

JAPANESE MONOPOLIST COMPANIES – INSTRUMENTS OF THE 'NATIONAL POLICY'

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As the title suggests, this article discusses the problem of monopolistic Japanese companies, unique features among advanced countries, and perhaps worldwide. The Japanese most ardent desire was always to reach and to overcome the Western, and, as a balanced development of all companies would have taken a long time, Japanese policy makers decided to support only those with good performances, around them being concentrated all energies in the East Asian archipelago. Following these important efforts (from the State, small and medium companies, people, etc.), as it is well known, Japan has succeeded, precisely by those holdings, to become a tough opponent for developed countries and even to overcome them, becoming the second global power behind the United States.

The importance of this article derives precisely from the fact that these companies (Zaibatsu and later holdings) were the driving force behind Japan's economic development, whether we talk about the period preceding the Second World War or the next one. Even if after the American occupation, it was wanted with all costs their liquidation, holdings being considered as close to prewar militaristic power, after the American withdrawal from the archipelago, they were rebuilt as a Japanese principle, the foundation of Japanese reconstruction.

The paper aims to embody the main dimensions on which these companies have arrived, as well as their structure, the relations between them, their organization.

On the topic discussed, the literature contains more general issues of the Japanese economy, without being paid (at least in the contemporary period) consideration to these main pillars of Japanese capitalism development. The main work in which they are giving increased attention is written at the end of the Second World War, thus the need for the additions concerning the next period is important. The authors' contribution lies precisely in the synthesis of information that he provides, from the appearance of Zaibatsu in the mid-Meiji era, until the Great Depression of the 1990s.

Keywords: Japan's economy, zaibatsu, monopolist companies, keiretsu, Japan challenge

JEL: O15, O25, N15

Zaibatsu or family cliques represents an element of uniqueness, showing the main pillar in the development of Japanese capitalism, the driving force of economic development of Japan. It is all about family economic and financial holdings that include a large number of enterprises in various sectors. They are present in the shipyards, banks, insurance system, shipping, mining, industrial activities.

The emergence of the largest Zaibatsu is rooted in the rich families of merchants of the Edo period. During Meiji, internally, these trusts were heavily backed to face international competition that Japan was subject to. Then came the First World War; they took full advantage of it, developing at a high rate. With the establishment of militarism (1930), other Zaibatsu have appeared, all beneficiaries of the war, started by the "bounty" of Japanese capitalism.

Over time, a battle for supremacy took place between Mitsui and Mitsubishi, at each one's action corresponding an offensive from the other; when Mitsui began negotiations with Furukawa and Kuhar-Mangyo, in order to seize them in its sphere of influence, Mitsubishi started immediately negotiations with Sumitomo. Mitsubishi's turn followed, with a first step to control Nisso, Nichitsu and Mori, while Yasuda (with satellites Asano and Okura) passing on Mitsui's side (Barrett, 1945, p. 36). Through these strategic moves, the capital ratio control throughout the industrial development has been a constant one.

Even if rivalry between them was notorious, collaboration is and was more important than the destruction of the other when it comes to foreign confrontation. Race is on the inside, but as soon as a problem arises from outside, they ally against the enemy. Internally, they act as the groups that existed in feudalism, and not as western monopolies. One of the major wishes/targets/objectives of the government's is fight against waste: for example, to avoid losses, Mitsui and Mitsubishi shipyards were merged in 1885, managing to be more competitive internationally. Another important merger was represented by the Nippon Steel, where were involved five Japanese private companies as well as the public company. Thus, the new groups are growing bigger and bigger, the cartel formation law (1925) and the Law of control on Big Industries (1931) helping them.

Throughout the period of their existence, the family cliques have shown dedication to the state, which in turn has always supported them; these two institutions were clearly working together. Under state protection, their size increased significantly, especially during the militarism, when Japan represented a great monopoly. With the entry into the war, it was the moment to use the energies at maximum. In the following table we present the zaibatsu size and the concentration degree in 1939.

Tabel 1. The zaibatsu size and the concentration degree (1939)

Name	Number of companies controlled in 1939	Capital directly controlled (million yen)
Mitsui	112	1428
Mitsubishi	74	1291
Mangyo	100	1249
Yasuda	50	484
Nichitsu	32	471
Sumitomo	27	442
Mori	30	275
Asano	47	270
Okura	40	176
Nisso	44	165
Nomura	26	159
Furukawa	21	107
Riken	60	102
Kawasaki	24	99
Total	687	6718

Source: (Barret 1945: 32)

The total paid up capital of Japanese companies was 21,073,000 yen, and, as it can be seen from the table, the capital of companies directly controlled by the trusts was 6.718 million yen in 1939 (while in 1942 it reached 8.717). Besides this directly controlled amount, there were 5.013 million yen indirectly controlled. Therefore, a total of 13.304 billion yen, representing over 63% of total capital, was held by the 14 Zaibatsu. Japan's total bank deposits were 19,117,000 yen, while trusts were set at 14,000 yen deposits, over 75% of the total. Before World War One Japanese banks have not exercised such influence as the Zaibatsu in the financing industry (Barrett 1945: 32), (Schwab and Thiercelin, 1991: 61).

These family cliques were dissolved with the defeat of Japan in the Second World War. After becoming clodes to militarists, aiming to monopolize new markets and raw material supply, Americans considered them as a leading cause of the Japanese territorial expansion. Laws against

Zaibatsu were taken immediately after the installation of the regime led by MacArthur in 1947, among the "victims" being almost 60 family cliques. Therefore, not only the significant ones were abolished, thus trying to completely eradicate them.

Although they were eliminated by the U.S. regime in place, representing a Japanese tradition, the Zaibatsu principle could not be removed. Their dispersal lasted only during the occupation of the former enemy and current ally, then resumed the composition of major trusts which have gradually grown considerably. The new giants represent a new form of those existing before the war (Mitsui, Mitsubishi and Sumitomo are the direct heirs of the prewar zaibatsu). If the great pre-war Zaibatsu were based on their own capital, nowadays loans hold the largest share, as these holdings are crystallized around the bank that acts as an *axis mundi*. Therefore, in addition to the fact that large companies hold monopoly positions, they have their own banks, helping them to form extremely strong cores, with activities spanning several sectors.

It can be seen in (Fig. no 1) and (Fig. No 2) that a major difference is mainly the non-membership of new trusts in a single family structure and their mobility in relation to the stiffness of their predecessors. In the post-war groups we also note the existence of cross holdings, which make supervision come from all sides; companies are giving themselves mutually places in their boards (boards of directors within the Group companies have lunch together at least once a week to discuss future goals and strategies (Delassus 1971: 171)). A discordant note is represented by the Bank; it holds a seat on all boards in order to be able to defend its interests and to have access to all information; for example, Mitsubishi Bank sent 27 members of the boards of the 21 companies in the group (All 1989: 16). There are frequent cases in which the government itself has economists and officials in the boards of these holdings.

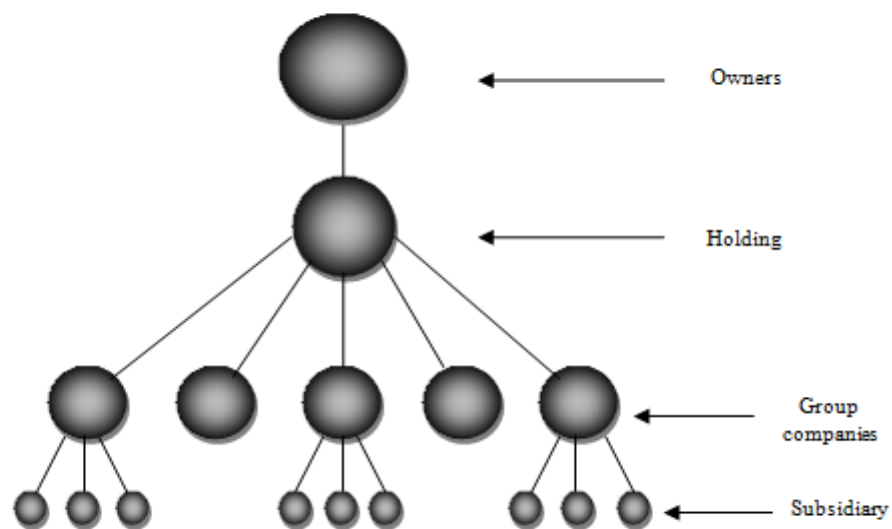


Figure 1. Zaibatsu's structure before the Second World War
Source: (Schwab and Thiercelin 1991: 60)

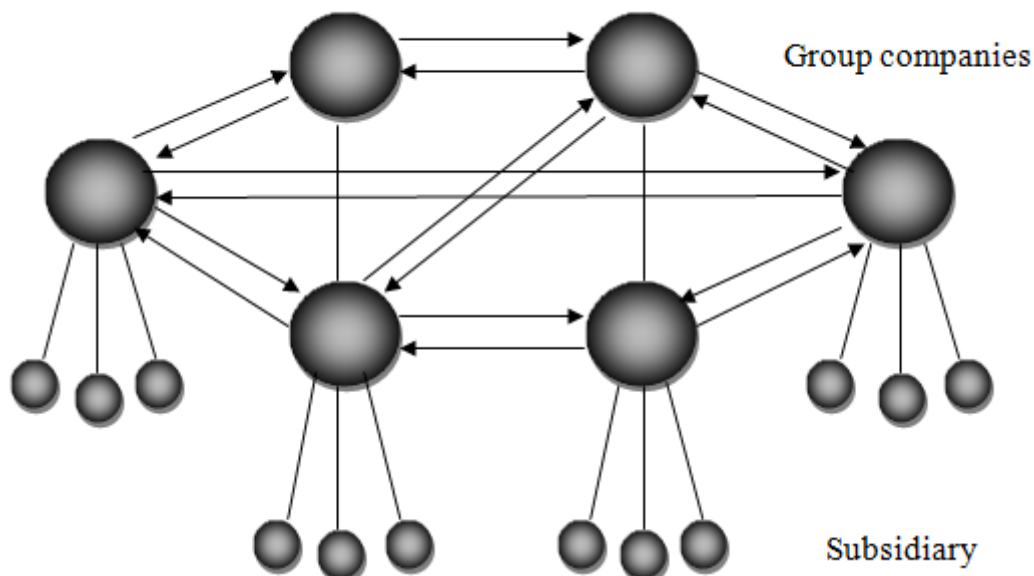


Figure 2. Holding's structure after the Second World War
 Source: (Schwab and Thiercelin 1991: 60)

As Michio Morishima underlines (Morishima 1986: 147), the Japanese had to choose between two types of development, one in which all companies would have received the same treatment and a possibility of development for all, but in a very long time, and a second one, in which a group of firms would be selected and receive special treatment. Just as athletes chosen to represent their country at the Olympics are treated preferentially, this holdings have the advantage of certain privileges. In a society based on Confucian ideology, there is not the problem of a rebellion of those who are not selected, who remain in resignation and trying to do their best to help their colleagues. Keeping parallel with the Olympics, it remains their duty to support them in their attempt to gain the best result. An identity of views was rapidly reached at a national level, glory and pride being important for all Japanese. Medals do not hesitate to show and, in 1995, among the largest companies worldwide, in the first six positions, five were Japanese.

Tabel 2. Top 15 global companies by their income (1995)

No.	Company name - country of origin	Income (millions \$)
1.	Mitsubishi- Japan	184.365
2.	Mitsui – Japan	181.519
3.	Itochu – Japan	169.165
4.	General Motors –USA	168.829
5.	Sumitono – Japan	167.531
6.	Marubeni- Japan	161.057
7.	Ford Motor –USA	137.137
8.	Toyota Motor – Japan	111.052
9.	Exxon –SUA	110.009

10.	Royal Dutch/Shell Group–GB	109.834
11.	Nissho Iwai – Japan	97.886
12.	Wal-Mart Stores- USA	96.627
13.	Hotachi – Japan	84.167
14.	Nippon Life Insurance- Japan	83.207
15.	Nippon Telegraph and Telephone- Japan	81.937

Source: (Nicolescu 1997: 405-406)

The (Table no 2) shows that the Japanese archipelago get where it wanted, representing the main pole of power in companies. Thus Japan is the first country to demonstrate the power of holding. State activity was always directed toward protecting the giants, the monopolies and the pursuit of common goals with them. By the fact that it supports them, we believe that in Japan there is a state monopoly capitalism, an interventionist capitalism. While the United States supports industries with problems, the Japanese are focusing on the strong ones, in order to be more competitive internationally.

Therefore, we can say that monopolistic companies represent instruments of national policy, the core, the center of gravity, which compete with Westerners and are always mindful of their products, in order to be in tandem with the vision and wishes of the state. They definitely have an important role in the development of Japan: contributing to export growth, helping to build national strategy, exploring international markets in order to know which way to move production in Japan, importing raw materials and organizing activities. Instead the state protects and supports them by all the levers at its hand, making them as we saw above, the "mammoths" of the global economy. As evidence of these dimensions, acad. Costin Murgescu (Murgescu 1985: 207) considers that the costs with collecting information ("key investment in commercial activity") would be higher than the CIA's..

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