MITSUMI RYOGAEDANA

(Mitsui Exchange House)

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Mitsui ryogaedana was published in 1983 to commemorate the third centennial of Mitsui Bank. Mitsui's *ryogaedana* (literally, "money exchange store") was set up in Edo (Tokyo) in 1683, eleven years before the founding of the Bank of England, and was one of the forerunners of the modern Mitsui Bank. This work examines the management of the *ryogaedana* from its establishment until the opening of Mitsui Bank in 1876. The *ryogaedana* was a cornerstone of Mitsui's business activities during this period; a study of its operation, therefore, can tell us much not only about the workings of the House of Mitsui, but about the Japanese economy and about managerial and financial practices as they existed during the seventeenth, eighteenth, and nineteenth centuries.

The authors of this work have relied on records available in the Mitsui Research Institute for Social and Economic History (Mitsui Bunko) and in other major institutions. Those who contributed are Kazuo Yamaguchi, Shiro Matsumoto, Kazuo Sugiyama and Reiko Hayashi. All are active participants in the Business History Society of Japan and/or the Japan Economic History Society. Although the work is a collaborative effort, the authors have tried, wherever possible, to present statistics in a uniform fashion; and all have paid particular attention to the specifics of Mitsui's management and to the activities of those with whom Mitsui did business.

Mitsui ryogaedana is divided into eight chapters: the introductory chapter explains the rise of the House of Mitsui; chapter 1 examines the establishment of the *ryogaedana*; chapter 2 examines the management of the *ryogaedana* between 1716 and 1763; chapter 3 deals with the development of the *ryogaedana* itself; chapter 4 examines management between 1804 and 1859; chapter 5 examines management during the Bakumatsu (the end of the Tokugawa regime) period, as well as the role of the *ryogaedana* as fiscal purveyor to the government; chapter 6 covers the same topics for the Restoration period; and chapter 7 examines the founding of Mitsui Bank. The focus of the work is the *ryogaedana*, but the scope is such that the development of Mitsui's overall

management policies from the end of the seventeenth century until 1876 is covered in considerable detail.

The *ryogaedana* was established as an adjunct to Mitsui's dry goods business in Edo. Mitsui's business involved purchasing goods in Kyoto and selling them in Edo (Tokyo), and the complicated currency system of the time required that they handle money exchange as well. Mitsui's Echigoya dry goods store therefore set up its own money exchange section, and the establishment of the *ryogaedana* marked the transfer of this section into an independent operation. Similarly, an additional *ryogaedana* was opened in Kyoto in 1686 as business there expanded; and in 1690, Mitsui opened both a dry goods store and a *ryogaedana* in Osaka, then Japan's largest commercial center. By the end of the seventeenth century, therefore, Mitsui had established a financial network in Japan's three largest cities. The *ryogaedana* served as a part of Mitsui's retail and financial operations, and their independent status was to be made official within the structure of the House of Mitsui in 1729.

In about 1710, the House of Mitsui organized its finances and holdings into a unified structure known as the *omotokata*. The structure, which provided for joint investment and ownership, and closely resembled a modern unlimited partnership, was designed to prevent the outflow of capital and to standardize managerial practices within the Mitsui enterprises. Capital investment in these enterprises was, with the establishment of the *omotokata*, taken out of the hands of any one individual and made uniform. Within this structure, the *ryogaedana* were unified, along with the dry goods stores (*hondana*), in 1729. Investment in the *ryogaedana* during this period amounted to about 40 percent of Mitsui's entire capital outlay; the figure reached a peak during the Kansei period (1789–1800), dropped to 25 percent during the Bunka period (1804–1817), to 20 percent in the Bunsei period (1818–1829), and to 10 percent in the Tempō period (1830–1843). Relative investment by the *omotokata* in the *ryogaedana* fell in the nineteenth century, but still amounted to a considerable sum; moreover, it indicated, more than anything else, the increasing ability of these operations to function on their own, and therefore the increasing importance of the *ryogaedana* within the structure of the House of Mitsui.

Indeed, after the Tempō reforms of the Tokugawa Bakufu, the role of the *ryogaedana* assumed even greater importance. The Tempō reforms aimed at fiscal retrenchment and control of the commercial economy, and their effect was to deal a severe blow to all of Mitsui's enterprises. The *ryogaedana*, however, were sufficiently resilient to be

able to provide financial aid to the *omotokata* and to the Echigoya dry goods stores, and were to prove the backbone of the Mitsui organization for much of the nineteenth century. With the opening of the treaty ports in 1859, Mitsui opened a store in Yokohama and began trading activities with Western merchants. The following year, Mitsui's *ryogaedana* in Kyoto was appointed money exchanger for the imperial court; at the same time payments to the Tokugawa Bakufu were increased. For the government and the foreign merchant community, as well as for the House of Mitsui itself, the *ryogaedana* system was of increasing importance.

After the fall of the Tokugawa Bakufu and the restoration of imperial rule in late 1867, Mitsui was appointed fiscal purveyor to the new Meiji government, a position which required it to reorganize its business and place particular emphasis on financial activities. In 1872, the Echigoya dry goods stores were transferred to the related Mitsukoshi family; plans were also drawn up to combine the *ryogaedana* and the imperial money exchange office, something that was accomplished, after some difficulty, in 1876 with the establishment of Mitsui Bank.

Mitsui ryogaedana covers the developments noted above in considerable detail. In addition to examining the growth of the *ryogaedana* and their place in the fortunes of the House of Mitsui, the work investigates Mitsui's ties with the Tokugawa and Meiji governments, as well as changes in Mitsui's investment practices and clientele and the effect of these changes on the separate *ryogaedana*. In so doing, it offers a wealth of new insights on the Mitsui *zaibatsu*.

Before the publication of this work, most of the research done on Mitsui activities in the Tokugawa period concentrated on Mitsui's financial activities vis-a-vis the Tokugawa government. Since before the Second World War, it has been commonly assumed that once the House of Mitsui established a family code in 1722 activities were fairly stable and unchanging until the Bakumatsu period of the 1850s and 1860s. But since the end of the war, and with the establishment of the Mitsui Research Institute for Social and Economic History and the consequent availability of internal Mitsui documents, more substantive research has also been carried out, and many scholars have chosen to concentrate on Mitsui's business history. The result has been works like *Mitsui jigyoishi* (A History of the Mitsui Enterprises), and a steady flow of new studies in the Journal of the Mitsui Research Institute for Social and Economic History.

Mitsui ryogaedana owes much to this prior research, but also offers its own new historical perspectives on Mitsui's managerial structure. Its

examination of the *ryogaedana*'s clientele and of its employment and promotion practices prior to the Meiji Restoration has opened a new field for research in business history. In certain cases, of course, the authors have been unable to substantiate fully conclusions as to the role of certain individuals in decisions made by the House of Mitsui; but on the whole, their treatment of this problem is exemplary, and adds much to our knowledge. They have made the study of the *ryogaedana* a new field in business history, and have shown that an attempt to link the development of these businesses with a study of banking in Japan can, indeed, be successful.

This work is limited insofar as its focus is the Mitsui *ryogaedana*; comparisons with other parts of the money exchange system are therefore weak. It is a case study of one organization's activities only, and does not develop a model for the study of the *ryogaedana* as an economic phenomenon. But these very limits serve as an incentive to other scholars to fill the gaps. And by shedding new light on the operations of the House of Mitsui, the authors suggest ways in which further research ought to proceed.

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