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**THE FORMATION OF BUSINESS ELITES IN JAPAN:
WITH EMPHASIS ON YUKICHI FUKUZAWA'S VIEW
ON BUSINESS**

by

Mitsuo Fujimori

Abstract

In a country like Japan where Christian ethics did not exist, how Japanese capitalism adjusted public and private profit during the rise of modern industry was a serious issue. What kind of role did Fukuzawa play during this period?

Before the Meiji Period, merchants were at the very bottom of the “Shi Noh Ko Sho” system; however, by the end of the Meiji Period, industrialists had attained the highest social status as business elites. What happened in this transition? In conclusion, entrusting the modern industry to the samurai, who had the mentality of humble service, was successful. The business elites are not descendants of merchants, but descendants of the samurai class. In this case, Fukuzawa did not state that public profit should have priority over private profit, as Eichi Shibusawa did, but that the two would be automatically adjusted by the business elites whose spirit is noble. This was the role the “student”, whose mentality was that of the samurai, was expected to play.

Key Words

business elite; industrialization; social rank system; modernization; business principle; business man; maximum profit; entrepreneur; entrepreneurial objective; FUKUZAWA YUKICHI; samurai spirit; samurai business man; industrial revolution of Japan; Japanese society; Edo period; prestige of industrialist; SHIBUSAWA EIICHI

1. Industrialization and Society of Japan

To investigate the causes behind modernization, particularly the industrialization of a non-western country, that is, Japan, is one of substantial interest. To attribute the causes to the Meiji government's leadership in industrialization is one-sided and incorrect. If the government exercises effective leadership, industrialization would succeed in all of the developing countries. The merchants of the Edo Period were called “Shonin” and although they were at the very bottom of the social rank system of “Shi-Noh-Ko-Sho” (samurai-peasant-artisan-merchant), they were called the “jitsugyoka” (business elites) and became the top-ranking social class towards the end of the Meiji Period. It is necessary to investigate just what happened in this transition.

Another point which is of international interest and is the main theme of “the problem of structural difference between Japan and the United States” is that the principle of conduct of the enterprises in Japan (or the entrepreneurial objective) is different from that of Europe or the United States and therefore, it is impossible for the two to compete on the same grounds. Based on the author’s view, the characteristic of Japanese society which became the force behind its success in modernization and was praised because of this, as well as the characteristic of Japanese business society which marked a high productivity and produced a large trade surplus and hence became the focus of debate regarding the structural difference between Japan and the United States, all have their origins in the same set of causes. This paper focuses on the characteristic of Japanese business society, and will center on Yukichi Fukuzawa’s achievements.

2. *The Social Status of Managers of Japanese Enterprises*

The social status of managers of Japanese enterprises is high. Presidents and top managements of industrial enterprises as well as the chairman, directors, and presidents of Keidanren, Nikkeiren, Doyukai, and the Chamber of commerce seem to enjoy a high social status. The same could be said of middle managements who do not rank as high as top managements. The other day, the author saw a full page newspaper advertisement by an arranged marriage service. This agency, while boasting that their male clients are graduates of top universities and employees of top companies, published numerous photographs of these clients. This implied that although they were young, if they were employees of top companies, their social status would be higher than those of other occupations. In light of the “Shi-Noh-Ko-Sho” system, the “tedai” or the “detchi” would rank high in social status. It is said that only thirty years after the Edo Period in which businessmen ranked low in social status, the status of those who worked in western style industries became extremely high. According to Hirschmeier and Yui, the independent and socially accepted image of modern businessmen in Japan, in other words the image of business elites, was formed around the end of the Meiji Period.¹⁾ This is the same period as the so-called industrial revolution period of Japan.

In contrast to this situation in Japan, the businessmen of advanced capitalist countries such as Europe and the United States apparently do not enjoy such a high social status. Generally speaking, intellectual occupations such as judges, ministers, medical doctors with specialties, university professors and lawyers enjoy a high status. The degree to which the social status of businessmen matches that of these professionals would constitute the social characteristic of each country. In Japan, officials of large corporations, as well as department heads would all match the status of these professionals. In Europe or the United States, however, only directors of large corporations would be considered as equivalent. (Furthermore, in those countries, there is a restriction in that the number of directors in each corporation is extremely small). In England, as well as in continental

1) J. Hirschmeier and T. Yui “The Development of Japanese Business, 1600-1973” Harvard Univ. Press 1975 p.122

Europe, and also in the U.S. South, there still exists an ill feeling between business elites and elites of other fields, and it is said that "non-business elites continue to possess a sense of superiority with respect to business elites".²⁾ Based on this, the social status of Japanese businessmen is high compared to European and American countries. This fact would seem all the more strange when we consider their low status during the Edo Period.

Another characteristic of Japanese business society is its "non-profit oriented nature". Enterprises are organizations originally formed to seek profit. An enterprise was originally formed under the objective of engaging in business and generating profit. This is especially true of joint-stock companies which is a typical form of enterprises. Because of this, at the beginning, only chartered companies were permitted. In Europe and the United States, this is an indisputable rule.

The author has conducted an investigation of enterprises in Australia. Questionnaire were mailed and in it, there was a question regarding the entrepreneurial objective. Because of the need to compare the results to those obtained in Japan, categories such as "increase of sales" and "development of new products" were left intact in the questionnaire, but the category, "seeking profit", was purposely eliminated. This was done to avoid concentration of responses in one category, and a space was provided for free response. To the author's great surprise, almost all of those who were questioned did not choose any of the categories, and wrote "profitability" in the space provided.

On the other hand, in Japan, the author carried out a survey involving sixty-four presidents of electrical companies in 1970, as well as seventy presidents in 1988 and 1989. When they were asked what the entrepreneurial objective was, none of them answered "seeking profit" as their first choice.³⁾ Furthermore as far as the author can see, there are no indications of profit as the primary goal within the basic business principles. It could be said that business men who used to declare that profit was their primary goal no longer exist.⁴⁾

According to MITI's 1977 figures, there were 388 out of 417 firms (98.8%) which indicated more than one entrepreneurial objective, whereas those which indicated maximizing profit on sales was 0%.

Even though these figures may be slightly outdated (as they are from 1977) it is clear that Japanese firms possess an entrepreneurial objective other than profit. In my view, there is a relationship between Japanese business society's entrepreneurial objective, which differs from that of Europe or the United States, and the relatively high social status of those who are employed in these industries. In other words, business elites were able to gain respect because they did not explicitly show their aim for profit. Mr. Toshio Dokoh, who died on August 4, 1988 was respected not so much as a president who expanded

2) Seymour M. Lipset "Tradition and Modernity in Japan and the United States" IHJ Bulletin, Vol. 7, No. 1 1987

3) M. Fujimori "Empirical Research to the presidents of companies in Japan" Mita Business Review 14-3, 1971

4) H. Morikawa "The stream of Japanese Style Business Administration" p. 69

**ENTREPRENEURIAL OBJECTIVE
(ENTREPRENEURIAL CONSCIOUSNESS)**

CATEGORIES	NUMBER OF FIRMS (%)
1. The objective is to seek maximum profit or sales	0(0)
2. The objective is to maintain and expand the entrepreneurial system	2(0.5)
3. There are several objectives: to secure profits, to seek continued existence of the enterprise as well as growth; it is important to maintain a mutual balance between these objectives	388(93.0)
4. Other than the above	21(5.0)
5. No response	6(1.5)
TOTAL	417(100.0)

Source: MITI "The Present State and Problems of Entrepreneurial Behavior", p. 50

Toshiba's profits, but as someone who was primarily concerned with what was best for the nation and society; he himself ate dried sardines and lived simply.⁵⁾ The reason why Saburo Shiroyama's *Reisuke Ishikawa's Life* continues to be a best-seller ever since its publication is not because of the protagonist's success while he worked with Mitsui Bussan, but because of his lack of selfishness as the president of Kokutetsu.⁶⁾

Generally in Japan before World War II, "those matters pertaining to the self is evil, or close to evil and was constantly accompanied by a guilt conscience. This is especially true of profit and romance".⁷⁾ Acquiring personal profit was acceptable to the merchant class, but the warrior class saw it as a source of guilt conscience. This tradition from the feudal era apparently continues living today.

3. *Fukuzawa's View on Business*

Fukuzawa's view on business constitutes an important position that connects the prestige of industrialists in Japan, and the objectives of the above mentioned enterprises. As a man who received higher education during the Meiji Period, Fukuzawa's preference regarding the job of "students" was in the order of "bureaucrats, academics, business and industry, and amusement".⁸⁾ Putting amusement aside, government service was the most preferred, then followed academics, in other words, teachers, authors, and journalists; and lastly, those engaged in business and industry. It was said that government service was so preferred that one would seek jobs as cheap as a secretary of a small

5) Nikkei Shimbun 1988.8.5, 8.21

6) S. Shiroyama "So nishite Ya daga Hi dewanai"

7) M. Maruyama "Chōkkoka -shugi no Ronri to Shinri" Sekai 1947.5

8) Y. Fukuzawa "Outline of a Civilization" (translated by D. A. Dilworth and G. C. Harst Sophia University 1973) p. 263

village.⁹⁾ The social status in the “Shi-Non-Ko-Sho” system changed the “han” (feudal domain) system into that of a nation, and it was possible to change the warrior class into government officials.

So long as the status of business elites remains low, the formation of a modern society is not possible. This is because civilization requires people’s lives to become comfortable, and for this to happen, it is necessary for industries to develop. On the other hand, government service in the central government may especially have been closed to Keio University ever since the coup d’état of government in 1881. Fukuzawa has put forth two arguments to convince superior “students” to opt for the industrial world. The first was that business and industry were necessary for the nation, as well as for the process of civilization. Secondly, he argued that business and industry were not lowly occupations and furthermore, these were blessed with money.

The first argument is a fairly simple one. Fukuzawa argued in his “How Students Live” that “putting government above the people” is outdated and pointed out that what is necessary for the future is business and industry. Since Fukuzawa had already studied the Classical School of Economics, he acknowledged the importance of business and industry and must have thought that it was unfortunate that those who led the promotion of modern industry were condemned to a low social status.¹⁰⁾ Fukuzawa thought of changing some aspects as well as using some of this outdated consciousness. This was because businessmen were needed more than anything for modernization. Needless to say, promotion of modern industries is necessary for modernization. Even to the people of those times, the implication of this must have been easy to comprehend. This was because he acknowledged the fact that the “baku-han” system (bakufu-feudal domain system) was defeated by the “black ships”, that is, the industrial power of the West. But if the promotion of modern industry were to be undertaken by the nation, the managers would be government officials. By contrast, if operated by private firms, they would be ordinary citizens. Therefore, one would hesitate to put oneself in that position. According to the tradition of the Edo Period, business and industry were close to lowly professions. Regarding this point, Fukuzawa argues that business is not a lowly profession. He says that “if a lowly, ordinary citizen takes up a certain occupation, then that occupation becomes lowly; but if an educated man does the same, the occupation becomes a highly respected one”.

With respect to occupations, there are originally no high or low ones, but due to the difference in status of those engaged in these professions, there also develops a high or low profession. “Priests who receive things are not beggars, but beggars who receive things are beggars themselves”.¹¹⁾ The reason why the “shamisen” is considered lower than the “koto” is due to the players. Because those engaged in business were of low status traditionally in Japan, even the profession fell to a low status. Especially for the samurai class, placing importance on money and property would mean rejecting the

9) Y. Fukuzawa “Shijin Shosei Ron” Fukuzawa Zenshu Vol. 5 p. 532

10) Y. Fukuzawa “Autobiography” Zenshu Vol. 7 p. 9-11

11) Y. Fukuzawa “Shuchonin no chii ni torite kawaru beshi” Zenshu No. 11 P. 120

worthiness of self-existence, so it was necessary to place at the lowest status those businessmen who acted with this in mind. We should note that Fukuzawa himself, while arguing that the feudal system was an enemy of his parents, was often proud that he was not from the merchant class but from the samurai class.¹²⁾ He refused to wear the attire of the samurai class, the haori and the hakama after the Meiji Restoration; but while he wore the attire of ordinary citizens, he was consciously proud of his samurai class lineage. From this we can see the typical behavior of those from the warrior class during that era.

The following example illustrates Fukuzawa as a scholar encouraging qualified individuals to opt for business.

A young Japanese man who graduated from a university in the United States returned to the U.S. later and found his American classmate engaged in a profession of a rice broker. (In Japan, this is considered a lowly profession). The fact that a college graduate is engaged in this profession proves that a rice broker is not a lowly profession in the United States. Based on the argument I have made, a civilized society requires that businessmen enjoy a high social status. Therefore, it is possible to conclude that the United States is a civilized nation.¹³⁾

Fukuzawa seems to have liked this example so much that he used it in several other works.¹⁴⁾ This is because in that civilized nation, the United States, what is considered a lowly profession is one of the occupations the “students” opt for.

Within Fukuzawa’s argument which stated, when translated into modern terms, that contributing to society through industry is what the samurai and men of honor should opt for, there existed a firm belief that is “samurai students” became involved in the industrial world, the social status of businessmen and industrialists would be established as high. This is because the advanced, civilized nations followed this pattern. At this point, it is necessary to pay attention to the fact that Fukuzawa viewed the “student”, that is, the intellectuals, and the samurai class-men as one and the same. He often mixes up the two.

If the samurai-student”, who was not an ordinary citizen, were to take charge of business, then this profession would cease to remain, lowly. For this to happen, there was a prerequisite that the samurai students’ spirit must be noble. According to Fukuzawa,

From time immemorial, it was always the samurai class who was responsible for important deeds. It was they who fought wars, engaged in politics, introduced civilization since the beginning of Meiji Restoration, and promoted the way of thinking related to this period. However, those peasants and ordinary citizens only remained as spectators to what the samurai class did, and only provided basic needs to the society.¹⁵⁾

12) Y. Fukuzawa “Auto biography” *ibid* pp. 9-11

13) Y. Fukuzawa “Nippon wo Zeninokuni narashimeru ni Ho ari” *Zenshu* Vol. 10 p. 276

14) Y. Fukuzawa “Shuchonin no chii ni torite kawaru beshi” *Zenshu* Vol. 11 p. 120

15) Y. Fukuzawa “Jiji shōgen” *Zenshu* Vol. 5 p. 221

Here, because the samurai class is so praised, the peasants and ordinary citizens are looked down upon. Furthermore, the implication here is that if the samurai class were to be compared to the human body, it would be the brain or the arm, but the peasants and ordinary citizens would merely be the stomach. This argument was put forth relating to the nation's policy that in order to maintain the samurai class lineage, Public loan bonds should be given out. However, Fukuzawa would feel that human capacity such as the size and strength of the body, as well as the strength of the mind are endowments, so the educational lineage handed down for several hundred years within the samurai class should not be severed. Here, the educated and the samurai class are seen as one and the same; the intellectual class was automatically the samurai class. When looking at *Jitsugyoron* of 1903, Fukuzawa had made modifications in his view of the intellectual class which was based on lineage. Instead of using "samurai class" (shizoku), he used terms such as "samurai-type student", "samurai-type character" and "samurai gentleman". People from the intellectual class who are of "samurai-type" are called by these names even though their lineage may not be that of samurai.

Fukuzawa encouraged the samurai student to become businessmen and promote civilization, and to have them serve as a basis for facilitating industrialization, modernization, and civilization. In order to convince them, he argued that if one opted for the industrial world, one would make money. He argues that the amount of money one has should be the criteria in measuring social status.¹⁶⁾ Japanese society, especially the samurai class, had been contemptuous of money, but Fukuzawa points out that "those who are contemptuous of money are contemptuous of industry".

In the West, the manager of a company earning 300 yen per month is more respectable by a ratio of 3 to 2 than a public servant earning 200 yen per month. Politicians who earn a lot of money but also spend just as much have great control over money; the reason why they are respected despite their large debt is because they have extensive control over money.¹⁷⁾ Fukuzawa says that in fact in Japan too, real power lies in private business, not in public service. On the other hand, however, Fukuzawa was sympathetic to the non-attachment to money on the part of the samurai class. We could see this portrayed in the following episode:

the lord of a han(tonosama) is totally subservient to the money lender, Kounoike, but the lowest ranking samurai openly insulted the lender saying that "I owe you absolutely nothing".

4. *Samurai and Merchant — Public Profit and Private Profit*

As the samurai student (whose spirit is noble) participates in industry, a new business class is born in place of the former merchant class. Due to this they are able to obtain a high social status; in this way, Fukuzawa's scenario was proven to be successful.

16) Y. Fukuzawa "Nippon wo Zeninokuni narashimeru ni Ho ari" Zenshu Vol. 10 p. 275

17) Y. Fukuzawa "Seiyo no Bumeikaika wa Zeni ni ari" Zenshu Vol. 10 p. 272

However, the other scenario, “Japan is to be a nation that evaluates in terms of money” was not necessarily accepted. Fukuzawa’s argument was that if each citizen became independent (i.e., free from colonization), then the nation would also become independent. In the exact same manner, as private profit increases, the nation’s profit would also increase. This was backed by the theory of the Classical School of Economics which dates back to Adam Smith, as well as the western nation’s body of knowledge. However we should note that the samurai student, who is a descendant of the ex-samurai class and also belonging to the intellectual class, was able to remain a samurai because he did not pursue private profit. Doing this would mean resigning as a samurai. Pursuing private profit is not public service. Even if Fukuzawa tried to convince people that pursuing private profit and obtaining money would lead to involvement in industry, obtaining money is identified with the merchant class, not with the samurai class; therefore, the samurai student could not accept Fukuzawa’s teaching as it stood.

Hidemasa Morikawa calls “managerial nationalism” the managerial approach which takes preference of public profit, and that Fukuzawa is the leading figure in that approach.¹⁸⁾ According to B.K. Marshall, Fukuzawa’s “direct economic independence” which proposed that private profit will lead to public profit, was not accepted by Japanese society.¹⁹⁾

Why did Fukuzawa propose that pursuing individual profit coincides with public profit? One reason would be the influence of the Classical School of Economics, but the other would be his moral values regarding business. Fukuzawa was disappointed by the morals of the merchants of the Edo Period, and expressed contempt towards them by referring to them as “plain, ordinary citizens”. This was because the merchant’s money-making doctrine so bothered him. As Fukuzawa has argued before, if the samurai student were to take the lead instead of the old-fashioned merchant, the social status of the business class will rise, and they will be respected. Along the same line of thought, Fukuzawa invites samurai students into business. Strangely, due to convenience, he argues that business produces wealth. The answer Japanese history produced regarding the problem of adjustment between individual wealth and public wealth was that the latter should take precedence over the former. By contrast, there was not a single businessman who had preference to private wealth,²⁰⁾ and “self-sacrifice for public profit was praised”.²¹⁾ One should note that what encouraged the business elites was not the acquisition of private wealth itself.

Around the turn of the century, there was the establishment of the idea of the business elite. The notion of the business elite was clearly differentiated from that of the merchant. “Businessmen are called ‘business elites’ but actually, they are uneducated descendants of the merchant class of the Edo period. They are only fortunate to be able to maintain and develop their family business. This is a bad custom which was practiced

18) H. Morikawa *ibid* p. 69

19) B. K. Marshall “Capitalism and Nationalism in Prewar Japan” Stanford Univ. Press 1987. p. 56

20) H. Morikawa *ibid* p. 69

21) B. K. Marshall *ibid* p. 56

during the feudal era".²²⁾ As seen from this, the business elite, unlike the former merchant, had to be a student. Furthermore, the conditions which must be met by business elites, as seen in *Jitsugyoron*, was that they must be businessmen engaged in industries imported from overseas: railway, cotton spinning, iron steel, trading and banking. "Jitsugyo", that is, business and/or industry was also a term referring to imported industries from civilized countries of Europe and the United States. Nevertheless, the most important significance of "businessmen" would be its morality. The "new-born young merchants" who differed from former merchants (the ordinary citizens) should be differentiated from others on the basis of knowledge of foreign countries and refined nobility.

In Depth of Thought, must one be as the Philosopher
 In Nobility of Spirit, must one be as the Warrior
 To which further add the Skills of the Bureaucrat
 For only such can aspire to Greatness in the Realm of Commerce

(Translation: Andrew J.L. Armour)

This came out of Fukuzawa family's manuscript and is one of the entries from Fukuzawa's calligraphy collection, but it is different from the one Raita Fujiyama was given.²³⁾ The passage that follows this is unimportant. For one thing, the manuscript that was given to Raita Fujiyama has an extra sentence, "And moreover, the Strength of the Peasant Farmer". What is important is the second sentence regarding depth of thought and nobility of spirit. The first line, "in Depth of Thought, must one be as the Philosopher" refers to the requirements of a "student", and the second line, "in nobility of spirit, must one be as the warrior" is a requirement of the samurai. This is not included in the passage given to Raita Fujiyama, but normally, this is interpreted as "one does not covet private profit". The implication that "one does not go after private profit" is included in "the nobility of spirit". Fukuzawa emphasized both engaging in business and obtaining private profit, but on the other hand argued that one should not seek only private profit. This seems to be a contradiction. How is the adjustment between private(personal) profit and public profit done, according to Fukuzawa? He argues that private profit and public profit will blend themselves together through competition; personal profit will gather to become national wealth. There exists a prerequisite here; that is, it is not a gathering of personal profits of what Fukuzawa calls ordinary citizens. It is a gathering of the profits of spiritually noble businessmen which will constitute public profit. This is a striking resemblance to the proposition, "the individual's independence, then the nation's independence". Only when there is a gathering of individuals who are independent and have self-respect will there be independence for a nation; a gathering of uncivilized persons will not lead to civilized nation.

22) Y. Fukuzawa "Fukuo Hyakuwa" Zenshu vol. 6 p. 260

23) In Depth of Thought, must one be as the philosopher In Nobility of Sprit, must one be as a warrior To which further add the Skills of the Bureaucrat, To which further add the Body of the Peasant For only such can aspire the Greatness in the Realm of Commerce.

Eichi Shibusawa claimed that regarding private and public profit, the latter takes preference. This is what is called the “samurai spirit combined with business shrewdness”, but in this case, the “samurai spirit” is more important. First, there was public duty, then business shrewdness. The latter leads to private profit. There is a big difference between Shibusawa’s theory of “samurai spirit combined with business shrewdness” which argued that first there was public profit, then private profit, and Fukuzawa’s theory of blending of public and private wealth. However, in reality, there is no big difference between the two. This is because there existed the prerequisite Fukuzawa stated: that the spirit of the businessmen was honest and noble.

What was the relationship between the spirit of private acquisition of wealth necessary for modernization and industrialization, and the samurai-student’s noble spirit? There appears to be a contradiction between the two. The merchant class which existed during the Meiji Restoration were ordinary citizens who were intent on acquiring wealth, on top of that they had no knowledge of newly imported industries from civilized countries. Hence, there existed a reason for the appearance of the samurai student. Furthermore, the samurai class who no longer received a stipend also needed a job. Yataro Iwasaki said “to hire a person of low taste or to hire a samurai student has its advantages as well as disadvantages: it is difficult to raise a person of low taste into a student, but it is easy to turn a samurai student into a person of low taste”.²⁴⁾ Hence, the samurai student was hired.

Samurai students who made themselves businessmen were different from ordinary citizens who were intent on making money, so this could not be the former’s ultimate goal. There exists a peculiarity of Japanese capitalism where the development of industry and the production industry are not directly linked to wealth. Of course one can not deny that if industry prospers, it is possible to acquire private profit as a result, but this is not the initial goal. People who worked hard to introduce new industry into our country were specifically called “jitsugyoka” (businessmen). Fukuzawa called these new businessmen “shinsho” (gentlemanly merchants, that is, merchants with noble spirit) or civilized merchants. However, these terms were inadequate and finally he called them “jitsugyoka”. Originally, the notion of “businessmen” was that they were supportive of public affairs and assumed the responsibility for new industries imported from civilized countries.

Conclusion

The managerial nationalism in the period of sudden rise of Japanese capitalism could be designated as the private acquisition of wealth linked to the production industry. But it is not clear whether this has been continued until the present and whether the “rejection” of private wealth actually is the entrepreneurial objective. Nevertheless, it is an exception within the framework of capitalism to conceal the seeking of profit. The fact

24) Y. Fukuzawa “Zitsugyo ron” Zenshu Vol. 6 P. 156

that the social status of businessmen is extremely high would be inconceivable without the tradition from the Meiji period.

The industrial revolution newly added the business class on top of the traditional social system but the relation between the two was extremely important. This is because the industrial class produced a change in the social structure with a force which differed from the past both in terms of quality and quantity. Generally, in the West, the stability of a new era was attempted to be devised by distinguishing the business class from the aristocrats. This was a relatively successful strategy when one considers the discrimination of Jews during the sudden rise of the merchant class in the Medieval period. As mentioned before, in England and in continental Europe, this tradition is still said to exist. Furthermore, the adjustment strategy between public and private profit —that is, between private wealth and the society — is a volunteer activity, in other words, a charity. The Carnegie Foundation was originally founded when Andrew Carnegie attempted to establish public libraries in several areas, and Julius Rosenwart's attempt to establish agricultural training centers in several areas later became the 4H club.

In the West, personal profit is pursued; then, this is publicly distributed and utilized. On the other hand, in Japan, the adjustment was made within the corporation. The moral consciousness that "we are not working for profit" is planted firmly within the corporation. Operating the production industry is not a private but a national business and is an extremely important affair which should be undertaken by businessmen who are descendants of the samurai class. Therefore the corporation's view of profit is important and it does not mean the more profit, the better. The salary of the directors and presidents should not be excessive.

Fukuzawa insisted that the samurai become businessmen and undertake the industrial revolution. This insistence has been realized, and as a result, the social status of businessmen has risen to a level unparalleled in other countries, and many people were attracted to the industrial world. This was successful in that elites of the feudal era were efficiently utilized in the new world. However, on the other hand, the sentiment of the samurai gentlemen still remained in the feudal era and they felt guilty seeking private profit. Here one can see the formation of capitalism's ethics which differed from Euro-American capitalism. Entrepreneurial activities are not merely a method of obtaining private profit; but it is an activity which should be designated as a national affair. The social status of businessmen who work in these industries is high; and we now live in a world where it is extremely interesting to see whether this social characteristic would continue into the future, or it would internationalize and its peculiarity would disappear. It is impossible to foretell the future, but aside from whether the enterprises would continue to function as a means of adjustment between public and private profit, or whether they would first seek private profit and later, attempt to distribute that profit, we can clearly say that the leaders of the enterprises must have a certain sense of ethics. In that sense, as Fukuzawa has pointed out, those in the industrial world must be business elites.