Historical Background and Business Climate of Osaka

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I Introduction

The topic that I would like to mention in this article is the historical business background and the business climate of Osaka.

This topic is very wide, but I should limit my article to three points below.

Firstly, viewing the historical points, when the so-called Osaka merchants came into existence?

Secondly, what were the characteristics of the Osaka merchants in that time?

Thirdly, about the Osaka merchants, in case of leading companies of Osaka, in the modernization of Japanese economy in Meiji era.

Now, in order to consider the business climate of Osaka, we must look back to the way of life and philosophy of the Osaka merchants, when Osaka was the "kitchen of the whole country", in
Japanese, "Tenka-no-Daidokoro": the central market for all the feudal clans of the Edo period.

Well, what was the meaning of the "kitchen of the whole country"? In the Edo period of the feudal age, especially in the early Edo period, about 1670, the magistrate, in other words, administrator, "Buggyo" in Japanese, of Higashi-machi of Osaka has carried out the new commercial policy, which had put in order commodity prices and defended the status of the merchants in business-life.

After carrying out this commercial policy, the Osaka merchants were able to conduct the business with all the commodities of the whole country. Therefore, Osaka became the real central market of the commodities circulation of the whole country. The commodities which came to Osaka from all parts of Japan were transported from Osaka to everywhere, and handled by Osaka merchants.

In that time, Edo (present Tokyo) was the town of consumers and backed up by politics. The population of the Edo period was about one million. So, it was the largest town of consumers. On the other hand, Osaka was the center of the whole nation economy. Osaka had gained the economic superiority in Japan.

Let us consider the structure of the commerce and the differences between Osaka and Edo merchants.

The Edo merchants were the retail merchants. They corresponded with the consumer town of Edo. On the other hand, the Osaka merchants were mainly wholesale merchants. They took the important role of handling the commodities which came from the
whole country.

In 1714, the number of commodities which came into Osaka was 115, and the number of commodities which were sent from Osaka to other places was 91.

The main commodities which belong to the former were rice, cotton, paper, iron etc. The latter were cotton-seed oil, rice, copper, and so on.

II Characeristics of the Osaka Merchants

Now, let us consider what were the characteristics of the Osaka merchants in these times. These characteristics were ethos or normality or criterion of them.

This criterion was beyond the formalities of feudalistic business, and also it was beyond the feudal system.

Well, feudalistic idea or criterion was, as you know, apprenticeship, a sense of honor, the discrimination according to the social status, and so on.

But, the characteristics of the Osaka merchants were not the feudalistic criterion. It was very progressive and positive, and also were the morals in case of making money. It was the philosophy of their business life. It had four points below.

No. 1. The Osaka merchants were often thought as being foxy, shrewd, and "stingy", as if being overly conscious of gain or loss was the only characteristic of commercial Osaka. This is not true.

In reality, their character had something to do with their
business philosophy—"Shimatsu". "Shimatsu" means being thrifty. Being thrifty means saving money and working hard. Even Zen-emon Konoike, the richest merchant in Edo period, did not ride in palankeen and always walked to his business.

And also Shimatsu means systematic in management. Even if being conscious of gain or loss, the Osaka merchants disliked losing money. They always wanted to make profit.

No. 2. They had "Saikaku". "Saikaku" means ingenuity, or project or invention. In other words, it means enterprising spirits. It also means the ability of decision-making as the procedure of making money.

There were many Osaka merchants who pioneered new fields of business. To name a few, the Sumitomo family developed the processing technique to separate gold from silver, the Konoike family started the shipping trade, and the wholesale drug dealers were pioneers in advertising.

No. 3. They valued "Sanyo" very much. "Sanyo" means calculation, not only calculation, but also rationality. The Osaka merchants gave so much importance to calculation on account. Many private schools in Osaka taught them Soroban. Of course, everybody knows what soroban means.

They were very good with calculating, but they had so much consideration for others, and they had the moral of self-reliance and self-help.

By following this philosophy, the Osaka merchants became the wealthiest in Japan, and they were not affected by the politic structure
of that time.

No. 4. Another characteristics of the Osaka merchants was being cosmopolitan. Osaka people went anywhere to do business, and welcomed all people from the whole country to do business.

That’s why there are many names in Osaka, representing the places where the Osaka merchants came from. For example, Sakaisuji is derived from Sakai merchants, Hirano-machi from Hirano in the Kawachi area, Fushimi-machi from Fushimi in Kyoto, Awaji-machi from Awaji-shima, and Awaza from Awa (present Tokushima) merchants.

And also, each name of the street called Machi, had its own special kind of business.

Each area of Osaka developed its own characteristic commercial district. For example, sugar merchants in Sakaisuji, cloth and textile merchants in Semba, drug wholesale-shops in Dosho-machi, metallic merchants in Bakurocho, furniture shops in Edobori of Nishiku, rice merchants in Dojima, and Awaza was the place where Awa merchants used to sell indigo-ball.

By the way, even in the present times, Osaka people welcome all peoples to do business. In Tokyo, there is a strong tendency toward nepotism and factionalism in academic circles and financial groups. In Osaka, such things do not matter. Actually, most of the owners of large companies are from outside Osaka.

For example, Tokuji Hayakawa of the Sharp Corporation came from Tokyo. Konosuke Matsushita of the Matsushita Electric Industrial Co., Ltd. came from Wakayama Pre. Kaoru Iue of the Sanyo

III Economic Situation of Osaka

Now, let us mention about the economic situation of Osaka in Meiji Restoration. What was the meaning of the opening the Osaka port for Osaka’s Economy in 1868? Osaka’s economy was not motivated by the contact with European economy through the opening of the Osaka Port.

In Meiji Restoration, the economic situation of Osaka was badly damaged. As I mentioned before, Osaka was the heart of the whole country during the Edo period. But, during about 20 years after the Meiji Restoration, the business of Osaka was in recession.

Why the economy of Osaka became inactive in the early period of Meiji? Well, one thing was the change of currency system. The second thing was the warehouses of feudal clans in Osaka were abolished by the new government. Thirdly, guild of feudal businesses was also abolished. Fourthly, 53% of the debt of the feudal clan was broken off. Therefore, some of big Osaka merchants went into bankruptcy.

Anyway, even under these circumstances, the Osaka merchants managed to survive. There were many Osaka merchants who
pioneered new fields. For example, Sumitomo also became inactive in their management in that time. Especially, the operation of copper mining of Beshi of Ehime Pre. was in stagnation. But, the Sumitomo family endeavoured to develop the processing technique of copper mining and imported modern machinery from foreign countries, and also employed foreign technical experts.

Another pioneer businessmen of that time were as below.

*Chube Ito* was the father of textile business in Japan. He came from Shiga Pre.

*Bunsuke Iwai* was the founder of Iwai Co. (present Nissho Iwai Corporation). He came from Kyoto Pre.

*Ichibee Tanaka* was the president of National Bank. He was born in Osaka.

*Jisuke Okahashi* was the importer of foreign draperies. He came from Nara Pre.

*Jutaro Matsumoto* was the president of National Bank. He came from Kyoto Pre.

In 1882, Meiji 15, when the Osaka cotton spinning industry Co. was established, the industrial revolution began in Osaka again and also the economy of Osaka started to boom and flourish again. The Osaka spinning industry Co. was established as a private enterprise, not affected by the power structure or the politics. The Osaka merchants invested their capitals in this Co. The cotton spinning industry Co. has got a firm ground during a decade after 20 years of Meiji.

In the same way, trading firms, especially textile dealers had
played an important role in the development of modern spinning industry.

Well, textile dealers can be classified in three categories.

One of the leading textile dealers, the Nihon-Menka (present Nichimen) was founded in Meiji 25. The Nihon-Menka Co. made it a main business-line to provide spinning works with imported raw cotton, on the other hand, to export cotton products, basing itself on comparatively rich capital, which gave the company the possibility to grow to a modernized trading firm. This capital was collected by the leading spinning industries. The Gosho Co. (present Kanematsu-Gosho) & Toyomenka Co. (present Tomen) belong to this type. Yohei Kitagawa, the founder of Gosho, came from Shiga Pre.

The second type of textile dealers was the merchants of imported draperies, called “Tōmotsuya”.

Itoman Co., Tamurakoma Co., Yamaguchi-Shoten Co. belong to this type. Mansuke Ito, founder of Itoman Co. came from Gifu Pre. Komajiro Tamura, founder of Tamurakoma Co. came from Ikeda, Osaka. Gendo Yamaguchi, founder of Yamaguchi-Shoten, came from Onomichi, Okayama.

The third type of textile dealers started as cotton yarn dealers in the home market and later extended themselves enough to export cotton products. Itochu Shoji Co., Tazuke Co., Mataichi Co., Toyoshima Co. belong to this type. The founders of all these companies came from Shiga Pre.
IV Conclusion

Even today, four traditional characteristics of the Osaka merchants are inherited and combined with the newer rationalism to form the present economic climate of Osaka.

Nowadays, Osaka is said to have lost its economic superiority. Businesses and finance have been centering on Tokyo and backed up by politics, making the economic power of Tokyo overwhelming.

Even so, Osaka still has a huge economic heritage and tradition. To capitalize on this, people are starting a strong movement to return Osaka to its predominant position. The most characteristic aspect of the business climate of Osaka is its vigorous enterprising spirit.

Business such as electric appliances, super-markets, food processing, and the housing industry were first developed in Osaka and have become nation-wide business.

Based on such a pioneering spirit, rationalism and quickly adapting to the changing circumstances, while maintaining a strong sense of responsibility in management, Osaka has developed its peculiar economic climate.