

The Father of Japanese Capitalism: Shibusawa Eiichi's Vision of the Ethical Corporation

Introduction

When Europeans began trading with Japan in the 16th century, they were amazed by Japanese craftsmanship, the country's sophistication, and its extraordinary wealth but the Japanese elite were not equally convinced by the benefits of European trade. Wary of foreign influence, particularly the attempts by Christian missionaries to convert the Japanese, the Tokugawa Shogunate enforced a policy of strict isolation in Japan. Tokugawa Iemitsu, the shogun of Japan from 1623 to 1651, issued a series of edicts placing severe restrictions on trade and the movement of people and goods after 1638. These prohibitions remained in place for more than two hundred years until 8 July 1853 when, under the command of Commodore Matthew Perry, four United States Naval Ships sailed into Tokyo Bay. In the decades leading up to this confrontation, the presence of foreign ships in Japanese waters had become an increasingly common sight as western powers competed ever more fiercely to establish trade relations in the region. The arrival of Perry's "black ships", however, marked a stark shift in Japan's foreign relations. American President Millard Fillmore had tasked Perry with forcing open Japanese ports to US vessels and, unlike in previous naval expeditions, granted him full and discretionary powers to achieve this end. On arriving into Tokyo Bay, Perry staged a week-long campaign of intimidation that began fiercely with the firing of blank shots and culminated in ominous threats to destroy the nation. The Tokugawa Shogunate, stymied by indecision, finally conceded that Perry would be allowed ashore to deliver a letter demanding that Japan abandoned its protectionist policies.

After presenting the letter with considerable fanfare, the expeditionary forces upped anchor and left for the Chinese coast. Ever true to his word, though, Perry returned to Tokyo Bay little under a year later with a bigger fleet of ships. Concerned to establish formal trade relations with Japan before Britain, France and Russia managed to do so, Perry pressed the Japanese government for an answer to his earlier demands. Following three weeks of hostile negotiations, the two parties ratified the Convention of Kanagawa on 31 March 1854. The terms of the accord – guaranteeing care for shipwrecked sailors, the establishment of an American consulate in Japan, and the opening of Shimoda and Hakodate ports to American vessels – put an end to more than two centuries of Japanese isolationism.

Once the doors to Japan had been forced open, it was not long before a series of other expeditionary forces arrived in the hope of securing their own share of the riches on offer. Within a matter of years, the weakened Japanese government had signed similar trade treaties with all of the major European powers. The country had effectively been left with little choice but to abandon its popular protectionist tariffs and practice free trade.

Perhaps unsurprisingly, resentment towards the Tokugawa Shogunate, who had acquiesced to the demands of the West, mounted. Self-styled *shishi*, "men of high purpose", carried out attacks on westerners and government officials in the hope of restoring the Emperor to power and putting an end to their nation's decline. Ill-feeling towards the Tokugawa regime came to a head in 1868 when war broke out between the ruling shogunate and a group of young samurai disillusioned with the government. That year, following the defeat of his forces at the Battle of Toba-Fushimi, the Shogun finally surrendered and a new government took over the country in what became known as the Meiji Restoration or, more dramatically, the Meiji Revolution.

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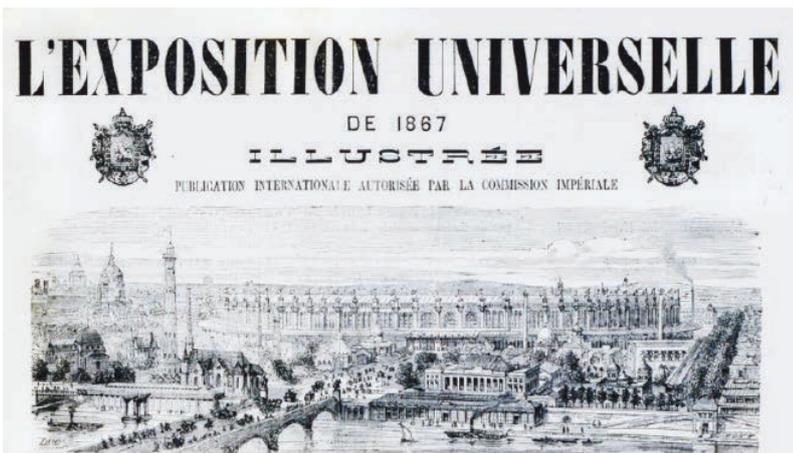


Japanese depiction of Commodore Perry's black ship

Keenly aware of the economic might of rival trading nations, the Meiji government saw it as their patriotic duty to restore their countries to a position of relative strength.¹ A host of liberalizing measures that legislated, amongst other matters, for the abolition of the caste system, guilds, and restrictions on occupational mobility quickly passed. Taking pains to learn from abroad, the government also attempted to model Japanese institutions – including the military, postal service, and educational system – on the modern equivalents found in Britain, France, the U.S., Germany and Belgium.² Leaders made it clear that if

the country wanted to compete on an equal footing, then its industrial sector needed to modernize rapidly. This, they reasoned, necessitated the growth of large companies. In the wake of the Restoration, the old merchant houses steadily declined in power as the *zaibatsu*, or family-owned industrial conglomerates, came to dominate the new corporate economy. With connections in high places, the former samurai who headed the *zaibatsu* benefited from political patronage that allowed them to substantially expand their operations in the 1870s. Mitsubishi, for example, one of the leading *zaibatsu*, profited from a subsidized monopoly that meant it would dominate the shipping and foreign trade industries well into the twentieth century.

In spite of the Meiji government's best efforts to direct industrial expansion, however, a number of idealistic entrepreneurs worked outside of government structures to reform business during this era. Men including Fukuzawa Yukichi, Hara Rokuro, Doi Michio and Godai Tomoatsu took advantage of the popular mood for change to introduce new practices in private enterprise. Today in Japan, largely thanks to the efforts of his descendants who have worked tirelessly to preserve his memory, it is Shibusawa Eiichi (1840-1913) who remains the best-known figurehead for this movement. A one-time employee of the Ministry of Finance, Shibusawa went on to become an effective critic of the state. In his capacity as head of Dai-Ichi bank, he championed *gapponshugi* capitalism as an alternative means of societal and economic organization.



Paris Universal Exhibition of 1867

Shibusawa returns to Japan

At the start of the Meiji Restoration, Shibusawa Eiichi was happily oblivious to the events unfolding in Japan. For the past year, he had been travelling across Europe in the service of the Tokugawa Shogunate. The merchant's son, a once forthright critic of what he termed the "accumulated evils of hereditary office", had long since put aside his youthful objections to shogunate rule.³ Working as a retainer was, after all, a stimulating line of work. For ambitious young men like himself, the opportunity to oversee

minor economic reforms, all the while being exposed to the inner workings of Japanese politics, proved exciting.

As minor officials, retainers also enjoyed a privilege afforded to very few: travel. This was how Shibusawa came to find himself in Europe at the beck and call of the Shogun. Following an invitation from Napoleon III, Shibusawa joined a delegation sanctioned to attend the Paris World Expo of 1867. After attending the fair, he spent a year and half traveling across the continent. A previous proponent for Japanese isolationism, Shibusawa fast found himself developing an interest in everything European. As he toured around France, Italy, England and Belgium, he was struck by the high status that businessmen enjoyed,

along with the commitment of the business community to philanthropic causes. The structure of the joint-stock corporation and its underpinning financial institutions, moreover, appeared to him as only positive. Not surprisingly, adjusting to life back in Japan was more complicated than Shibusawa had anticipated. On arriving home in 1869, the “sweeping changes” that had occurred in his absence left Shibusawa “stunned”. As he later wrote in his autobiography, many of the institutions and practices that he had taken for granted had been quashed by Meiji rebels.⁴ Leaders from the provinces of Satsuma and Chōshū overthrew the Tokugawa Shogunate who Shibusawa had served under. Meanwhile, Emperor Meiji had ascended to the throne and occupied a position of relative power in conjunction with the Satsuma-Chōshū alliance.

In these dangerous new times, the public more often greeted former shogunate officials with disdain, rather than the once-familiar response of apprehension. Naturally, former government employees like Shibusawa were forced to reevaluate their place in society. Unlike many of his more devoted colleagues, Shibusawa wasted little in time mourning his loss of status. Rather, eager to take advantage of his newly-acquired freedom from shogunate service, he quickly set about working independently from the government. In 1869 – spurred on by his time in Europe – he established one of the first joint-stock corporations in Japan, a small trading company called *Shoho Kaisho*.

Try as he might, though, Shibusawa couldn’t stay away from the government for very long. His bold decision to establish a company caught the attention of the modernizing Ministry of Finance who, with some persistence, persuaded him to put his business career on hold. As the Ministry was all too aware, they needed men like Shibusawa if they wanted to put the nation on a stronger economic footing – even if these “outsiders” did occasionally rock the boat. As the first Head of the Bureau of Reorganization, Shibusawa made a bold impression leading the way in such efforts as tax reform, standardization of weights and measures, abolishment of domain debts, and strategic surveys of natural resources. In the face of high interest rates, and a shortage of capital and trained personnel, these achievements would undoubtedly have seemed impressive.

Working at the Ministry of Finance meant Shibusawa had a front-row seat to Meiji politics. During his time there, he watched on as senior officials attempted to solve one of the most intractable economic problems facing Japan: its banking system. Up until this point, there had been two main forms of banking: a money lender system managed by wealthy individuals and a “rice bank” system with rice distributed to Shogunate retainers as payment for their services.⁵ Neither system proved particularly effective or straightforward to manage. In desperation, Ito Hirobumi, the Vice-Minister of Finance, travelled to the United States to investigate the banking system and returned with a copy of the National Bank Act of the United States. The Ministry decided that a modern banking system, which allowed rice to be replaced with currency and did away with the redemption of inconvertible government notes, was the solution.⁶

Shibusawa did not stay on the sidelines for any longer than he had to. After the return of Ito, he took on the chairmanship of the Committee of Investigation on the National Bank System. In this role, he oversaw the development of the National Bank Act of Japan that included many modern banking features such as government note redemption and a reserve requirement.⁷ Newly emboldened by his success in passing through the Act, Shibusawa took on the challenge of forming the first modern bank modeled after American national banks, persuading the public and the rival Mitsui and Ono companies to buy shares.⁸ The Dai-Ichi Kokuritsu Ginko, “The First National Bank”, was officially founded on 15 November 1872.⁹



The First National Bank in the second half of the nineteenth century

The First National Bank

As Shibusawa later wrote, his time at the Ministry of Finance felt like a detour from his true calling to work in private enterprise. To the dismay of his colleagues, Shibusawa eventually left the government in 1873 to focus entirely on working with the First National Bank as its first General Superintendent and, later, President.¹⁰ Instituting a new banking system proved no easy task and at Dai-Ichi, Shibusawa weathered some distinctly rocky times. Just a year after he arrived, it appeared to all intents and purpose that his days were

over before they had even really started. The sudden failure of one of the Bank's major shareholders, the Ono Company, placed considerable strains on its finances and caused a loss of trust amongst backers who moved to withdraw their funds. At times, the challenge of the initial years seemed – to shareholders' and Shibusawa's collective dismay – to be never ending. In 1883, the government made the unexpected decision that only the Bank of Japan could issue bank notes. Dai-Ichi, having to operate in an increasingly competitive field and adapt to the loss of one of its key businesses, was at this point barely hanging on.



yDai-Ichi Bank Token with portrait of Shibusawa Eiichi, 1902

It was clear that to survive, the Bank needed a substantial new revenue stream, and fast. Shibusawa, who made a career out of trouble-shooting, stepped forward. Around this time, the Japanese government had started to make in-roads into parts of East Asia, including China, Taiwan and Korea. While Shibusawa had his reservations about Japanese expansionism, he was not one to pass up an opportunity when it stood to work in the Bank's favor. Like many of his peers, he believed that Korea and Japan shared a common ancestry with Japan slightly further along in its modernization process than its neighbor. This commonality, in Shibusawa's mind, meant that expanding the Bank's activities into Korea would be a relatively straightforward and profitable operation.

In 1878, Dai-Ichi broke new ground as the first Japanese bank to open a branch in the Korean city of Pusan. The branch, a spokesperson declared, served the purpose of "smoothing and facilitating

commerce between Korea and Japan".¹¹ After an unexpectedly slow start, the Korean branches did indeed contribute greatly to the Dai-Ichi fortune. At its peak, the Bank became the acting central bank in Korea. In this capacity, it provided loans to the Korean Ministry of Finance and issued bank notes called "Dai-Ichi Bank Token".¹² It would also serve to finance the development of colonial infrastructure. When the Japanese government expressed interest in building a railroad to aid troop deployment, Shibusawa was their ally of choice. His good relations with the Korean Government, coupled with access to capital, proved valuable in the formation of the Seoul-Busan Railway Company of 1901.

The Bank as an Industrialization Platform

Shibusawa's activities were not restricted to the Bank alone. Back in Japan, as head of Dai-Ichi and founder of the Tokyo Stock Exchange, he was in a prime position to help establish new companies. He had the ready access to capital to be able to invest in new ventures and the business experience to guide fledgling entrepreneurs. What's more, along with fellow entrepreneur Godai Tomoatsu, he shared a commitment to changing the way businesses were ran. Ever since his visit to Europe in 1867, Shibusawa had been an outspoken advocate for the joint-stock corporate form. In his view this represented a more open – or to use another word, moral – means of doing business. He firmly believed that the structure of the joint-stock, or *gappo*, company would allow for freer competition and decision-making more compatible with public and private interests. Joint ownership among multiple shareholders, limited liability for all investors, the democratic election of a board of directors, and collaboration rather than subservience to government officials, were to form the linchpins of Shibusawa's *gappo* capitalism.

Convincing a skeptical public that a European business form would translate into the Japanese context was an uphill struggle, however. The "Big Four" *zaibatsu* – Mitsubishi, Mitsui, Sumitomo and Yasuda – possessed significant cultural and economic power. Leaders of the *zaibatsu* rigorously defended their way of working. It made sense to them, for instance, that business interests remained in the family. At a time when a poor educational system meant that entrepreneurial skills were rarely formally taught, this seemed like a logical move. In one famous debate, Isawaki Yataro, the founder of Mitsubishi, set out a persuasive case for the *zaibatsu*. The businessman reasoned that monopolized companies were preferable if Japan wanted to compete with foreign companies with private profits eventually also benefiting the nation. Shibusawa was by no means the only person to try and take on the *zaibatsu*. As part of its attempts to

liberalize, the Meiji government had made tentative efforts to reorganize the structure of the corporation. In the port cities, for example, financial institutions were converted into “exchange companies” (*kawase kaisha*) to handle commercial transactions. Yet, while they were financed by private shareholders, much else remained unchanged – not least the practices of unlimited shareholder liability and the close involvement of government officials in the companies’ day-to-day operations. In effect, these exchange companies functioned as “incomplete” versions of the *gappo* company, hampered by the government’s continuing alliance with the *zaibatsu*.¹³

In the face of considerable opposition, Shibusawa proved then to be a formidable opponent. He founded a number of joint-stock firms including one of Japan’s first joint-stock trading companies, *Shoho Kaisho* and the Dai-Ichi Bank. The pace of activity only accelerated with time. In the period between 1886 and 1889, investors flocked to buy shares in new joint-stock technology and infrastructure firms. Shibusawa had involvement with many of them including Tokyo Gas, Hiroshima Suiryoka Denki K.K. (Hiroshima Hydro Electricity), and Nippon Railway, to name but a few.

Throughout his lifetime, Shibusawa was involved in what sounds like an extraordinary number of companies: some 500 in all.¹⁴ But as the business historian Shimada Masakazu has pointed out, this is less unusual than it first appears. Shibusawa’s management style more closely resembled that of a promoter than a traditional manager.¹⁵ By lending his name to a company, Shibusawa gave it his seal of approval. In the initial start-up stage, he assembled groups of investors and authorized the appointment of directors at the inaugural shareholders’ meeting. After the company’s establishment, Shibusawa left most of the day-to-day management to trusted confidantes, many of whom he had personally trained and mentored. This included Chozaburo Uemura, Heizaburo Okawa and Seiichi Umeura, and managers trained up in the Dai-Ichi Bank.¹⁶

Where Shibusawa continued to be involved in a company as a shareholder, director or officer, he attended annual shareholders’ meetings. Here he played a key role in determining the strategic long-term direction of the company. When faced with businesses that had run into difficulties, Shibusawa often took bold decisions, including to merge two or more firms. In this circumstance, Shibusawa took on the role of intermediary: reconciling opposing interests and selecting a new management team who could deal with any potential fall-outs.

Thanks in part to Shibusawa’s shrewd delegation of responsibilities, many of the companies that he became involved in went on to transform entire industries. One of the best-known examples of this is the Osaka Spinning Mill, which practically reversed the fortunes of the Japanese textile industry. Founded in 1883 as a joint-stock company, the Mill was able to draw upon significant financial resources to fund the purchase of a large number of spindles and the latest British-made spinning equipment. This – combined with the use of steam power and the leadership of an engineer trained in Britain – contributed to the Mill’s considerable success.¹⁷



Osaka Boseki Spinning Room, circa 1908

Shibusawa’s success was not always met with universal acclaim, however. At times, the prominence of his joint-stock ventures brought Shibusawa into conflict with the existing monopolies. Occasionally, this conflict was precipitated by Shibusawa himself. In one instance, he worked closely with Mitsui to found the *Kyodo Unyu* company as an attempt to break Mitsubishi’s monopoly on the shipping industry and unseat its leader, Isawaki Yataro.¹⁸ The rival shipping companies competed fiercely on costs with passenger fares falling to a fourteenth of what they once were. This would continue until several years later when Isawaki secretly bought a majority of *Kyodo Unyu*’s stock. Remarkably, this is likely the first recorded hostile takeover in history.

The Changing Image of Business

Of course, to reorder business in line with *gappo* ideals, Shibusawa needed not only to change the

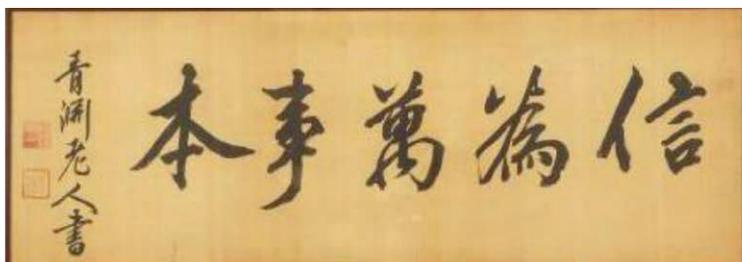
structure of the corporation but also to reform how society viewed businessmen.¹⁹ This was no easy task. Well into the Meiji era, a majority of the population distrusted merchants and regarded profit as vulgar. Shibusawa's time in Europe, however, had convinced him that he should act to raise the status of businessmen and commercial activity.²⁰ He firmly maintained that if business began to be seen as a more respectable pursuit, then more talented individuals would join the ranks of the joint-stock companies and fewer barriers would be put in the way of companies' progress.

While Shibusawa was fast becoming a respected figure in Japanese society, he was well-aware that his word alone would not convince a reluctant public to set aside their hostilities towards commerce. Shibusawa turned then to Confucianism to provide a philosophical justification. Like many a privileged citizen, he had first become familiar with the classic text, the *Analects of Confucius*, a collection of the sayings and ideas attributed to the Chinese philosopher Confucius and his contemporaries, as a child. Shibusawa's reading led him to believe that the economy and morality were not mutually incompatible as many had supposed, but rather congruent with one another. For those who followed ethical principles in business, it was possible to avoid being seen as materialistic or, worse still, dishonest.

Shibusawa used Confucianism as a handy means of differentiating between the ethical entrepreneur and the 'rest'. The government officials, he observed, had their own agendas. The leaders of the *zaibatsu*, meanwhile, overlooked the public good. Shibusawa believed that the dutiful businessman put Confucian principles into practice: displaying honesty and placing public gain above personal profit. In his model, genuine morality was achieved by economic progress and genuine economy was achieved by practicing morality.²¹

Throughout his adult life, Shibusawa did his best to conform to these ideals. When he resigned from the Ministry of Finance, to the dismay of colleagues who thought he should remain in the public sector, he did so in protest at its insularity that he believed prevented talented individuals from advancing. During his time working for private enterprises, he made efforts to improve the transparency of business. At Dai-Ichi, for example, key managers were identified and the activities of the Bank were reported on to the public. Away from work, meanwhile, he keenly supported the work of organizations dedicated to public service, philanthropic matters, and international exchange.²²

Convincing the public that he had their best interests at heart could be difficult, though, given that he had acquired substantial wealth through his business activities. Shibusawa made sure then to frame his activities as being in service of a higher goal. In speeches, he bandied around terms like nation, national interest and public interest. At shareholder's meetings, he would often use the terms "reason" and "reasonable" to frame his decision as the most morally justifiable option.²³ This stood in marked contrast to the language used by the leaders of the *zaibatsu* who often proclaimed strength to be in the best interests of the nation and the most important quality of the business leader.



Calligraphy by Shibusawa Eiichi, "Think of Trust as the Foundation of All Things"

Shibusawa for one was left unmoved by the *zaibatsu* leaders' protests. Not content with being the sole practitioner of *gapponshugi* capitalism, he worked hard to persuade others of the importance of commercial morality. He founded *Ryumonsha*, an organization designed to foster the ethical principles dedicated to business. He also made efforts to reform human resources.

Despite the attempt of the *zaibatsu* to train graduates in-house, Shibusawa believed that commercial education had "not come up to par with other branches of education".²⁴ Working with Mori Arinori, he established the first business school in Japan, the "Institute for Business Training" (today's Hitotsubashi University).²⁵ Students at the school were instructed in commercial matters as well as ethical business

mores. Knowing that not everyone was able to physically attend school, Shibusawa also sought to educate a wider audience through business periodicals.²⁶

The most powerful platform from which Shibusawa could promote his philosophy of capitalism was arguably, however, the Tokyo Chamber of Commerce. The networking organization, which he helped to found in 1878, brought together businesspeople to discuss ideas that could improve society and enterprise.²⁷ In the early twentieth century, the chamber would also become a key element of Shibusawa's strategic diplomacy. Shibusawa strongly believed in the importance of international peace and goodwill for reasons of business and morality. The Chamber hosted foreign business leaders and organized for prominent Japanese entrepreneurs to go abroad to promote friendship between nations. Shibusawa himself led several delegations on tours of the United States.



Shibusawa Eiichi in New York, 1915

Shibusawa versus the Government

If the 1880s represented Shibusawa's golden era, then the decade immediately after was something of a struggle. In spite of Shibusawa's best efforts, long-held attitudes towards commerce could not be changed overnight. As Shibusawa mournfully noted, many he met could "speak beautifully but lack the courage to act on these [Confucian] principles and apply them to management".²⁸ To his great disappointment, the behavior of Japanese merchants came under increasing attack in the mid-1890s. In the West, the perception that Japanese merchants possessed far lower standards of commercial morality than their Chinese counterparts took hold. Incidences of immoral behavior – including the failure to honor contracts and sale of fraudulent products – had caused a loss of trust amongst trading partners.

This was not all that Shibusawa had to contend with. While Shibusawa's joint-stock firms continued to enjoy relative success, the 1890 depression posed a threat to profit margins and to the establishment of new enterprises. More pressingly still, Shibusawa increasingly found himself standing in

opposition to the government. The Meiji government's two goals – "rich country" and "strong army" – came into increasing tension towards the end of the nineteenth-century as investment in the military threatened to impede industrial development. Following the First Sino-Japanese War of 1894 to 1895, Japan had acquired a large indemnity from China. This, Shibusawa hoped, would be used to fund the infrastructure needed for Japan to further modernize. Instead, the funds were reserved for future military expansion.

Perhaps surprisingly for a man with such firm moral principles, Shibusawa did not object to military conflict per se. He had supported government efforts to raise money for the war by helping to sell war bonds and solicit contributions. However, when military conflict threatened to disrupt the economic and, by extension, moral fabric of his nation, Shibusawa drew the line. In debates played out in the public eye, Shibusawa openly criticized the economic and foreign policy of the Japanese government. Writing in *Yomiuri Shinbun*, he claimed to be "unable to support" the government on the matter of military expansion. This owed to his fear that a reliance on China's indemnity to finance the planned military expansion could have negative long-term repercussions for the economy. The indemnity, he believed, would be better put to use in reducing government debt and promoting industrial activity.²⁹

The Meiji Government paid little attention to Shibusawa's objections. From 1896 onwards, the government moved to raise corporate, land, and sake and tobacco taxes in a bid to fund military action. In 1897, Japan would move to the gold standard despite Shibusawa's protests. Japanese government leaders saw the gold standard as the ultimate emblem of modernity.

Conclusion

After a trying decade of work, Shibusawa fell ill in the early 1900s.³⁰ In the December 15, 1904, issue

of *Foreign and Domestic Business Newspaper* (*Chūgai Shōgyō Shinpō*), Shibusawa explained that he would be curtailing his professional activities. Some five years later, he resigned from his various chairmanships and remained only as president of Dai-Ichi Bank. At the age of seventy six, Shibusawa would renounce this responsibility too.

In retirement, Shibusawa remained an active member of the business community. He became deeply involved in *Ryumonsha*, giving a popular series of lectures on the *Analects of Confucius*. This proved to be a powerful platform from which Shibusawa could advocate for his vision of *gapponshugi* capitalism.

As the *zaibatsu* continued to expand in scale and scope, however, Shibusawa's work appeared at times to be in vain. While the *zaibatsu* were not technically the predominant form of business organization in Meiji Japan, to the casual observer, they seemed pervasive. The large, family-run industrial conglomerates dominated the heavy and foreign-trade industries. What's more, the heads of the *zaibatsu* captured the public's imagination with their bold style of leadership and address. When Shibusawa called for businessmen to think in terms of the national interest he was often met with no response. For practical men of business, working for a joint-stock company and practicing responsible capitalism appeared imprudent when greater fortunes could be made working for the *zaibatsu*.

After the Second World War, attitudes towards profit-making and commerce would gradually change. Japan's economy had been devastated by the war and a period of national self-reflection ensued as leaders sought to pinpoint where they had all gone wrong. The blame, for many, lay at the feet of the *zaibatsu* who had supported the war effort and obstructed the efforts of the antimilitaristic middle classes. The allied forces demanded the dissolution of the *zaibatsu* just as they had demanded accountability from the German industrial companies. In this new climate, Shibusawa's doctrine of responsible capitalism began to find a more receptive audience.³¹

Today, in Japan, Shibusawa is fondly referred to as the "father of Japanese capitalism". While his ideal of responsible capitalism has remained for most just that – an ideal – Shibusawa's work serves as a reminder that competitiveness and the national interest can be balanced with one another. Following a series of high-profile corruption scandals in the 1990s, Shibusawa's words have taken on an urgent relevance among ethically-minded entrepreneurs. In 2013, prompted by the United Nation's call for social responsibility, the Tokyo Chamber of Commerce moved to update its Corporate Code of Conduct. In the foreword, the Chamber wrote that as "free market activities called for legal compliance and ethical behavior", the management philosophy proposed by Shibusawa served as the "common and immutable philosophy of corporate behavior".³² To what extent Japanese executives can emulate Shibusawa Eiichi's vision of the ethical corporation, however, still remains to be seen.

Endnotes

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- ²⁹ Sagers, ‘Shibusawa Eiichi, Dai Ichi Bank, and the Spirit of Japanese Capitalism’, p. 7.
- ³⁰ Obata, *An Interpretation of the Life of Viscount Shibusawa*, p. 132.
- ³¹ Peter F. Drucker, ‘Behind Japan’s Success’, *Harvard Business Review* (January 1, 1981), <https://hbr.org/1981/01/behind-japans-success>, accessed March 2019.
- ³² Tokyo Chamber of Commerce and Industry Corporate Code of Conduct, Third Edition, <https://www.tokyo-cci.or.jp/survey/kihan-english.pdf>, accessed February 2019.