

## The Concept of Fixed Capital and Industrial Revolution in England

Akio Okochi

Rikkyo University

Fixed Capital in most of the manufacturing industries increased remarkably as a result of the industrial revolution. Research in the history of accounting indicates, however, that modern accounting methods, including depreciation and cost accounting to deal with the increased fixed capital, were gradually developed in the late nineteenth century. During the more than fifty year time lag, how was fixed capital treated in the accounting of the manufacturing business; what delayed the appearance of industrial book-keeping?

One important premise to remember is that during the eighteenth and nineteenth centuries lease of the workshop, including machines and other equipment was quite common in England. Industrialists could, by leasing, be relieved of the burden of heavy investment for fixed capital. Accordingly, their only interest in regard to fixed capital was the amount of rent, and they did not recognize the depreciation of the shops and equipment leased. This fact seems to be one of the main reasons why modern industrial accounting was delayed until the latter half of the nineteenth century.

Before the end of the eighteenth century, however, some of the larger and leading enterprises had their own workshops and equipment. In such cases, they had to be aware of the annual depreciation of their own invested capital and the accounting of costs, which included transference of the depreciated capital value.

For example, Samuel Oldknow, a famous muslin manufacture, recognized the transference of the fixed capital value to the value of his products; but he did not list the depreciation. The annual decrease in value, or depreciation of the fixed capital, was clearly recognized in the trading account of the Soho Engine Manufactory, managed by Boulton and Watt, but they were hardly concerned about the transference.

Thus, during the industrial revolution, the basic ideas about fixed capital had already begun to appear; but so long as the lease of workshops was widespread, the concept of the fixed capital could not be generally recognized.

The Management Structure of the Nambu House of Ono Gonemon

Mataji Miyamoto

Osaka University

This paper is concerned with the management organization of the Ono Gonemon family, descendants of the house of Ono Zensuke. The Ono Gonemon house was known by the name Kagiya in Kyoto and Izustuya in Nambu Koriyama. In Kyoto the family engaged in the trade of products from northern Japan, and acted as pawn brokers and second-hand dealers. They possessed a kabu license for waste paper and were active in second-hand trade as well as other businesses. In Nambu the family was involved in sake brewing, pawn brokerage, and money exchange, and served the han government in each of these occupations. In the present paper, house lineage, house precepts, and store rules are introduced, the management structure of the Nambu store and its relations with

Kyoto are examined in detail, and business conditions and the organization of bekke branch families are also discussed. The management of commodities, organization of account books, accumulation of property, and sake brewing will be discussed in a subsequent article.

Leaders of the Sumitomo Zaibatsu

Yoshitaro Wakimura  
Tokyo University

The Sumitomo Zaibatsu, one of the biggest business groups in Japan, has grown uninterrupted since the Meiji Restoration. The key factor of its growth may be found in its unique leaders-recruitment policy.

This paper introduces many of its leaders and analyzes the recruitment and personnel policy of the Zaibatsu.

The Development of the Advertising Industry in Japan

Toshikazu Nakase  
Osaka Industrial University

No previous analysis has been made of Japanese advertising (advertising industry and capital) from a social scientific point of view. The study of the history of advertising has also been limited to discussions of custom and fashion.

This paper outlines the history of Japanese advertising in relation to the growth, development and crises of Japanese capitalism, by considering the functions of advertising in several periods of history. It also shows how and when the advertising agency came about and has continued to develop in Japan.

The Tasks of Business History

KEIICHIRO NAKAGAWA  
University of Tokyo

All of the six articles in this issue (Vol. 1, No. 1) of the Japan Business History Review are papers read at the first annual meeting of the Business History Society in Japan, held at the University of Tokyo on November 6 and 7, 1965.

In the opening address, Nakagawa emphasized the need for an interdisciplinary approach; he asked business, entrepreneurial and economic historians, who have been stressing the organizational, cultural and economic factors, to cooperate more closely to achieve a unified history of business. Nakagawa tried to explain the interactions of the above three factors in a tentative comparison of English, American and Japanese development.

A sociologist, Professor Hazama of the Tokyo University of Education, introduced to the economic historians the usefulness of the Parsons-Smelser model in analyzing the objectives and motivations of business and the personalities of business men. Using the same model, he explained the reason for the different social sanctions awarded to the two eminent Meiji entrepreneurs, Shibusawa Eiichi and Yasuda Zenjiro.

The third speaker, Professor Takada of Osaka University, presented to the audience many topics of research, in which this scholar in business administration asked the historians to promote extensive research work as soon as possible. Among the subjects were many topics concerned with the objectives and ideology of management, the organization of production and distribution, and the entrepreneurs or businessmen themselves.

An economic historian, Professor Otsuka of the University of Tokyo, used Max Weber's term "Betriebskapitalismus" and emphasized the purposeful and organizational aspects of modern business. Insisting that capitalism developed in Western Europe only through such organizational activities, he urged the close cooperation of the economic and business historians in both economic and business history studies.

Professor Katsura of Kobe University took up the four words "executive," "administrator," "entrepreneur," and "manager" and explained their meaning primarily according to the works of Dr. Fritz Redlich.

Professor Inoue of Kobe University tried to answer the question, "How should the company history be written?" by making a distinction between five types of business history studies: A) administrative history developed by the late N.S.B. Gras and Professor H.M. Larson and their group in Harvard Business School, B) in sharp contrast with A, the business history in East Germany, C) innovation history organized from Schumpeter's concept, D) Redlich's school which emphasizes the role of coping and routine for economic growth as well as the innovations for development, E) entrepreneurial history developed by Professor A. H. Cole. Professor Inoue himself is trying to find in the individuality of each way of business management reflections of general circumstances of economic development.

For Japanese business historians are now available all the ways of approach developed in the United States and other leader countries in this science. Sometimes this variety is confusing. But we believe we are not so incompetent in choosing the proper means of study, just as the industrial leaders of the Meiji era did not fail in their final choice from among various types of industrial technology to achieve the rapid growth of the Japanese economy.

The Historical Background of the Birth of the Science of Management in the United States

Moriaki Tsuchiya  
Tokyo University

Conscious efforts to form a science of management were initiated in the United States in the late nineteenth century. This paper will inquire into the general conditions in which a scientific approach to management problems and the efforts to form a science of management were developed. The conditions might prescribe the essential character of the science of management in its early stages.

The possibility of a science of management was primarily perceived by H. Metcalfe and H.R. Towne in the 1880s. Thereafter many authors, mainly mechanical engineers, discussed management problems, but their interest was limited to the workshop. Therefore, the basic conditions for the birth of the new science of management might be thought to be in the workshop on which the top business managers focused their

attention.

However, the top-managers of the emerging big businesses in the Middle West were not directly interested in the workshop, but in the creation of national marketing networks or the horizontal combination. The original unit in the formation of a science of management was the eastern metal-working industries which supplied parts or machine tools to big businesses in the Middle West.

Cost reduction by the improvement of efficiency was the most important problem in the workshops of the eastern metal-working industries; owners had abolished the sub-contracting system and directly controlled the workmen.

At the same time, metal-working factories had become increasingly specialized in the product they were manufacturing. Such specialization made it possible to achieve fairly complex division of labor and, as result, the work of a laborer could be measured objectively.

These were the particular conditions in the eastern machine shops from which the science of management emerged.