stock quantity, the up-to-date total amount of stock and the moving average unit cost of all the items are checked, moment by moment, through the transactions of receiving and delivering goods; moreover, when an item of a certain number gets short of its standard holding quantity, the order quantity previously decided for

that item is registered, and, furthermore, when a decrease has been noticed in the holding quantity, a warning is automatically given to urge a fresh supply and placing of additional orders.

When a machine factory receives an order for a machine, the computer makes an operation schedule after comparing the respective processes and the numbers of such processes for all the spare parts that make up the ordered machine with the condition of the load of various kinds of machine tools used to process such spare parts, then determines, on which items or parts to place an order for, and thus automatically decides the delivery time of the machine ordered. Thus, the computer serves to select at a high speed, and to give instruction for those matters which have hitherto been managed through complicated procedures on the part of the superintendents in charge.

Besides, this kind of computer has such an essential function as to display exceedingly great power in facilitating a series of complicated mathematical calculations, such as questions concerning operation research which has hitherto been difficult of solution, with the help of the electric calculator, and linear programming which is a part of operation research, and other technical problems.

Thus an electronic computer of medium size or of large size is expected to produce remarkably satisfactory results quantitatively and qualitatively both in processing business data and in making scientific and technical calculations.

However, to use the electronic computer and perform on a perfectly automatized basis a series of business procedures, namely, sorting, collation, calculation and printing, would prove highly effective in point of the speed of processing, but is not always advantageous, viewed from the angle of processing cost.

The following points may be mentioned as chief causes;

(1) While it is rapid in the calculation of addition, subtraction, multiplication and division, the electronic computer requires much time to perform the operation of sorting and collation, because a number of operation steps have to be taken even for a single one item.

(2) Moreover, sorting and collation are fundamental operations in business routine, and when their data are compared with the volume of addition, subtraction, multiplication and division, it is found that exceedingly voluminous operations are required to perform the business of sorting and collation.

(3) The electronic computer cannot perform the function of sorting and collation simultaneously with the calculation of the four rules of arithmetic, because its basic unit is an organization composed of the three units of arithmetic, storage, and

control. In other words, it cannot perform parallel operations as in the case of the punched card system.

For the above-mentioned reasons, the speediness and automation of data processing may be accomplished by the computer through its sorting and collating functions, but results in keeping the expensive computer in operation for a long time; therefore in most cases it proves disadvantageous from the point of processing cost. Consequently, as a method of using the computer for data processing, the following two points should be determined in consideration of the type of business routine, processing cost, processing speed desired, etc;

(1) Whether sorting operations shall be performed by the computer or not.

(2) In connection with the foregoing item (1), which of the three factors—card, tape, and voluminous external storage—shall be used as media for data? Or, whether two or three of the above-mentioned factors shall be used together? Next, in connection with the foregoing decisions (1) and (2), the types of input and output devices and the number of such devices must be determined, and as a result, there will develop processing forms of various classes.

Thus, in the mechanization of business routine by means of the electronic computer we must determine, first of all, various elements which need not be taken into consideration in the case of the punched card system. Accordingly in the mechanization of business routine, the mere determination of the type of the computer to be used does not enable us to judge the general effect which the computer will display. Observations will be made on the punched card system. The punched card machine is, as is generally known, a machine system which possesses constituent function in the form of a sorter, a collator, and a calculating punch with cards used as media, and which is composed of a group of automatic machines with independent capacity, each provided with card input and output devices. If the type and volume of business routine and the kind of documents to be drawn up are determined, the method of processing such business routine, the kind of devices and the number of devices are determined as factors of first importance, and at the same time, the direct effort, such as speediness and saving of processing cost, can be studied with relative easiness.

In analyzing advantages and disadvantages of various forms of electronic data processing, distinction will be made, in view of the foregoing reason, between the two cases (1) where sorting and collating operations which presuppose such processing are performed, and (2) where they are not performed, and with each of these cases explanations will be given on the characteristic points peculiar to each

medium, such as punched card, magnetic tape, etc.

1. Processing in the case where sorting and collation are not performed.

Sorting and collation are not performed. In other words, electronic data processing in the case sorting and collation are performed by means of other machines than the computer.

(1) Data processing where only punched cards are used as media.

The use of punched cards naturally causes punched card sorters and punched card collators to be used as auxiliary devices. In this case, however, unlike the data processing by means of the punched card system, the operation of calculation performed by the tabulator is absorbed into the computer, and the tabulator has only to act as a high-speed printer. By providing two or three receivers of the cards for the computer, it is possible to re-separate the cards which have merged previously upon completion of the calculation. Moreover, not only summary punches can be dispensed with but also it is possible to store the intermediate result of calculation and frequently used constants without punching them on cards. Therefore the course of data processing is remarkably automatized. The more complicated the calculations, as in the case of calculation of wages, tax assessment and additional allowances for a large number of office personnel, the higher efficiency it displays.

As explained above, the electronic data processing where punched cards are used as media is a method which enlarges as much as possible the domain of processing the computer in the case of the punched card system, and automatizes its working procedure. It may be regarded as a processing method a step ahead of the punched card system. However, as the speed of the operation of card input and output is much slower than the calculation speed of the computer, it has a drawback in that the speed of data processing is checked more or less.

(2) Data processing where magnetic tapes are used as media.

Compared with the punched card, the magnetic tape is a medium which is not only capable of reading and writing information much more speedily but also has capacity of closer storage. For example, the speed of reading or writing is 20,000—60,000 digit/inch. Therefore, the magnetic tape may safely be regarded as a medium which best matches the calculating speed of the computer. Consequently, even in the case where punched cards are used as media as described above, the method is considered most efficient whereby sorted data are transferred to tape by means of the card-to-tape converter, and then passed on to the computer for subsequent processing. In this case, the method has the merit of having collation per-

form automatically by the computer because the data have already been sorted by means of cards.

But, in order to transfer the data from cards to tapes, the converter is needed, and this transfer entails more expense and trouble. Therefore, a magnetic sorter is provided by which the data registered at random on the magnetic tapes is sorted directly. That is to say, even in the case where sorting is not done by means of the computer, the use of a magnetic sorter makes possible the processing of such data for which only magnetic tapes have been used. At present, it seems impossible to decide indiscriminately which of the two methods is more efficient; (1) where cards and tape are used together, and (2) where tapes alone are used by means of a magnetic tape sorter. However, inasmuch as cards are of legal importance as records of transaction, as sorting by the magnetic sorter which is done by the collation method is less speedy than by the punched card sorter when voluminous data are handled, and as this machine is rather expensive at present, what is adopted in general is the processing method wherein magnetic tapes and punched cards are used together.

In order to use magnetic tapes, a tape mechanism used for reading and writing is necessary, of course; and in order to obtain the desired result, a magnetic core buffer is needed which is for reading or writing data block by block. These two devices being rather expensive, processing by means of magnetic tapes will not pay unless it is utilized to process a considerable amount of business data.

(3) Processing by large volume random access storage.

In the case of business processing by means of the electronic computer, magnetic tapes are media of machine language possessed of excellent properties; however, their only defect is that a very long space of access time is required. Then the data must be sorted beforehand in order to avoid such delay. Therefore it is ideal in point of data processing if it is possible to use voluminous random access storage which requires a short access time. And when the volume of this storage is large enough for the number of items of data to be processed, it is possible to store item by item for each address of storage in a sequence order. Therefore a preparatory operation of sorting can be entirely dispensed with. In other words, if the data are read into the electronic system, the sorting of the data is completed simultaneously.

In this case, the input operation on the electronic system is done not only by means of punched card or magnetic tapes in the batch, but also directly through key stroke, and it has the merit of obtaining the calculation result of the data at once.

Therefore, when voluminous external random access storage is used, "real time" processing of business routine, such as inventory control, is made possible, which means that business processing is done on a perfectly automatized basis. And in the case of the computer for business routine, data processing by means of voluminous random access storage is considered to be the proper method. However, in general this method is not used, presumably for the following reasons;—

(1) At present, voluminous magnetic drum storage costs are very high.

(2) With this type of storage, the greater the storage volume, the longer becomes the access time and consequently the speed of the basic computer, which is essentially of a high rate, becomes weakened. And the larger and the speedier it is, the less efficient the computer becomes.

(3) As a matter of fact, there is rarely a business routine as absolutely needs real time processing. In the greater part of enterprises the degree of delay in processing due to the off-line operations by means of magnetic tape does not seem to cause any hindrance to business management.

2. Processing where sorting is done by means of the computer

The fact that the sorting of the data of magnetic tapes is also performed by the computer, serves to realize the speediness and automatization of its operations on one hand, but is, on the other hand, evidently disadvantageous on the point of its processing cost. Therefore, this is probably a method to be practiced only when speediness is demanded even at the cost of expensiveness. As it is not a generally accepted method of processing a detailed explanation will not given here.

3. Conclusion

In the electronic data processing it is feasible to perform automatic priority processing, of which the function is as follows;—

Even when various business data have been put into the computer indiscriminately, and later when it receives such data as are of still greater importance than those now being processed by the computer, the machine is capable of automatically suspending the operation now going on and preferentially switching over to the processing of such newly put in data, provided that the machine is, in advance given programs on the respective business data and indications of the degree of urgency of data processing.

Such a processing method is made possible only by computers with an electronic circuit, and also in the case of real time processing the machine can be operated

intensively and efficiently without being idle, if off-line processing is performed simultaneously. From such a point of view also, it is desired to develop in the future large volume storage of the random access type which is not expensive and yet requires a quick access time.

COMPANY HISTORIES IN JAPAN

—MATERIALS FOR BUSINESS HISTORY—

Tadakatsu INOUE and Yoshiro IKUSHIMA

(I)

Growing Interest in Business History in Japan

It was about twenty years ago that the name business history appeared in Japanese writings for the first time. In *Betriebswissenschaft und Betriebswirtschaftslehre* (*Keiei Gijutsu Gaku to Keiei Keizai Gaku*, Tokyo, 1931), Professor Shosaburo Sakai of Nagoya University referred to the rise and development of research and study in business history at the Graduate School of Business Administration of Harvard University and stressed the need of establishing that field of study in Japan. One year later Hisao Otsuka, Professor of Economic History in Tokyo University, contributed his essay under the title of *Gras' Business History* to the *Keizai Gaku Ronshu*, a periodical of Tokyo University. At that time, however, little attention was paid to the new field of research and study.

In the meantime business history has developed greatly in the United States. Professor *Gras' Business and Capitalism* (1939) has drawn a broad outline of business history by tracing the evolution of business in its successive stages. In *Casebook in American Business History* (1939), *Gras* and H. M. Larson give an outline of a course in American business history. With the publication of G. S. Gibb's *The Saco-Lowell Shops* (1950), *Harvard Studies in Business History*, the first series of monographs in business history, have reached sixteen volumes. Of the series, Larson's *Guide to Business History* (1948) is a useful guide to the materials from which business history is written. It will be no exaggeration to say that today's business history stands as a specialized field of historical research and study.

Influenced by the rapid development of study in business history in America,

our students of both business administration and economic history newly recognized the necessity of creating that field of study in Japan. In addition they were recently informed not only of the rise and development of research in entrepreneurial history at the Research Center in Entrepreneurial History, established in 1948, but also of the issue of *Tradition: Zeitschrift für Firmengeschichte und Unternehmerbiographie* (1956 —) in Germany. Thus, interest in the history of business among our students has widened greatly in recent years.

What our students began with, however, was the introduction of the research and study in business history in foreign countries in order to get an explanation of what business history is, that is, its subject, objective, content, and materials. Among the students of business administration, Professor Sinzo Kurita of the Kobe University of Commerce summarized J. Löffelholz's *Geschichte der Betriebswirtschaft und Betriebswirtschaftslehre* (1935) in his *Business History* (*Keiei Keizai Shi*. Tokyo. 1949). Tadakatsu Inoue, Assistant Professor of Kobe University, contributed *On Business History* to the *Kobe Economic & Business Review* (1953), and *The Development of the Underlying Concepts of Business History in America* to the *Kokumin Keizai Zasshi* (Jan., 1955), a periodical of Kobe University. He also introduced G. S. Gibb's *The Saco-Lowell Shops*, E. H. Knowlton's *Pepperell's Progress*, and N. S. B. Gras' *Business and Capitalism*.

Growing interest in the history of business among the students of business administration was reflected in the 29th annual convention of the Japan Society for the Study of Business Administration held at Kobe University in 1956. In the meeting business history was to be taken up as a subject for discussion and Professor Sakai, an advocate of business history in Japan, was invited to lecture on the problem. He spoke on the System of Business History and gave his answers to the questions on various problems, but chiefly on the types of business history. (One year later, Professor Sakai contributed his essay titled *The Objective and Method of Business History* to the Keiei Seminar, June, 1957.)

Economic historians, as students of business administration, have played an important part in introducing researches and studies in the history of business in other countries. Professor Uemura of Toyama University did not spare pains in translating Gras' *Business and Capitalism* into Japanese under the title of *Gras' Keiei Shi* (Kyoto. 1957). Yasuo Mishima introduced Larson's *Guide to Business History* in the *Keizai Ronso* (Apr., 1956), a periodical of Kyoto University. Kei-ichiro Nakagawa, Assistant Professor of Tokyo University, contributed his essay titled *A Direction of the Development of Research in the History of Business* to the Keizai

Gaku Ronshu (Sept. 1958). Recently he also translated T. C. Cochran's *American Business System* into Japanese under the title of *Gendai no Business System* (Tokyo. 1959). Jiro Toyohara, Assistant Professor of Oita University, reviewed A. Chabert's *De quelques tendances recentes de l'histoire économique américaine : Les "Business and Entrepreneurship Histories"* (Revue d'histoire économique et sociale) in the *Keizai Ronshu* of Oita University (Mar. 1959). And in the *Keizai Seminar* (1956) a discussion between Takao Tsuchiya and H. Rosovski on the "Today's Business History in America" was printed.

Thus, through the active introduction of researches and studies in the history of business in other countries, the underlying concepts of that field of study have been examined and developed. In other words, tracing the history of business history, we have received some understanding of what business history is, that is, its meaning, its contributions, its objectives, its types, its contents, its techniques, its materials, and its relations to other fields of study and research. Now we have to put them into practice in writing of business history.

As the late Professor Gras pointed out, business history may be divided into four categories: the history of individual business units; the history of an industry from the point of view of administration; the history of functional divisions of business; and general business history. Of these, however, the history of a firm or company holds a preeminent position in research in business history. Certainly, other kinds of business history can be forthcoming only after we have had many histories of individual business units. We must, therefore, start with the history of a firm or company in Japan.

In entering upon our research and writing on the history of business units we should be conscious of the difference between the ordinary company history and the history of business units as conceived by Professor Gras. As shown in the latter half of this paper, innumerable company histories have been written in Japan. But this does not mean that there are many histories of individual business units that belong to the school of truth. With some exceptions, they are either the company histories written on the inside and on behalf of the given company or journalistic company histories written to obtain a living or a reputation for the author. Of course, the history of these types can not fill the requirement of business history. The history of business units must be constructed according to the canons of good scholarship. It must be a rounded and balanced treatment of the policy, control, and management of the company in the past. And it must present the company against its broad and dynamic setting.

We do not say, however, that the traditional company histories written in our country are all worthless of consideration; on the contrary, most of them are an important source of information concerning our firms or companies. When once they are looked upon as materials for business history, many of them contain much that is important about the subject. Of course, we must not depend on them alone. We must supplement and check them by other sources, especially by original business records. Then, if they are used by informed and discriminating students, they have undoubtedly much to contribute to the research and writing of business history.

(II)

A List of Company Histories in Japan

Prefatory

1) The books and pamphlets listed below are classified by functions and industries. Many companies represented are, however, highly integrated, and books dealing with such companies have been arbitrarily classified under only one industry.

2) With a few exceptions, the books and pamphlets that are included in the list have been not only compiled but also issued by the companies represented. Indeed innumerable company histories have been written to commemorate anniversaries of companies. In such cases neither compiler nor publisher are noted down in the list. Sometimes books and pamphlets were prepared by the successors of the companies represented. In such cases the names of the successors are noted.

3) While most of the company histories below have been compiled by men working in the companies, some books were compiled or written with the support of well-known historians or economists. In such cases their names are noted down in the list.

4) Publications dealing with companies established in old colonies of Japan are not included in this list.

5) Books and pamphlets dealing with trade associations and chambers of commerce and industry are all left to some other opportunity.

6) Though little attempt has been made in this paper to evaluate the materials listed from the point of view of business history, the paper is presented with the hope that it may be somewhat helpful to foreigners who are interested in Japanese business history at this stage of its development.

7) This paper lays no claim to completeness in the inclusion of the all company histories written in Japan.

8) In making the list, we have referred to *The List of Corporation-histories in Japan (Honpo Shashi Mokuroku)* printed in the Hikone Ronso (Sept., 1956 and Jan., 1957), the periodical of Shiga University.

9) This list was made up as of June 30, 1959.

Contents

1. Banks and Trust Companies
 - A) The Bank of Japan
 - B) Commercial Banks
 - C) Mutual Financing Companies and Saving Banks.
 - D) Special Banks
 - E) Trust Companies
2. Construction Companies
3. Distribution Concerns
 - A) Department Stores
 - B) Foreign Trade & Wholesale Distribution
 - C) Auxiliary Services
4. Insurance Companies
 - A) Fire & Marine Insurance
 - B) Life Insurance
5. Manufacturing Companies
 - A) Automobiles
 - B) Chemicals
 - C) Electric Appliances and Machines
 - D) Food, Beverage, and Agricultural Products
 - E) Iron & Steel
 - F) Machines and Metals
 - G) Paper and Pulp
 - H) Pottery and Cement
 - I) Textiles (Cotton, Hemp, Silk, Rayon, Wool & Worsted Products, Cloth)
6. Mining Companies
7. Motion Picture Companies
8. Petroleum Companies
9. Printing and Publishing Concerns
 - A) Books and Periodicals
 - B) Newspaper

10. Public Utility Companies
 - A) Electricity
 - B) Gas
 11. Shipbuilding Companies
 12. Securities Companies
 13. Stock Exchanges
 14. Transportation Companies
 - A) Railroads
 - B) Shipping Companies
 - C) Express Companies
 15. Miscellaneous
- Appendix. The Zaibatsu

1. Banks and Trust Companies

A) The Bank of Japan

History of the **Bank of Japan**. 10 vols and index. 1913.

History of the bank's operations as the central bank in Japan from its establishment in 1882 under the Act of the Bank of Japan to the end of the Meiji era.

The development and present status of the Bank of Japan. 1948. pp.239.

Shows the bank at work, 1882-1948.

To do research or write on the history of the bank, the reader is also referred to Tsuneyuki Okinaka's *The Bank of Japan* (Tokio, 1952), Seiki Miyake's *The Bank of Japan* (Tokio, 1953), Toshihiko Yoshino's *Successive Governors of the Bank of Japan* (Tokio, 1957), and Naoshige Honda's *Function and Policy of the Bank of Japan* (Kyoto, 1959). These works should be helpful to students who needs a general introduction to the subject although they do not deal in any large way with administration and operation.

B) Commercial Banks

There is a wealth of company histories including those of the six biggest banks in Japan, that is, of the First (Dai-ichi), the Fuji, the Mitsubishi, the Mitsui, the Sanwa, and the Sumitomo. Some of them have considerable value to business history, for example, the books dealing with the Dai-ichi, the Mitsui, and the Fuji.

Short history of fifty years of the **First (Dai-ichi) Bank**. 1926. pp.160.

History of the First (Dai-ichi) Bank. 2 vols. 1957-58. pp.970, 823.

A detailed history of the oldest banking company in Japan. Contents: part i, introduction; part ii, the Meiji era (establishment of the First National Bank in 1873 under the Act of National Bank of 1872; reforms of the Act in 1876 and 1883; start under the name of the First Bank—from a national bank to a commercial bank; and operations as a central banking company in Korea); part iii, the Taisho era (absorptions of the commercial banks; development during War time; and postwar crisis and the bank); part iv, the Showa era (financial crisis of 1927 and the bank; the lifting of the gold embargo in 1930 and the bank; the bank's operations during World War II; formation of the Teikoku Bank in 1943—consolidation with the Mitsui Bank; and separation from the Teikoku Bank in 1948—postwar planning and management under the name of the First Bank); and apps.

Written by Takao Tsuchiya, Emeritus Professor of Tokio University, Shizuo Haiji, Lecturer of Hirosaki University, and Masao Tashiro, Assistant Professor of Hosei University.

Chronology of the **Fourth (Dai-shi) Bank**. 1953. pp.105.

History of the **12th (Juni) Bank**.

The bank was amalgamated in 1943 with three banks in Toyama Prefecture to form the Hokuriku Bank.

Brief story of fifty years of the 12th Bank.

Sixty years of the **17th (Junana) Bank**. 1941.

One of the four parent banks which came together to organize the Bank of Fukuoka in 1945.

Fifty years of the **38th (Sanjuhachi) Bank**. 1928. pp.54.

The bank, established in 1878 as an old national bank under the Act of National Bank of 1876, was consolidated in 1936 with six banks in Hyogo Prefecture to organize the Bank of Kobe.

History of the **48th (Dai-yonjuhachi) Bank**. 1944.

The bank, established in 1879, was amalgamated with two other principal banks in Akita Prefecture to form the Akita Bank.

Seventy-seven years of the **77th (Nanajunana) Bank**. 1954. pp.724.

History of the **85th (Dai-hachijugo) Bank**. 1944.

The bank, established in 1878, was amalgamated with three banks in Saitama Prefecture, including the Sinobu Commercial and the Hanno Banks, to form the Saitama Bank.

Sixty years of the **98th (Dai-kyujuhachi) Bank**. 1943.

One of the old national banks established under the Act of 1876. In 1943 the bank was consolidated with two banks in Chiba Prefecture to organize the Chiba Bank.

History of the **107th (Dai-hyakunana) Bank**. 1924.

Eighty years of the **114th (Hyakujushi) Bank**. 1959. pp.953.

Short history of the banks in Akita Prefecture. Pub. by the **Akita Bank**, 1950. pp.16.

Outline of the development of the banks in Akita Prefecture, but chiefly of three predecessors of the Akita Bank.

Forty years of the **Ashikaga Bank**. 1935. pp.66.

Short history of the **Bank of Kobe**. 1956. pp.103.

Twenty years of the **Bocho Bank**. 1918.

Ten years of the **Chiba Bank**. (Presented to Shiro Koso in honour of his 70th birthday). Pub. by the Chiba Shinbun-sha, 1954. pp.267.

Ten years of the **Chugoku Bank**. 1941. pp.204.

History of the **Commercial and Industrial Bank of Kyoto**. 1917.

The bank was absorbed by the First (Dai-ich) Bank.

Seventy years of the **Fuji Bank**. 1952. pp.723.

History of the successor to the Yasuda Bank, a most important constituent company of the Yasuda Combine. Enlarged from *Sixty Years of the Yasuda Bank*, published in 1942. Valuable.

Twenty years of the **Gunma Daido Bank**. 1952. pp.77.

History of banking in Gunma Prefecture. Pub. by the Gunma Daido Bank, 1952. pp.238.

Twenty years of the **Hanno Bank**. 1921. pp.250.

One of the predecessors of the Saitama Bank.

Ten years of the **Hokuriku Bank**. 1954.

Compiled with the support of Professor M. Uemura of Toyama University.

The **Imari Bank**. 1939. pp.252.

Ten years of the **Iyo Consolidated (Iyo Godo) Bank**. 1951. pp.288.

The bank changed its name to the Iyo Bank in 1951.

Tobayama, Hiroshi., author. History of the **Izu Bank**. Pub. by the Nitta-Chikuso-kan. 1941. pp.212.

The bank was absorbed by the Shizuoka Bank in 1943.

Twenty years of the **Jyoyo Bank**. 1955. pp.920.

History of the **Mitsubishi Bank**. 1954. pp.836.

Fifty years of the **Mitsui Bank**. 1926. pp.78.

The Mitsui Bank: A brief history. 1926. (In English)

Eighty years of the Mitsui Bank. 1957. pp.804.

There is an authorized history of the bank's operations as a basic unit of the Mitsui Combine. Contents: part i, origin and development (the Mitsui Exchange House in the Edo era; the founding of the Mitsui Bank in 1876; the reform of Hikojiro Nakagamigawa, 1891-1901; development in the period from the late Meiji Era to the Taisho Era; management under Seihin Ikeda and his successors; and the formation of the Teikoku Bank in 1943—amalgamation with the First Bank; the new Mitsui Bank and its development); part ii, business, past and present (deposit; loan; foreign exchange; and security); part iii, changes in organi-

zation (articles of association; officers; branches; business organization; and employees); part iv, short history of the Dai-jugo Bank which was absorbed in 1944 by the Teikoku Bank; and apps.

Forty years of the **Nada Commercial Bank**. 1935. pp.140.

One of the predecessors of the Bank of Kobe.

Forty years of the **Nagoya Bank**. 1922.

The bank was amalgamated in 1941 with two banks in Aichi Prefecture to organize the Tokai Bank.

Twenty years of the **Nomura Bank**. 1938. pp.354. .

Thirty years of the Nomura Bank. Pub. by the **Daiwa Bank** (Successor to the Nomura Bank), 1948. pp.333.

Forty years of the Daiwa Bank. 1958. pp.836.

Twenty years of the **Naniwa Bank**. 1918.

Fifty years of the **Oita Cosolidated (Oita Godo) Bank**. 1943. pp.241.

The bank changed its name to the Oita Bank in 1952.

History of the **Sanwa Bank**. 1954. pp.385.

History of the leading Japanese commercial bank organized in 1933 as a consolidation of the Konoike, the Sanju-shi, and the Yamaguchi Banks.

Fifteen years since the foundation. (the **Shiga Bank**). 1948. pp.100.

Twenty years of the Shiga Bank. 1954. pp. 595.

Ten years of the **Shikoku Bank** after the war. 1956. pp. 470.

Forty years of the **Shinobu Commercial Bank**. 1936.

One of the predecessors of the Saitama Bank.

Ten years of the **Sizuoka Bank**. 1953. pp.40.

Thirty years of the **Sumitomo Bank**. 1926. pp.242.

History of the Sumitomo Bank. 1955. pp.627.

Hashimoto, Motomu., author. Kitaro Okano: A history of the **Suruga Bank**. 1954. pp.432.

Forty-six years of the banks in Aichi Prefecture. Pub. by the **Tokai Bank**. 1944. pp.376.

C) Mutual Financing Companies and Savings Banks

Twenty years of the **Hokkaido Savings Bank**. 1942. pp.133.

Twenty years of the **Kyosei Mutual Financing Company**. 1932. pp.142.

History of the **Nippon Savings Bank**. 1912. pp.172.

Ten years of the **Nishi Nihon Mutual Financing Company**. 1954. pp.407.

Compiled by T. Okahashi, C. Takagi, Y. Matsui, and S.Tateoka, Professors of Finance in Kyushu University.

D) Special Banks

History of the **Agricultural and Industrial Bank of Aomori Prefecture**. 1918.

The Agricultural and Industrial (No-ko) Banks, established in every prefecture under the Act of the Agricultural and Industrial Bank of 1896, carried on a real-estate mortgage-loan business chiefly for the farmers.

History of the **Agricultural and Industrial Bank of Ehime Prefecture**. 1937.

Twenty years of the **Agricultural and Industrial Bank of Hyogo Prefecture**. 1918.

Thirty years of the Agricultural and Industrial Bank of Hyogo Prefecture. 1929. pp.92.

History of the **Agricultural and Industrial Bank of Kyoto Prefecture**. 1922.

History of the **Central Cooperative Bank for Agriculture & Forestry (Norin Chuo Kinko)**. 5 vols. 1956. pp.346, 357, 329, 328, 282.

Ten years of the **Hokkaido Takushoku Bank** from the founding. 1910. pp.55.

History of a Hokkaido banking company which helped finance the development of the area. Established in 1900 under the Act of Hokkaido Takushoku Bank.

Twenty years of the Hokkaido Takushoku Bank. 1920. pp.107.

Fifty years of the Hokkaido Takushoku Bank. 1950. pp.90.

Ten years of the **Industrial Bank of Japan (Nippon Kogyo Ginko)**. 1912. pp.176.

Established in 1902 under the Act of the Industrial Bank of Japan to help furnish long term credit to the industrial entrepreneurs.

Recent ten years of the Industrial Bank of Japan. 1934. pp.163.

Short history of the Industrial Bank of Japan. 1946.

Fifty years of the Industrial Bank of Japan. 1957. pp.1061.

Chronology of the Industrial Bank of Japan. 1957. pp.546.

The **Japan Development (Nihon Kaihatsu) Bank** and its development. 1958. pp.199.

Established in 1951 under the Act of the Nihon Kaihatsu Bank to furnish long term credit to industries.

The first twenty years of the **Nippon Kangyo Bank**. 1917. pp.218.

Established in 1897 under the Act of the Nippon Kangyo Bank to loan money

on real estate, also issue and sell its securities against real estates mortgages as security.

Thirty years of the Nippon Kangyo Bank. 1927. pp.402.

Forty years of the Nippon Kangyo Bank. 1938. pp.435.

History of the Nippon Kangyo Bank: The era of the bank's operation as a special bank. 1953. pp.884.

By the abolishment of the Act of the Nippon Kangyo Bank in 1950, the Bank newly started as a commercial banking company.

Materials for the history of the Nippon Kangyo Bank. 4 vols. 1951-53. pp.427,506.

Sixty years of the Nippon Kangyo Bank. 1957. pp.401.

Forty years of the **Yokohama Specie Bank**. 6 vols. 1920.

E) Trust Companies

History of the **Kyodo Trust & Banking Company**. 1943. pp.424.

Short history of thirty years of the **Mitsubishi Trust & Banking Company**. 1957. pp.86.

Thirty years of the **Mitsui Trust & Banking Company**. 1955. pp.506.

Thirty years of the **Sumitomo Trust & Banking Company**. 1955. pp.508.

2. Construction Companies

See Section 11 for books dealing with the shipbuilding companies.

Ten years of the **Ikeda-gumi**. 1940.

Brief history of the **Kajima Construction Company**. 1950.

One hundred and fifty years of the **Shimizu Construction Company**. 1953. pp.316.

Fifty years of the **Tomijima-gumi**. 1938. pp.648.

3. Distribution Concerns

A) Department Stores

History of the **Maruzen Company**. 1951. pp.429.

Brief history of the store. (The **Matsuzakaya**). 1937. pp.278.

The growth of the **Mitsukoshi**. 1954. pp.70.

Three hundred years of the **Shirokiya**. 1957. pp.689.

History of a department store in Tokyo. Begins with the founder's activities as a dry-goods retailer in Edo.

One hundred years of the **Takashimaya Company**. 1941. pp.711.

- B) Foreign Trade and Wholesale Distribution
- Forty years of the **Harada Shoji Kaisha**. 1944.
- Historical memoir of the **Inanishi Gomei Kaisha**. 1927.
- Fifty years of the **Itoman & Co.** 1933. pp.168.
- Fifty years of the Nihon Menka Company. Pub. by the **Japan Cotton & General Trading (Nichimen Jitsugyo) Company** (the successor company to the Nihon Menka), 1943. pp.245.
- Historical memoir of sixty years of the **F.Kanematsu & Company**. 1950. pp.199.
- Fifty years in blanket business. Pub. by the **Kobayashi Sangyo Kaisha**, 1944. pp.472.
- Seventy-three years of the **Meiji-ya**. 1958. pp.213.
- Fifteen years of the **Meiji Shoten**. 1936. pp.58.
- Thirty-five years of the Meiji Shoji Kaisha (the successor to the Meiji shoten). 1957. pp.470.
- Short history of the **Mitsui Bussan Kaisha**. Pub. by the **Dai-ichi Bussan Kaisha**, 1951.
- After World War II, the old Mitsui Bussan Kaisha, a principal constituent company of the Mitsui Combine, was dissolved. The Dai-ichi Bussan Kaisha was organized in 1947 to succeed to some part of the former's business.
- Fifty years of the **Nanyo Trading Company**. 1942.
- Sixty years of the **Nozaki & Company**. 1953. pp.63.
- The First fifty years. (the **Tsukamoto Shoji Kaisha**). 1939. pp.272.
- C) Auxiliary Services
- Sixty years of advertising. Pub. by the **Hakuhodo**, 1955. pp.254.
- Short history of the **Shibusawa Warehouse Company**. 1931.

4. Insurance Companies

- A) Fire & Marine Insurance
- Ten years of service. (the **Dowa Fire & Marine Insurance Company**). 1954. pp.148.
- Fifty years of the **Meiji Fire Insurance Company**. 1940. pp.598.
- The company was amalgamated in 1944 with the Tokio Marine Insurance Company, the oldest insurance company in Japan, and the Mitsubishi Marine Insurance Company to organize the Tokio Marine & Fire Insurance Company.
- Forty years of the **Nichido Fire & Marine Insurance Company**. 1954. pp.416.

Fifty years of the **Tokyo Fire Insurance Company**. 1938. pp.491

One of the three parent companies which came together to form the Yasuda Fire & Marine Insurance Company in 1944.

Sixty years of the **Tokyo Marine & Fire Insurance Company**. 1940. pp.679.

B) Life Insurance

Fifty years of the **Chiyoda Mutual Life Insurance Company**. 1955. pp.615.

Twenty-five years of the **Dai-ichi Mutual Life Insurance Company**. 1929. pp.321.

Thirty-five years of the Dai-ichi Mutual Life Insurance Company. 1940. pp.373.

Fifty-five years of the Dai-ichi Mutual Life Insurance Company. 1958. pp.936.

History of the **Fukuju Life Insurance Company**. 1941. pp.312.

Absorbed by the Meiji Life Insurance Company in 1942.

Fifty years of the **Fukutoku Life Insurance Company**. 1926. pp.63.

Absorbed by the Dai-hyaku Mutual Life Insurance Company in 1941.

History of the **Kokko Mutual Life Insurance Company**. 1926.

The company was amalgamated in 1941 with four companies to form the Showa Life Insurance Company. The latter company was absorbed by the Dai-ichi Mutual Life Insurance Company in 1941.

Fifty years of the **Meiji Life Insurance Company**. 1933. pp.673.

Sixty years of the Meiji Life Insurance Company. 1942. pp.492.

Seventy years of the Meiji Mutual Life Insurance Company. 1955. pp.733.

History of the oldest life insurance company in Japan. Contents: part i, origin and development (sixty years from the founding, 1881 - 1941; war times, 1942-45; immediate postwar days, 1945-46; inflation period, 1946-48; and the years of stabilization, 1948-52); part ii, changes in organization (articles of association; business formula; representatives; officers; main office, branches, and agents); part iii, business (marketing; finance and accounting; and personnel management); part iv, statistics; and apps.

History of the **Nippon Kyoritsu Life Insurance Company**. 1933. pp.52.

Fifty years of the **Nippon Life Insurance Company**. 1942. pp.761.

History of the Nippon Life Insurance Company: A sequel to *Fifty years of the Nippon Life Insurance Company*. 1957. pp.419.

Fifty years of the **Teikoku Life Insurance Company**. 1939. pp.637.

The predecessor company of the Asahi Mutual Life Insurance Company.

Fifty years of the **Toho Mutual Life Insurance Company**. 1953. pp. 1269.

Sixty years of the **Yasuda Life Insurance Company**. 1942. pp.604.

5. Manufacturing Companies

A) Automobiles

History of the fifty years. (the **Daihatsu Kogyo Company**). 1957. pp.306.

History of the **Isuzu Motor Company**. 1957. pp.282.

Thirty years of the **Toyo Kogyo Company**. 1950. pp.369.

Twenty years of the **Toyota Motor Company**. 1958. pp.863.

History of the leading manufacturer of cars, trucks, buses, and automotive parts. Incorporated in 1937 in Koromo, Aichi Prefecture.

Twenty years of the **Yanase Automobile Company**. 1935.

B) Chemicals

Thirty years of the **Dai-ichi Chemicals (Kogyo Seiyaku) Company**. 1938. pp.230.

History of a manufacturer of marseilles soaps, textile chemicals, miscellaneous cellogen, intermediate materials, and fatty acid.

History of the **Dai Nippon Celluloid Company**. 1952. pp.229.

Compiled by N.Nakamura, Professor of Kyoto University, and S. Murayama.

Thirty years of the **Dai Nippon Jinzo Hiryo Company**. 1917. pp.326.

Fifty years of the Dai Nippon Jinzo Hiryo Company. 1936. pp.327.

A principal predecessor company of the Nissan Chemical Industry Company, a manufacturer of chemical fertilizers, industrial medicines, agricultural medicines, etc.

Fifty years of the **Hirao Sampei Shoten**. 1929. pp.984.

A history of a manufacturer of cosmetics.

Fifty years of the **Kao Soap Company**. 1940. pp.787.

Contents: part i, development of the soap industry in Europe and America; part ii, development of the soap industry in Japan (soaps in Tokugawa era; the soap industry in the first half of the Meiji era; the soap industry in the latter half of the Meiji era—development of the Kao Soap Co. during the period; the soap industry in the Taisho era—development of the Kao Soap Co. during the period; the Showa era—development of the Kao Soap Co. during the period); part iii, stages in the development of Japan's soap industry and their problems; and apps.

Written by the famous marxians, Korefusa Hattori and Yoshimasa Kobayashi.

The founder, Tomiro Nagase. Pub. by the Kao Soap Company, 1940. pp.396.

Written by K. Hattori.

Thirty years of the **Denki Kagaku Kogyo Company**. 1952.

Story of a manufacturer of carbide, calcium cyanamide, cement and fertilizer. Short history of the eighty years of the **Nikka Rubber Company**. 1953. Twenty years of the **Nissen (Nippon Dystuff Company)**. 1936. pp.98. The development and present status of the **Nippon Chisso Hiryo Company**. 1937. pp.618.

Reorganized as the Shin Nippon Chisso Hiryo Company in 1950. A manufacturer of ammonium sulphate, ammonium phosphate, etc.

Forty years of the **Nippon Paint Company**. 1941. pp.122.

Fifty years of the Nippon Paint Company. 1949. pp.126.

Ten years from the founding. (The **Nippon Shinbun Ink Company**). 1954. pp.173.

Thirty years of the **Nippon Synthetic Chemical Industry Company**. 1958. pp.700.

History of a manufacturer of calcium carbide, glacial acetic acid, ethyl acetate, etc. Written by N.Nakamura, a well-known historian.

Eighty-five years of the **Shiseido** and the Ginza Street. 1959.

History of the leading Japanese manufacturer of cosmetics on the Ginza Street, Tokyo.

Fifteen years of the **Tohoku Hiryo Company**. 1954. pp.82.

Ten years of the **Toyo Rubber Industry Company**. 1955. pp.207.

Forty years of the **Yokohama Rubber Company**. 1959. pp.731.

History of one of the leading rubber-manufacturing companies in Japan: origin, cooperation with the B.F.Goodrich Co., techniques, plants, products, sales, competition, and regulation of the government.

C) Electric Appliances and Machines

History of the **Fuji Denki Seizo Company**. 1957. pp.330.

Anniversary book of a company established in 1923 to manufacture generators, motors, railway and ship equipments, etc.

History of the **Hitachi Seisakusho**. 1949. pp.334. (contains resume in English)

Chronology of the Hitachi Seisakusho. 2 vols. 1953-54. pp.133, 138.

History of an important manufacturer of power generating machinery, electric machinery, rolling stock, industrial machinery, household electric appliances, etc.

Thirty-five years of the **Matsushita Electric Industrial Company**. 1953. pp.137.

History of the leading Japanese manufacturer of radio and television sets, electric lamps and fittings, dry cells and batteries, etc.

A historical memoir. (The **Mitsubishi Electric Manufacturing Company**). 1951. pp.432.

Contains the history of the company's operations as an important subsidiary of the Mitsubishi Combine.

Twenty years of the **Nippon Battery Company**. 1937. pp.289.

Thirty years of the **Nicchiku (Nippon Gramophone)**. 1940. pp.209.

Story of a manufacturer of records, phonographs, radios, etc. The name was changed to Nippon Columbia Company in 1946.

Forty-six years from the founding. (**The Sawafuji Electric Company**). 1953. pp.58.

A manufacturer of magneto, starter, and generator.

History of the **Sumitomo Electric Industries**. 9 vols. 1947-52. pp.743.

History of the ranking Japanese manufacturer of electrical wires and cables.

Sixty-five years of the **Shibaura Seisakusho**. Pub. by the **Tokyo Shibaura Electric Company** (Consolidation of the Shibaura Seisakusho and the Tokio Electric Company), 1940. pp.494.

History of an important manufacturer of generators, prime movers, motors, electric cars and locomotives, telephones, electric household appliances, etc.

Our last twenty years. (**The Tokyo Electric Company**). 1934. pp.275.

Fifty years of the Tokyo Electric Company. Pub. by the Tokyo Shibaura Electric Company, 1940. pp.698.

Thirty-five years of the **Yasuda Battery Company**. 1953. pp.308.

D) Food, Beverage, and Agricultural Products

History of the **Ajinomoto Company**. 1951. pp.946.

History of the company beginning with the invention of Aji-No-Moto (monosodium glutamate).

Thirty years of the **Dai Nippon Breweries**. 1956. pp.254.

After World War II, the properties of the company was divided by two newly established companies, the Nippon Breweries and the Asahi Breweries.

The recent twenty-five years of the **Nitto (Dai-Nippon Sugar Manufacturing Company)**. 1939. pp.330.

Enlarged from *The recent ten years of the Nitto*, Pub. in 1919.

Brief history of the Nitto. 1944.

Twenty years of the **Honen Oil Company**. 1944. pp.284.

Thirty years of tobacco manufacturing. (**The Japan Monopoly Bureau**). 1935. pp.52.

History of Japan salt industry. (**The Japan Monopoly Corporation**). 1958. pp.990.

Japan salt industry after the War. (Japan Monopoly Corporation). 1958. pp.425.

- Ten years of the Japan Monopoly Corporation. 1959. pp.481.
- Fifty years of the **Kirin Brewery Company**. 1957. pp.249.
- Twenty years of the **Meiji Confectionery Company**. 1936. pp.81.
- Short history of the forty years of the Meiji Confectionery Company. 1958. pp.397.
- Thirty years of the **Meiji Sugar Manufacturing Company**. 1936. pp.140.
- Advance of the Meiji. 1940. pp.40.
- Fifty-five years of the **Morinaga Confectionery Company**. 1954. pp.520.
- History of the **Nisshin Flour Milling Company**. 1955. pp.508.
- Twenty years of the **Noda Shoyu Company**. 1940. pp.724.
- Thirty-five years of the Noda Shoyu company. 1955. pp.844.
- Ten years of the **Showa Sugar Manufacturing Company**. 1939.
The company was absorbed by the Dai Nippon Sugar Manufacturing Company.
- History of the **Taiwan Sugar Manufacturing Company**. 1939. pp.458.
By the retrocession of Formosa, the company had lost the greater part of its property. But started newly under the name of the Taito Company.
- Twenty years from the founding. (The **Takasaki Ham Company**). 1958. pp.650.

E) Iron and Steel

- Of the six biggest iron and steel manufacturers, the Fuji Iron & Steel, the Japan Steel & Tube, the Kobe Steel, the Sumitomo Metal Industries, the Yawata Iron & Steel Companies are all represented in the books below.
- Course of forty years of the **Daido Iron & Steel Company** and its present status. 1958. pp.209.
- Forty years of the **Kobe Iron Foundry (Kobe Chutetsu-sho)**. 1956. pp.380.
- Rise of the modern iron industry: Pre-history of the **Kamaishi Iron Works**. pub. by the Works of the **Fuji Iron and Steel Company**, 1957. pp.183.
Written by K.Mori and G.Itahashi, Professors of Iwate University,
- Seventy years of the Kamaishi Iron Works. Pub. by the Works of the Fuji Iron and Steel Company, 1955. pp.533.
History of the oldest iron foundry in Japan. Contents: part i, general history (birth of blast furnaces at Kamaishi in 1857; years of government mana-

gement, 1874-1887; transfer to the Tanaka Seitetsu-sho in 1887; management under the control of the Mitsui Mining Company, 1924-1934; formation of the Nippon Iron & Steel Co. in 1934 under the Act of the Nippon Iron & Steel Co. —amalgamation with the five largest iron manufacturers in Japan; and separation from the Nippon Iron & Steel Company in 1950—birth of the Fuji Iron & Steel Company): part ii, history of functions of business (organization, producing, marketing, and personel management); and apps.

Fifty years of the **Muroran Iron Works**. Pub. the Works of the Fuji Iron & Steel Company, 1958. pp.780.

Compiled under the supervision of T.Tsuchiya, Emeritus Professor of Tokyo University.

Historical memoir of twenty years of the **Japan Steel & Tube Company**. 1933. pp.291.

Thirty years of the Japan Steel & Tube Company. 1942. pp.486.

Compiled by S. Kojima, a well-known economist.

Forty years of the Japan Steel & Tube Company. 1952. pp.937.

Revised by T. Tsuchiya and F. Yamamoto, Professor of Economics in Rikkyo University.

Thirty years of the **Kobe Steel Works**. 1938. pp.126.

Fifty years of the Kobe Steel Works. 1954. pp.405.

Twenty-five years of the **Nichia Steel Works**. 1943. pp.218.

History of the **Nippon Iron & Steel Company**. 1959. pp.1034.

History of the **Nippon Sheet Steel Company**. 1956. pp.422.

Short history of sixty years of the **Sumitomo Metal Industries**. 1957. pp.315.

Fifty years of the **Yawata Iron Works**. Pub. by the **Yawata Iron & Steel Company**. 1950. pp.473.

Hiroto Saegusa and Keiichi Iida, compilers. Development in iron and steel production in Japan: Establishment of the Yawata Iron Works. Pub. by the Oriental Economist, 1952. pp.752.

One of the few company histories which has real merit from a scholastic point of view. The origin and development of the Works is seen against the story of Japan's iron and steel industry.

F) Machines and Metals (Aluminium)

Twenty-five years of the **Fujikoshi Steel Industry (Fujikoshi Kozai Kogyo) Company**. 1953. pp.344.

History of a manufacturer of machine tool.

Fifty years of the **Ikegai Iron Works**. 1941.

Story of a manufacturing company of engines, machine tools and others.

Thirty-five years of the **Ishii Iron Works**. 1956. pp.282.

Forty years of the **Niigata Engineering Company (Niigata Tekko-sho)**. 1934.

A manufacturer of engines, railroad equipments and others.

The **Nippon Locomotive (Nippon Sharyo) Company**. 1926.

History of the **Nippon Aluminium Manufacturing Company**: Fifty-five years with aluminium. 1957. pp.310.

Thirty years of the **Nippon Air-Brake Company**. 1955. Pp.157.

The 20th anniversary of the incorporation of the **Shimazu Seisaku-sho**. 1937. pp.100.

The 35th anniversary of the incorporation of the Shimazu Seisaku-sho. 1952. pp.43.

History of the ranking Japanese manufacturer of physical and chemical apparatus, X-ray apparatus, precision measuring instruments, etc.

Seventy years of the **Tokyo Wire Rope Manufacturing Company**. 1957. pp.655.

History of the **Toyota Textile Machinery Company**. Pub. by the Nisshin Trading Company, 1953. pp.276.

G) Paper and Pulp

Twenty-five years of the **Hokuetsu Paper Mills Company**. 1932.

The origin and development of the **Nakanoshima Paper Company**. 1928. pp.135.

Fifteen years of the **Nippon Paper (Nippon Seishi) Company**. 1933. pp.170.

Handbook of the Japan paper industry. Pub, by the old **Oji Paper Company**, 1937. pp.1097.

History of the Oji Paper Company. 3 vols .1956-58. pp.335, 327, 427.

A detailed history of the largest paper company in Japan, 1872-1937. Contents: part i, years of the founding, 1872-1886 (incorporation of the Shosi Kaisha in 1873; construction of Oji Factory in 1875; operations; contribution of Heisaburo Okawa to the process of manufacturing; formation of trade associations); part ii, 1887-1897 (the first stage of its development; construction of the Keta Factory, Shizuoka Prefecture—the first sulphite pulp factory); part iii, 1897-1911 (construction of the Nakabe Factory, Shizuoka Prefecture; labor unrest in 1898; construction of the Tomakomai Factory, Hokkaido); part iv, strengthening the foundation, 1912-1926 (World War and the company's progress; advance in Manchuria); part v, 1926-1937 (consolidation with the Fuji Seishi and the Karafuto Kogyo Companies in 1933; the combination and its effects on the industry; management under Ginjiro Fujiwara)

Thirty years of the **Okayama Paper Company**. 1936.

History of the **Tohoku Pulp Company**. 1952. pp.475.

H) Pottery and Cement

History of the **Asano Cement Company**. 1940. pp.611.

The company changed its name to the Nihon Cement Company in 1947.

Seventy years of the **Nihon Cement Company**. 2 vols. 1955. pp.541, 1103.

An accurate and comprehensive study of the leading Japanese cement manufacturer. Contents: part i, the development of cement industry (the cement industry in Europe and America; and the cement industry in Japan); part ii, history of the Nihon Cement Company (the years of founding, 1883-1897; the modernization of the factory, 1898-1911; the development in the Taisho Era; the new products and expansion, 1925-1937; World War II and the company, 1937-1945; postwar reorganization—the dissolution of the Asano Combine and the company; and the development in recent years); part iii, business organization (factories and offices; capital, officers, and employees; and business analysis); and apps. (chronology, statistics, and index).

History of the development of the **Chuo Cement Company**. 1931.

The company was absorbed by the Onoda Cement Company in 1929.

Thirty years of the **Ina Seito Company**. 1956. pp.318.

History of a pottery manufacturer.

History of the **Mikawa Cement Company**. 1937.

Twenty years of the **Nippon Carbon Company**. 1940.

Thirty years of the **Nippon Gaishi Company**. 1949. pp.195.

The ranking Japanese manufacturer of porcelain insulator.

Fifty years from the founding. (The **Onoda Cement Company**). 1931. pp.798.

Historical memoir of the seventy years. (The Onoda Cement Company). 1952. pp.1102.

Fifty years of the **Osaka Yogyo Company**. 1935. pp.305.

A manufacturer of fire brick.

I) Textile

(Cotton)

Outline of the fifty years of the **Dai Nippon Spinning Company**. 1941. pp.192.

Chronology of the last ten years of the **Daiwa Spinning Company**. 1951. pp.47.

Fifty years of the **Fuji Spinning Company**. 1947. pp.387.

Fifty years of the **Fukushima Spinning Company**. 1942. pp.250.

- Fifty years of the **Kishiwada Spinning Company**. 1942. pp.127.
- Historical memoir of sixty-five years. (The **Kurashiki Spinning Company**). 1953. pp.722.
- Fifty years of the **Naigai-men (Naigai Cotton Spinning) Company**. 1937. pp.218.
- Historical memoir of thirty years. (The **Nitto Spinning Company**). 1953. pp.226.
- Brief history of twenty years from the founding of **Osaka Spinning Company**. 1908.
- The company, established in 1882, was amalgamated with the Mie Spinning Company, founded in 1883, to organize the Toyo Spinning Company in 1914.
- History of the development of the Osaka Spinning Company. 1914.
- The 20th anniversary: An outline of the growth of the **Toyo Spinning Company**. 1934. pp.66.
- Seventy years of the Toyo Spinning Company. 1953. pp.755.

A detailed history of the leading spinning company in Japan. Contents: part i, history (the Osaka Spinning Co.; the Mie Spinning Co.; the rise of Japan's cotton spinning industry; the establishment of Japan's cotton spinning industry; the formation of the Toyo Spinning Co. in 1914 by the combination of the Osaka Spinning and the Mie Spinning Companies; World War I and the company; postwar rationalization; laborer and labor management; the merger of the Osaka Godo Spinning Co. in 1931; diversification and expansion; advance into China; World War II and the company; postwar planning; postwar labor relations); part ii, present status; part iii, materials.

(Hemp)

- Fifteen years of the **Nissen (Japan Textile Manufacturing Company)**. 1950. pp.312.
- Thirty years of the **Teikoku Seima Company**. 1937. pp.222.

(Silk)

- Short history of the **Gunze Silk Manufacturing Company**. 1936. pp. 170.
- Twenty years of the **Katakura Silk Spinning Company**. 1941. pp.575.
- Thirty years of the Katakura Industry Company. 1951. pp.178.
- Successor to the Katakura Silk Spinning Company.
- The Tomioka Seishi-sho. Pub. by the Katakura Silk Spinning Company, 1943. pp.79.
- In 1939 the company ceased as an independent company and became a division of the Katakura Spinning Company.

(Wool and Worsted Products)

Ten years of the **Itami Seijyu-sho**. 1933. pp. 40.

Thirty years of the **Japan Wool Textile Company**. 1931. pp.400.

Sixty years of the **Japan Wool Textile Company**. 1957. pp.729.

History of the foundation and development of the largest wool textile company in Japan.

Fifteen years of the **Nippon Keito Boseki Company**. 1936. pp.139.

(Rayon)

Course of the **Asahi Chemical Industry Company**. 1955. pp.21.

Rayon industry and the development of the **Teikoku Rayon Company**. 1938. pp.144.

The 30th anniversary: the development of the Teikoku Rayon Company and an outline of the chemical fiber industry. 1949. pp.428.

The development and the present status of rayon and staple fiber and the fifteen years of the **Toyo Rayon Company**. 1940. pp.126.

History of the Toyo Rayon Company. 1954. pp.451.

Origin and development of a leading manufacturer of rayon and nylon. Established in 1925. Contents: part i, history; part ii, administration (labor, finance, selling, purchasing, research); part iii, rayon and nylon; and apps.

(Cloth)

Sixty years of the **Fukusuke Tabi Company**. 1942. pp.600.

Fifty years of the **Kyoto Orimono Kaisha**. 1937. pp.345.

Twenty years of the **Nippon Cloth Industry Company**. 1941. pp.73.

Fifteen years of the **Toyo Cloth Company**. 1935. pp.98.

Ten years of the **Toyo Deying Company**. 1947. pp.354.

Since after 1949, the company became a division of the Toyo Spinning Company.

6. **Mining Companies**

Historical memoir of the Seventy years. (The **Dowa Mining Company**). 1955. pp.290.

Fifty years of the **Hokkaido Colliery & Steamship Company**. 1939. pp.284.

Seventy years of the Hokkaido Colliery & Steamship Company. 1958. pp.835.

History of the Hitachi Mine. Pub. by the **Nippon Mining Company**, 1952. pp.461.

Fifty years of the Nippon Mining Company. 1957. pp.741.

Twenty years since the founding (History of the **Ishihara Sangyo Kaiun**

Kaisha). 1941.

History of the **Meiji Mining Company**. 1957. pp.532.

History of the Sumitomo: The growth and development of the family business originating in copper mining. Pub. by the **Sumitomo Metal Mining Company**, 1952. pp.154.

Story of the two hundred and fifty years of the Besshi Mine. Pub. by the Sumitomo Honsha, 1941.

7. **Motion Picture Companies**

Ten years of the **Daiei Motion Picture Company**. 1951. pp.300.

The history and present status of the **Nikkatsu**. 1942.

Forty years of the Nikkatsu Corporation. 1952. pp.212.

Five years of the **Toei Motion Picture Company**. 1956. pp.97.

Ten years of the **Toho**. Ed. and Pub. by the Tokyo Takarazuka Theater, 1943.

Extracts from the ten years of the Toho Company. 1942.

8. **Petroleum Companies**

Twenty-five years of the **Hoden Oil Company**. 1920. pp.259.

One of the predecessors of the Nippon Oil Company.

Story of an oil refiner: fifty years of **Matsumura Oil Company**. 1958. pp.328.

Written by professor M. Tamura of Kobe University of Commerce.

Historical memoir of twenty years. (The **Maruzen Oil Company**). 1958.

History of the **Nippon Oil Company**. 1914.

Fifty years of the Nippon Oil Company. 1937. pp.101.

History of the Nippon Oil Company. 1958. pp.630.

Shows the company at work, 1888-1958, within its dynamic setting. Contents: part i, origin and development (a venture in oil at Amase, Niigata Prefecture, 1888-1898; Hisahiro Naito, the founder of the company; advance to Nishiyama Oil Field, Niigata Prefecture, 1898-1914; purchase of the International Oil Company in 1907, a subsidiary of the Standard Oil Company of New Jersey; World War and the company's progress; consolidation with the Hoden Oil Co. in 1921; the first import of crude oil in 1924 and its refining; the period from 1925 to 1945; and postwar adjustment); part ii, development of the petroleum industry in Japan and the company (discovery of crude oil; early petroleum industry in Japan; the founding of the Nippon Oil Co. and the industry; the petroleum industry in the middle of the Meiji era; new producing methods and the Akita Oil Field; World War and the industry; the government and the industry; World War II and the industry; and postwar status); and apps. (statistics, chronology, and index).

Fifteen years of the **Toa oil Company**. 1956. pp.1302.

9. Printing and Publishing Concerns

A) Newspaper

- A sketch of the **Asahi Shinbun Publishing Company**. 1927. pp.322.
 Historical memoir of the fifty years. (The **Asahi Shinbun Publishing Company**). 1929.
 Short history of the seventy years of the **Asahi Shinbun Publishing Company**. 1949. pp.484.
 Ten years of the **Chubu Nippon Shinbun-sha**. 1951. pp.280.
 Short history of the **Hochi Shinbun-sha**. 1932.
 Ten years of the **Hokkaido Shinbun**. 1952. pp.27.
 Short history of the **Japan Times**. 1941. pp.155.
 Fifty-five years of the **Kobe Shinbun**. 1953. pp.424.
 History of the **Nishi Nippon Shinbun-sha**. 1951. pp.467.
 Eighty years of the **Nippon Keizai Shinbun-sha**. 1956. pp.771.
 History of the **Osaka Mainichi Shinbun-sha**. 1925. pp.194.
 Fifty years of the **Osaka Mainichi Shinbun-sha**. 1932. pp.513.
 Seventy years of the **Mainichi Shinbun-sha**. 1952. pp.639.
 Seventy-five years of the **Sanyo Shinbun-sha**. 1954. pp.466.
 The ten years. (The **Teito Nichinichi Shinbun-sha**). 1943.
 Seventy years of the **Tonichi**. (**Tokyo Nichinichi Shinbun-sha**). 1941. pp.407.
 Eighty years of the **Yomiuri Shinbun-sha**. 1955. pp.744.

B) Books and Periodicals.

- Ten years of the **Chukyo Publishing Company**. 1953. pp.147.
 Historical memoir of the fifty years. (The **Chuo Koron-sha**). 1935.
 Seventy years of the **Chuo Koronsha**. 1955. pp.648.
 Course of seventy-five years: History of the **Dai-Nippon Printing Company**. 1952. pp.242.
 Twenty-five years of the **Diamond-sha**. 1938. pp.296.
 Fifty years of the **Fuzanbo**. 1936. pp.726.
 Fifty years of the **Hakubun-kan**. 1937. pp.542.
 Story of the fifty years of the **Hokuryu-kan**. 1940. pp.830.
 Sixty years of the **Oriental Economist**. 1953. pp.573.

10. **Public Utility Companies**A) **Electricity**

Twenty years of the **Dai Nippon Electric Power Company**. 1940. pp. 157.

History of the **Daido Electric Power Company**. 1941. pp.471.

History of the **Fukushima Electric Light Company**. 1927.

History of the **Hiroshima Electricity Company**. 2 vols. 1934. pp.349, 196.

History of the **Kansai Kyodo Coal Power Electricity Company**. 1941.

History of the **Keihin Electric Power Company**. 1926.

History of the **Kiso Electric Power Company**. 1944.

Fifty years of the **Kyoto Electric Light Company**. 1939. pp.362.

Twenty years of the **Kyushu Hydro-electricity Company**. 1933. pp.405.

History of the **Nagoya Electric Light Company**. Pub. by the Toho Electric Power Company. 1928.

Thirty years of the **Niigata Electric Power Company**. 1937. pp.255.

Ten years of the **Nippon Electric Power Company**. 1933. pp.598.

History of the **Osaka Electric Light Company**. 1925. pp.692.

Thirty years of the **Shikoku Hydro-electricity Company**. 1928. pp.350.

The first fifty years of the **Tokyo Electric Company**. 1936. pp.289.

Historical memoir of the **Ujigawa Electricity Company**. 1942. pp.300.

Ten years of the **Yahagi Hydro-electricity Company**. 1929.

History of the **Yamagata Electricity Company**. 1940.

History of the **Yokohama Electricity Company**. 1922.

History of the **Japan Electric Generation & Transmission (Nippon Hassoden) Company**. 2 vols. 1954. pp.503, 446.

History of a semi-government corporation from its founding in 1939 to its liquidation in 1951. Vol.I: Japan's electric light and power industry before the company—competition among the big five; formation of the company under the Act of Japan Electric Generation and Transmission Company—transfer of the properties of the big five and others to the company and the nine newly organized electric distribution (Haiden) companies; World War II and the company; post-war liquidation of the company—transfer of the properties of the company and the Haiden companies to the nine private electric power (Denryoku) companies established in 1951. Vol.II: organization; finance; operations; planning and research; employees and employee relations; liquidation; and apps. (financial statements and others).

Ten years of the Kanto Branch of the Nippon Electric Generation & Trans-

mission Company. 1949. pp.568.

History of the **Chubu Electric Distribution (Chubu Haiden) Company**. 1954. pp.500.

Ten years of the **Chugoku Electric Distribution (Chugoku Haiden) Company**. 1953.

History of the **Hokuriku Electric Distribution (Hokuriku Haiden) Company**. 1956.

History of the **Kansai Electric Distribution (Kansai Haiden) Company**. 1953. pp.314.

Ten years of the **Kyushu Electric Distribution (Kyushu Haiden) Company**. 1952. pp.408.

B) Gas

Forty years of the **Kobe Gas Company**. 1940. pp. 298.

Fifty years of the **Osaka Gas Company**. 1955. pp. 465.

History of the **Toho Gas Company**. 1957. pp.531.

The **Tokyo Gas Company**: Its development and present status. 1927. pp.40.

Historical memoir of the forty years of the Tokyo Gas Company. 1929.

Fifty years of the Tokyo Gas Company. 1935. pp.264.

Seventy years of the Tokyo Gas Company. 1956. pp.531.

Contents: part i, the present status; part ii, history (rise of the gas industry in Japan; the Meiji era—formation of the Tokyo Gas Co. in 1885; the Taisho era; and the Showa era); part iii, materials. Contains *the developments of the gas industry in Japan*, contributed by Tatsuo Takenaka, Professor of Public Utilities in Kobe University.

11. Shipbuilding

Forty years of the **Hakodate Dock Company**. 1937. pp. 309.

Seventy years of the **Hitachi Shipbuilding & Engineering Company**. 1956. pp.569.

Written by H. Kurowa, doctor in economics, and E. Yamamoto under the supervision of E. Honjo, well-known historian.

Forty years of the **Kawasaki Dockyard Company**. 1936. pp.320.

Course of sixty years of the Kawasaki Dockyard Company. 1956. pp. 37.

History of the **Mitsubishi Heavy Industries**. 1956. pp.816.

In 1917 the old Mitsubishi Shipbuilding & Engine Company was incorporated to succeed the shipbuilding business of the Mitsubishi Goshi Kaisha, the operating holding company of the Mitsubishi Combine. In 1934 the company changed

its name to the Mitsubishi Heavy Industries. After World War II, the company was forced to be divided into three independent companies, that is, the Naka Nippon Heavy Industry (later becoming Mitsubishi Heavy Industries, Reorganized), the Nishi Nippon Heavy Industry (later changing to Mitsubishi Shipbuilding & Engine Company), and the Higashi Nippon Heavy Industry (later becoming Mitsubishi Nippon Heavy Industries)

Contents: part i, historical survey; part ii, changes in organization; part iii, development of personnel management; part iv, laborer and labor policy; part v, works, past and present; part vi, research; part vii, shipbuilding; part viii, engineering; part ix, aircraft; part x, financial operations and rewards; part xi, postwar dissolution; and apps.

Fifty years of the Kobe Shipyard & Engine Works. Pub. by the **Mitsubishi Heavy Industries, Reorganized, Ltd.**, 1957. pp.543.

History of the **Mitsubishi Nagasaki Shipyard & Engine Works**. Vol.I. Pub. by the old Mitsubishi Shipbuilding & Engineering Company, 1928. pp.468. Vol.II. Pub. by the Nishi Nippon Heavy Industries Co, 1951. pp.621.

The Nishi Nippon Heavy Industry Company, a successor of the old Mitsubishi, changed its name to the Mitsubishi Shipbuilding & Engineering Company in 1952.

Thirty-five years of the **Mitsui Shipbuilding & Engineering Company**. 1953. pp. 322.

Twenty years of the Shipbuilding & Engineering Division of the Mitsui Bussan Kaisha. Pub. by the Tama Shipbuilding & Engineering Company, 1938.

The Division was separated from the company and incorporated under the name Tama in 1937. The company changed its name to the Mitsui Shipbuilding & Engineering Company in 1942.

Fifty years of the **Tokyo Ishikawajima Shipbuilding & Engineering Company**. 1930. pp.282.

Sixty years of the **Uraga Dock Company**. 1957. pp.628.

12. **Securities Companies**

Thirty years of the **Fujimoto Bill-Broker & Securities Company**. 1936. pp.248.

Ten years of the **Nikko Securities Company**. 1954. pp.813.

Ten years of the **Nomura Securities Company**. 1936.

Twenty-five years of the Nomura Securities Company. 1951. pp.371.

History of the **Yamaichi Securities Company**. 1958. pp.1346.

13. **Stock Exchange**

- History of the **Dojima Rice Exchange**. 1911. pp.139.
 Forty years of the **Hiroshima Stock Exchange**. 1934.
 Fifty years of the **Kyoto Stock Exchange**. 1935. pp.420.
 History of the **Nagoya Rice Exchange**. 1941.
 History of the **Nagoya Stock Exchange**. 1943.
 Fifty years of the Daikabu. (**Osaka Stock Exchange**). 1928. pp.1625.
 Short history of fifty years of the Daikabu. 1928. pp.99.
 A pocket edition of *Fifty years of the Daikabu*.
 History of the **Tokyo Stock Exchange** . 1916. pp.385.
 Fifty years of the Tokyo Stock Exchange. 1928. pp.859.
 History of the Tokyo Stock Exchange. 2 vols. 1933, 1938. pp.626, 1020.
 Sequel of the *Fifty years of the Tokyo Stock Exchange*.

14. **Transportation Comapny**

A) Railroads

- Fifty years of the **Chichibu Railroad**. 1950. pp.74.
 Course of fifteen years of the **Enshu Railroad Company**. 1958. pp.68.
 Fifty years of transportation service. (The **Hanshin Electric Railway**).
 1955. pp. 211.
 Thirty years of our business. (The **Iyo Railroad**). 1919.
 Fifty years of the Iyo Railroad & Electric Company. 1936. pp.832.
 Thirty years of the **Jyoso Railroad**. 1942.
 History of the **Keihan Electric Railway Company**. 1949. pp. 600.
 Fifty years of the **Kei-Han-Shin Kyuko Railway**. 1959. pp. 389.
 The history of the development of the **Keihin Electric Railway Com-
 pany**. 1949.
 The recent ten years of the Keihin Electric Express Railway Company.
 1958. pp.84.
 Historical memoir of the twenty years of the **Keio Electric Railway
 Company**. 1930.
 Thirty years of the Keio Electric Railway Company. 1941.
 Ten years of the **Nagasaki Electric Railway Company**. 1924. pp.47.
 Fifty years of the operation. (The **Nankai Railroad Company**). 1936.
 The development of the Nankai Railroad Company. 1938. pp.455.
 Course of seventy years of the Nankai Railroad Company. 1957.

Twenty-five years of the **Odakyu Electric Railway Company**. 1952. pp.654.

Twenty-five years of the **Oji Electric Railway Company**. 1935. pp.105.

Thirty years of the Oji Electric Railway Company. 1904. pp. 198.

Thirty years of the **Osaka Electric Railway (Daiki) Company**. 1940. pp.628.

History of the **Osaka Railway (Daitetsu) Company**. Pub. by the **Kinki Nippon Electric Railway Company**. 1952. pp.518.

The Daiki, established in 1910, absorbed the Daitetsu in 1943. One year later the company joined with the Nankai to form the Kinki Nippon Electric Railway Company.

Thirty years of the **Shimabara Railroad**. 1923.

History of the **Tokyo Underground Railway Company**. 2 vols. 1934. pp.434, 390.

The history of the development of the **Tokyo & Yokohama Electric Railway Company**. Pub. by the **Tokyo Electric Express Railway** 1943.

History of the **Ube Railroad**. 1942.

B) Shipping Companies

History of the **Baba Steamship Company** and its operation. 1958. pp. 400.

Twenty years from the founding. (The **Kita Nippon Steamship Company**). 1934. pp.34.

Twenty-five years of the Kita Nippon Steamship Company. 1939. pp.522.

Eighty years since the founding. (The **Mitsui Steamship Company**). 1958. pp.862.

Contents: part i, history (rise and development of the shipping business of the Mitsuis; operations under the shipping division of the Mitsui Bussan Kaisha; and the formation of the Mitsui Steamship Co. in 1942 and its after); part ii. lines; part iii, ships; part iv, earnings; part v, organization; and apps.

Fifty years of the **Nippon Yusen Kaisha**. 1935. pp.952.

Seventy years of the Nippon Yusen Kaisha. 1956. pp.741.

The dominating combines in Japanese business before and during the war were popularly known as the Zaibatsu. Of these, the Mitsubishi Combine developed from a shipping business founded by Yataro Iwasaki in 1870. This volume is packed with facts about the beginnings of the Yubinkisen Mitsubishi Kaisha, its competition with the Kyodo Unyu Kaisha which led to the formation of the Nippon Yusen Kaisha in 1885, opening of various lines, their operations, Russo-Japanese War and the company, development during World War I, postwar depression and the company, regulation during war time, loss of their ships, and

postwar reorganization.

Thirty years of the **Nisshin Steamship Company**. 1941. pp.425.

Fifty years of the **Osaka Shosen Kaisha**. 1934. pp.952.

Compiled by W. Kanno, doctor in economics.

Fifteen years of the **Shimomura Steamship Company**. 1942.

Fifty years of the **Taiko Steamship Company**. 1937. pp.81.

Twenty years of the **Toyo Kaiun Company**. 1956. pp.386.

Ten years of the operation of the **Tozai Steamship Company**. 1956.
pp.164.

C) Express Companies

Ten years of the **Hakata Transport Company**. 1935.

Ten years of the **Kokusai Transport (Kokusai Unyu) Company**.
1934.

History of the **Kokusai Express (Kokusai Tsuun) Company**. 1938.
pp.399.

Successor to the Naikoku Express Company.

History of the development of the **Naikoku Express Company**. 1918.
pp.154.

Ten years of the **Nippon Air Transportation (Nippon Koku Yuso)
Company**. 1938.

Fifteen years of the **Nippon Yubin Teiso Company**. 1957. pp.350.

15. **Miscellaneous**

Fifty years of the **Hakuyosha**. 1955. pp.269.

History of a laundry company established in Tokyo in 1896.

Stories of the Marunouchi; Ancient and modern. Ed. and pub. by the **Mitsu-
bishi Real Estate (Jisho) Company**, 1952. pp.70.

Appendix. **The Zaibatsu**

There are relatively many number of books dealing with rise and growth of the Zaibatsu, the dominating combines in Japanese business before and during the war. With a few exceptions, however, they are either journalistic pieces or books written to point out the evils of the Zaibatsu.

A) General

Kamekichi Takahashi. An analysis of the Zaibatsu (Nippon Zaibatsu no

- Kaibo). Pub. by Chuokoron-sha, 1930. pp.362.
- Study on the Zaibatsu (Zaibatsu Kenkyu). 2 vols. Ed. & pub. by the Teikoku Koshinsho-Nippobu, 1929. pp.442.
- Story of the Zaibatsu (Zaibatsu Seisui). 2vols. Ed. by the Economist, Osaka Mainichi Shinbun-sha, Pub. by the Meisei Shobo. 1930. pp.251, 337.
- Mosaburo Suzuki. On the Zaibatsu (Nippon Zaibatsuron). Pub. by the Kaizo-sha, 1934. pp.453.
- Kamekichi Takahashi and Jiro Aoyama. On the Zaibatsu (Nippon Zaibatsuron). Pub. by the Shunju-sha, 1938. pp.305.
- Hiroshi Higuchi. On the Zaibatsu (Nippon Zaibatsuron). 2 vols. Pub. by the Mitoh, 1940. pp.306, 303.
- Hiroshi Higuchi. Planned economy and the Zaibatsu (Keikaku Keizai to Nippon Zaibatsu). Pub. by the Mitoh, 1941. pp.311.
- Hiroshi Higuchi. Study on the Zaibatsu (Nippon Zaibatsu no Kenkyu). Pub. by the Mitoh, 1948. pp.271.
- Toshio Togai. The Zaibatsu and Capitalist (Zaibatsu to Shihonkatachi). Pub. by the Gakufu-Shobo. 1956. pp.206.
- Takao Tsuchiya. Founders of the Zaibatsu (Zaibatsu o Kizuita Hitobito). Pub. by the Kobundo, 1956. pp.245.
- B) The Four Biggest Combines: the Mitsui, the Mitsubishi, the Sumitomo, and the Yasuda
- Kurama Otaki. The Mitsui plutocracy (Mitsui Okoku). 1926.
- Takero Yamada. Story of the Mitsui (Mitsui Monogatari). 1934.
- Denkichi Matsushita. Study of the Mitsui Combine (Zaibatsu Mitsui no Shinkenkyu). Pub. by Chugai-Sangyo-chosakai, 1936. pp.390.
- Hidekichi Wada. Reading in the Mitsui Combine (Mitsui Konzern Tokuhon). Pub. by the Shunju-sha, 1937. pp.363.
- Nobuyuki Masuo. Reading in the Mitsui (Mitsui Tokuhon). Pub. by the Ajia-shobo, 1943. pp.555.
- Toyaji Otsuka, compiler. The Mitsui and the Mitsubishi (Mitsui to Mitsubishi). Pub. by the Jitsugyo no Nippon-sha, 1913. pp.512.
- Ryotaro Iwai. Story of the Mitsui and the Mitsubishi (Mitsui Mitsubishi Monogatari). 1934.
- Seiki Miyake & Yoshio Togai. The Mitsui, the Mitsubishi and the Sumitomo (Mitsui Mitsubishi Sumitomo). Pub. by the Kaname-

shobo, 1953. pp.217.

Taro Todoroki. Sketch of the Mitsui (Mitsui Zaibatsu no Tenbou). 1932.

Ryotaro Iwai. Reading in the Mitsubishi Combine (Mitsubishi Konzern Tokuhon). Pub. by the Shunju-sha, 1937. pp.336.

Shuko Shirayanagi. Story of the Sumitomo (Sumitomo Monogatari). Pub. by the Chikura-Shobo. 1931.

Kiyosaku Nishino. Reading in the Sumitomo Combine (Sumitomo Konzern Tokuhon). Pub. by the Shunju-sha, 1937. pp.310.

Toshie Kohama. Reading in the Yasuda Combine (Yasuda Konzern Tokuhon). Pub. by the Shunju-sha., 1937. pp.334.

C) Zaibatsu Dissolution

The Zaibatsu and its dissolution (Nippon Zaibatsu to sono Hokai). Ed. & Pub. by the Holding Company Liquidation Commission (HCLC), 1951. 2 vols. pp.570, 594.

Kenichiro Osumi. Structure of Zaibatsu and its dissolution (Zaibatsu no kiko to sono Kaitai). 1946.

THE RESEARCH INSTITUTE FOR ECONOMICS AND BUSINESS ADMINISTRATION, KOBE UNIVERSITY.



The Institute was founded in 1919 and attached to Kobe University (the Kobe Higher Commercial School at that time) with an endowment fund from F. Kanematsu & Co., Ltd., the pioneer firm in Japan-Australia trade. This fund provided the school with a building and the means to carry on research work. In 1949, the Institute became an official organization attached to Kobe

University, maintained by the national treasury.

The aim of the Institute is to carry on scientific and synthetic study of industrial economy in its two teams of research work, namely, the Research Team of International Economy and the Research Team of Business Administration. The former comprises five sections, each taking charge of research work on International Trade, Marine Economy, International Finance, International Rules and Agreements on Commerce and Regional Study on Latin-America; the latter comprises four sections, each of which undertakes to do research work on Business Administration, Accounting, International Management and Industrial Relations.

Besides these regular research sections, we have horizontal study groups closely related to the regular research sections to carry on special research work by a Committee of Specialists. In the field of international economy, two committees for special study, the Committee on Asian Economy and the Committee on Latin American Economy, have been organized; and in the field of business administration the Committee on Company Accounting has been formed. The said special research work is carried on by the faculty of the Institute and by extra-Institute and extra-University research workers.

The results of the research work are published in the Kobe Economic & Business Review, the Kobe University International Economic Review and the Kobe University Business Review (each published annually) and in the monthly journal "Kokumin Keizai Zasshi" (Journal of Economics and Business Administration), and sometimes in book form on specific themes.

The Institute has a research staff of 24 members and a secretariate of 10 clerks.

THE RESEARCH INSTITUTE FOR
ECONOMICS & BUSINESS ADMINISTRATION
KOBE UNIVERSITY

Director: Ginjiro SHIBATA

Secretary: Toshio HARA

GROUP OF INTERNATIONAL
ECONOMIC RESEARCH

Ginjiro SHIBATA	Professor of International Trade and Marine Economics
Fukuo KAWATA	Professor of International Trade
Hiroshi SHINJO	Professor of International Finance
Torasaburo NOMURA	Professor of Transportation
Taro KAWAKAMI	Professor of Private International Law
Jiro YAO	Professor of International Finance
Tei-ichi YAMASAKI	Assistant Professor of Regional Study on Latin America
Seiji SASAKI	Assistant Professor of Marine Economics
Hiroshi SAITO	Assistant Professor of Regional Study on Latin America
Masahiro FUJITA	Assistant Professor of Regional Study on Latin America
Hikoji KATANO	Assistant Professor of International Trade
Hiroomasa YAMAMOTO	Assistant in Marine Economics Section

GROUP OF BUSINESS
ADMINISTRATION RESEARCH

Susumu WATANABE	Professor of Accounting
Minoru BEIKA	Professor of Plant Location
Yasutaro HIRAI	Professor of Business Administration
Tadakatsu INOUE	Assistant Professor of Business History
Nobuko NOSÉ	Assistant Professor of Social Accounting
Hideo KITANI	Engineer of Business Machinery
Ryuji TAKEDA	Assistant in Accounting Section
Jiro ONO	Assistant in Business Administration Section

Office: The Kanematsu Memorial Hall,
THE KOBE UNIVERSITY
ROKKO, KOBE, JAPAN

昭和34年11月20日印刷
昭和34年11月25日発行

編集発行所
神戸市灘区六甲台町
神戸大学経済経営研究所

印刷所
奈良県天理市川原城
天理時報社