

Cooperatives in the Traditional Weaving Industry and their Leaders

Hisami Matsuzaki

key words : trade association, social capital, decision making

1. Introduction
2. The Development of the Japanese Economy and the Textile Market
3. Isesaki Weaving Industry
4. Nara Weaving Industry
5. Conclusion

1. Introduction

The rural weaving industry in Japan during the period 1880 to 1920 consisted of many small- and medium-sized companies, which were organized into cooperatives. The function of cooperatives included maintaining the quality of products and encouraging research activities. Other rural industries also formed cooperatives and consequently the output of entire regions would increase, rather than any one individual company benefiting. Entrepreneurs cooperated with each other to the extent that regional conglomerations were found in many rural parts of Japan.¹

From the perspective of neo-classical economics, each company's decision-making was based on the principle of profit maximization, as a utilitarian approach adopts the principle of maximization of utility for personal decision-making. There is the possibility that the cooperation

brought benefits to every participating company, but it could not avoid restricting their free economic activities.

As the following empirical studies of this article show, the cooperation by entrepreneurs and the consolidation in the form of cooperatives could not be attained without deliberate efforts by the people concerned. The purpose of this article is to analyze the process of initializing cooperative activity, the motivation of participants, especially leaders, and the factors that maintained the efficiency of cooperatives through the case studies of traditional weaving districts.

The activity of cooperatives can be classified as one of collective action, and the result of the activity is regarded as social capital. Economic activity is made possible by various factors including culture.² Therefore from the wider perspective of social science, the aim of this article is concerned with the relationship between social capital and economic activity. Before we start to examine the history of cooperatives, perspectives of this article should be explained further, since collective activity and cooperatives have been analyzed from various perspectives.

Firstly, the relationship of between social capital and economic activity will be clarified. There are two distinguishable approaches concerning social capital in regard to economic activity: one takes social capital as an exogenous factor, the other as an indigenous factor.

Piore and Sobel examined industrial districts comprised of small entrepreneurs and bound in a complex web of competition and cooperation. They argued, "The cohesion of the industry rests on a more fundamental sense of community, of which the various institutional forms of cooperation are more the result than the cause." They emphasized "ethnic ties" and "shared politics and religion."³ If we suppose normal motivation of entrepreneurs, cooperation among them must be an

exogenous factor. In other words, competitive entrepreneurs are inherently against cooperatives. Supposing community ties as an exogenous factor is theoretically consistent with the traditional viewpoint that their motivation can be explained only from privately-oriented objectives.

Their emphasis on communities can be supported by this historical study of regional economies. Observation over a long period, however, revealed that community ties were not stable, and economic cooperation and community tie were mutually affected by each other. Therefore community ties cannot be estimated as one of the given economic factors under which entrepreneurs pursue their goals. The content and degree of community ties are important economic variants, and it should be explained how and why the ties were attained.

On the other hand, some historical studies suppose mutuality as normal and consequently overlook the theoretical perspective that social bonds could worsen economic activity.⁴ As a conclusion to a historical comparison regarding Italian society, Putnam asserts: “stocks of social capital, ...tend to be self-reinforcing and cumulative. Virtuous circles resulted in social equilibria with high-levels of cooperation, trust, reciprocity, civic engagement and collective well-being.”⁵ We will describe “reinforcing and cumulative” as it applies to the process of social capital in one of the weaving districts, where, however, the social bond experienced a negative effect. Therefore we try to clarify what kind of social and economic situation strengthens and loosens social ties.

Secondly, the motivation of participants in cooperatives will be examined. Social capital, mutual trust and other factors are subjective. Therefore those factors are inconsistent with economic objective factors, price, volume, and so on. We face a difficult problem in placing subjective

factors in the system of decision-making. The motivation of entrepreneurs, especially leaders of cooperatives has critical importance in this context.

After an organization was established and rules were accepted by participants, management of cooperatives became relatively easy compared to the initiation of such collective activity. Depending on the information available, individual participants could choose a policy to attain optimal results. E. Ostrom analyzed collective activity, albeit especially in common property resources, in a multi-layered and structured way and asserted that “Information about benefits must be searched for, organized, and analyzed” by participants.⁶ They uniquely estimate costs and benefits of collective action and consequently must consider the rules or objectives of cooperatives from a unique perspective. The process of exchanging opinions and reaching an integrated action program is an inevitable outcome. In the real world some people must plan collective action and propose others to take part in it. Initial efforts are a prerequisite, and some people must take the lead. From our observation of the history of cooperatives, we can assert that leaders played an important role in forming policies.

The critical point of this question lies in whether or not the motivation of leaders can be explained from the perspective of profit maximization. In an ideal world of economic activity, where each participant in a market can get enough information to pursue his objectives, a rational process of decision-making can be expected. In actuality, however, entrepreneurs have not been able to predict exactly the result of their economic activities. The difficulty of prediction would have been especially apparent when structural changes in the economy were underway, as with the Industrial Revolution. The Industrial Revolution can be defined as a

process of innovation so wide in scope that it changed social structures.

Keynes argues in his 1936 “The General Theory of Employment, Interest and Money” that an expectation concerning events of even 5 years ahead is not reliable.⁷ Putting aside political affairs, it was not so difficult to estimate accurately in the 1930s as it was in the period of the Industrial Revolution, due to the fact that the economic activity in the 1930s was not so innovative. As Schumpeter asserts, innovators’ motivation cannot be induced by a hedonistic approach and can be explained by studying subjective factors. He points out three motivations: “the dream and the will to found a private kingdom”; “the will to conquer, the impulse to fight”; and “the joy of creating, of getting things done.”⁸

These subjective motivations have a strong relationship with the difficulty of estimation of economic activity. Schumpeter compares economic life with military action and asserts, “As military action must be taken in a given strategic position even if all the data potentially procurable are not available, so also in economic life action must be taken without working out all the details of what is to be done.”⁹ He tries to examine the conditions of success from an individualistic perspective. Innovators’ success, he argues, “depends upon intuition”, which is the ability to predict outcomes.¹⁰

In circumstances of uncertainty, an innovator cannot rely upon information which can be defined with apparent criteria and can be gained without failure. As Christensen’s research on the history of technological development reveals, even the information of a market is not enough to jump over a deep technological gap.¹¹ He points out that the unexpected development of technology broke the surface of sustaining technology and ruined companies which concentrated their effort in improving

sustaining technology.

“An individualistic perspective” which is chosen by Schumpeter can be contrasted with “a social perspective.” This approach takes into consideration not only the innovator’s ability to forecast, but also his ability to gain social confidence, including the sympathy of colleagues and subordinates. Additionally, he must gain the approval of his decision-making as the most appropriate policy, from a perspective of social need.

Why do innovators need social confidence? Errors of estimation and re-arrangement of schedules are inherent in the process of innovation. No matter how great an innovator is, it is difficult for him to surmount an unexpected situation. A historical case study about such a situation will be introduced in the following part of this article. However, some theoretical points should be suggested here in an effort to clarify a social perspective. Even respectable leaders of entrepreneurs make errors and their companies go bankrupt. In such cases, the leaders’ ability to forecast the future did not work effectively. This illustrates the fact that a rational approach doesn’t work if predictions turn out to be false. How do entrepreneurs rebuild their plans after confidence in their expectations has broken down? If people visualize a trajectory along with rationality, the inability to predict efficiently can corrupt the whole system of that trajectory. How could people regain confidence in their decision-making? They should have gotten people’s confidence not that a decision is optimal but that a decision is appropriate taking into account the resources and limited information.

If a regional economy or an industry is good, it can invite capital investment. However, if the situation turn bad, what kind of element could change the trajectory of deterioration? Taub’s research into

regional economy also prove that economic objective elements themselves could not change this trend and the subjective participation of residents is needed.¹²

Finally, we will address the question of how collective action can be maintained to be effective. Comparing the French, German and Japanese cultures with those of Americans and the British, Hampden-Turner and Trompenaars argue that the French, Germans and Japanese “would say that if the needs of the group are considered first, then the invisible hand will . . . automatically take care of the desires of the individual.”¹³ This article, however, will illustrate the fact that even in a traditional rural society in Japan, an organization with communitarian policies has been vulnerable to a challenge from outsiders, and an enterprise without a strict policy to pursue its own economic objectives has been, also, vulnerable to economic turmoil.

2. The Development of the Japanese Economy and the Textile Market

2. 1 The Textile Market and the Commercial Revolution

2. 1. 1 The Textile Market in the Period of 1890–1910

The demand for textiles increased in the period 1890–1920. The growth was especially dramatic in the 1890s and 1910s, as the table “Content of Expenditure” illustrates. The expenditure for clothes doubled in the 1890s. The westernization of Japanese culture (the acceptance of European and North American cultures) had already begun at the time of the Meiji Restoration, but most Japanese people wore traditional clothing in this period. The expansion of the textile market allowed the traditional weaving industry to develop with imported or domestic materials supplied from the modernized production system. Japan’s own Industrial Revolution commenced in the light industry sectors in this period.

Table 1 : Content of Expenditure

(Unit: million Yen, %)

Year	Food	Cloth	Dwelling	Total
1890	2591 (63)	170 (4)	459 (11)	4123
1900	3254 (60)	364 (7)	558 (10)	5444
1910	3907 (60)	445 (7)	798 (12)	6513
1920	5296 (60)	780 (9)	921 (10)	8848

Source: Miyohei Shinohara, "Private expenditure: Long term economic statistics series no.6", pp.138-139

The department stores evolved from stores of traditional clothing, kimono in Japanese. One of them started to create fashion in clothing: it catered for upper-class demand; its fashion did not substantially affect the daily life of middle- and lower-class people.

2. 1. 2 The Commercial Revolution in the Period 1910 to 1920

The boom which took place during WW I continued until the 1920s, affecting the consumption of clothing. It boosted the demand in volume and changed the content of it. The first few years of the 1900s already witnessed that the public taste in clothing had upgraded and diversified. These changes became apparent in the 1910s and continued until the late 1920s. The westernization of clothing also started to affect the daily lives and the consumption of middle- and lower-class people. Silk textiles took the top share, replacing cotton textiles in 1920 and the share of wool textiles which started after the Meiji Restoration rose as high as to 20 per cent.

Table 2 : The content of textile consumption in Japan

(Unit: Yen, %)

Year	Cotton	Silk	Ramie	Wool	Rayon	Total
1908	136	121	6	29	0	292
1910	159 (44)	148 (41)	7 (2)	45 (13)	0	359
1920	543 (37)	625 (63)	21 (1)	277 (19)	2 (0)	1468
1928	544 (37)	559 (38)	23 (1)	328 (22)	26 (2)	1480

Source: The same as the table before

Urbanization was accelerated due to economic expansion and mass transportation systems; for instance, railways connecting big cities and the rural hinterlands made the marketing activity of department stores more influential. The department stores were deemed as shops for high-class people until around 1910. One of the stores with the highest reputation started a discount sale of cotton textile in the late 1910s, and other stores followed suit. Cotton textiles were viewed as clothes for common people. These stores made use of newspapers as a means of advertisement and attracted many customers. In comparison with the traditional relationship between clothing shops and neighborhood customers, the new marketing policy was revolutionary.

2. 2 Entrepreneurs and Social Division in the Weaving Industry

The weaving industry from 1890 to 1910 consisted of two types of manufacturers, the traditional small-sized producers and large modernized companies. In this article, traditional small-sized producers will be examined. Due to the smallness of production, they themselves could not undertake marketing and had little bargaining power in the purchasing of input materials. In a typical case, the products were sold and loaded by brokers or intermediate merchants in the regions where they were produced. Producers formed cooperatives to maintain the quality of products and to gain bargaining power with material suppliers. Generally speaking, the manufacturing system changed from a traditional putting-out system to an in-house production system in the period from 1890 to 1920. The number of weavers in the putting-out system decreased nationwide.

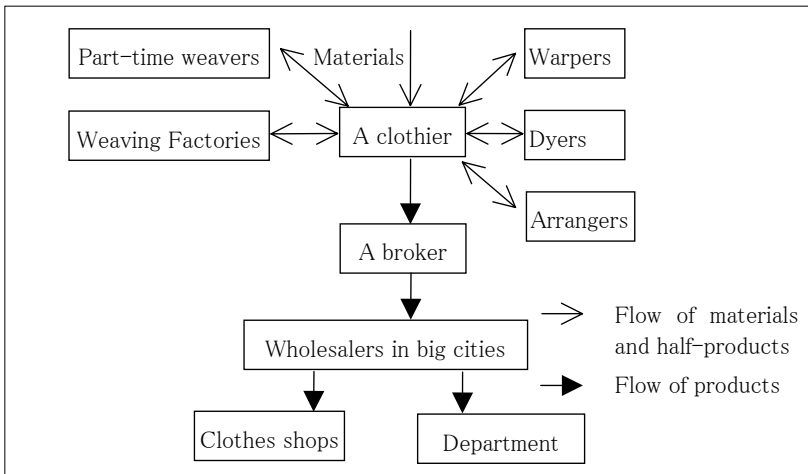
There were two patterns representing that decrease. In some regions, the number decreased along with the same trend as the national decline; other regions continued to produce steadily in the 1910s and the decrease began later. In this article, two regions will be examined. Isesaki textile

region, located to the north of Tokyo, will be mainly examined, since it gives us a good example of how cooperative activities were attained and maintained. The putting-out system there was relatively competent and the decline started later. The weaving industry in Nara Prefecture—an example of the former case of declining—is chosen as another case study.

Under the putting-out system, a maker was not a producer but an organizer of the production system. There were many part-time weavers organized by each maker. The role of makers, however, cannot be viewed only as organizers. They had to take risks: what kind of materials would be input, what kind of textile—such as ramie, silk or cotton—would be woven, what kind of patterns would be applied on textiles.

A maker first gained yarn material and then farmed out the preparatory process of weaving to out-house breachers, warpers, dyers and so on. Prepared threads of warp and weft were distributed to the weavers' houses. Finished clothes were gathered later by a maker and brought to the arrangers' houses.

Figure Putting-out System and Flow of Products



2. 3 The Features of Ikat Textile

Two weaving industry districts examined in this article were famous for their “ikat” textiles. The word ikat is originally a Malay word, meaning to tie or to bind.¹⁴ The tied part of thread remains un-dyed, and various kinds of patterns can be created by changing the bound part, including geometric patterns, flowers, animals, cattle and so on. Two methods of decorating cotton textile had been developed mainly in the forms of stripes and ikat. Ikat decoration features flexibility of patterning, while the striped decoration cannot draw curved lines. The word ikat is used these days to mean not a kind of dyeing technique but a kind of pattern.¹⁵

Furthermore, Ikat has a long history of several hundred years during and after the Edo period, which started in the early 17th century and ended in the middle of the 19th century. To enjoy wearing ikat was an integral part of culture, and the Japanese developed various types of ikat. Ikat can be classified into two groups, dyed ikat and printed ikat. The former is named after the fact that thread is dyed before weaving, and the latter is printed after weaving. The popularity of printed ikat illustrates how much the Japanese people liked the traditional ikat patterns. Different kinds of textiles were developed using only popular patterns of ikat. It was at first supplied in the 1910s to meet with the basic demand for ikat.

Dyed ikat can be classified into binding ikat and wood-pressing ikat from the viewpoint of how thread is kept from being dyed. In the wood-pressing ikat technique the un-dyed part of the thread is tightly pressed with wood. The wood-pressing technique to dye relatively minor parts of whole thread was developed in Nara. This kind of ikat was called white ikat, since most of the thread was un-dyed.

3. Isesaki Weaving Industry ¹⁶

3. 1 Features of Isesaki Region and Isesaki Products

3. 1. 1 Features of Isesaki Products and makers

Isesaki had its golden age in the 1920s, producing unique silk ikat, which was one of the most popular silk ikat of those days. In its heyday of prosperity, makers issued orders to out-house part-time weavers not only in the Isesaki County and neighboring counties in Gunma Prefecture, but also in other prefectures. However, this enlarged activity was rare in the long history of the Isesaki silk industry during the pre-World War II period. Generally speaking, Isesaki ikat products were woven by workers in Isesaki County.

Isesaki County was located in Gunma prefecture, which was one of the main prefectures for silk yarn production. During the Edo era, the farmers wove silk cloth with home-made materials in a very primitive way. This region had a long tradition of silk weaving. However big and full-time makers were very few, and most makers also had income from agriculture; they were also landowners or big farmers. The Isesaki weaving industry grew from a primitive production system around the time of the Meiji Restoration into a well-organized, well-advertised and well-infrastructured regional industry.

Gunma Prefecture is located to the north of Tokyo, and Isesaki's accessibility to the textile market was not as good as Nara's. This geographical factor worked as a leverage for leadership of big brokers and created strong solidarity for entrepreneurs. They produced silk ikat textiles and silk stripe textiles. The fabrics of the textiles were plain and they did not use jakard looms, with which complicated cloth such as Kyoto's fine kimono clothes could be woven.

One of the most important features of Isesaki products came from a material known as spun silk yarn. It was cheaper than even low-grade pure silk yarn. With this material, makers tried to meet the demand for traditional Kimono clothing from the middle- and lower-classes in Japan. This material led to another innovation, namely the invention of warp ikat produced with power-looms. The surface of spun silk yarn was nappy for weaving. Some inventors, however, took advantage of the character. If nappy yarn is dyed and ikat patterns are designed on the warp threads, the yarn's non-smooth surface spreads the effect of coloring in narrow spaces. It supplements the vague patterns of warp ikat, and the warp ikat with spun yarn resembles that of double ikat¹⁷ on which complicated patterns can be woven. Owing to this technology entrepreneurs at Isesaki could produce silk ikat textiles by power looms. The cost remained low, but the clothing resembles that of double ikats. It was another factor to widen the market to suit the demands of the lower classes.

3. 1. 2 Movement of residents for regional development

The Isesaki region had a tradition of social movement for its citizens. After the Meiji Restoration, people asked the Emperor's government to establish a national parliament. From a nationwide perspective the movement appeared political; however, Isesaki people emphasized economic development as a condition of people's power. They tried various economic activities as well as political activities. They strengthened social bonds through these activities. After the liberal movement, some people became businessmen, one a bureaucrat of the local government and another a mayor of Isesaki. An informal bond including entrepreneurs, politicians and intellectuals was formed. A famous socialist was invited by a local socialist to the office building of entrepreneurs' cooperatives to make a speech; an act proved that how very tolerant citizens were to different

opinions.¹⁸

3. 2 Outline of Development of Isesaki Weaving Industry

3. 2. 1 Transformation from Sustenance Economy to Market-oriented Economy

Farmers had already produced silk textile in the Edo era when farmers' market-oriented activity was severely restricted by feudalistic rulers who wanted farmers to remain in a self-sustenance economy. After the Meiji Restoration, various restrictions of economic activity were lifted, and the rural economy was stimulated. Isesaki was located in a region of one of the most important sericultural industries. It is reported that a manufacturer-farmer used his own regional silk or silk yarn.

The economic activity of manufacturers was accelerated under the inflationary monetary policy taken by the Meiji government which issued huge amounts of notes to fund the suppression of a revolt by the old samurai class. In this situation manufacturers were, it was reported, enticed to produce larger amounts of products with low quality. Deterioration of quality resulted from another factor: they did not know the appropriate usage of synthetic dyers, which they had just begun to use. After the long period of the "closed door" policy of the shogunate government was abolished, materials for the textile industry, such as dyers and thread started to be imported.

Entrepreneurs operating in the Isesaki region formed a producers' association in a bid to maintain product quality in the 1880s. The famous entrepreneur Yaichiro Shimojo, who was then a manufacturer, took the leadership of the organization, and it succeeded in improving the quality of products and got a prize in an industrial exhibition. The central government held such exhibitions to accelerate the Japanese economy in those days.

In the 1890s some manufacturers tried to adopt spun silk yarn instead of

low-grade pure silk yarn. Spun silk yarn came from bad cocoons. The thread of bad cocoons were short; in contrast to the normal long thread used by silk manufacturers. The cotton spinning industry was being modernized at that time, and the technology was transferred to other fields. Adoption of spun silk yarn can be estimated as one type of innovation defined by Schumpeter,¹⁹ although the production system itself remained traditional. Short threads of silk were spun into yarn. Spun silk yarn was cheaper than low-grade pure silk yarn; however it had some problems. Firstly, it was not as lustrous as silk yarn. Secondly, it was so fluffy that a hand-loom operation was more laborious than in the case of pure silk yarn.

An influential group of merchants in Kyoto made the criticism that clothes made of spun silk were worse even than those made of both silk and cotton, and they easily deformed. Therefore, the leader of the cooperative, Shimojo, tried to prohibit their introduction. Conversely, another leader of the cooperative, Morimura, asserted that the criticism of Kyoto merchants was influenced by the hostility of manufacturers in Kyoto. The low-price spun silk products badly affected them. He argued that Isesaki manufacturers should be cautious in their criticism. The difference of opinions split the cooperative into two groups, and a new cooperative was founded by Morimura's group.

It is very difficult to judge which opinion was right. Isesaki makers, it was reported, began to produce mainly summer clothes in later years. Summer clothes can be thinner than those for winter. There was the possibility that producers were not so familiar with the feature of the spun silk yarn, an innovative material at that time, that their products invited consumers' criticism.

After the two cooperatives were reunited by the efforts of the politician who was once a member of the liberal movement and other people in the

region, the cooperative adopted spun silk as an officially-recognized material.

Among regions where medium- and small-sized manufacturers produced traditional silk clothes, the Isesaki region emerged as one of the most important. Isesaki goods featured well-designed and low-priced products. They could meet the demand of the laborer class, whose standards of living were improved as the Japanese economy expanded rapidly.

Around 1910 makers aggressively tried another textile made of both cotton and silk. They had a good model region, the neighboring Ashikaga region. As spun silk could widen the demand of Isesaki products in the middle and lower classes, entrepreneurs, we suppose, expected that new less expensive commodities would be welcomed by those users. One of the reports about regional textile industries proved their optimistic expectation. However, while the neighboring region could keep the volume of the production relatively high even in the recession around 1910, Isesaki makers failed in maintain standards, and production decreased sharply. This failure illustrates the difficulty there was in estimating the adoption of new technologies correctly.

3. 2. 2 Heydays of Isesaki Weaving Industry

As manufacturers adopted power-loom around 1910, the problem of over-production became serious due to the long stagnation between the rapid expansions caused by the Russo-Japanese War and World War I. The financial situation of entrepreneurs in the weaving industry became worse, and some companies went bankrupt. During World War I, the Japanese economy attained a fortunate expansion, owing to the sudden decrease of competition in the international and domestic markets. Many people of the middle-class became affluent enough to buy more expensive clothes. It was reported that the taste in clothes among Japanese upgraded

in the period of this expansion. During the boom, Isesaki products were criticized by some retailers because the quality was not as good as that of other textile industry regions, and the cause of the low evaluation was attributed to the spun silk material. Despite this bad reputation, some entrepreneurs tried the power-loom production of warp ikat textile of spun silk.

The Japanese economy suffered a deep recession in 1920, and the expansion slowed down considerably. With the expectation of a continuing boom, many producers in the weaving industry had extended production capacity. Additionally, the Kanto earthquake hit the capital and its vicinity, causing huge casualties and economic damage. It was reported that a movement toward simplifying life started as a result of this situation. The trend to upgrade cloth consumption turned conversely to one of downgrading. Isesaki products were recommended by people who supported the movement, and they became the most popular among traditional silk clothes. There were two major weaving districts in the northern part of the Kanto Plain, Kiryu and Ashikaga. Many makers started to adopt power-loom during the boom economy. Following the increase in production capacity, there occurred the collapse of the boom and the Kanto earthquake. The makers found there was not a big enough market to absorb their products. Entrepreneurs at Isesaki ordered the makers belonging to other cooperatives to weave clothes with the Isesaki brand.

3. 3 Entrepreneurs and Workers

3. 3. 1 Production System and Makers

The Isesaki weaving industry was in the process of transformation from semi self-support production to market-oriented production in the 1880s and 1890s. The social division of production resulted in the cooperation of many kinds of out-house workers and subcontractors.

A maker issued orders to breachers, warpers, dyers and weavers. He himself played a central role as an organizer and a risk-taker in this economic activity. Isesaki's entrepreneurs enlarged the market for traditional Japanese clothing by supplying relatively cheap commodities. Although Isesaki textiles were relatively cheap compared to high-grade expensive textiles, such as Nishigin textiles made in Kyoto, silk textiles themselves were not necessities but luxuries. The implication was that if products did not please people's tastes, they could not be sold well. Makers tried to develop good designs and new fabrics of weaving. They had already gotten a reputation for clothes with good designs in the early 1910s. As outlined in section 2. 2, the change of clothing fashion became apparent in the 1910s. Manufacturers had to forecast the coming trend of people's taste in popular patterns and colors. On this basis, they had to prepare production. As table prices of two textiles illustrates, the trend of prices of textiles differed from each other. Another material from the Shimjo Archive illustrates that it was very difficult to anticipate the result of production. Even if the trend line of prices seems to be declining over a long term perspective, the financial data shows that the profit of the deals of each market day differed and were unpredictable.

Shimojyo Archive also tells us that the content of production of the first quarter of 1914 and that of the first quarter of 1919 were quite different. Makers had to select textiles flexibly in accordance with demand and price. Even if makers knew the general trends of the textile market, they could not always estimate the price trend of each textile exactly.

Table 3 : Prices of two Textiles

(Unit: Yen)

Year/ Month	a stripe	a warp ikat
1914/1	8.5	10.5
1915/1	5.19	9.8

source: Shimojo Archive

The cost of silk as material accounted for about 60 – 70 percent of production cost. Therefore, the silk weaving industry was vulnerable to the fluctuation of silk prices. If a maker could prepare silk yarn at a low price and could sell his products on the upward trend of prices, he could gain huge profits, and vice versa.

Most weavers were supplied by farmers' families. One of the local history books describes that wives and daughters worked hard since they didn't know other opportunities for working.²⁰ However, the migration of labor was an active feature in this sericultural region. We can suppose that farmers got information of the regional labour market. other One of the traditions says that if a family has three daughters, it can build a big warehouse. The farmers selected part-time weaving jobs in accordance with the man-power available in their homes.

3. 3. 2 Marketing System and Brokers

Most Isesaki silk textiles were handled by brokers who had a central office or a branch office at Isesaki. Three famous textile regions had developed in Gunma Prefecture and the neighboring prefecture, Tochigi. In these regions there had been a unique marketing system since the Edo era. While dealers took risks by buying and selling commodities, brokers never took their own risks and only charged a brokerage fee when a contract was reached between a maker and a wholesaler. This functional distinction among marketing facilities was done only from a theoretical perspective. In

the real management of brokers, they dealt with commodities at their own risk.

One of the features of the Isesaki marketing system was that most products were handled by brokers, while only a half of ikat products were dealt with by dealers in Nara. The market was well-organized at Isesaki. It was held six days a month, and products or samples were displayed in each broker's section of the market.

There were some influential broker houses which could execute an oligopolistic power in the market. One of the historical documents, describing the relationship between makers and brokers at Kiryu and Aishikaga markets, says that makers were like the vassals of a broker in an age of feudalism. On the other hand, another document asserts that makers and brokers were mutually different to the extent that a bond among them seemed not to exist. Therefore, the relationship is a controversial point.

One aspect which showed the strong relationship between them is the loan given to makers by brokers. Although loans were common at Isesaki, the documents of a management meeting which was held at the central office of a major broker reveal in the early 1910s that they tried to stop this kind of loan. The same document also shows evidence that they could not abolish this kind of loan to makers.

Some of the maker's archives will be introduced in this article as evidence of a risky feature of makers' management. The table shows to what degree the financial position of makers fluctuated. The Japanese economy suffered a short period of recession in 1920 after the conspicuous expansion of the late 1910s. Shimojo tried to expand production but found the market too weak to sell products at profitable prices. Makers used to stock materials and products by gaining loans from banks and brokers.

Shimojyo increased debts and assets at the end of 1920. As table 2 shows, his debts exceeded his assets. If the market remained weak, the financial situation would become desperate. The next figure shows how drastically his debt changed around 1920. This sudden increase in debt resulting from using products and materials as collateral illustrates the risky feature of makers' management.

Fortunately, the recession did not hit the Isesaki industry so hard, and Isesaki textiles were sold at good prices. Brokers extended loans to Shimojyo, but it was very risky considering that Isesaki suffered severe losses and some makers including the Simojyo family went bankrupt about twenty years previous.

Table 4 : Asset and Debt of Shimojyo

(Unit: Thousand Yen)

Term	Asset	Debt	Net Asset	Variation
1920 Second Half.	298	307	-9	
1921 First Half.	296	222	74	+83
1921 Second Half.	335	243	82	+8
1922 First Half.	331	245	86	+4

Source : Shimojyo Archive

Due to the oligopolistic market structure and strong financial position, an assumption that brokers got a huge oligopolistic profit was deduced.²¹ The same broker left other documents which show how much profit or loss a dealer of the broker gained or lost at each deal. These documents tell that even if a high ranking official dealt with a transaction, he could not always gain a profit.

There was a possibility that brokers adopted the maximization of profit not from a short-run perspective but from a long-run perspective. Can these two perspectives be comparable in the same structure of decision-making? People in Isesaki described the risky management of

makers in the following expression: a maker cannot continue operation for three generations. Many makers went bankrupt as the textile industry fluctuated. Long-term policy did not guarantee success. Consequently, such policy might produce no fruit and brokers' loans to makers became soured. The intention to maximize profits from a long term perspective came from a subjective expectation rather than objective estimation.

The major brokers in the Isesaki market employed another policy of long-term perspective. Raising the reputation of Isesaki's products for good fashion and good quality was a common goal for brokers. Owners of brokerage houses were often chosen as chairmen of the cooperative, and they played an important role in carrying out production policy in this region. Makers themselves were hopeful of establishing fame as makers. Through their efforts, the region might gain a good reputation. However, they were inherently competitive with each other, and it would be difficult to compromise differences concerning marketing policies among makers. The difficulty was illustrated by the conflict in the 1890s concerning the introduction of spun silk yarn. Brokers had other interests in establishing a regional brand. Their profits depended upon the volume of Isesaki products they dealt with. Additionally, information concerning the textile market was more accessible to brokers than makers.

The supply of textiles increased after many weaving regions adopted power-loom production systems. There was a bad tradition that a retailer returned commodities to wholesalers, asserting various excuses, and the wholesaler, in turn, returned commodities to makers. A 1917 document of the major brokerage house which operated Kiryu and Ashikaga regions also revealed that the Isesaki branch sent back many commodities returned by wholesalers and the percentage of returned commodities was 3.2%, the lowest-compared to 5.8% and 5.1% for Kiryu and Ashikaga, respectively.

Some brokers at Isesaki held strong attitudes towards wholesalers.

In the early 1920s, a broker who once operated a branch and retreated from the Isesaki market during the severe recession around 1910 tried to reopen his branch at Isesaki. Entrepreneurs adopted various policies to improve the quality and raised the reputation of Isesaki as explained in detail in the following section. Therefore, most entrepreneurs, it can be supposed, had hostility toward the broker. Some entrepreneurs were firmly against his reopening. However, judging by the articles of a local newspaper, they could not theorize the legitimacy of their rejection. People at Isesaki could hardly deny the right of economic freedom which, the broker insisted, was a basic right given to people by the constitution of the Meiji regime. He threatened that he would make a petition to one of the highest ranking officials in the central government. In this situation, entrepreneurs could only criticize the legitimacy of the procedure of opening and could not reject the opening itself. Some people welcomed him, pointing out the fact that newcomers would make the town more prosperous.

Through their efforts during the recession in the first half of the 1910s, entrepreneurs accumulated an invisible stock of know-how to cope with the changing demands and to enhance their good reputation to compete with other textile regions. Their failure to guard their unique invisible stock, which was commonly owned by entrepreneurs and used freely, illustrated the vulnerability of regionalism to the economic freedom beyond regions.²²

3. 3. 3 Financial System and Bankers

Entrepreneurs issued promissory notes as means of payments. A huge amount of notes was issued at the following transactions, between a maker and yarn merchants, between a broker and a maker, and between a wholesaler and a broker. A maker prepared weaving materials, and ordered weaving and arranging all the year round. Most transactions were made at

the market within a few months. There was, in turn, a long interval between the input of running capital such as materials and wages, and the collection of capital as promissory notes. Most entrepreneurs did not have enough capital to wait for this interval of capital circulation and had to depend upon loans supplied by banks and brokers.

The fact that the brokers at the Isesaki market dealt mostly with regional products meant the huge amount of capital had to be supplied by the entrepreneurs themselves and by financial institutions. Additionally, the geographical drawback of Isesaki—that it was located far away from the central marketing cities—increased the dependence upon regional banks. Makers at Isesaki could not depend upon wholesalers financially. Most promissory notes were discounted by banks, and makers could collect input capital. Local banks later collected notes from wholesalers far from Isesaki. It was reported that the notes issued by wholesalers could not be discounted without the endorsement of major brokers.²³

There were a few local banks which supplied funds to textile entrepreneurs. In 1900 a new bank called Gunma Commercial Bank was established by the efforts of a group of entrepreneurs. One of the leaders was Mr. Shimojyo. Most paid-up capital was supplied by Isesaki people; however it was under the control of one of the Yasuda Zaibatsu family members. Yasuda sent a manager and the leader of the zaibatsu was appointed as an advisor with the right to veto decisions of the bank's board. It is supposed that entrepreneurs had already known the seasonal fluctuation of capital demand, and huge amounts of money had to be input into the regional industry by borrowing from other financial institutions.

A document of the board meeting of Gunma Commercial Bank reveals another anecdote about when the family of Shimojyo, who was the leader of the industry, nearly went bankrupt. During the recession after the end of

the Russo-Japanese war, Mr. Shimojyo ran a manufacturing division and a brokerage division. His brokerage division, it was supposed, suffered a huge loss due to a soured loan to makers. The advisor of the bank asserted that a principle of banking should be carried out: the bank should let Shimojyo become delinquent and should not bail out his management. Local members of the board took a different attitude. For them the top priority should be put on development of the regional economy and bailing out Shimojyo was substantially important. They resisted the bank's strict policy toward Shomojyo. Eventually, the bank allowed a long term repayment plan and promised to continue financing his brokerage division on the condition of endorsement by a local member of the board, Mr. Tokue. Consequently, the bank adopted lenient policy toward other makers. Mr. Tokue was one of the leaders of the political movement in the first half of the Meiji Era.

Another controversy was provoked among board members a few years later. Mr. Tokue was asked for more commitment endorsing promissory notes issued by broker house Shimojyo, which was then operated independently by his son. On this occasion too, local members, including a politician-turned businessman cooperated to ease the condition of endorsement.

Gunma Commercial Bank played an indispensable role as a financial institution along with another old local bank, Isesaki Bank. Isesaki Bank was established in 1888, gathering money which had been stocked in the region, and the board consisted of textile brokers, merchants and a banker. The board members were all residents at Isesaki or neighboring villages. The first head official of the bank was a man of wealth in the region and was once elected as a member of the upper house of the national parliament. Later he started managing a brokerage house. This anecdote showed

Isesaki's heritage that people thought the political situation of local people could be improved through economic development and people could cooperate for this purpose.

This heritage badly affected the policy of banking later. A banker replying to our interview witnesses that the attitude of Isesaki Bank toward clients was too lenient. In the 1920s, the financial position deteriorated due to the accumulation of lands. The lands were once collateral; after loans became soured, the bank was obliged to own such lands. After financial turmoil in the late 1920s, many regional banks lost confidence in clients and were forced to merge. When Isesaki Bank was merged, the price of stock was valued low and share holders in the region suffered losses.

3. 5 Cooperative and Leaders

Isesaki silk textiles were supplied by many small- and medium-sized makers. The organizations of makers at traditional textile regions with many small producers had the common objective of improving and maintaining the quality of products. The solidarity of entrepreneurs at Isesaki made the activities of its cooperative broader and more aggressive than those of other organizations. The cooperative which was officially registered in 1886 had its origin in the establishment of the Association of Isesaki Thick-Yarn Textile.²⁴

After the opening of the Japanese market, dye materials began to be imported. At first dyers were unfamiliar with them and the quality of textiles deteriorated. The association chose an appropriate method of production and adopted strict rules. Special threads had to be woven into textiles to show that it was an Isesaki product. Two years later, another device was introduced to assure quality: a tag with sizes of textile and a producer's name had to be put at the end of each cloth.

The cooperative adopted other policies in an effort to improve quality

and to accelerate invention of new textiles during its early history. Among those policies, the most difficult and budget-consuming one was to run a textile laboratory, which distributed new technology of dyeing among entrepreneurs and undertook experiments concerning dyeing. When funds for running the laboratory were borrowed from a local government, Mr. Shimojyo's private assets were used as collateral and the return of the debt became one of the main issues for the cooperative around 1890.

The cooperative was forced to introduce more aggressive policies during the severe recession of the early 1910s. It started a competition of silk products, in which makers competed with each other, and they invited officials of wholesalers and department stores to this competition as examiners. Entrepreneurs could know the demand of the market through the decision of prize-winners and examiners' comments on products. The cooperative carried out another event, an inspection tour to the Osaka and Kyoto area. Participants knew the market demand through direct observation and this event led, it was reported, to the cooperative's decision to abolish silk-cotton mixed textiles, the implementation of strict inspection rules and the development of new designs.

As a result of these efforts the brand name of Isesaki products became established in the textile market, and in the 1920s they enjoyed a good economic standing, while neighboring weaving regions suffered a severe recession.

3. 3. 4 Fate of Leaders

The cooperative owed its development to two famous leaders, Shimojyo and Morimura. Their fates became a good litmus paper test for what kind of theory can best explain leaders' decision-making.

Morimura tried to adopt an innovative material of spun-silk as one of yarn. The prosperity of the Isesaki industry in the 1910s and 1920s came

from the adoption of this material. He also introduced a refined hand-loom and contributed to the transformation from the traditional hand-loom system to the power-loom system. However, he was ruined by the recession around 1900 and could not enjoy the fruit of own efforts.

The other leader, Shimojyo, contributed very much to the industry; he was very eager at organizing social institutions and improve regional infrastructure from entrepreneurs' perspectives such as the cooperatives, banks, brokerage activities, and so on. When Morimura was ruined, he was also on the brink of bankruptcy. A local politician and businessmen cooperated to be lenient to Shimojyo. Through his long history of activity, he developed s social network and this invisible asset worked to bail out his company.

Even prominent leaders could not predict their fortune. We can suppose they would have tried to maximize their objectives on the basis of their philosophy or to optimize their input to attain their objectives. In the real world, they could not rely upon their own estimations alone. They had to rely upon mutual trust and cooperation among local residents.

3. 3. 5 Collapse of Mutual Trust

Mutual trust and cooperation had been a part of Isesaki's heritage. However, the expansion of production using subcontractors outside of Isesaki destroyed this tradition. Newcomers who had learned the management technique from existing makers were welcomed generously. A maker could easily increase production using outside power-loom factories. He didn't need to maintain good relations with neighboring subcontractors and weavers. Even a newcomer could make use of the regional brand without paying a special fee. The increased supply changed the market balance; the bargaining position of Isesaki entrepreneurs became weak. A huge volume of products began to be returned after being sent to the

markets by brokers. In the late 1920s, the financial situation of the entrepreneurs turned bad, notwithstanding the fact that the volume traded in the Isesaki market was recorded as the highest in the pre- WW II period.

Makers gradually got frustrated at the distribution system managed by brokers. Their frustration culminated in 1932 in a new cooperative organization which excluded brokers. The imitation of new products became endemic among makers. Morality and trust collapsed almost entirely.

4. Nara Weaving Industry

4. 1 Outline of the History of the Industry

Nara prefecture used to be one of the most important cotton textile regions.²⁵ One of the statistics gathered by the Meiji Restoration government showed that cotton textile produced in Nara accounted for 4.6% of the total Japanese output in volume and 6.4% in value. It shared second place with Osaka, following the famous textile prefecture Aichi.²⁶

There were two forms of production system in Nara, a small-sized factory with tools and manual labor, and a putting-out system organizing labor with its own hand-loom. The latter was supposed to be a main production system.²⁷

The production systems in some light industries were modernized drastically in the period from 1890 to 1910. Osaka and Aichi Prefectures could boast the same level of market share as Nara, and the two prefectures successfully transformed the industry from the handloom putting-out production to the power-loom in-house production in the period. Unlike the other main textile regions, Nara failed to keep pace with the industrial revolution. Furthermore it failed to change a traditional putting-out system into a more market-oriented one.

3. 2 Features of Products

3. 2. 1 Main Cotton Textile

Main cotton textiles produced in Nara were classified by patterns: non-colored cloth, striped cloth, and ikat cloth. These three textiles had been produced under different market situations. The production of striped cloth decreased sharply in the period 1890 to 1910, and that of non-color cloth remained stagnant. Other weaving districts started to introduce power-looms producing these two kinds of textiles. On the other hand, the output of ikat cotton textile increased until 1910, and it became the principal textile in Nara.

Table 5 : Cotton textiles in Nara

(Unit: 100 Tan (volume), 100 Yen (value))

Year	Non-color Cotton		Ikat Cotton		Stripe Cotton	
	Volume	Value	Volume	Value	Volume	Value
1900	4,445	1,377	858	999	517	316
1910	3,662	1,242	941	1,592	143	147

Source: The Statistics of Nara Prefecture

As explained in section 2, there were two kinds of ikat, binding ikat and wood-pressing ikat. Since indigo was used to dye thread blue, the former kind of ikat was also called “Kon Kasuri” (blue ikat). The latter was called “Shiro Kasuri” (white ikat).

There were three famous districts where blue ikat was produced: Nara, Iyo in Ehime Prefecture and Kurume in Fukuoka Prefecture. The latter two districts were located far away from the main clothing markets, in Tokyo and Osaka. They could enforce the strict rule that makers could use only natural indigo. Their products were estimated higher than those of Nara.

The white ikat was produced with a dyeing technique by which wood with patterns was used to keep the thread un-dyed when it was dipped into the

coloring. The fixed cost of wood-pressing was higher than that of the binding technique, due to the process of curving patterns on wood. On the other hand, the variable cost could be kept low for the dyeing process. This method of resist dyeing would be more efficient the larger the un-dyed part was and the bigger a product unit was. As Table 6 illustrates, the price of white ikat was cheaper than that of blue ikat.

Table 6 : Production of ikat cotton textile

(Unit: 100 Tan, 100 Yen)

	1903			1911		
	Volume	Value	Yen/Tan	Volume	Value	Yen/Tan
Blue ikat	574	756	1.32	1,224	1,788	1.46
White ikat	422	353	0.84	633	771	1.22

Source: Nara Prefecture Management Archive and “Nara Shinbun (newspaper)”, 1912, 6, 13

Both white and blue ikats of Nara were marketed for the demand of relatively lower-grade clothing. This feature of the Nara ikat industry was effective during the period 1890–1910, when the market expanded among the laborer class, which grew along with the Industrial Revolution in Japan.

The boom caused by WW I changed people’s demand for clothing. The demand was upgraded, and the fashion which department stores tried to create began to affect the middle- and lower-classes in Japan.

Table 7 : Average Price of Ikat Products

(Unit: Yen/Tan, as of 1920)

Prefecture	Average Price
Nara	3.9
Ehime	4.4
Fukuoka	8.6
Shizuoka	2.5

Source: Statistics of The Ministry of Agriculture and Commerce

Additionally, other weaving districts started to supply clothes with printed ikat patterns. Prices of such products were almost half of Nara products. The competitiveness of the Nara ikat cotton textile in the lower-end of the market waned under these circumstances.

4. 3 Entrepreneurs and Workers

4. 3. 1 Production System

Most of Nara cotton textiles were produced by a putting-out system. Although some factories started to employ power-looms, the relative number remained small. A maker owned only one loom as an in-house loom, and there were approximately 52 out-house looms per maker as of 1905, according to an official statistic.²⁸

The social division of the production system has already been described in section 2. A feature of Nara was that a maker organized only part-time weavers and there were no power-loom factories controlled by small makers. Most weavers were part-time workers provided by farmers' families. The seasonal fluctuation of the labor supply was unavoidable due to agricultural production. During the period from 1890 to 1910, the main crops in Nara were rice and wheat. Rice was planted in paddy fields in June and harvested in October. Most farmers were very busy during those months, while there was plenty of idle labor in other months. A maker often paid a wage of unit 8 Tans to laborers in advance to secure weaving. There was a manuscript of the cooperative's regulation which tried to prohibit a maker from issuing a new order if a weaver had already accepted another maker's order with advanced payment. The advanced payment was deemed as a kind of loan to weavers and an important means to assure completion of weaving. Weavers' houses were usually far from the makers' offices, and part-time weavers were not under the direct control of makers.

There were, it was reported, some problems with this putting-out

system. To maintain the quality of textiles was of critical importance. Also, a maker would let part-time workers weave as fast as possible in order to run his invested capital smoothly and produce the goods on schedule. Generally speaking, textile products are subject to seasonal fashion. If the completion of weaving was late for the market, there was the possibility of devaluation of the products. When the demand for agricultural labor was strong, it was very difficult to release farmers' wives and daughters for weaving tasks despite their being urgently required.

The agriculture of the region changed drastically during the 1910s. The development of big cities enlarged the market, and the production of vegetables and fruits increased. The area in which those crops were produced remained relatively small. But the productivity was a few times larger than that of rice fields and those crops consumed labor more than rice cultivation did. Due to this change in the agricultural economy, the management of organizing part-time weavers became difficult for makers.

4. 3. 2 Marketing System

Nara was located next to two of the three major marketing centers in Japan, Osaka and Kyoto. Osaka, to the west of Nara Prefecture, had developed its marketing system since the Edo era and became the national center of commodity flow. It had important wholesale merchants, and its population grew fast due to the expansion of light industry, such as the spinning industry, which was in the process of modernization in those days. Similarly, Kyoto, to the north of Nara Prefecture, had influential cloth merchants. Nara had good access to the consumers' market. Due to this, makers did not need to rely upon brokers in the region. About a half of all colored cotton textiles were sold directly to the wholesalers at market centers. Financial data from a famous maker shows that he borrowed money from a wholesaler in Osaka.²⁹

On the other hand, most non-colored cotton textiles were sold through the hands of brokers in Nara. Some small-scale makers used to barter their products for yarn with the brokers. Makers who lacked sufficient capital chose low-price and low-quality yarn in this exchange, and the quality of the products, in turn, was bad.³⁰

Colored cotton textiles, especially ikat textiles, were not so problematical as non-colored textiles. The fact that such relatively lucrative commodities escaped being handled by neighboring wholesalers meant that their capital accumulation was substantially inhibited. The commission rate of dealers in Nara was higher than in marketing center cities. Therefore, competent makers sold their products directly to the market.

4. 3. 3 Financial System

The market for traditional cloth was susceptible to seasonal demands as explained in the former section. As an organizer of production, a maker issued promissory notes to acquire the necessary funds for his operation. Some of the big dealers, which dealt with yarn too, gave loans to makers not by loaning the running capital, but by lending the yarn material. Financial institutions played an important role in such situations.

There were seven banks which operated financial services to the weaving industry around 1910. Among them, Yagi Bank, it was reported, played the most important role. It was established in 1894, putting together the capital of entrepreneurs and landowners. The manager of the bank was a famous entrepreneur who operated a power-loom factory for the first time in Nara Prefecture, and he was one of seven members of the board. The board included other entrepreneurs, a maker who started his cotton textile manufacturing business before the Meiji Restoration, and a dyer. Yagi Bank increased branches and paid-up capital until 1910. Financially speaking,

entrepreneurs in Nara apparently performed as well as those in the Isesaki region.

4. 4 Activity of Cooperative

In 1878, some producers tried to organize makers' cooperatives which catered for some parts of the weaving area in Nara Prefecture. They made their own rules concerning the textiles' quality; they hired inspectors and let them survey factories. However, this attempt failed due to the lack of penalty which could compel members to obey the cooperative's rules.

An exhibition of Nara Ikat was held in 1882. Some leaders attempted to consolidate entrepreneurs concerned, and resolutions which included how to improve quality and how to organize a cooperative were announced in the same year. The following year the Cooperative of Nara Cotton Industry was established. It covered a wide area of Nara Prefecture and consisted of both makers and dealers.

Leaders of the cooperative planned to employ an inspection system to improve the quality of products. However, the cooperative encountered sabotage by many members from the beginning of its activity. The leaders also tried to abolish the usage of low-grade dye material. This attempt met with strong resistance from dyers who had stockpiled a huge amount of prohibited materials. Additionally, the cooperative had a financial problem. It had to charge member fees in order to run the inspection system. Only a few members voluntarily paid fees. The cooperative could not gather the necessary funds and was forced to make the standard of quality so low after a few years that there was no resistance among members and no improvement of the quality.

In 1886, one of the enthusiastic leaders proposed a stamp system, by which a member would put a stamp on the surface of each piece of cloth. The cooperative would sell stamps at varying fees, depending on the

quality of cloth. By this plan, the cooperatives could attain two objectives: the improvement of quality and high financial standing. His proposal was approved at the autumnal general meeting of the cooperative. Notwithstanding his enthusiasm, hostility towards the new system became insurmountable.

The leaders tried to use the influential power of a local government and asked a bureaucrat to persuade members to accept the new system. The general meeting did not lead to an outburst of activity however; instead it turned into turmoil and two leaders had to run away from the arena of the meeting, afraid for their lives. Consequently, the leaders failed to employ a financial system to run the cooperative and to maintain the quality of products. Eventually, a bureaucrat of the highest rank in the local government ordered entrepreneurs to prepare a regulation, which became effective in 1894. The next year the cooperative adopted a strict policy to enforce the new regulations, and more than 100 members were put into custody or fined.

Despite these efforts of the leaders and bureaucrats, the Nara Cotton Cooperative failed to operate an inspection system and maintain the quality of products. One of the makers pointed out that non-qualified products were mixed in with qualified ones before being sold. When leaders of the cooperative were forced to resign in 1926, their opponents demanded that the strict inspection system be loosened. As with the strong resistance of the 1890s, opposition continued even in the 1920s.

5. Conclusion

An empirical case study of two regions has been done in this article. The Isesaki region shows a model of communitarian capitalism. On the other hand, Nara illustrated how difficult it is to attain collective action among

inherently self-motivated entrepreneurs.

An author of the history of the Nara Cotton Cooperative described the failure of various attempts, strongly indignant at the selfish behavior of entrepreneurs. However, selfishness itself is inherent to market-oriented economy. The question to be addressed is why Isesaki succeeded in attaining entrepreneurs' cooperation and what facilitated the cooperation.

Nara had a longer history of the weaving industry and many makers scattered over a wider area than Isesaki. Additionally, Nara had better access to the textile market. For makers in Nara, the benefits of a cooperative were not so great as for makers in Isesaki. Targeting the products down-market probably had an adverse effect on makers' estimation of the efficacy of quality improvement. Two geographical aspects of Isesaki worked positively to facilitate the cooperation. Without cooperation, medium- or small-sized enterprises far from the markets might have found it very difficult to survive the competition. The benefits of cooperation were estimated relatively high in Isesaki, and as an emerging small region, the cost of cooperation was relatively less. However, those factors could not explain entirely the success of cooperation in Isesaki. The inherent difficulty of compromise among entrepreneurs and unpredictability of economic activity resulted in non-economic factors facilitating collective actions.

Isesaki residents had traditionally put high priority on economic activities, and even a politician participated in brokerage management. There was a possibility of the cooperative falling apart; and a possibility of Shimojo's bankruptcy. Tradition facilitated mutual trust and encouraged a policy of compromise to cope with problems. That tradition can be termed as social stock.

After observing a long history of risky management, it might be difficult

to suppose that an entrepreneur could rely upon his own predictions. In the real world of economy, most entrepreneurs are forced to revise initial plans and rebuild confidence toward their own decision-making. The failures of two leaders of the Isesaki weaving industry illustrated this difficulty. The fate of Morimura, who contributed much to the development of the Isesaki weaving industry, shows that even prominent entrepreneurs went bankrupt without reaping the benefits of their efforts. Selfishness cannot be criticized if this risky feature of economic activities is taken into consideration. Maximizing one's own profits and attaining free hand without restriction must be quite normal in this situation.

Entrepreneurs do not have to rely upon only economic criteria for their future success. They can expect that other people behave in accordance with the common value system of society, in other words, the culture of the society. For example, brokers who contributed to the recovery from the recession might not benefit from the boom of the 1920s. If makers try to take advantage of the regional brand of Isesaki and allow as many brokers as possible to compete in the market in a bid to make their bargaining position better, newcomers would be welcomed. But such a policy was against brokers' interests. As the history of the Isesaki weaving industry proved, brokers could expect makers' cooperation to guard their economic interests. The importance of regional culture was illustrated in the case of the bailout plan of Shimojyo. He himself could not anticipate his failure and did not expect such help from various people. However, if a leader could share common values with other people, he could face up to problems with their supports.

If an entrepreneur can define correctly factors which affect his management and he can get enough information without substantial cost, we can suppose that he optimize his inputs and outputs rationally.

Cooperation of entrepreneurs can be classified as one of collective action as well as one of managing natural resources. We can see that the most important condition of success is clearly defined a boundary of collective action.³¹ However, the network of Isesaki resident showed that such definition was difficult and useless. The fate of a prominent leader of the industry depended upon the content of mutual trust or the loyalty to the community of people, not only entrepreneurs who joined cooperatives but also a politician and businessmen of other industries.

In this situation we can suppose two criteria in decision-making of entrepreneurs. A main criterion is to seek one's own objectives. It can be termed a private principle. The second criterion is to collaborate with the value which regional people have in common. It can be termed a regional principle. When communitarian features in Japanese economy are emphasized, this second criterion has been evaluated too much. This regional principle cannot have the same importance as the private principle. That implies that if an entrepreneur forget his main objective, his companies will lose the basis of their economic activity. This was proved by the fact that Isesaki Bank, which was too lenient to its clients, accumulated soured loans and its stock price declined. Many shareholders in the region suffered capital loss as a result.

The Isesaki region with rich social stock failed in taking a course of virtuous cycles in the 1930s. The cooperative could not find effective policies in the recession of the textile market. The department stores sold Isesaki products at discounted prices to attract consumers whose income drastically decreased in the recession. The skill of management, regional brands and other social capital were transferred to newcomers without paying accumulated cost. The cooperative did not control supply and the market was flooded with products which were produced not only by

out-house laborers in Isesaki but also neighboring regions. The deterioration of the makers' financial situation destroyed loyalty, mutual trust and social capital to the extent that cooperatives split and patterns were pirated.

Reference Literatures

- ¹ The rural weaving industry has been analyzed in Japan by many scholars from the viewpoint of the economy of tenant farmers who were suppressed and exploited by landowners during the pre- WWII period. Their miserable condition caused various social problems and research on the problem is of special importance. However, viewpoints are restricted.
- ² M. Casson, "The Economics of Business Culture", Oxford University Press, 1991, C. Handy, "Beyond Certainty", Harvard Business School Press, Boston, 1996
- ³ M. J. Piore and C. F. Sobel, "The Second Industrial Divide: Possibilities for Prosperity", Basic Books, 1984, pp.265~266
- ⁴ Hampden-Turner and Trompenaars, "The Seven Cultures of Capitalism", (First published in 1993, Doubleday, New York,) 1994, Judy Piatkus, London, p.14
- ⁵ R.D. Putnam, "Making Democracy Work: Civic Traditions in Modern Italy", Princeton University Press, 1993, p.179
- ⁶ E. Ostrom, "Governing the Commons: The Evolution of Institutions for Collective Action", Cambridge University Press, 1990, p.198
- ⁷ J. M. Keynes, "The General Theory of Employment, Interest and Money", 1936, Macmillan, London
- ⁸ J. A. Schumpeter, "The Theory of Economic Development" (originally published in Germany 1911, translated by Redvers Opie), Transaction Publishers, London, 1983, p.93
- ⁹ Schumpeter, op.cit p.85

- ¹⁰ Schumpeter, op.cit p.85
- ¹¹ C. M. Christensen, “The Innovator’s Dilemma”, Harvard Business School Press, 1997, Boston
- ¹² R. P. Taub, “Community Capitalism: The South Shore Bank’s Strategy for Neighborhood Revitalization”, Harvard Business School Press, 1988, Boston
- ¹³ Hampden-Turner and Trompenaars, op cit, p.14
- ¹⁴ Wahyono Martowikrido, “Ikat”, p.95, “Indonesian Ikat”, Mittaka City Gallery of Art, 1995, Tokyo
- ¹⁵ Ikat, kasuri in Japanese, is sometimes translated into “textile with splash patterns”. As explained in this article, ikat decoration includes complicated and intricate patterns. The word “ikat” is chosen to describe this kind of textile.
- ¹⁶ This section was written by using the same sources for my book; “The Formation and development of the Regional Economy”, CAP Press, 2000, Tokyo.
- ¹⁷ Ikat textiles can be broken down into warp ikat, weft ikat and double ikat. Warp ikat and weft ikat are woven with dyed thread of warp and weft respectively. Double ikat are woven after both thread are dyed and is very difficult to be woven.
- ¹⁸ When a former bureaucrat was asked by residents to take a post of mayor, he accepted the proposal on the condition that he could appoint the socialist as a vice mayor. This anecdote also illustrates the tradition of social bonds in the region.
- ¹⁹ Schumpeter, op.cit, p.66
- ²⁰ “The history of City Isesaki Vol.3”, 1991, Isesaki (Japan), p.100
- ²¹ Tadashi Kosho, “The Development of Ashikaga Weaving Industry and the structure of rural villages”, “Tochiseido Shigaku”, no.86, 1980, p.13
- ²² As Piore and Sabel have already pointed out, entry limitation is one of the characteristics to determine if a region can keep “organizations of flexible specialization” (op. cit p.269)

- ²³ The financial situation of wholesalers was not stable and brokers in Isesaki suffered a huge loss due to the bankruptcy of wholesalers in the recession of 1920. The promissory notes issued by wholesalers to pay the Isesaki products were discounted by local banks only by the endorsement of brokers. Makers' endorsement could not be a hedge against wholesalers' delinquency.
- ²⁴ The names of cooperatives were changed three times, in 1886, in 1894, and in 1899 mainly due to the change of regulations under which each organization was authorized.
- ²⁵ This section was written by using the same sources for my two articles; "The rural weaving industry and the rural labor in Nara Prefecture during the Industrial Revolution", "Tochiseido Shigaku", no.104, 1984, Tokyo and "The Collapse of the Rural Textile Industry in Nara Prefecture", "Shokai Keizai Shigaku", vol.52, no.6, 1987, Tokyo.
- ²⁶ Kazuo Yamaguchi, "An Economic Analyses of the First Half of Meiji Era (in Japanese)", Tokyo University Press, 1956, pp.14~15
- ²⁷ Small factories hired only a few workers.
- ²⁸ There were some statistics conducted by institutions. The average number of 52 was based on a survey conducted by the government. On the other hand, the cooperative conducted a survey, too. It reported that more than 60 looms were organized by a maker on the average. The reason for this discrepancy is that the survey of the cooperatives might count the number on the reports of makers, causing one loom which receives orders from more than two makers to be double counted.
- ²⁹ The Ishihara archive.
- ³⁰ "Yamato Shinbun" (Yamato Newspaper), October, 1, 1901, 'On the improvement of Yamato cotton textile'
- ³¹ E. Ostrom, op. cit. pp.90~92

要約

伝統的織物業における組合とその指導者

松寄久実

日本の明治・大正期における農村織物業は、多数の中小企業によって営まれ、そうした業者は、同業組合に組織化されていた。本稿では、群馬県伊勢崎織物と、奈良県大和織物の組合の事例から、組合活動が開始される過程、組合参加者とりわけ組合の指導者の活動の動機、そして組合活動が有効に機能する要因を考察する。

同業者の組合活動は、広い社会科学の文脈でいえば、集団行為 Collective Action であり、活動の分析は、Social Capital がどのように経済活動に影響を及ぼし、また、逆に経済活動が Social Capital にどのように規定され、形成されるかを考察することである。

対象の時期における織物需要の全体的な動向、流通構造の変化を明らかにした上で、二つの組合活動の事例を分析している。

伊勢崎織物の事例は、共同体的資本主義の典型であり、他方、大和木綿の事例は、自己の利益を追求する企業の間で、共同行為の実現がいかに困難であるかを示していることが明らかにされた。

大和木綿の場合は、消費地に近く、産地の業者は消費地問屋と密接な関係があった。また、木綿は当時需要されていた織物のなかで、相対的にいって低価格品であった。こうしたことから、組合として品質を高めて地域ブランドを維持する必要性が弱かった。

これに対して、伊勢崎織物の場合は、京阪と東京のいずれの消費地とも離れており、消費地問屋と産地の業者の関係は弱かった。また、生産されていた絹織物は、相対的に高価格品・奢侈品であり、品質を高め、地域ブランドを高めることが、産地の発展のために必要であった。こうした経済的な要因に加えて、伊勢崎では、明治期の自由民権運動の歴史から地域に政治的共同行為の伝統が形成されており、人々の重層的なネットワークが存在していた。地域の Social Capital が既に存在していたこと、Social Capital を形成させる経済的要因が存在していたことが、伊勢崎織物の同業者の共同行為を発展させていたことが、明らかにされた。