

Yukichi Fukuzawa, 1835–1901: The Spirit of Enterprise in Modern Japan. By Norio Tamaki. Basingstoke, U.K.: Palgrave Macmillan, 2001. xxiii + 248 pp. Notes, index, bibliography, tables, maps, illustrations. Cloth, \$75.00. ISBN: 0-333-80121-0.

Reviewed by Kim Eric Bettcher

Yukichi Fukuzawa is famous for his contributions to education and philosophy in Meiji-era Japan. He did more than any other individual to introduce Western ideas, institutions, and customs to Japan. Previously, Carmen Blacker has described how Fukuzawa, as an exponent of the Japanese “Enlightenment,” sought to transform Japanese thinking about science, civilization, and progress. Now Norio Tamaki reveals Fukuzawa’s endeavors in the realm of economics and business.

Fukuzawa’s entrepreneurial accomplishments include his participation in the founding of bookseller Maruzen, as well as in the establishment of a successful newspaper, *Jiji Shinpo*. Maruzen quickly became the leading seller of western books and encyclopedias in Japan, and today it remains a major publisher and provider of information services. *Jiji Shinpo* was a popular and profitable independent newspaper, providing an outlet for Fukuzawa to disseminate his nationalist views. Yet the highlights of Fukuzawa’s business career—and of Tamaki’s book—extend beyond his activities as an entrepreneur. Fukuzawa made extraordinary contributions to the industrialization of his country in three areas: he introduced western theories of economics and business to Japan, and especially western institutional models; he educated the first generation of industrial leaders, placing many of his students in major companies; and he challenged Confucian conceptions of business.

Fukuzawa acquired his knowledge of the West during the course of two voyages to the United States and one to Europe and through his skill in obtaining and translating books in English. He was present on the first overseas voyages of the shogun’s government and thus had more experience in western countries than any Japanese person before 1867. In his bestseller, *Conditions in the West* (1867), and in other works that he translated or authored, Fukuzawa discussed the politics, the military, and the societies of Britain and the United States. He also covered a range of topics, such as money, banking,

inflation, public finance, and bookkeeping. Much of his writing had a practical bent, exemplified in his detailed descriptions of bills of exchange, hospitals, steamships, and telegraphs, to name but a few of the subjects that captured his interest.

Having succeeded on his own in publishing, and observing the price differentials between western and Japanese book markets, Fukuzawa encouraged a former student to open a bookshop in 1868. Within months this venture was reorganized as a joint-stock company and renamed Maruzen. The notion of a joint-stock company in Japan was then well ahead of its time. Another organizational innovation was Maruzen's accounting department, which employed western methods of accountancy. Although Fukuzawa was a major investor and constant advisor, he never formally joined the company's management.

Fukuzawa also had a hand in the formation of the Yokohama Specie Bank (1880), the first Japanese bank of its kind and a close relative of the Bank of Japan (founded in 1882). The Yokohama Specie Bank operated in Yokohama, London, New York, and other markets to reverse Japan's rapid outflow of gold and silver and establish a basis for a stable paper currency. Fukuzawa profited as a founding shareholder of the bank, which by 1901 became the second largest in Japan.

In 1868 Fukuzawa established Keio College, today one of the most prestigious universities in Japan. Keio pioneered as a western-style school, whose strength was in economics. The school's graduates assumed commanding positions in commerce and banking, including the direction of six of the seven largest banks in 1900. Mitsubishi hired more than half a dozen Keio graduates in the company's early years; one member of this cadre eventually managed Mitsubishi & Co. Fukuzawa enjoyed a close relationship with Yataro Iwasaki, Mitsubishi's founder. A score of Keio men procured jobs at Mitsui Bank, headed by Hikojiro Nakamigawa, himself a Keio graduate and Fukuzawa's nephew. From there they rose to leadership positions throughout the Japanese economy. The hiring patterns and career networks Tamaki describes illustrate the emergence of the *gakubatsu* phenomenon; that is, the pervasive and influential business ties linking graduates of the same university across industry.

A repeated theme of the book is that Fukuzawa countered accepted Confucian doctrine by encouraging bright young men to pursue business careers. He advised

students, “Learn and earn, earn and learn, then you can obtain both the status of a scholar and of a rich man. . . .” This was a fundamental shift from the samurai culture in which Fukuzawa was raised (he was a low-ranking samurai). Fukuzawa taught that business should not be beneath a gentleman in a modern society, and further that opportunity should be available to talented individuals of any class. Curiously, in his autobiography Fukuzawa writes, “I had no taste or inclination to engage in buying or selling, lending or borrowing. Also the old idea of the samurai that trade was not our proper occupation prevailed in my mind, I suppose.” Tamaki does not attempt to square this difference.

This is a fascinating account of the life of an important figure who helped catalyze the takeoff of business in Meiji Japan. The narrative and analysis reveal significant scholarship, although in places a reader unfamiliar with Japanese history might become lost in the details. Despite the title, this book does not confine itself to business history, yet it offers a valuable perspective on the origins of modern Japanese business.

Kim Eric Bettcher is research associate at Harvard Business School. He coauthored a research note (with Richard S. Tedlow and Courtney Purrington), which appeared in the Winter 2003 issue of Business History Review. His article “Factions of Interest in Japan and Italy: The Organizational and Motivational Dimensions of Factionalism” will be published in Party Politics later this year.