

Japan: The Big Eight



The Corporate Logos of Mitsubishi, Mitsui and Sumitomo

The Japanese Government said it had no "objection" to breaking up the holdings of the *Zaibatsu*, the few families who control most Japanese business and industry. Spokesmen for some of the *Zaibatsu* themselves announced they would voluntarily seek their own dissolution. But as far as General of the Army MacArthur was concerned nobody had informed him that anything was being done to break up these monopolies as he had ordered. On Oct. 26 the general said "no official communication" had been received on the subject. That was an official hint to the Japanese to get busy on what is one of the most ticklish questions in the reformation of Japan.

So far the members of *Zaibatsu*, or "wealth clique," seem to have maintained their privileged position. In an exclusive and clannish nation they form a super-exclusive and super-clannish class suspended between the old nobility and the rich upper-middle class. They marry into their own clans or other old families whenever possible. Many of them are educated abroad. The Mitsuis, for example, have often gone to Dartmouth; the Iwasakis, to Cambridge.

Their social lives are schizophrenic. In Tokyo a family will have two houses side by side, one European and the other Japanese. Their *besso* or country villas, are similarly divided. Foreigners, mostly men, are entertained in the foreign side of the house; they are practically never admitted to the native side. When the *Zaibatsu* attend formal functions, men and women both wear foreign dress and conform to western etiquette. Then when they get home they change into Japanese clothes and the wife waits on her husband at meals, though they may have dozens of servants.

The Super-Rich: The four biggest families are Mitsui, Mitsubishi, which is the trade name of the Iwasaki family, Sumitomo, and Yasuda. Each family controls one of the six great private banks. These, in turn, control more than a third of all private bank deposits through their subsidiaries. Their trust companies receive about 70 per cent of all trust deposits. Through investments and loans they control a host of manufacturing enterprises, private railroads, steamship

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lines, and power, light, and gas companies.

After the **Big Four** come four more slightly less powerful combines: Asano, Okura, Furukawa, and Kawasaki. These smaller interests are rather more specialized. Asano concerns itself with heavy industry—mining, iron, steel, and cement; Okura is identified with textiles, mining, motor transport, and trading; Furukawa owns mines, refines copper, and produces electrical machinery; and Kawasaki runs banks, railroads, insurance companies, and rayon mills.

The Super-Feudal: The great Zaibatsu families did not emerge in their present form until Japan began converting itself from a feudal into a modern state in the later part of the nineteenth century. Then the Mitsuis became the predominant financiers and advisers to the government, receiving every privilege in return for services and loans. Unwanted government property; including mines taken over from the shogun and the feudal nobles, was transferred to Mitsui at nominal prices. Starting as government purchasing agents abroad they built up their own enormous export and import house. Their expansion paralleled the rise of Japan and, as long as political parties meant anything, Mitsui controlled the largest, the Seiyukai.

Mitsubishi came up by a different route. The founder, Yataro Iwasaki, had been steward to the Lord of Tosa, on Shikoku Island. When feudalism was abolished, he collected what was due him in kind—eleven ships. For carrying troops to Formosa in 1875 Iwasaki received state aid to increase his fleet. It eventually developed into the Nippon Yusen Kaisha, Japan's largest line with regular runs covering the world. To serve it were built the great Mitsubishi dockyards. Mining and bank ventures followed.

In 1890, when the government was hard up, Mitsubishi was forced into buying some waste land alongside the Tokyo Palace. Developing it into the Marunouchi district—the main business center of Tokyo—has made Mitsubishi the richest real-estate concern in Japan. More conservative than Mitsui, until the early 1930s Mitsubishi backed the Minseito party in politics.

Sumitomo and Yasuda both began as money-lending traders. Sumitomo mined and refined copper three centuries ago and now handles all non-ferrous metals, coal, and chemicals and produces steel. It also has its own bank, trust company, and shipping line. Yasuda's main interests lie in its bank, in real estate, and in a hemp monopoly. As a result of large loans to the government during the Russo-Japanese War, Yasuda became a favorite of the military clique with opportunities in the colonies and Manchuria.

In the center of each Zaibatsu web of directly controlled and subsidiary companies is a parent company: Mitsui Gomei, an unlimited partnership; Mit-

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subishi Goshi and Sumitomo Goshi, joint stock, and Yasuda Hozensha, family corporation. All stock in these companies is held by the family, which manages the business itself, assisted by a head *banto* (literally: guard chief). His position is often hereditary.

The Emperor Too: To the names of Zaibatsu, great and small, must be added the imperial family, or more particularly its head, the emperor. The affairs of this enormously wealthy closed corporation are managed by the Imperial Household Ministry. It has 5,000 persons on its pay roll. It handles the annual contribution to the throne—Hirohito's salary of \$2,250,000 (at normal rates of exchange)—6,000 square miles of real estate, and nearly 8 per cent of all investments in Japan. The imperial family holds 141,000 of 300,000 original Bank of Japan shares. Among its other holdings: Nippon Yusen Kaisha, 161,000 shares; Oji Paper, 62,000 shares; Mitsui Bank, 54,000 shares; Tokyo Electric Light, 24,000 shares, and the South Manchurian Railway, 38,000 shares. It is reported that between 1913 and Pearl Harbor the wealth of the imperial family increased from 340,000,000 to 30,000,000,000 yen.