

RURAL RELOCATION OF THE SHELL BUTTON INDUSTRY

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INTRODUCTION

THE urban-based small and medium-scale industries discussed in this article refer to those industries which, from the late Meiji period onward, made use of the surplus labor available in the urban areas of Japan and dominated the productive sector of the labor-intensive small and medium-scale industries. In spite of small-scale activities, their level of production continued to increase for a long period of time. The rural industrialization referred to here deals specifically with cases of urban-based small and medium-scale industries which moved into the rural areas in order to utilize the surplus labor available for production in the rural areas. This paper, in considering a number of cases involving the introduction and development of this form of enterprise, will focus on the direct workers and their relationship with the indirect sections—the traditional wholesalers and the foreign trading firms—who organized them.

In addition, this paper will analyze the case of the development of the shell button manufacturing industry in the agricultural villages surrounding Osaka City. It will review the course of that industry, from the early Meiji period when it was first introduced to Japan, up until the early Shōwa period when it established the special production system which diffused to many areas.

The manufacture of shell buttons was similar in many respects to most of the urban-based industries in that it was one type of those transplanted industries which started developing in the Meiji period. Among the transferred industries, it was the strategic key industries which introduced the large-scale and integrated production system, although they were forced to produce a rather limited quantities of a variety of goods in each factory because of the limited and diversified demand on the part of users. Except for these key industries, other transferred industries in many cases developed as urban-based small and medium-scale enterprises. Most of them were labor-intensive enterprises which absorbed the greater part of the surplus labor which was accumulated and began moving out of the countryside around the turn of the century.

The writer at first would like to describe the complicated social background from which these industries had emerged. It was a sphere of activity dominated by the merchants who had controlled small and medium-scale industries from outside, and an area where the "traditional middle-stratum" had sustained themselves following small occupations operated under the paternalistic master-

apprentice relationship.¹ At the same time, the system of production inevitably became entwined with other issues of the period, such as the problem of low wages, excessive work, and the problem of the *toshi zatsugyōsō* ("urban odd-jobbers").² It was also related to the problems of the formation of urban slums created by the surplus populations of agricultural villages that caused pressure on workers for hard work with low pay. It can be said that various aspects of Japanese capitalism were involved in these issues, and they combined to create a unique situation. The reason why the present writer chooses the shell button industry for historical study is that the industry provides a good example with which to spotlight several aspects of the above-mentioned problems, even though it comprised only a small section in Japanese industry. This is one way of pinpointing some of the unique characteristics and special problems concerning the development of this Japanese style of industrialization.

It should be mentioned that the materials available for pursuing research in this subject do not use a standard terminology. One reason for this is that much of the material used is dated, and there were different terminologies because each production system differed from each other according to its location. The reader's consideration is called upon in those cases where the implications of the special terminology varies somewhat in the text and quotations. At the same time, however, it would be dangerous to stick to terminological consistency to the neglect of the various transitional stages of industrial development. The writer, therefore, will accept responsibility for any vagueness regarding the development of this form of enterprise which some readers might find in this paper.

I. DEVELOPMENT OF THE SHELL BUTTON PRODUCTION IN JAPAN

Relatively recent materials most useful for researching the earliest periods of the establishment of the Japanese shell button industry are primarily a joint report by Small and Medium Enterprises Agency and National Council of Regional Research Organizations [1], and the research of Miyake Jun'ichirō [8]. Each of these detailed reports dealing with cases in Osaka City and the Kawachi areas was done just after World War I, and particularly the work of Miyake, which researches the entrenched nonproductive landlord classes and their relation to the agricultural villages, raises many crucial points. For a study of the transfer of shell button production from the city to the countryside, however, the investigation carried out in the 1920s by the Osaka City Government [18] proves the

¹ The term "traditional middle-stratum" as used in Japan has perhaps been adopted too easily from the research which has concerned the historical process of industrialization in Western Europe.

² The studies on "urban odd-jobbers" are well known by the work *Nihon no rōdō mondai* [The labor problem in Japan] by Mikio Sumiya (Tokyo: Tokyo Daigaku Shuppankai, 1964). However, the features of "odd-jobbers" which have been thought to be unchangeable at the bottom of the modern labor market, seem to have suffered a gradual change to form the Japanese-type labor market along with the evolution of Japanese capitalism.

most useful. Nevertheless, there were blind spots in both the investigation of the Osaka government researchers and the above report, and so there is still an incomplete understanding of the early stage of this enterprise's production and development.

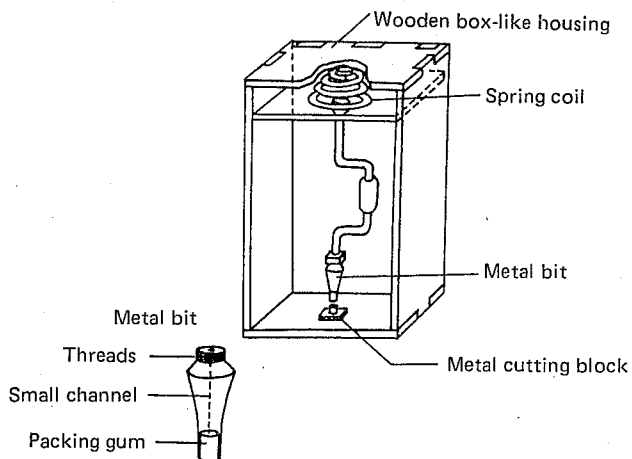
The materials housed in the Library of the Osaka City University were also researched, and the collection contained many handwritten documents by the sons and brothers of people who had been connected with the industrial and commercial worlds of Osaka [7]. Thus all of the materials mentioned above have been utilized to examine the special features related to the establishment of the shell button industry in Japan.

The shell button industry in Japan began in the latter part of the 1870s. Buttons as an item of clothing were in demand around the time of the Meiji Restoration because of the new clothing styles, especially Western-style military uniforms and Western suits for government officials then being increasingly used. Since buttons were still very rare and expensive, it was decided to try to mass produce buttons by using the skills of Japanese craftsmen [7, pp. 19-20] [4, pp. 6-7].

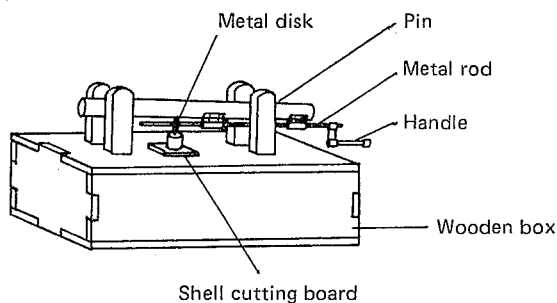
It is important to note that for many sorts of "transplanted" industries, it was not necessary to actually teach new skills to the workers. In the case of buttons, Japanese craftsmen saw the imported items and taught themselves how to make them [1, p. 878]. Basically, the shells were cut with knives and shaped by hand with the help of a small grindstone which was the size of a lunch box. Soon, some improvements were made, for example, a number of flat and thick shells would be fastened to boards with glue and collectively ground with stones until the desired volume was achieved. Another method invented was to achieve the desired thickness by placing the glued pieces in an iron mold of the proper thickness and grinding by hand. The shells were then processed with a kind of simple gimlet (called *maigiri*) [18, p. 4] to make buttonholes in them.

Until the development of the *kantōsen* in 1877 by Rimpei Arita, the basic method of shaping the buttons was to use a knife or file to remove imperfections from the edges after which they were cut into a rounded shape. The *kantōsen*, however, helped to bring about a major change in manufacturing methods. The *kantōsen* was a type of cutting device similar to the present-day hand-turned drill, which could cut one button after another into a similar round size. Using this tool it became possible for one craftsman to shape about five hundred buttons per day. It was a difficult process though, in which the cutting was done by slowly turning the shells around and around. In order to achieve a complete smoothness along the edges and on the surface the cut shells had to be put into a bottle along with some powdery sand and shaken for many hours [7, p. 24].

Change in the traditional process proceeded at a snail's pace, though the process was improved. The *kantōsen* was modified by placing its cutting apparatus within a wooden box. Packing gum was placed inside the object resembling a drill bit, and the operation of cutting the shells into the same size was carried out by having the shells pressed against the packing gum and the entire drill bit rotating over the shell, as illustrated in Figure 1 [4, pp. 10-11]. Some

Fig. 1. Improved *Kantōsen*

Source: This diagram is based on an old drawing by Kobayashi Jōtarō and on advice given by Miyamoto Jun'ichi.

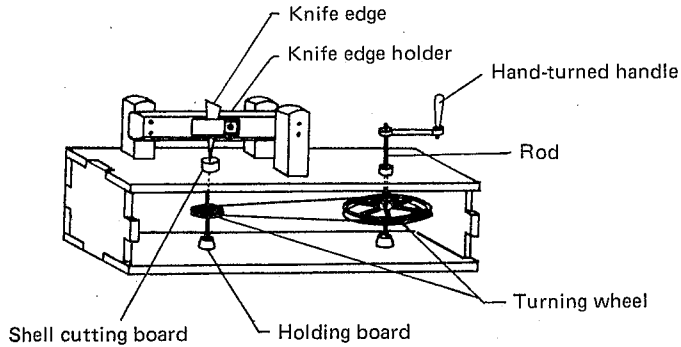
Fig. 2. The *Ichibōdai*

Source: Same as Figure 1.

instruments for surface decorating were also invented such as the *ichibōdai* as in Figure 2, or *kubomedai* (a long hollow box inside of which were wheels to transfer power from a turning handle to the cutting bit) as illustrated in Figure 3 [7, pp. 22, 27]. In order to produce buttons that closely resembled imported foreign-made items, some shells were cut with many angles on their surface to give the effect of glass or high polish.³

A special feature of these adaptations was that, although they drew on existing technological skills, they had accomplished the modifications of the manufacturing process within a very short time. Rimpei Arita, who made some of these adaptations, was able to advance the process by working in cooperation with some "Western metal workers." These metal workers were, rather than simply being interested in Western metal-working skills, those who actually progressed

³ From a conversation with Yasaku Amano.

Fig. 3. The *Kubomedai*

Source: Same as Figure 1.

the innovation and eventually became a new type of craftsman.⁴ The cutting arrangement of the *kantōsen* was one of their inventions, as was a tool used by subcontractors to cut off burrs and other imperfections by twisted pieces of sheet metal whose sharp edges did the cutting.

Before shipping out, the shell buttons had been simply washed in water in the beginning, but the workers began to search for ways to improve the quality by, for example, eliminating the glue used during the manufacturing process [1, p. 828] [8, p. 335]. In order to remove a powdery layer which stuck on the surface, craftsmen tried coating the shell buttons with some kinds of oil or wax [7, pp. 24, 28].

The result of these advances in the manufacturing process led to the following development in the shell button industry in Japan. In 1890, a German businessman living in Kobe set up a shell button factory using machines he had brought from Germany, and he employed several hundred Japanese. This was not a time when much manufacturing in Japan was being done with Western-style machines but since it was far less expensive to maintain Japanese-built equipment, soon almost no foreign-manufactured, imported machines were being used [7, pp. 28–30]. Accounts concerning this factory are rather difficult to find at present, and it seems it had to close down later, or at least it reduced its operations to only performing the bleaching process.

In the beginning many industries representative of urban-based small and medium-scale industries, such as enterprises producing knitted goods and commutator brushes, introduced systems of modern management, but soon they reorganized themselves and followed a putting-out system, after which they experienced a period of growth. Compared with these industries, the production of shell buttons can neither be called a “major export industry” nor a “growth industry” [20, pp. 393–97]. However, well before the introduction of the factory production system into the workshops, they had already accomplished the rapid

⁴ A separate study on this topic is being prepared.

and effective modification of traditional techniques to the extent that they could surpass a production level normally attained by a modern workshop of a size with several hundred craftsmen. Nevertheless, as mentioned earlier, the labor-intensive system in which low wages were paid was a key factor, and useful advances in production techniques took place in so far as they could contribute in this line. There was no drastic change in production techniques in order to reach the level of the advanced nations in spite of constant efforts for technical improvement.

Some minor technical improvements achieved in this period are as follows. The metal drill bit for the *kantōsen* was adopted in the 1880s, when it began to be manufactured by specialized producers [4, p. 11]. In 1891, Kobe craftsmen began using a water-wheel device which polished the shells by placing the buttons in a turning cask along with sawdust and water. The device was a precursor of the technique known as the *kasha* ("turning cask") [7, p. 32].

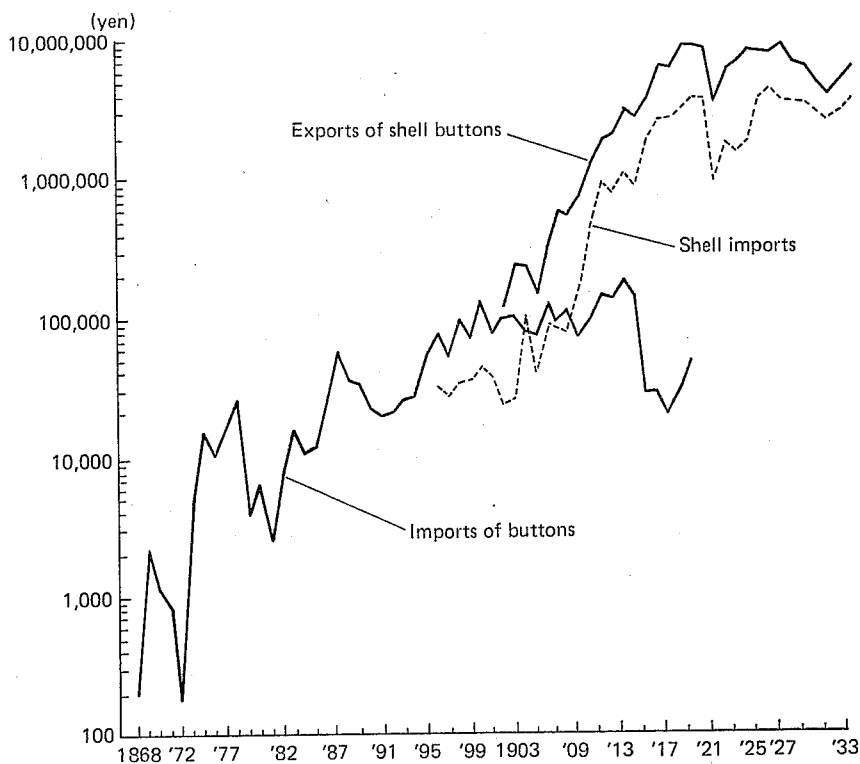
Various machines brought into Japan by German merchants were also widely accepted. These machines included the power-driven boring machine, drill, etc. [4, p. 16], which in a few years were being manufactured in Japan after having been substantially simplified, and after changes were made in the manufacturing process. The boring machine was introduced in 1891 by an Osaka merchant who saw and studied the device which had been imported by a foreign merchant company, and he soon manufactured his own version. Two years later a foot driver boring machine was invented by a shell button manufacturer in Kobe [7, pp. 32–33]. The rotary saws seen in many farm villages during the Taishō era, were in fact adapted versions of the foot-powered device.⁵ In 1892, an Osaka craftsman completed a foot-powered lathe making use of a potter's wheel [7, p. 33]. Other automatic rotary devices were invented in Japan and were in use by the end of the Meiji period [4, pp. 51–52].

Moreover, a similar situation evolved concerning drill bits. A combination of four bits which could make four perforations in one operation was developed which advanced the older method of drilling by hand for each perforation. This satisfied the old complaint from abroad that an uneven quality of buttons was not suited for sewing machines [4, p. 51].

In light of these points, we would be able to estimate the increase in shell buttons production which can be assessed by the increases in the volume of exports as illustrated in Figure 4. Although export figures did rise, one clear bottleneck in their upward turn can be seen. The items produced in Japan were not considered finished products when compared to the standards to be found in the advanced countries because the Japanese did not know the techniques of bleaching shell buttons, and thus most of the profits from these goods went to the foreign merchants [1, p. 879]. Many shell buttons were bought by Germany, and not only did they ship the buttons to Germany for bleaching, but some German merchants set up bleaching operations within their factories in Japan and exported the bleached buttons as "German-manufactured" goods. The crafts-

⁵ From a conversation with Jitsue Muguruma.

Fig. 4. Exports of Shell Buttons



Sources: Tax Bureau, Ministry of Finance, *Dai-Nippon gaikoku bōeki: Meiji gannen yori dō nijūgonen ni itaru taishōhyō* [The Japanese foreign trade: from the first to the 25th of Meiji]; idem., *Gaikoku bōeki geppyō* [Monthly bulletin of the Japanese foreign trade]; and *Nihon bōeki seiran* [The report on the Japanese trade] (Tokyo: Tōyō Keizai Shimpō-sha, 1935).

men once employed in these German firms were engaged in polishing which needed some skill and in some cases in bleaching, wandering from one factory to another in the Osaka Prefecture [5, Vol. 3, p. 260].

Finally, however, even this bottleneck was broken because at the beginning of the twentieth century small-scale manufacturers in the Osaka area developed a bleaching process [8, p. 335]. By examining the reports about this technique carried in an official gazette at the time, it is found that they applied this technique to shell buttons [7, p. 36]. At the end of the Russo-Japanese War, a German craftsman living in Osaka Prefecture improved the polishing process by using chloric acid [7, p. 36]. Manufacturers boasted at the time that “we have solved problems ranging from manufacturing to dyeing” [18, p. 5], and “Japanese shell buttons are now accepted in stores everywhere and have entered the world market as a quality item” [7, p. 37].

II. PRODUCTION TRANSFORMATION IN THE MEIJI PERIOD

It is generally considered that the Japanese shell button industry which centered in Osaka City from 1880 onward, was a "small-scale handicraft industry" [1, p. 878] dominated by the putting-out system. According to a survey by the Osaka City Government, the name of one Gisuke Nakamura emerges who, at the end of the Edo period, was engaged in a "family business" making buttons from cow horns and was "one of the first people" to produce buttons from sea shells [18, pp. 3, 14]. Other available evidence reveals that he was not merely a producer but was a merchant with a monopoly who had the practice of giving craftsmen an advance payment for their work [4, p. 139] [8, p. 335].

However, even in the case of the shell button industry, as in the case of other consumer goods industries, the producers faced two problems. One was that the domestic market was generally narrow and the other was a need to expand the volume of Japanese exports abroad. Initially the materials needed for making shell buttons were available in Japan but at the turn of the century most shell buttons were made from imported *takasegai* shells,⁶ and Japanese manufacturers had to try to overcome the supremacy over the trade by foreign merchants who managed the commercial houses of Kobe where most of the export-import trade was carried on.

Under this situation, shell button manufacturing was dominated by the putting-out system in which foreign merchants who were engaged in raw materials import and semi-products export, and some domestic merchants linked with foreign merchants, controlled the manufacturers by advance payments. There were Japanese who wanted to try importing the shells directly and who wanted to prove that Japanese merchant capital was sufficient to support the industry, but in order to do so they needed a larger amount of capital than they could afford. A common practice in Japan was for merchants to order the manufacturers to deliver the final products in a specified period accepting a letter of oath, after which they handed over the raw materials, and the manufacturers in turn supplied the merchant with the finished products accepting a promissory note [9, p. 33]. For exports, a settlement was reached by first deducting a commission, 2 per cent in the case of Chinese merchants and 5 per cent in the case of Indian merchants, then paying out 70 to 80 per cent of the remaining sum [14, p. 28]. An unusual system practiced in Japan was that the merchant, insisting there was a claim against the exported buttons or that a difference between the samples and the actual products had been detected, would not pay the remaining sum to the manufacturer. Sometimes part of the payment would be held back after the buttons were exported against the possibility of such a claim, and at times the remaining sum was never paid to the manufacturer.⁷

Moreover, it was the manufacturer who had to bear the burden of any price

⁶ From a conversation with Yasaku Amano.

⁷ From a conversation with Takao Nishikawa of Kita Ward, Osaka City.

fluctuations in the cost of the raw materials. The sea shells would sometimes jump in price because of market speculation, but even when the price of buttons remained relatively stable, there was a daily fluctuation in their market value. As a result, there were many manufacturers who were repeatedly distressed because of wide price fluctuations [1, pp. 33-34].

The fact that merchants not only took advantage of the advance payment system but, as their original activity, accumulated capital through distribution process as well, which particularly illustrates their precapitalistic feature, had a complex effect on the production process and brought about a peculiar way of reorganizing the industry. There were critics who claimed that *nobetorihiki* ("transaction by advance payment") caused a mushrooming of small producers and it disrupted the market [7, pp. 182-83]. It must be noted, however, that they attributed the cause solely to the advance payment system but not even partially to other problems such as merchant speculation. Market disruption, however, was related to more deeply rooted social conditions. The present writer only wishes to point out here that in the late Meiji period it was the large-scale manufacturers whose shops "employed between fifty to sixty craftsmen" [1, p. 879] who were the hardest hit because of the growing number of small-scale producers. There was at that time a rapid decrease in the number of large-scale workshops and a correspondingly rapid increase in the number of small-scale workshops which were connected with the wholesalers.

The movement to organize a manufacturers and merchants association began as a reaction to mass production of crude quality goods and the resulting price wars. The initial application for the formation of an association was made in October 1906, and permission to form the association was granted by the Osaka Prefectural Government in January 1908 [18, pp. 246-47].

At this point some information about the background of those working to form the association should be presented. Table I clearly illustrates their background. Generally speaking, they began as producers in the 1890s. However, they were not entrepreneurs. People like Genjirō Ishida, Hidetarō Sasaki, Jinzaburō Kaneshima, and Otohachi Takada were craftsmen working in the Arita Factory [7, p. 24]. Unlike men such as Masayoshi Aoyagi who were primarily merchants, they were all employed craftsmen who came from families of craftsmen. Although nothing is known about them in the earlier period, men like Ryūnosuke Ishida, Teisaburō Ishida, and Saburō Matsuo [7, p. 24] were all craftsmen in the Arita Factory whose names are recorded as participants in the first general meeting of the Japan Shell Button Manufacturers and Merchants Association held in 1908.

Men like the aforementioned Kyūtarō Nawada who invented the foot-driven boring machine came from families of craftsmen who liked working with new devices and inventions, just as did Matazaemon Nishihara, the inventor of the bleaching process. The association's general chairman in 1923, Uhyōe Ōnishi, had worked with the process of cutting the raw materials and was the man who invented the drill bit-like cutting device [4, pp. 56, 312].

As a result of these trends, a peculiar situation developed during this period. As indicated by Table I, while developing as manufacturers, these people also

TABLE I
 BACKGROUNDS OF FOUNDERS OF THE JAPAN SHELL BUTTON MANUFACTURERS
 AND MERCHANTS ASSOCIATION

| | Year of Establish- ment | Type of Business | Business Activities as of 1906 |
|----------------------|-------------------------------|----------------------------|--|
| Kyūtarō Nawada | 1883 | Shell button manufacturing | Shell button manufacturing and sales |
| Tanezō Masuda | 1890 | Shell button manufacturing | Manufacturing of buttons, hardwares, and paper boxes |
| Mokichi Ishikawa | 1901 | Shell button manufacturing | Manufacturing and brokerage |
| Genjirō Ishida | 1887 | Shell button manufacturing | Manufacturing, sale, and brokerage |
| Shimpei Nakagawa | 1898 | Shell button manufacturing | Shell button manufacturing |
| Jinzaburō Kaneshima | 1886 | Shell button manufacturing | Shell button manufacturing |
| Heitarō Fujii | 1896 | Shell button manufacturing | Shell button manufacturing |
| Otohachi Takada | 1890 | Shell button manufacturing | Shell button manufacturing |
| Tadami Nagano | 1896 | Shell button manufacturing | Shell button manufacturing |
| Hidetarō Sasaki | 1890 | Shell button manufacturing | Shell button manufacturing |
| Kumezō Miyao | 1894 | Drill bit manufacturing | Shell button manufacturing and brokerage |
| Unokichi Masagaki | 1891 | Shell button manufacturing | Shell button manufacturing |
| Masayoshi Aoyagi | 1889 | Shell button manufacturing | Shell button manufacturing |
| Matazaemon Nishihara | 1896 | Shell button manufacturing | Shell button manufacturing and brokerage |

Source: [4, pp. 102-6, 115-18, 321, 442].

began to take on the functions of merchants who acted as "salesmen" or "brokers" [4, pp. 442ff.]. Kumezō Miyao, who began the manufacture of the drill bits, was also a talented iron craftsman. He began a brokerage company and is known as the "father of the brokers." Masayoshi Aoyagi, who had operated the Asian Shell Button Manufacturing Company [4, p. 105] at the time the association was set up, illustrates a striking recurring trend toward a merchant. As a broker, in 1913 he organized the Japan Shell Button Auction Society [18, p. 249], and in a 1918 report was mentioned as a representative "broker and intermediary" in Kobe [10, pp. 11-12].

At this point it would be useful to outline in some detail the distinguishing characteristics of the "shell button manufacturers" as given in Table I. The shell button manufacturer Unokichi Masagaki who is mentioned in Table I began manufacturing shell buttons in Osaka in 1895, transferred them again to a nearby locality in 1897, and then in 1904 transferred them to Okinawa. The following year, however, he returned to Osaka and resumed operations near the city [4, p. 105]. In a similar manner, at one time or another factories were operated by Tadami Nagano in Ehime Prefecture, by Matazaemon Nishihara in Okayama [4, pp. 104-6], and the previously mentioned Uhyōe Ōnishi operated an enterprise for a long time in Okinawa before finally returning to Osaka [4, p. 56]. What was the reason, simply put, that caused these men who set up factories and operated them, to keep transferring their manufacturing operations? A key

to an understanding of this lies in a major reorganization in the commercial world that was then taking place and which affected the shell button industry. The following definitive explanation of this phenomenon has been made.

In Osaka the manufacturers were people who could supply whatever quantity of goods by ordering goods from the craftsmen. They did not need factories neither did they have to purchase machinery because they preferred to hire work out on a piecework basis instead. Manufacturers were thus called *seizō-donya* ("manufacturing wholesalers"). By calling them thus it sounds as if they were able to produce goods even more cheaply than ordering manufacturers.⁸

Of course, among the men who made the initial application to form the association there were many who do not fit the pattern mentioned above. However, among them there were a large number of manufacturers whose capital had been provided by wholesale merchants or who operated home industries. During that period many had the inclination to take on the characteristics of merchant capitalists. That being the case, into what status were the direct manufacturers ultimately reduced, and what had become of the wholesale merchants?

III. PRODUCTION SYSTEM CENTERED ON THE *SEIZŌKA*

The process used in shell button manufacturing following World War I is illustrated in Figure 5, while the production system is outlined in Figure 6. This organizational system was not unique to the shell button industry. It was an organizational system held in common by almost all of the small and medium-scale producers in Japan at the time who dominated the manufacturing sector [22] [3].

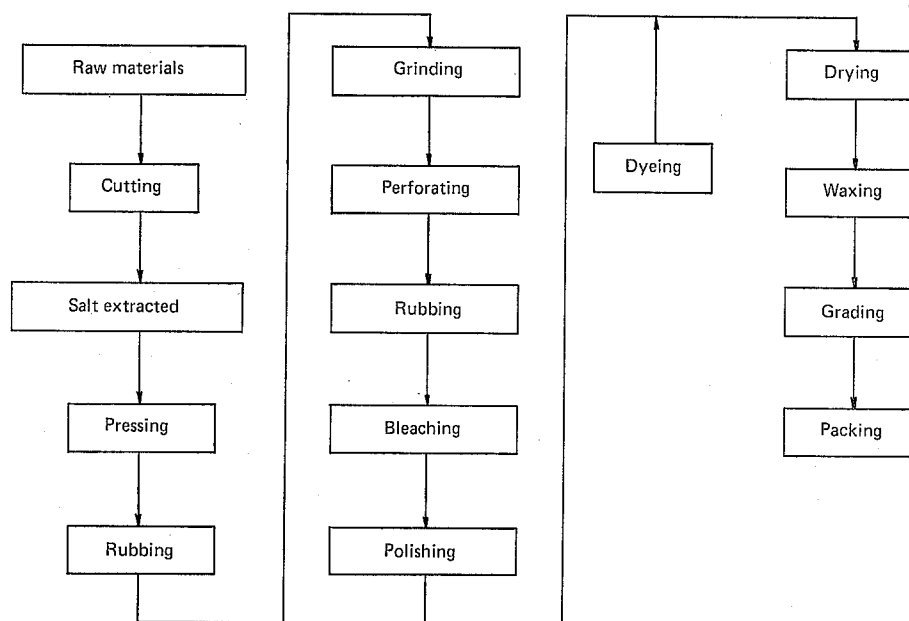
A peculiar specialization of business can be seen in this system in which independent enterprises existed in each production process. That is to say, the division of labor in the factories, in a development contrary to that followed in Europe, was embodied in a process of specialized production and there evolved the dispersed manufacturing system. A similar pattern can be seen in the early period of the British textile industry, but it disappeared rapidly along with the development of factory production. But the Japanese production system as seen above developed rivaling factory production. Such a development was perhaps unique to Japan. Each type of producers are considered below.⁹

Most of the producers who dominated the manufacture of shell buttons in Japan were usually called *seizōka* ("manufacturing wholesalers") or *botan-ya* ("button producers"). At times they purchased the raw materials directly from a distributor and manufactured the buttons. The general practice in this period, however, was to purchase the processed shells already cut according to size. The existence of independent shell-cutting factories will be discussed later, and here it needs to be mentioned only that the shell cutters sold their cut shells to the

⁸ From a conversation with Takao Nishikawa.

⁹ The descriptions without references concerning the *kakōya* and the *seizōka* are cited from the following books [14, pp. 21-31] [18, pp. 25-30] [16, pp. 27-30].

Fig. 5. Typical Organization for Processing Imported Shells



Source: [18, p. 55].

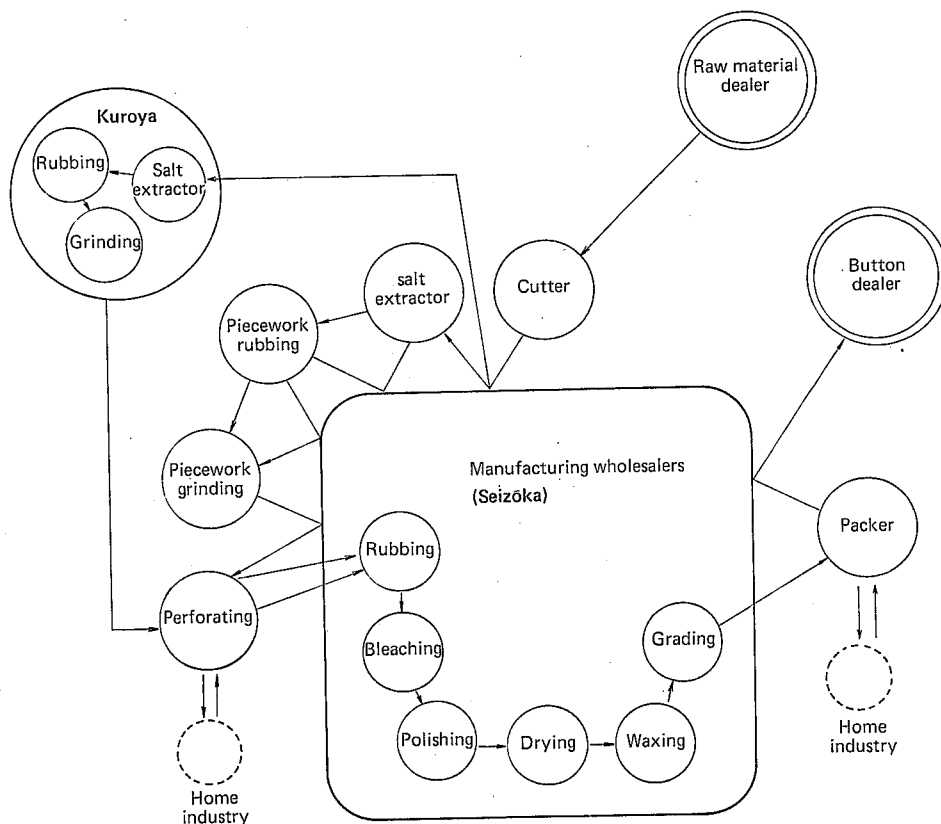
manufacturers either directly or through brokers. Shells which had to be purchased from a great distance away invariably were obtained from a broker.¹⁰

The procedure involved in processing the shells was a complicated one. One path was that the *seizōka* delivered the material shells to small manufacturers called *kuroya* who performed a three-stage production process, then, semi-processed shells would come back to the *seizōka*. But in most cases the shells would be passed on to a second and further on to a third small manufacturer for completion, so that almost all of the steps necessary to process the shells were transferred to small manufacturers. These manufacturers, however, did not receive their profits from the sale price of the final goods, but instead were paid a "sub-contractor's fee" by the *seizōka*.¹¹ Details of all the arrangements and all of the ordering was completely in the hands of the *seizōka*. All of the small manufacturers except for *seizōka* were categorized simply as *kakōya* ("direct producer").

This type of manufacturing wholesalers was not at all unusual at the time as small-scale urban enterprises, as the *seizōka* were in the case of the shell button industry, who actually play almost no direct role in making the product. Businesses of this type were sometimes called *seizō-donya* or *seizō-oroshi*. There was one distinct feature of these manufacturing wholesalers in the shell button manufacturing industry though, and it was that all of the *seizōka* performed the shell bleaching and grading operation.

¹⁰ From a conversation with Jitsue Mugaruma.

¹¹ From a conversation with Takegorō Yamamoto.

Fig. 6. Production Structure for Imported *Takasegai* Shells

Source: [18] and hearings done in Kashiwara City.

In regard to grading for quality, initially it was only natural that the *seizōka* should actually perform the grading operation because it was the *seizōka* who decided the pay rate of goods and the quality directly affected the selling price. The quality of the products was the key to price negotiation with the wholesalers or trading companies. Most of the products of urban-based small and medium-scale industries in Japan were consumer products which were exported, and most of those were exported by foreign trading companies. By the beginning of the Shōwa period up to 60 per cent of Japanese-produced shell buttons passed through foreign trading companies, where they literally had to be examined one-by-one by inspectors of the trading company. In view of the fact that quality had a bearing on the value of the items, the Japanese *seizōka* were as a matter of course extremely strict in their grading of the buttons. The same was true concerning other products as well.

When it came to the part played in the bleaching process there was a slight difference. The *seizōka* generally held their bleaching process as a closely guarded secret and would not teach it to the *kakōya*. Formerly, it was the German

merchants themselves who had mobilized the bleaching process, and the Japanese were hired as subcontractors to produce the semi-finished products, and thus the "majority of profits" were "monopolized" by the German merchants [1, p. 879]. In a similar manner, the Japanese *seizōka* retained their supremacy over the *kakōya* by monopolizing the process. The fact that some of the *seizōka* had emerged in fact from small producers just like the *kakōya* did not matter. Unlike other urban-based small and medium-scale industries, the *seizōka* tried at all costs to preserve their supremacy over the *kakōya*. Such behavior was perhaps due to the characteristic of the industry which still retained the pre-modern convention.

It has become common practice that when *kakōya* receive an order from a new *seizōka*, they first must seek the approval of their normal *seizōka* before taking the job. Moreover, they must act in a similar manner when hiring new employees or firing old ones. [1, p. 893]

Surprisingly enough, the practice cited above is a phenomenon observed after World War II and it is not logical to assume that the previous practice was a little more modern. There existed a similar relationship between the *seizōka* or the *kakōya* and laborers employed by them. From the end of the Meiji period until the Shōwa period, the articles of incorporation of the Japan Shell Button Manufacturers and Merchants Association upheld such practices, and in fact the practice of registering workers and of unilaterally firing employees was widely practiced until it was abolished during the years of fast industrial development after World War II.

But such practice did not prevent the workers from separating themselves from the manufacturers and setting themselves up as small producers [9, p. 37]. Around the time of World War I, the cost of machinery was about equal to one month's pay for a skilled workman, so it was not difficult to set up a new workshop.

Clearly the specification existent in the manufacturing process and engaged in by these workers was to the interest of the *seizōka*. One can understand that the necessity of a great amount of fixed capital could be avoided easily and that the independent small producers could be made to work long hours in their workshops. Furthermore, the *seizōka* did not have to push for this sort of system because small producers voluntarily endured the long working hours and hard labor for the maximum profit. The *seizōka* also took advantage of the cheap family labor of the small producers. Finally, because of this external independence, it was easily possible for the *seizōka* to make adjustments when business conditions became unfavorable. In such a situation the more the manufacturing process was ramified, the more the *seizōka* stood to gain. Moreover, since they monopolized the finishing process indispensable to the marketability of the produce, it was difficult for the small producers to break the supremacy they enjoyed. Depending mainly on labor-intensive technology supported by a large amount of surplus labor, the production system reached a considerable level.

Nevertheless, both the *seizōka* and the *kakōya* did not necessarily gain a firm foothold in the business. The situation with regard to *seizōka* will be discussed

first. Although, in the areas pertaining to transactions and the manufacturing process, practices remnant of the pre-modern period can be concretely seen, there was nothing to prevent the *kakōya* from breaking off and setting themselves up as *seizōka*. Apart from this, since the mushrooming of the *kakōya* was vital to the development of the *seizōka*, the outsider *kakōya* not affiliated with the association were allowed to increase. When business conditions were good and productive capacity was fully employed, the number of *kakōya* or craftsmen multiplied joining in the market as brokers and disturbing the established production system by speculation. Temporary booms, however, would end leaving the market disrupted, thus bringing on great agony to them as well as to the *seizōka*. In many cases the originators of the chaotic market were the small subcontractors and the craftsmen [10, pp. 16–17] [14, p. 14].

Moreover, the *seizōka* were often placed in distress by market competition against the middlemen and brokers. Another side of the *seizōka* is that they were not completely free from the traditional wholesale merchants, in spite of the fact that the shell button producers were a newer element who were not so tightly bound up with the wholesale distribution system. The special conditions affecting them will be discussed below.

The Japan Shell Button Manufacturers and Merchants Association was, as previously mentioned, formally established in 1908 where the small producers who had come to possess the characteristics of merchant capitalists took initiative. In 1910, there was a move to revise the organization along the lines of "cooperation with the merchants." When an extraordinary general meeting was called in August 1910, ten "specialized merchants" became members [4, pp. 136–37] and they were granted the monopoly right in sales. Some analysts claim that the manufacturing merchants exerted hegemony over the specialized merchants because 70 per cent of the association's membership was composed of manufacturing merchants and they were allowed to be affiliated with both the first and the second subdivision of the association. Although these analysts cannot explain the reason why ten specialized merchants were allowed to join the association, it would nevertheless denote the rise of merchants. Moreover, an examination of the manufacturing merchants in the above statement in some detail reveals that there were two kinds. One was the merchant capitalist who operated the factories and the other was the *seizōka* who is analyzed above. Thus, it would be most natural to surmise that the influential power of the merchant capitalists could not be ignored. Only one month later when an election of officers was held, the man elected president was Masayoshi Aoyagi, a manager from a merchant-capitalist background, and the vice-president was Kyūtarō Nawada who had been a member of the association since its formation. Also elected was Sōsuke Ōta, a wholesaler who had just joined the association. In 1915, Ōta succeeded Aoyagi as president of the association [4, p. 141].

This point must be considered further. That is to say, if the *seizōka* were to succeed in business, it would not be by seeking maximum profit as industrial capitalists, but rather by being able to give free reign to their merchant-capitalist nature.

The business of the traditional wholesale merchants gradually shrank. The flood of low quality goods and resultant price decline [4, p. 302], price fluctuation of raw materials, and activities of speculators [7, p. 187] forced them to withdraw from raw material transactions. Such a trend became clear in the last years of the Meiji period. Under conditions where the speculation of the brokers continued, the manufacturers gradually relied on the foreign merchant houses who imported the shells to avoid price fluctuations.

This trend became clearer around the time of World War I. Records from that time on show that there seemed to be no more capital linkage between the finished product wholesalers and the raw materials wholesalers, seen from the fact that the *seizōka* bought 70 per cent of the shells from the shell cutters and only 20 per cent from the brokers. Apart from this, the shells were no longer delivered on credit or advance payment [14, pp. 28, 30].

Nevertheless, the writer cannot agree to a view [16, p. 17] that the leadership in the production of shell buttons was transferred to the *seizōka* and the wholesale merchants were thereby degraded to the status of mere brokers and the *seizōka* became the "de facto industrial capitalists." It should be noted that the enterprises termed manufacturing wholesalers ranged from manufacturers who had emerged from small producers and who could cope with the market situation through their own efforts to wholesale merchants who were operating workshops. Among these two types, it was generally the latter who operated on a large scale with a relatively secure base. They gradually severed their connection with the *seizōka*, because they remained superior in terms of access to capital and ability to control the market, and also because they hoped to avoid the risks caused by the war time price fluctuation and competition to obtain raw materials.

It must also be pointed out that it was in the manufacturing process of goods destined for the domestic market that traditional merchant capital used to play an overall role. Japan's domestic market did not fluctuate greatly other than the export market and this was one of the factors allowing them to operate factory-type integrated production system. It was an ironical but natural consequence that integrated factory production [21, p. 92] developed earlier not in the Osaka area [2, p. 642] where the largest quantity of products was manufactured for export but in the Tokyo area where production for the domestic market gradually increased. An example can be given here of a button manufacturer who had a thriving business relating to factory production in the late Meiji period. A key to its success lay in the fact that it could secure a stable and big buyer in the domestic market, a government agency in this case [19]. Only little room for development was left for *seizōka* or *seizō-donya* to be able to transform their production facilities into the integrated production system. Theoretically, it is of interest to decipher whether or not each producer was a "de facto wage laborer" or an "industrial capitalist." This paper, however, rather wants to call the reader's attention to the facts about the special historical role played directly by the producers in Japanese-style industrialization.

In addition to the *seizōka* discussed above, some attention will be given to the workshops of the *kakōya*. They were mainly of craftsmen origin and operated

an assigned production process [16, p. 28] under the control of the *seizōka*. The *seizōka* and *kakōya* followed a master and servant relationship which was formerly established between them in the employer and employee relationship. It is also possible to call them "de facto hired laborers" [16, p. 28]. Nevertheless, their activities were complex, and they form the subject of the following section.

IV. THE TREND TOWARD VILLAGE INDUSTRY

As discussed above, shell button production was carried on in a peculiarly ramified production process and the existence of subcontractors called *kakōya* was made possible by cheap labor. However, the rising costs of living and of land rent in the cities posed a serious problem for the industry. At the beginning of the Shōwa period, because of rising costs in Osaka City, some aspects of production which had been done in the city since the Meiji period were moved to the countryside [15, p. 114].

It seems, at a first glance, to be very convenient for industries to move into villages for they could take advantage of an idle surplus population [6] and low wages paid for labor in the industries. However, the fact was that the requirements of industry which invariably fluctuated according to the economic conditions could not be fulfilled without sacrificing the agricultural cycle. Moreover, for the *kakōya* to satisfy the requirements of industry, a certain number of them had to be readily available. Finally, the industry could evolve only when the subcontracting system was well organized and the village was not based on autarky.

Considering these factors, some characteristics can be pointed out concerning the dispersal of urban-based small and medium-scale industries into the villages since the end of the Meiji period. These villages were ones where there was a spread of commercial agricultural production based on the social division of labor and also where the monetary economy had reached a point of stagnation after a certain level of development. This characteristic is an explanation for the penetration of the shell button industry from the latter part of Meiji to the Taishō periods into the Osaka area where the local money economy had been relatively developed since the Edo period.

In the 1920s, when a variety of industries supported by the side jobs of the peasants were diffused into almost all the villages, the amount of industrial production done by these village-based operations rose even higher in comparison to the volume of agricultural production [12] [13]. The proportion of this industrial production to agricultural production was very high when compared with that of another advanced area, the five prefectures in the Setouchi region where village industrial production equalled around 50 per cent of village agricultural production.¹²

It was the change in socioeconomic conditions in the rural areas that enabled the urban-based small industries to make inroads into them. The same conditions

¹² This point will be considered more fully in another article now being prepared.

applied also to the shell button industry. The industry began to be diffused in the Kawachi area after all of the traditional industries, cotton growing and spinning, the growing of rapeseed, and its oil-pressing industry, had declined. The shell button industry in that area first began in the 1890s. In 1891 a *seizōka* named Unokichi Masagaki began operation in Osaka, and in 1895 he "set up workshops in the two villages of Kashiwara and Yuge in the Kawachi area" and in 1897 consolidated his factories in the village of Kashiwara. His factories, or workshops, initially employed fifty to sixty people and they were known as "pretty big handicraft factories." Another Osaka manufacturer, Heitarō Fujii, began his operation in Osaka in 1896, which was moved in 1904 to the Mikimoto Village in Naka Kawachi County, and in scope it rivaled the factory of Masagaki [4, pp. 104-5]. The following should be pointed out about these men.

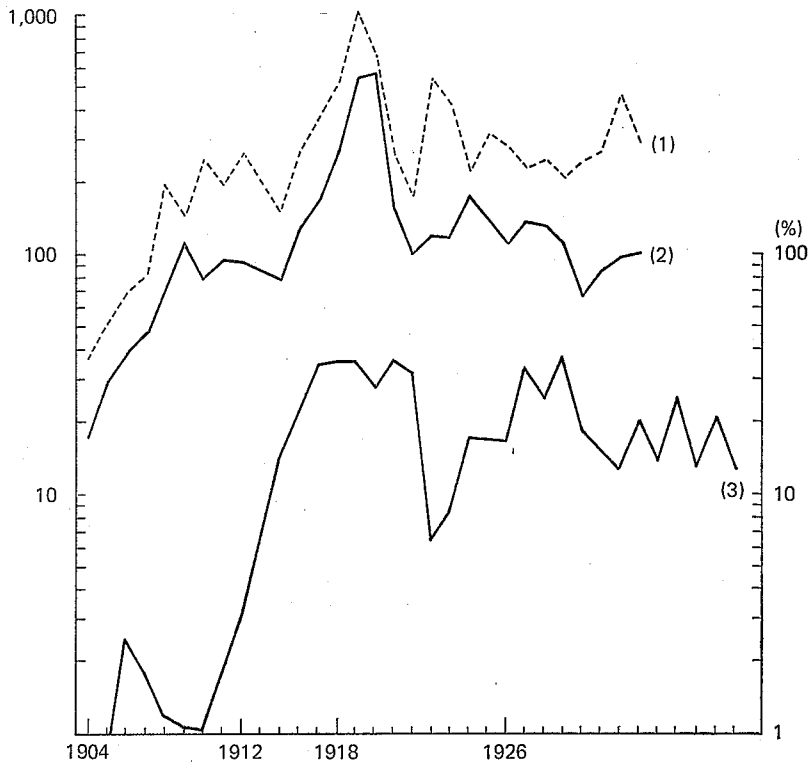
They were men who had received direct support from Osaka wholesale-merchant capital. . . . [However] during that time there were very few who ventured into the industry, even though there were rich people in the rural area as landlords or the rich independent farmers who were advancing in new commercial crop cultivation. The manufacturers were the craftsmen, apprentices, or wholesalers of low class peasant origin who worked away from home in the Osaka area after which they returned in order to venture into business. [8, pp. 334-35]

These entrepreneurs spread their craftsmen one-by-one in order for them to do independent business. Masagaki closed his factory in Yugemura and confined his activities to the village of Kashiwara in order to "lead the local people in operating a factory for semi-processed goods." Then in 1902 Kahei Kobayashi, who had learned his trade in Masagaki's factory, opened his own factory [5, p. 289]. In 1904, he closed his factory and moved to Okinawa, where in the "prison of Naha and with convict labor" he began to process the *tamagai* shells found in the area. He returned to Kashiwara in 1905 because of an insufficiency of raw materials in Okinawa. After that, speaking strictly from the point of view of the number of people he employed, his operations were only on a small scale.

Similar examples can also be seen in many other areas and these industries were carried on by the subsidiary work of the peasants. For example, in Taishō Village in Naka Kawachi County "along with the increase in exports following the Russo-Japanese War the number of people employed in industry also rose," so that by the beginning of the Taishō period, among the village's total population of four hundred households, two hundred people from a hundred and ten households were employed in the production of shell buttons [12, p. 402]. A similar situation could be found in many other villages in Minami Kawachi County as well [17].

In such manner the volume of shell button production done in the agricultural villages of the Kawachi area increased proportionately faster than shell button production within Osaka Prefecture. As can be seen in Figure 7, although in 1904 the Kawachi area produced only 0.3 per cent of the shell buttons processed in the Osaka area, by 1918 it was producing 35 per cent, so that its total production rose three thousand times.

Fig. 7. The Shell Button Production in Osaka Prefecture



Source: Osaka-fu Tōkeisho, annual reports.

Note: (1) Production figures in gross. (2) Amounts in ten thousand yen.
 (3) Production proportion of Kawachi three countries to production total of Osaka City and Kawachi three countries.

Such unusual growth was not the result of the introduction of new production methods because almost all of the work was still performed by hand in small-scale operations supported by the subsidiary work of the peasants. Thus, the characteristic features of this area's button manufacturing were a ramification of the production process and the vertical connection between the manufacturers and the subcontractors. In such a situation, the purpose of the manufacturers was not to expand their "factory operations" but instead to act as institutions to directly train the new producers. Considering these factors Masagaki closed down his factory as the occasion required.

Thus, the button manufacturing centered in the Kawachi region developed under the putting-out system in which the *seizōka* as wholesalers dominated the *kakōya*. The position, however, of the *kakōya* in this area was much different from that of the *kakōya* in the city. Manufacturers in the villages, from the very beginning, were organized as marginal suppliers, and they could not overcome such an unfavorable position.

A good example that reveals this situation. Immediately after World War I,

the volume of production considerably declined just after the war not only in Kawachi area but also in Osaka Prefecture as a whole. In 1921, production in the Kawachi area was actually down to 6.4 per cent of the total production in the Osaka area, while the manufacturers in the city managed to survive at the sacrifice of the rural manufacturers.

There was yet another reason for this decline. Many people participating in village subsidiary industries used old-fashioned tools or machines to manufacture the products of those industries, and as a result they usually produced goods of an inferior quality [11, p. 96]. The export of these inferior goods taking advantage of wartime conditions did not win high approval after the war. The merchants involved in this trade were criticized, even though the direct producers diligently tried to improve the quality of their products. But when using old tools, child labor, and home workshops, there was little they could do to improve their products.

By the beginning of the Shōwa period production began recovering in the Kawachi area and in that process the production system was transformed in a specific way. It should be pointed out that after World War I there was one striking trend in the shell button industry of the Kawachi area whereby the manufacturers were going to specialize in shell cutting. A report of the Osaka Prefectural Government pointed out that in the 1920s the shell cutters who bought the reconditioned machines "were moving into the agricultural villages" [15, pp. 113-14].

A noticeable fact in this period is that these shell cutters had severed their direct ties with the *seizōka* and with the wholesale merchants, while during the Meiji period both sides had been bound by a tight mutual dependence. After World War I, the shell cutters began to purchase shells with cash payments directly from the specialized raw material suppliers and they set up their own specialized operations. Their processed products no longer went directly to the *seizōka*, but were turned over to the brokers [15, pp. 115-17] [14, p. 30].

Many of the men who became brokers came from farm families and were often operating a small workshop in the rural area, and then they became brokers taking advantage of the situation where the dominance of traditional merchant capital in raw material transaction declined as a result of the process of a great price fluctuation of shells and cut shells. When business conditions were favorable they were able to make fortunes through transaction and/or speculation.¹³ They always dealt in cash [14, p. 30]. During the period of unfavorable business conditions following World War I, however, they were degraded to the lesser position. For instance, the broker had to personally deliver the cut shells to the *seizōka* and they usually had to accept payment in the form of a promissory note to be drawn on in fifteen days to one month. They eventually found a position for themselves in the middle-stratum of the business world dominated by merchant capital. Thus if they wanted to improve their socioeconomic position, they could only speculate striving to make a fortune. As a result they often suffered such

¹³ From a conversation with Takegorō Yamamoto.

losses that they were forced to abandon their business.

Even if the shell cutters and brokers in the Kawachi area had not ventured into speculation; however, there was little room for them to survive. The primary concern of the *seizōka* who had already retreated from villages at this time was to secure a low waged labor force. Then if they could not secure it, they dared to move their operations to another area. At the beginning of the Shōwa period, 60 per cent of the cut shells obtained by *seizōka* in the Osaka area came from far away Nara Prefecture, and 48 per cent was bought not from the brokers, but directly from *kakōya* [14]. Thus, most of the small producers in Kawachi were forced to be placed in the lowest stratum of the small industries operated by city-dwelling merchant capitalists. Consequently, a class differentiation usually caused by the inroad of capitalism into these villages could not be seen.

Unfortunately, the difficulties faced by the shell cutters did not stop there. Externally, they appeared much more independent than other *kakōya*. But circumstances proved to the advantage of the merchant capital. The value of the shells used to change rapidly, transactions were always uncertain, and the importers tampered with the raw materials [8, p. 370]. Both the wholesalers and the *seizōka* diverted these risks to the shell cutters and the cut shell brokers. At this occasion, the wholesalers' and *seizōka*'s dominance over the direct producers was withdrawn to some extent. They also served as an effective safety valve used to help lighten the burdens connected with capital flow and with contrasts between periods of high and low activity [4, p. 53].

Finally, a few remarks concerning the *kakōya* in other areas of the production process should be made. At a time when shell cutters were rapidly increasing in the Nara, Wakayama, and even in the Shikoku area, other aspects of the production process also must have been reorganized. Simply put, a special feature of any such reorganization by the *kakōya* was that they organized the subsidiary work of peasants and their families. For example, initially the shell perforators operated their business directly employing women but gradually consigned their work to that of subsidiary work of the village families [8, p. 368]. By the latter half of the 1920s, there emerged employment agencies which helped families find jobs [18, p. 92].

In this way the *kakōya* was himself gradually removed from the production process and he assumed the role of a broker who managed the outside work that was done in the individual homes. The hierarchy that had been observed in the wholesaler—producer system was now reproduced among those who undertook direct production and a pattern gradually evolved which exploited laborers more than ever. At least “half of the wages paid to the women who put holes into the buttons were absorbed by the broker,” and “if a worker broke one button in a perforating process, she was asked to perforate forty to fifty buttons as compensation. Although wages were divided half between the worker and the broker, it was the worker who incurred the loss.” It was a situation in which “it is an unwritten law that a person fired from a job in the shell button industry, will not be hired again in that industry” [1, pp. 892, 896].

In this way a vertically structured system was created, and home labor was

extensively used in a manner which became the base upon which the shell button industry in the agricultural villages surrounding Osaka City expanded.

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