

The Role of the Merchant Class in Japanese History: A Case Study of the Mitsui Family (1639-1895)

Phan Thi Mai Tram¹ , Tran Xuan Hiep² , Huynh Phuong Anh³ ,
Tran Trong Giang⁴ , Vo Mau Thuong⁵ 
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Abstract

The birth of the Mitsui family was a necessity in the historical development of Japan in the context of changes in social classes, in particular, the role of the merchant class is increasingly recognized by the government through the contributions of merchants to the economic development of the country, onward, the unstable political situation and complicated financial and monetary confusion when there are two types of money, old and new, circulating at the same time. The Mitsui family which specialized in foreign trade and monetary finance, was born to promptly meet the changing and developing needs of Japan at that time. The main research methods are historical and logical. Using historical methods, we began to research the origins of the Mitsui family and the process of development and transformation of the business model from feudal society to capitalism. The logical method is used to determine the characteristics and nature of the relationship between economics and political values when analyzing the role of the Mitsui family according to a system. This study clarifies the formation conditions, ownership characteristics, form of management, and fields of activity of the Mitsui family as well as analyzes the role of this family in the development of Japan during the period of capitalism.

Keywords: Mitsui family, Japan, privatize, capitalism, political economy.

1. INTRODUCTION

The success of the Japanese in transitioning from feudalism to capitalism has always been an attractive topic for historians. Politically, Japan determined the roadmap for capitalism while the countries in the region were still struggling to gain dependent status. Economically, Japan was the first country in Asia to quickly and successfully transition from the typical Eastern feudal socio-economic model to a Western-style capitalist economy. Regarding the military, by the beginning of the 20th century, Japan had a powerful army, and after winning two wars against China (1894-1895) and Russia (1904-1905), Japan had become an empire. However, Japan's development path was not the same

¹ Email: tramptm@hiu.vn, University of Social Sciences and Humanities, Ho Chi Minh City National University and Hong Bang International University, Vietnam.

²  Corresponding author Email: hieptx@donga.edu.vn, Dong A University, Da Nang City, Vietnam.

³ Email: phuonganhjps@hcmussh.edu.vn, University of Social Sciences and Humanities, Ho Chi Minh City National University, Vietnam.

⁴ Email: tronggiang-t@kanda.kuis.ac.jp, Kanda University of International Studies, Chiba, Japan.

⁵ Email: tov.kool@gmail.com, Eötvös Loránd University, Budapest, Hungary.

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as that of Western countries. Although it was a country that industrialized after such Western countries as England, America, Germany, and Russia, Japan made a spectacular breakthrough, being the first country in Asia to industrialize successfully. Japanese capitalism was formed and developed partly from the contributions of wealthy merchant families, thus, the economic position and political influence of these families have always attracted scholars and researchers. Throughout Japanese history, there are numerous different views on evaluating the positive and negative influences of merchant families. In the case of the Mitsui family, many believe that the outstanding development of the Mitsui family's economic potential created the ability for the family to dominate politics, contributing to promoting the formation and development of Japanese capitalism.

Japanese capitalism is different from Western capitalism. In the West, capitalism was established after the bourgeoisie overthrew feudalism. In Japan, the capitalist route was chosen by a group of radical feudal leaders. Although this choice arose in a certain difficult situation, it was a proactive, courageous, and timely choice, reflecting the superior awareness of Japanese leaders in the Meiji period. In addition, the broad consensus of all social classes along with the economy. Among those families, the Mitsui family had the most capacity and contributions in the field of currency and finance. The Mitsui family not only contributed to Japan's economic development but also helped to affirm the position and importance of the merchant class. Based on the scientific and practical bases mentioned, this research will focus on explaining the major contributions of the Mitsui family to the Japanese economy during the period of capitalism.

2. METHODOLOGY

There are three main methods used in the research, the historical scientific method, the logical method, and the mixed methods. The historical method shows the origins of the Mitsui family and the process of development and transformation of the business model from feudal society to capitalism. The logical method is used to determine the characteristics and nature of the relationship between economics and politics, systematically analyzing the role of the Mitsui family. In addition, the topic also uses interdisciplinary research methods of economics and politics to analyze and compare the Japanese economic situation in the Edo period and the Meiji period based on the collected data.

3. LITERATURE REVIEW

Research on the role of the Mitsui family in Japan's development is an unfamiliar topic even after more than two centuries. Such research covers the success of the Meiji Restoration and the overthrow of the Bakufu government in the Edo period – the last feudal era in Japanese history; the implementation of a series of reforms and the building of new government with the economic and political goal of “Enrich the country, strengthen the military” as the orientation for national development, until the completion of the Meiji reform in 1895. The contribution of the private economy and wealthy merchant families is part of the total process. These merchant families have been the center of research by Eastern and Western scholars.

Research on the role of private economic corporations in the development of Japan (1603-1895).

Nguyen Van, “Japan and Asia's Historical Connections and Socio-economic Changes” (2003) is one of the most profound researches about Japanese history in the Edo period –

the last feudal period in Japanese history. It compares the similarities and differences between Asia and Japan in aspects such as religion, ideology, culture, economy, and political regime. The author has analyzed in detail several Japanese socio-economic issues in the Edo period: the causes of economic growth, the Sankin kotai regime in the management of local functionaries, and the characteristics of the education system. The development of urban Japan is the foundation for the development of the private economy afterward, along with the class position of merchants and commercial activities in Japan during this period.

Nguyen Van Hoan, “Development of the commodity economy in the Edo period and the role of the Sumitomo family” (2004) presented the Japanese economic structure at the end of the 17th century. Besides the traditional agricultural structure, an industrial-commercial economic structure had been formed with urban areas as the center. Urbanism has played a crucial role in cultural development and important factor in creating an environment for capable families in the field of industry and trade continues to grow. However, the government’s role in economic development has not been mentioned in detail because at this time the merchant class was the lowest level among the four ranks of Scholars – Farmers – Industry – Trade. This study is an outstanding project for this topic.

Nguyen Tien Luc, “The Meiji Restoration and Vietnam” (2010) devoted chapter 4 to an in-depth analysis of the path forward. “Enrich the country, strengthen the army”, specifically the section “Promoting industrialization and modernization of the country” presents the conditions and process of industrialization in Japan during the Meiji period.

Bradley M. Richardson, “The Political Economy of Japan” (1993) presented research results that Japan is often considered the world’s most successful example of government-led policy for economic development. 1) Optimistic look upon the country’s “go-to-market” government strategies and argue that strong cooperation between government and business is a solution to the problem in productivity and competitiveness in other countries. 2) Pessimistic reckon that Japanese policy is a threat to the world’s other leading economies. 3) Both schools of thought believe that the Japanese government has a strong guiding role in that country’s economy. However, the limitation of this work is that it ignores the private economic factor when analyzing the reasons leading to the success of Japan’s economic policy.

Tetsuji Okazaki. “The Industrialization and Global Integration of Meiji Japan” (2000) presents outstanding features of the Japanese economy such as lessons from the Edo period (1603-1868), when strong institutional capacity formed initially. There were also efforts of the government and businesses such as the policy goals of the Meiji government, constitutional government, and nationalism, building a market economy, establishment of industries including new industries: silk, cotton, and machinery, the role of engineers, policy support, and macroeconomic management. However, the article mentions little about the contributions of traders when analyzing economic development policies.

Masayuki Tanimoto, “The Role of Tradition in Japan’s Industrialization” (2006) reckons that the development of traditional industries in modern Japan was one of the paths to successful industrialization in the Meiji period (1868-1912). Local trade associations and manufacturers’ associations were established to support modernized traditional industries. Most of these businesses come from wealthy merchant families. However, the author does not emphasize the great contributions to the country’s reform and the following period.

W. J. Macpherson, “The Economic Development of Japan 1868-1941” (2007) proved that the seeds for developing a capitalist economy in the Meiji period existed from the Edo period (1603-1868). After a period of growth and economic restructuring, along with the country’s role in agricultural land reform, technology development policies and support for private enterprise development have helped economic development. Japan’s economy miraculously developed by leaps and bounds. However, the research only mentioned the support of private enterprises but did not analyze insight.

Takeshi Abe and Izumi Shirai and Takenobu Yuki “Socio-Economic Activities of Former Feudal Lords in the Meiji Japan” (2017) analyzed the early stages of Japan’s industrialization after 1886. The elite class of ex-Samurai, known as daimyo and their enormous wealth, played an important role as pioneers of equity investments in modern industries. Furthermore, when their former retainers established modern businesses, Daimyo often invested in those enterprises. After explaining the daimyo during the Meiji period, this article shows how the daimyo promoted equity investment in modern industries. Next, this study analyzes the socioeconomic activities of several major daimyo. There was no emphasis on government support.

John H. Sagers, “The Importance of Entrepreneurship in Japan’s Late Nineteenth-Century Meiji Industrial Transformation” (2019) is the most prominent work. The author points out the importance of entrepreneurship in Japan’s late 19th-century Meiji industrial transformation. The role of political entrepreneurs in government was much more successful in stimulating economic development through institutional support of private property rights and infrastructure investment compared to centralized planning and management of state-owned enterprises. Entrepreneurs in the private sector then seized new opportunities in the market and invested the resources in businesses that contributed to Japan’s economic development. But the relationship between the government and political - entrepreneurs was not analyzed.

Jonen Tsukasa, “Understanding the Meiji Restoration Through Economics (Unraveling The Mysteries of The Development of Edo and The Success of The Meiji Restoration Using The “Rules of Economics”)” (2016) pointed out that during the Edo period, the commodity economy in Japan was developing rapidly, including business models. Through the Japanese economy, it is possible to clearly understand Japanese history from feudal times and the foundations of capitalism, including a brief mention of the role of the government.

Jonen Tsukasa, “Understanding Japanese History Through Economics 4: Meiji Period” (2019) with research results showing that the Meiji period was the era of the gold standard in Japan, helping to solve difficulties in monetary reform. Besides, it analyzes the process of conquering Korea, the Sino-Japanese War, and the Russian-Japanese War from an economic perspective. Finally, the article presents arguments for Japan’s opposition to the Peace Treaty to the war between Japan and the United States but does not focus on the contribution of merchant families, a factor that contributed to its success and achievements of the Meiji reform.

Fukao Kyoji, “Japan’s Growth and Stagnation from The Perspective of World Economic History (1868-2018)” (2020) analyzed Japan’s economic development from 1868 to 2018. The author emphasized the factors of economic impacts and developments from the small-scale level and explained the relationship to the changes in the world economic system since 1700 and the causes of prolonged stagnation since 1990. However, the article only provides an overview of the factors affecting and developing the Japanese economy.

Research on the development of capitalism and the private economy in Japan

The most prominent research on the development of Japanese capitalism and the private economy includes the following.

Goto Yasushi, "History of Japanese Capitalism Development" (1979) presents the economic structure in the process of forming Japanese capitalism starting from the collapse of the Bakuhan system, forming a commodity economy and focusing on developing internal accumulation policies by encouraging private individuals to invest capital in business. Initially developing government-owned military industries, the Mitsui Bank was established and the birth of the Zaibatsu corporations held great influence over Japanese economic and foreign policies.

Okazaki Saburo, "Stages of Japanese Capitalist Development" (1979) analyzes the beginnings of Japanese capitalism at the end of the Edo period, the development of capitalist enterprises, and the progress of the Industrial Revolution during the Meiji period contributed to the formation of Japanese capitalism.

Teranishi Juro, "Was Japan's prewar financial system centered on banks?" (2006) with research results showing that Japan's financial system during a period of high growth is a bank-centered intermediary system. Intermediary business systems such as banks play a key role in mobilizing capital for local producers and large companies, mainly in the manufacturing industry and traders who have contributed an important role as a source of capital for Japan's economic development in the early days.

Yoshio Tsugai, "A portrait of Japanese capitalism" (2021) pointed out that the foundation of the modern Japanese economy was built and developed from the support of merchants such as Eiichi Shibusawa, Yanosuke Iwasaki, Kichizaemon Sumitomo, Takuma Dan, Nariaki Ikeda, Gisuke Ayukawa, and others from the Meiji Restoration until the end of the Pacific War. This is an outstanding study of Japan's modern economic history, especially the study of the Zaibatsu.

Yutaka Nagahara and Gavin Walker, "Japanese Capitalism and Governing apparatus" (2023) concluded that during the 1920s and 1930s, Japanese Marxist intellectuals were divided from the debate about Japanese capitalism.

Research on the development of the Mitsui Family

John G. Roberts, "Mitsui: Three Centuries of Japanese Business (1)" (1973) points out that the political and economic institutions fostered the formation and development of Japanese merchants into zaibatsu, whose influence and power extended to all levels of society Japanese Association. Because of the contributions in supporting the Meiji government in overthrowing the shogunate, the family gradually had a stronger and stronger relationship with the government, contributing to the stable economic development of the country after Japan opened its doors to the West.

Shibagaki Kazuo, "Mitsui and Mitsubishi's 100 Years of Japanese Capitalism and Zaibatsu" (1986) presented the formation and development process of Japanese capitalism, focused on the history of the establishment of two tycoon corporations, Mitsui and Mitsubishi, as the case studies of this development process.

Yamaki Iku, "Mitsui's Founder's Spirit - Management Philosophy Seen from its Origin" (1993) recreates the life and management perspective of Takatoshi Mitsui, who built the foundation of the current Mitsui in just one generation.

Zaibatsu Kenkyukai, "Mitsubishi, Mitsui, and Sumitomo (2016): A Book That Helps

You Understand The Three Major Conglomerates”

Mitsuhisa Nagamine “The life of Rizaemon Minomura, who laid the foundation for Mitsui from the end of the Edo period to the Meiji period” (2020) showed that Minomura Rizaemon is not only known for creating the foundation of the Mitsui Zaibatsu and is also known as the founder of Mitsui. Rizaemon Minomura cooperated with Shibusawa in introducing the banking system in Japan, thereby establishing the first private bank in Japan.

Matsumoto Hiroshi presented in “Research on the Mitsui Zaibatsu” (Yoshikawa Kobunkan 2017) an overview of the business field, the scope of activities of Mitsui Group, and the contributions to the development of the Japanese economy before World War II.

Kikkawa Takeo, “Zaibatsu and Corporate Groups (Industrial Management History Series)” (2016) analyzes Japan’s zaibatsu and corporations and their connection to the contribution to economic growth. The names Mitsui, Mitsubishi, and Sumitomo are well-known. Zaibatsu and the corporate groups represented by Mitsui, Mitsubishi, and Sumitomo are recognized internationally as the driving force behind Japan’s rapid industrialization and economic growth.

In summary, from three clusters of research on the role of the Mitsui family in the development of Japan during the period of capitalism, the following three main observations:

- First, although there are few articles and research on Japan’s economic situation from the Edo period to the Meiji period, they mainly focus on specific milestones or issues related to the Japanese economy in general. There is merely research that directly addresses the role of merchant families, specifically the Mitsui family, in the economic and political development of Japan.
- Second, some research mentions the Mitsui company but only the general introduction, other research focuses on analyzing a single business activity in the chain of companies of the Mitsui family;
- Third, numerous topics about the Mitsui family need research and discussion, such as objective and subjective factors affecting the formation of the giant economic group in Japanese history, the mutual relationship between merchant families and the government, or in other words, the political role of merchants in Japan’s economic development.

4. RESULTS AND DISCUSSION

History of the Mitsui family

External conditions

(1) *The change in status of the merchant class:* from the influence of the monetary system, rice was no longer the basis for measuring wealth. Although many *daimyo* have large sources of income from agriculture, those incomes are no longer enough to cover their increasing living needs and fulfill their obligations to the central government. On the other hand, most Samurai live in urban areas, and the prosperous life in the city changed their concept and lifestyle. In addition, the government’s subsidies for each type of Samurai changed little over time, while living standards and consumer demands were constantly increasing. This is one of the reasons why many people in this caste were impoverished. Furthermore, the Sankin Kotai system¹ was a heavy burden for even the wealthiest Daimyo;

¹ From 1635, the Sankin Kotai regime became an irresistible duty of all lords, this was essentially a hostage regime forcing lords to return to Edo to present themselves. The total cost of those journeys accounted for more than half of the lords’ income, leading to a serious weakening of their financial resources,

because more than half of the annual income of the Daimyo was spent on living in Edo, thus, borrowing money from merchants was the solution to make up for those expenses.

(2) *The establishment of new political institutions*: intending to build a stable institution and restore peace and national unity, the Bakufu made efforts to consolidate the centralized feudal government with direct control from the central government. The Bakufu mechanism exists based on the absolute loyalty of the warrior class and the balance in the power structure between the central and local powers in the two most important issues of economics and politics. In addition, the reign of the Tokugawa family is considered the period that laid the foundation for a leap in Japanese history for the Meiji reform, making Japan one of the capitalist powers.

(3) *Urban development, expansion, and investment*: The development of a commercial agricultural economy has created a new cycle for production, promoting the differentiation between agriculture, handicraft industry, and commerce. Along with the production encouragement policies and the application of new production techniques as well as the ability to expand production scale, the purchasing demand of the urban population is increasing. Thus, Japanese industry and trade have had many remarkable developments. The development of cities as economic centers is another important factor creating a new era in Japanese society in the Edo time, besides the traditional agricultural economic structure, an industrial commercial and urban economic structure was formed, which is a foundation of the great driving force for the development of agriculture. Many cities have had outstanding development and become production and trade centers of the region. The three largest cities at this time, Osaka, Nara, and Kyoto, are the most dynamic economic development with high levels of commercialization and urbanization. Wealthy merchants and skilled workers who were capable of producing export-quality goods such as silk and handicrafts, producing around 40% of essential goods in Japan are concentrated in those cities, (Nguyen Quoc Hung 2012: 216).

(4) *The Holland-knowledge*: as known as “*Orandagaku*” or “*Rangaku*”. : Learning from Western civilization through the Dutch path has helped Japan achieve outstanding developments in agriculture, industry, education, science, and technology, and it has had a great influence on Japanese culture and society in the period 1639-1853. *Rangaku* is considered extremely necessary for ideological as well as material and technical knowledge for Japan to promptly enter the process of industrializing the country right from the 19th century and become the only independent country from the Western world.

Internal conditions

(1) During the Sengoku period (1490-1600), merchants acted as logistics officers responsible for providing finances, food, weapons, and other means of combat service to warriors. Many merchants were given the right to provide necessities for the army and were allowed to collect taxes, trade, or head merchant guilds. At the end of the 16th century, in a chaotic political context, the trading industry in Japan still achieved new developments.

(2) The major cities in Japan during the Edo time were all the administrative capitals of the Daimyo, government policies at all levels significantly influenced the development of each urban area in Japan during this period. Therefore, the contribution of wealthy

reducing their ability to resist. Besides, the regular trade with a large proportion of the ruling class between Edo and the provinces increased the cultural, intellectual, and ideological homogeneity in Japan more than in any other country in the world (Craig 1984: 86).

merchant families practical support for the government to develop the country, including three wealthy merchant families during this period: Mitsui, Yadanama, and Sumitomo. The cities of Edo, Osaka, and Kyoto have large trading centers. The handicraft industry has been separated from agricultural production, and urban areas have been separated from rural areas. By the end of the 17th century, Japan had up to 130 types of crafts. The development of farmers' family handicrafts and the emergence of a wealthy merchant class were the premises for the birth of dispersed handicrafts. (Nguyen Tri Dinh and Pham Thi Quy 2006: 79-80). From the development of commerce and urban areas, a network of wealthy merchants has formed, holding a major economic spine across the country.

Thus, the external conditions related to Japan's social, political, and economic situation; and the internal conditions related to the developed private economy, as a result, the Mitsui family was established to promptly meet the development needs of the country in general and contribute to the private sector in particular.

Characteristics of the Mitsui family

Mitsui is a company with a long history in Japan, formerly a small-scale pawn shop in 1673. Later during the Meiji Restoration, Mitsui became a corporation because of its large business scale and capital. The Mitsui family's business activities are cloth production, trade, and finance.

Form of Ownership:

(1) Mitsui's form of ownership is family ownership, operations are dominated by one family.

Founded by Mitsui Takatoshi (1622 - 1694), the fourth son of a merchant in Matsusaka (present-day Mie Province), and “Yotsume-musubi 2011” is the Mitsui family emblem that has been used since the samurai era (Fig.1).



Fig.1. Yotsume-Musubi 2011, the picture of The MITSUI Public Relations Committee.

The Mitsui family originally opened a store called Echigoya in 1673, initially selling miso and providing pawnshop and currency exchange services. Later, the store had a branch in Edo City. After Mitsui Takatoshi's older brother passed away, he took over the family business; in 1673 he established a large Gofukuya (kimono fabric merchant) in

Nihonbashi, a district in central Edo. The symbol of Mitsui is “Maruni Igeta San”, the three letters in a circle, was established by the founder of the company, Takatoshi Mitsui, as the store emblem of Mitsui Echigoya. The design is said to be derived from Takatoshi's mother, Shuho Yumuso (Fig. 2).

In 1683, the Bakufu allowed money exchange shops to be established in Edo. The Mitsui family's stores quickly prevailed in facilitating money transfers and minimizing risks. Later, the Mitsui family continued to diversify its business and became one of the family businesses holding the "main blood vessel" of the Japanese economy.



Fig.2. Maruni Igeta San, the picture of The MITSUI Public Relations Committee.

(2) *Closely connected with the Central Government:* In the development of urban areas, the merchant class plays an important role in economic life. In 1687, Mitsui was invited by the government to work in Edo, officially becoming an official member of the Bakufu bank and financial representative for many lords. The business activities of the Mitsui family have become a powerful social force and even influenced the policy-making of the central government and local lords. Therefore, the Japanese economy during the Edo time had a clear division of labor and exchange of goods and money between different sectors.

Form of management: A *horizontal* organizational structure is a flat management structure organization with these structures often have few managers with many employees, and they allow employees to make decisions without needing manager approval.

The advantages of the Mitsui family's management method are: (1) Enhance collaboration and consensus among members of the organization, thereby creating conditions for a positive working environment, encouraging creativity and input from all members; (2) Enhance flexibility and adapt to rapid transformation and change. Decisions can be made quickly and flexibly based on agreement and consensus from project or organization members; (3) Encourage creativity and breakthroughs. Everyone is encouraged to participate in the decision-making process, contribute opinions, and express new ideas, thereby helping the organization find innovative ideas and advance work performance.

The disadvantages of the Mitsui family's management method are (1) Lack of clarity in

the division of responsibilities. Without a clear hierarchy, determining who is responsible and has decision-making authority in each area can become difficult. (2) Requires consensus and interaction among members of the organization. This can be time consuming and requires flexibility in reaching consensus; (3) Difficulty in management and clear direction due to the dispersion of power and decisions, making it difficult to lead and orient the organization. Therefore, there is a need for clear coordination and structure to ensure activities are carried out properly and effectively. (4) Lack of focus and efficiency in decision-making because of the equality of members, leading to a lengthy and ineffective decision-making process. Achieving consensus from all members can be a process that requires considerable time and effort.

Field of activities:

The Mitsui family originally opened a store called Echigoya in 1673, initially selling miso soup and providing pawnshop and currency exchange services. By 1876, Echigoya was split into two, including Mitsukoshi Gofukuten and Mitsui Bank; and at the same, established Mitsui Bussan (Kikuchi 2017a: 70-71).

Mitsui Bank - The first private bank in Japan (See Fig. 3): Mitsui Bank acted as a money order provider for the Bakufu, and for the Meiji Restoration, and carried out operations as the central bank of the new government.



Fig.3. Mitsui Bank - Japan's First Private Bank, the picture of The MITSUI Public Relations Committee.

Gold, silver, and bronze coins produced by the Tokugawa Bakufu were used from the Edo period to the Meiji period. In addition, checks from banks in each region are also used, making money conversion extremely complicated. As a result, the Meiji government issued a new currency edict to collect the silver bullion needed for the minting of new coins by

exchanging old coins for new ones. The Mitsui clan is in charge of collecting and exchanging these old and new coins (Kikuchi 2017b: 50).

The contributions of the Mitsui family to the development of Japan

In the second half of the Edo time, the development of commerce and urban areas contributed to affirming the position of the merchant class in Japanese society. It clearly shows the contributions of the Mitsui family to the development of Japan during the period of capitalism in both economic and political aspects. Bustling business image of the Mitsui family at the beginning of the new year (See Fig. 4).



Fig.4. New Year Scene at Echigoya in Surugacho by Torii Kiyonaga.

Economic Aspects:

(1) Creating a foundation for changing social structure and developing capitalism: In the early stages of the Meiji government's establishment, the economic situation encountered many difficulties, thus, the government established the semi-public transport company Kaiso and then sold it to Mitsui, and after four years transferred it back to Mitsubishi. Within ten years, the Japanese government sold three manufacturing enterprises and 23 mining enterprises to large enterprises such as Mitsui, Mitsubishi, and Furukawa. (Nguyen Tien Luc 2010: 113). As a result of these policies, Japan's finances and currency recovered quickly. Privatization of industries not only contributes to the country's industrialization but also helps the government gain significant profits from tax

collection. This was a turning point in the Japanese economy, from revenue focused on agricultural taxes to taxes from businesses, helping Japan move to a period of accelerating industrialization and achieving great results, in which the contribution of the Mitsui family was the greatest.

(2) *Creating a driving force to promote Japan's commodity economy and industrialization:* The Mitsui family had served the Great Shoguns since the 17th century through their money exchange network and garment shops, building up a huge fortune worth about 781 thousand Ryo in 1842 (Nguyen Tien Luc 2010: 139). The decisive move was made in 1876 when the Mitsui family established the Mitsui Bank. By the end of the 1880s, Japan's three largest coal mines, Miike, Takashima, and Horonai, provided half of the country's coal mining output, one-third of which was for export. After 1885, coal mines in Hokkaido were put into operation, increasing output. From 1890 onwards, the rise of steam engines in industrial plants required much larger sources of coal. (Allen 2003: 75). Regarding foreign trade activities, among the major merchant families in Japan during this period, Mitsui was the enterprise in charge of import-export activities for the Meiji government. Mitsui's import-export branch, Mitsui Busan, was founded in 1876 and was one of the pioneering Japanese enterprises in developing large-scale commercial business in China before 1914. Mitsui Busan opened its first overseas branch in Shanghai in 1877 just one year after its establishment. This branch is responsible for trading coal products that Japan exports to China for Mitsui's customers, which are British companies such as Jardine, Matheson and Company, Butter Field, and Swire. By 1886, the business functions of the Mitsui Busan Shanghai branch had expanded to include importing raw cotton for the Osaka cotton mills affiliated with Mitsui, as well as trading in other products, such as cotton products, silk and wool products exported to China. Furthermore, The New York branch was responsible for exporting silk to the United States and importing raw cotton, railway equipment and machinery from the United States to Japan.

(3) *Creating the financial and monetary system:* Regarding financial and banking activities, the Ordinance allowing the establishment of financial and credit institutions called "National Banks" issued in 1872 by the Meiji government led to the situation of banking chaos in Japan. In essence, a national bank is a bank that is established and operates within the framework of ordinances issued by the government but its capital is privately owned. There were 153 banks established when the gold standard was loosened in 1876 and a large amount of money was issued by these banks (Takei Naoko and Igata Koji 2021: 85). Mitsui Bank was the first private bank established in Japan in 1876, serving as the exclusive financial agent for Mitsui trading companies. Among six private banks of special importance in Japan during the Meiji period, four were owned by the Zaibatsu, including Mitsui Bank (established 1876), Mitsubishi Bank (1895), Yasuda Bank (1880) and Sumitomo Bank (1895). Mitsui is the bank with the highest established capital of 2 million yen while the private bank has the lowest established capital of 10 thousand yen. By 1913, Yasuda Bank was merged from 13 small banks with the largest investment capital, up to 150 million yen. (Takei Naoko and Igata Koji 2021: 102). From the very beginning of the Meiji time, major banks belonging to Mitsui, Mitsubishi, and Yasuda played a very important role in forming the Japanese financial and banking system with modern institutions.

Politics:

(1) *Creating the changing the social structure, affirming the position of the merchant class:* The special relationship between the government and merchants is a long-standing one. During the Tokugawa period, most of the Samurai in power were in debt to prosperous

merchants or usury, thus falling into a passive and dependent state. The Samurai borrowed money from merchants not only as individuals but many *han - lords whose own lands* had to borrow money from large merchants and banks in Osaka. “The wealthiest group often worked as agents for the government, and were also given a sort of semi-Samurai status, allowed to take on family names and sometimes even carry swords.” (Edwin O. Reischauer 1998: 115). Or there were Samurai families who wanted to improve their finances and adopted the sons of wealthy merchants as heirs or sons-in-law. This is a relationship that is “primarily complementary and symbiotic, rather than destructive and adversarial.” (Mason and Teranishi 2003: 253). Samurai during the Tokugawa period were not directly involved in the business process. Thus, the trade of goods and the exchange of money were trusted reliably by merchants. It can be said that the exchange of benefits and power between wealthy merchants and government officials based on trust, compromise, and mutual benefit has become a feature of political culture that existed from the Tokugawa period onwards. Before the Meiji Restoration in 1868, Japan had no real business companies by definition. Business people at that time were called traders and most of them would do small, independent businesses. On the other hand, The Mitsu family swore allegiance to the new government to continue operating their business. With existing assets, experience, and network, the Mitsui family was trusted by the new government to assign many important financial positions. Mitsui established close connections with the government as soon as Mitsui Takafuku and Minoura Rizaemon became financial experts for the government. Mitsui has a close relationship with Inoue Kaoru (1836 – 1915), Minister of Finance of the Meiji government and later Minister of Foreign Affairs in the cabinet of Japan's first prime minister. This closeness made it easy for Mitsui to own the properties left by the Shogun and other lords from the Tokugawa period. This privilege is also clearly demonstrated by the government allowing Mitsui to establish the first private bank in Japan in 1876; allowing Mitsui to operate the Miie coal mine.

(2) *Creating motivation to promote private economic development:* Most of the wealthy merchant families had significant connections and influence with Japanese political parties in the early years of the twentieth century. In particular, Mitsui and Mitsubishi had close relations with two major political parties at this period, Mitsui with the Seiyukai political party and Mitsubishi with the Minseito political party. “*The Mitsui Group is considered to be behind the Seiyukai party, and the Mitsubishi group is behind the Kenseikai party; in addition, these two corporations donate a lot of money to the parties; And the fact that tycoons are linked to politics is obvious*” (Addicott 2017). Some famous Seiyukai leaders such as Yamamoto Jotaro, Yamamoto Teijiro and Mori Kaku are considered “Mitsui related” (Oland D. Russell 2021). In the newly established Meiji government, government officials were not yet competent in the financial field. The support of the Mitsui family in the financial field was backing the government to solve the initial difficulties in implementing financial reform, especially changing the Sanka monetary system from the Edo time to the new currency in the country's reform process. From the beginning of the Meiji period, Mitsui Bank played a very important role in forming the Japanese financial and banking system with modern institutions.

Limitations and challenges of the Mitsui family

During the process of formation and development, each family has its strong professions, its limitations that hinder its development, and when compared to other families or clans, the Mitsui family revealed weaknesses that need to be overcome to

conquer the challenges that the times bring.

(1) Because of the management system, there is no top person with the right to run all areas of operations, or in other words, the Mitsui family's subsidiaries are all equal; (2) Echigoya store's business strategy is negative, the sluggish business situation makes the capital provided to Echigoya store from Mitsui Bank ineffectively, causing a financial burden within the family;

Comparing the Mitsui family with the three families of Mitsubishi, Sumitomo, and Yasuda: (1) All four of these families have their banks for finances, so when their subsidiaries have problems, they only contact their family's bank. This limits mutual development. Even Mitsui, which has better banking services, cannot reach the customers of the other three families, because of the nature of the role of central banks as shareholders in member companies, making payments, guarantees, and granting credit to member companies.; (2) Strong dependence on government support in the mining sector. Because this activity is owned and managed by the government, thus, the Mitsui family needed government support and had to compete with the Sumitomo family, which also had a strong industry in mining.

5. CONCLUSION

During the Edo period, from the development of commerce and urban areas, a group of wealthy merchants was formed in Japan, holding a major economic lifeline across the country. From individual business families, the Nakama Trading Association was created to unify rules and regulations for their business. This group of merchants controlled the market, increasing revenue for the national treasury in addition to agricultural taxes; Monetary and credit business activities are increasingly improving, meeting the needs of urban life while promoting the process of capital. *Besides, the government encourages private individuals to invest capital in businesses to privatize industries that not only contribute greatly to the country's industrialization but also help the government gain significant profits from tax collection. This was a turning point in the Japanese economy, from revenue focused on agricultural taxes to taxes from mainly businesses, helping Japan move to a period of accelerating industrialization.* At the same time, Mitsui's development process cannot avoid limitations and challenges when compared with three other large families of the same period: Mitsubishi, Sumitomo and Yasuda.

The establishment of the Mitsui family was a necessary point in the history of Japan's development. Objective conditions such as changes in the status of the merchant classes; new political institutions in the country; urban development and expansion of commercial activities; and subjective conditions such as the development of the merchant class and the role of the private economy in the Japanese economy... formed the Mitsui family with three basic characteristics: the form of private ownership, horizontal management, and multi-sectoral operations. In the particular circumstance of the changing situation of social classes, especially the role and position of the merchant class is rapidly recognized by the government through the contributions of merchants to the country's economy as well as the role of the private economy is growing larger in the economy transforming from feudalism to capitalism

Economically, the Mitsui family created the premise to change the position of social classes in the process of capitalist development and a driving force for promoting the country's commodity economy and industrialization, especially the contribution to the financial and monetary sector which is the sanku monetary system of the Japanese

economy.

Politically, the government was able to solve the initial difficulties in implementing financial reform, especially changing the Sanka monetary system to a new currency unit in the country's reform process, partly from the contribution of the Mitsui family in the financial sector. It can be said that from the beginning of the Meiji period, Mitsui Bank played a very important role in forming the Japanese financial and banking system with modern institutions.

جوانب مختلفة لدور طبقة التجار في التاريخ الياباني: دراسة حالة عائلة ميتسوي (1639-1895)

ترام فان ثي ماي¹، تران شوان هيب²، هيونه فونج آنه³، تران ترونج جيانج⁴، فو ماو ثونج⁵

ملخص

كانت ولادة عائلة ميتسوي ضرورة في تطوّر اليابان تاريخياً في سياق التغيّرات في الطبقات الاجتماعية، وهي عائلة متخصصة في التجارة الخارجية والتمويل النقدي، وقد ساهمت في تلبية حاجات اليابان المتغيّرة والمتطوّرة، حتى إنّ الحكومة أصبحت في ذلك الوقت تعترف بدور طبقة التجار أكثر من ذي قبل من خلال مساهماتهم في تنمية اليابان اقتصادياً؛ إذ كان وضع البلاد غير مستقرّ سياسياً، أما وضعها المالي فكان معقّداً من حيث إنّ هناك عمليّتين نقديتين مُتداوِلَتَيْنِ؛ قديمة وجديدة. وعليه، ولما كانت عائلة ميتسوي محور هذه الدراسة، فقد اتّخذت لها منهجاً رئيساً قائماً على أساليب تاريخية وطرائق منطقية، بدءاً من البحث عن أصول هذه العائلة، ومروراً على تطوُّرها وتحولها مجتمعيّاً من نموذج أعمال إقطاعيٍّ إلى رأسماليٍّ، كما وقفت الدراسة على طبيعة العلاقة بين الاقتصاد والقيم السياسية، مُبيّنة دور عائلة ميتسوي، وموضّحة شروط تكوينها وخصائص ملكيّتها وشكل إدارتها ومجالات نشاطها، ومحلّلة -في الوقت نفسه- دور هذه العائلة في تنمية اليابان خلال فترة الرأسمالية.

الكلمات الدالة: عائلة ميتسوي، اليابان، الخصخصة، الرأسمالية، الاقتصاد السياسي.

¹ جامعة العلوم الاجتماعية والإنسانية، جامعة مدينة هوشي منه الوطنية؛ وجامعة هونج بانج الدولية، فيتنام

² جامعة دونغ إيه، مدينة دا نانغ، فيتنام

³ جامعة العلوم الاجتماعية والإنسانية، جامعة مدينة هوشي منه الوطنية، فيتنام

⁴ جامعة كندا للدراسات الدولية، تشيبا، اليابان

⁵ جامعة أوتفوس لوراند، بودابست، المجر

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