Zaibatsu

Kyoko Fujita
Geoff Danker
EEP 142
A Little History...

- The term zaibatsu was used in the 19th century to refer to large family-controlled banking and industrial combines in Japan.
- Currently, it is not used natively by Japanese speakers for anything other than historical discussions in reference to Edo-and Meiji-era zaibatsu.
4 Large Zaibatsu

- The control of various large corporations by single capitalist families through stockholding companies is known as Zaibatsu.
- Before WWII, the big four were...
  - Mitsui
  - Mitsubishi
  - Sumitomo
  - Yasuda
Initially founded in the Edo period in 1673, when Takatoshi Mitsui opened a fabric and drapery store in Nihonbashi, Tokyo. The store called Echigoya grew, prospered, and developed into what is now probably Japan’s most prestigious store, the Mitsukoshi Department store.
The Mitsui Exchange Shop

- Another success run from by the Mitsui family. Received the gold and silver business warranties from the Edo Shogunate and became Mitsui Bank.

- In 1990, the bank merged with Taiyo Kobe Bank and then, in 2002, combined with Sumitomo Bank, creating one of the three largest financial groups in Japan, the Mitsui Sumitomo Financial Group.
The Sumitomo Group

- Long history commencing in 1691 when Osaka copper trader Izumiya opened a copper mine in Bessi in Iyo, now Ehime Prefecture in Shikoku Island
- Expanded its business into copper refining, processing, and vending and finally transformed itself into a Zaibatsu before the start of the World War II.
Economic Domination

- The Zaibatsu grew to dominate the Japanese economy and as they were incriminated in Japan’s war effort, the GHQ (General Head Quarters) of the Allied Powers in Japan dissolved them during the occupation of Japan in 1945, declaring that the Zaibatsu were a hotbed of militarism.
Formation of Industrial Groups

- Industrial groups with no connection to former Zaibatsu were also formed around banks. These groups included those that surrounded the former Daiichi Kangyo Bank, Sanwa Bank, and Fuji Bank. Companies within these groups also tended to cooperate on the business front and have been an important factor in Japan’s rapid economic development since the war.
Industrial Groups expand their Keiretsu (series or subsidiary)

- By acquiring shares in, or dispatching directors, to companies.
- Cross shareholdings and the Keiretsu structure of companies trading within their group have been cited by the United States as one of the signs of the closed state of Japan’s markets to foreign businesses.
Reorganization of financial markets.

- Daiichi Kangyo Bank, Fuji Bank, and the Industrial Bank of Japan merged and became the Mizuho financial group.
- Sakura Bank, which was formerly Mitsui Bank, and Sumitomo Bank, also merged, and subsequently the Mitsubishi Tokyo Financial Group merged with UFJ Holdings, which was formerly Sanwa Bank and Tokai Bank, thereby creating a new realignment of Japan’s industrial groups and Keiretsu.
Mitsui Group

- Toyota
- Toshiba
- Fuji Film HD
- Sapporo Beer
- Suntory
- Mitsukoshi
- Mitsui & Co., Ltd.
- Mitsui Fudosan Company, Limited
Mitsubishi Group

- Nippon Yusen Kabushiki Kaisha
- Kirin Brewery Company, Limited
- Mitsubishi Corporation
- The Bank of Tokyo-Mitsubishi UFJ, Ltd
- Mitsubishi UFJ Securities Co., Ltd.
- Nikon Corporation
- Mitsubishi Motors Corporation
- Mitsubishi Chemical Corporation
Sumitomo Group

- Sumitomo Corporation
- Sumitomo Chemical Company, Limited
- Asahi Breweries, Ltd
- ITOCHU Corporation
- Sumitomo Mitsui Banking Corporation
- Sumitomo Life Insurance Company
- The Japan Research Institute, Limited
- Sumitomo Realty & Development Co., Ltd
Modern-day Influence

- Today, the influence of the zaibatsu can still be seen in the form of financial groups, institutions, and larger companies whose origins reach back to the original zaibatsu, often sharing the same original family names.

- However, some argue that the "old mechanisms of financial and administrative control" that zaibatsu once enjoyed have been destroyed.
Despite the absence of an actualized sweeping change to the existence of large industrial conglomerates in Japan, the zaibatsu's previous vertically integrated chain of command, ending with a single family, has now widely been displaced by the horizontal relationships of association and coordination characteristic of keiratsu.
THANK YOU!

Have a great week and good luck with finals…