

## Brotherhoods and Stock Societies: Guilds in Pre-modern Japan

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### ***Introduction***

The history of guilds is closely tied to political, economic and social history. For this reason, the organizations called guilds can vary widely over time and space. In Japanese history there are two organizations usually translated as guilds that are quite different from each other because they flourished in very different periods of Japanese history. Both organizations were associations of people with the same trade or similar commercial interests and both organizations took steps to protect and advance the commercial rights of their members including attempts to gain monopoly control of certain commodities or markets, but otherwise they were quite different from each other.

The structure that represents guilds in medieval Japan (794-1573) is the *za*.<sup>2</sup> *Za* literally means "seat" and may refer to a seat in village or shrine brotherhood meetings, these brotherhoods being one origin of the medieval guild organization. *Za* may also have referred to a seat or stall in a market or a seat at a ceremonial

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<sup>2</sup> I am defining Medieval Japan as from the beginning of the Heian period to the end of the Muromachi period, the year the last Muromachi *shogun* was deposed by Oda Nobunaga.

function of the patron<sup>3</sup>. In all of these cases, the seat represented the right to be a member of the organization. Because the term is based on medieval shrine brotherhoods that acted to mediate conflict in villages, I refer to these medieval guilds as “brotherhoods” to distinguish the *za* from the early modern organization called *kabu nakama*. This distinction is also important because, although the *za* were abolished as Japan re-unified in the sixteenth century, the early modern state re-established some *za* in the seventeenth century to establish and maintain monopoly control of certain trades and industries such as silver and the minting of silver coins. These early modern *za*, however, were also quite different from the other organization, *kabu nakama*, also translated as guild.

Although many scholars refer to the *kabu nakama* as guilds, there is also some debate over this designation as some scholars refer to them as trade associations or trade unions.<sup>4</sup> *Kabu* literally means “tree stump”, but is also the word used for shares of stock in joint stock companies. *Nakama* literally means “members” or “colleagues” in an association or society. Since membership in *kabu nakama* depended on ownership of *kabu* which could be sold, borrowed, traded, inherited, increased and generally acted like shares of stock, I will call these organizations “stock societies”. In this way I avoid confusion between two different co-existing organizations both translated as guilds and can compare their functions in early modern society without seeming to compare guilds with guilds.

The purpose of this study is to discuss the history of guilds in Japan focusing on these two organizations: brotherhoods and stock societies. I will address these organizations chronologically and so begin with the medieval brotherhoods called *za* followed by their early modern transformation. Then I will move on to the stock societies called *kabu nakama* before concluding with a discussion of guilds in Japan.

### **Medieval Brotherhoods: the *za***

In the ancient Japanese state all land belonged to the state and peasant farmers paid tax to the state in the form of agricultural produce, corvée labor and

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<sup>3</sup> Pierre François Soury, *The World Turned Upside Down: Medieval Japanese Society*, transl. by Käthe Roth, (New York, NY: Columbia University Press 2001) p86. Suzanne Gay, *The Moneylenders of Late Medieval Kyoto*, (Honolulu, HI: University of Hawai'i Press 2001) p57.

<sup>4</sup> Ishii Ryosuke, a famous legal historian for example, uses *kumiai* to describe the *kabu nakama*. *Kumiai* is the word for trade association or union in modern Japanese society. Ishii Ryosuke, *Shonin*, [Merchants], (Tokyo: Akashi Shoten 1991) pp. 78-85.

service. However, there were also many non-agrarian commoners living in the mountains or along the coasts. These people also paid tax in the form of non-agricultural tribute.

During the early medieval period known as the Heian period (794-1180), religious institutions such as shrines and temples as well as individual members of the nobility with political power began to claim private ownership of various lands forming complex estates where the peasants paid rent to their overlords instead of taxes to the state. Gradually the newly emerging warrior class, who themselves often came from the lower ranks of the nobility, took over management and rent collection in these estates as well as their official functions of police, lower courts, defense, and tax collection. Eventually, during the Kamakura (1180-1336) and Muromachi (1333-1573) periods, warrior leaders called *daimyo*, claimed the estates as their own autonomous domains.<sup>5</sup>

In the 11<sup>th</sup>-13<sup>th</sup> centuries the non-agrarian tribute commoners also came under the private patronage and protection of various authorities such as religious institutions, the emperor and members of the nobility in groups rather like another kind of estate. These groups provided non-agricultural tribute such as fish, wood, salt, and other products as well as services in exchange for exemptions from commercial taxes, safe conduct ensuring the freedom to travel and tax-exempt rice land.

These non-agrarian groups frequently called themselves brotherhoods partly because many had religious institutions as their patrons. The first appearance of such brotherhoods in the sources is the wood-cutters brotherhood of Yase, north of the capital Kyoto, in 1092. The Yase wood-cutters brotherhood received the license to sell firewood in Kyoto in return for cutting timber and bearing the palanquin of their patron. Some other early brotherhoods include the sword-smiths sponsored by Todaiji temple in 1118 and the sake brewers sponsored by Gempukuji temple in Nara in 1183.<sup>6</sup>

The use of the term “*za*” for these brotherhoods likely began with the village shrine brotherhoods called *miya za* which held meetings in the shrine allowing for

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<sup>5</sup> Souryi gives a pretty good synthesis of this process in his work, Pierre François Souryi, *The World Turned Upside Down: Medieval Japanese Society*, transl. by Käthe Roth, (New York, NY: Columbia University Press 2001), but also see William Wayne Farris, *Heavenly Warriors: The Evolution of Japan's Military, 500-1300*, (Cambridge, MA: Harvard University Press 1995) and John W. Hall and Jeffrey P. Mass (eds), *Medieval Japan: Essays in Institutional History*, (Stanford, CA: Stanford University Press 1975).

<sup>6</sup> Suzanne Gay, *The Moneylenders of Late Medieval Kyoto*, 2001, pp.56-61.

open discussion where decisions were made on worship, shrine repair and maintenance, pilgrimages, and where internal community conflicts and problems were addressed and solved. During the thirteenth century these brotherhoods that paid tribute and provided services in return for commercial rights and protection included itinerant peddlers, artisans, merchants as well as people participating in other non-agrarian economic activities. Performing artists, for example, also organized as brotherhoods taking various shrines and temples as their patrons.

As the warrior class gained more and more control of the agrarian estates, becoming patrons to non-agrarian brotherhoods, especially commercial brotherhoods that brought together merchants and artisans with identical occupations, became more important for the nobility. Brotherhood members would pay a tax to their patron to obtain license to trade in various markets, or preferably a monopoly on sales in a given market or region together with tax and toll exemptions including the right to circulate freely.<sup>7</sup> The patron also provided protection against intimidation by other patrons and other brotherhoods as well as assistance in settling disputes with outsiders.<sup>8</sup> The ability of the patron to provide this protection also represented the political power and status the patron could command.<sup>9</sup>

While brotherhoods were associations of people trading in the same product or with the same occupations, membership did not depend on locale making geographic solidarity difficult.<sup>10</sup> Moreover, brotherhood rights to a place in a market were specific to each market since each market was controlled by a separate political authority. So, brotherhoods tried to extend their commercial rights to as many markets as possible and gain monopoly rights in a market if they could, but this was a complex process. A merchant or a group of merchants from a village, group of villages, or other geographic region might work together for mutual protection and profit to extend their rights. They would join a variety of brotherhoods since each commodity would have separate brotherhoods and access to each market or even region of markets might be controlled by different political authorities who gave privileges to different brotherhoods. Access to these markets depended upon the

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<sup>7</sup> Souryi, pp. 153-4.

<sup>8</sup> Suzanne Gay, pp. 56-61.

<sup>9</sup> Hitomi Tonomura, *Community and Commerce in Late Medieval Japan: The Corporate Villages of Tokuchin-ho*, (Stanford, CA: Stanford University Press 1992), p136. See also Toyoda Takeshi and Sugiyama Hiroshi, "The Growth of Commerce and the Trades," in John W. Hall and Toyoda Takeshi (eds), *Japan in the Muromachi Age*, (Berkeley and Los Angeles: University of California Press 1977) pp. 129-44.

<sup>10</sup> Suzanne Gay, 56-61.

influence of the patron(s) of the sometimes multiple brotherhoods that members of the group belonged to. For example, the merchants of the Tokuchin estate in Omi province included members of the cloth, salt, paper and horse brotherhoods. They had the right to trade in a number of markets, each negotiated separately for each market and each brotherhood.<sup>11</sup>

Some markets had "home" brotherhoods that had monopoly rights over certain commodities in that market, but not over other commodities. There were also some large markets that had no "home" merchants or brotherhoods and accommodated outside brotherhoods in a variety of commodities. Brotherhoods that had "home" markets nevertheless traded at other markets too. So there could be a great deal of competition between brotherhoods trying to gain the right or monopoly rights to trade in one or another markets, but this was not the only area where brotherhoods competed against each other. Brotherhoods or merchant groups might also have to compete for the rights to use certain roads that led to other markets. The merchants of the Tokuchin estate, for example, had their goods confiscated by a brotherhood they were not a member of on the way to a market they had the right to trade in, but had not been to for several years. The other brotherhood claimed that the Tokuchin merchants did not have the right to use the road. This and other disputes were settled in courts where the patrons of the various brotherhoods competed to protect and extend the rights of their brotherhoods.<sup>12</sup> Brotherhoods also competed for access to raw materials with the final goal to establish a monopsony over a raw material necessary for the production of other commodities.<sup>13</sup>

Thus, merchants competed for access to membership in a variety of brotherhoods while brotherhoods competed with each other for use of or control over the roads that led to certain markets. Brotherhoods also competed for the right to trade in or even monopoly control of individual markets and likewise competed for access to and monopsony control of certain resources necessary to producing the commodities they traded in. Moreover, all of these rights and privileges depended upon having patrons with the power and influence to enforce them. Patrons also competed with each other in this legal and political arena since, during this period of increasing disunity, authority was diffuse and complex. Moreover, the income of the

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<sup>11</sup> Hitomi Tonomura, *Community and Commerce in Late Medieval Japan*, pp. 104-6.

<sup>12</sup> Hitomi Tonomura, pp. 135-8

<sup>13</sup> Suzanne Gay, 56-61.

nobility logically depended on their ability to provide legal and political protection to brotherhoods and enforce market access and privilege so as to attract other brotherhoods willing to have them as patrons. They too were in competition with each other as well as with the clergy and the growing warrior class.

So brotherhoods did not protect merchants and artisans from the demands of political authorities. Rather, political authorities protected brotherhoods from attacks and competition from other brotherhoods and assisted brotherhoods in gaining advantages in supply, highway access and market access vis-à-vis other brotherhoods. In return, patrons gained support in the form of dues and service as well as the means to prove and improve their political status by providing that protection and assistance. Thus, although guilds are generally thought to reduce market competition, the brotherhoods of Medieval Japan changed the nature and broadened the arena of competition. Market competition went far beyond that between individual merchants and artisans producing and selling the same commodity, to competition between brotherhoods, between merchant groups that joined multiple brotherhoods and between the patrons of these brotherhoods.

After the Onin Civil War of 1472 that continued as the Warring States period of Late Medieval Japan, the political power of individual patrons was not comprehensive and often not even effective. The system came to an end as the new and more powerful *daimyo* domain lords abolished the brotherhoods to promote the development of commercial activities in their domains, and particularly in the castle towns. Japan re-unified during the latter part of the sixteenth century under the leadership of the warlords Oda Nobunaga, followed by Toyotomi Hideyoshi and finally Tokugawa Ieyasu. During the process of unification, these warlords abolished brotherhoods and monopoly markets altogether to stimulate free trade. This policy was continued by the Tokugawa regime throughout most of the seventeenth century with some important exceptions.<sup>14</sup> By doing this, the unifiers established the economic importance of the castle towns as free markets. They also removed non-agrarian means of economic support from the old nobility and reduced the political and economic power of the religious institutions thereby establishing themselves as the central economic as well as political authority of a unified Japan.<sup>15</sup>

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<sup>14</sup> Suzanne Gay, 56-61, 205-7.

<sup>15</sup> Hitomi Tonomura, 151-69.

### ***Early Modern Brotherhoods: za under the Tokugawa regime***

The medieval brotherhoods had private, personal relations with their patrons who had private power. The brotherhoods competed against each other and the patrons competed against each other and competed with the public power of the state. During the re-unification of Japan in the sixteenth century, abolishing the brotherhoods was also a way to deny and destroy competition from private powers and strengthen the public power of the newly centralized state. At the same time, the unifiers found the control of certain brotherhoods useful as a way for the state to establish monopoly control of certain important industries.

Toyotomi Hideyoshi, for example, claimed the gold and silver mines for state ownership.<sup>16</sup> Tokugawa Ieyasu continued this policy and also established gold, silver and copper brotherhoods that had the Tokugawa regime as their patron. This was an important step for the centralization of state control over the economy in several ways. During the medieval period, while the economy increasingly was a cash economy, the common currency was foreign coins: Chinese silver coins of the Ming or even the Song dynasties, and some Portuguese and Spanish *reals* and *pesos*. However, there was not enough supply of foreign currency to keep up with the expansion of the domestic economy during the sixteenth century and more and more transactions were made in rice. The burgeoning silk textile industry sent much of the foreign currency flowing outside of Japan as Japanese merchants imported huge amounts of raw silk from China.<sup>17</sup>

The Tokugawa regime established a new framework for the Japanese economy based on rice and native currency minted by the government in gold, silver and copper. The gold, silver and copper brotherhoods were established to mint the coins and supply the domestic currency.<sup>18</sup> Portuguese merchants, however, were also exporting 18-22 thousand tons of Japanese silver per year, so the Tokugawa regime made the export of silver that was not in the form of currency illegal. There was much smuggling, particularly by the Portuguese, and the Jesuit Society also exported huge amounts of silver in the form of donations. The Nagasaki silver brotherhood was established in 1609 to police the outflow of silver and control the smuggling that

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<sup>16</sup> Kobata Atsushi, "Kogyo," [Mining], in Kodama Kota (ed), *Sangyo shi II*, [Industrial History], (Tokyo: Yamakawa Shuppansha 1965), p. 144.

<sup>17</sup> Iwahashi Masaru, "Tokugawa keizai no seido wakugumi," [The framework of the Tokugawa economic system], in Hayami Akira and Miyamoto Matao (eds), *Keizai shakai no seiritsu, 17<sup>th</sup>-18<sup>th</sup> centuries*, [The development of economic society], (Tokyo: Iwanami Shoten 1992) pp. 85-128.

<sup>18</sup> Iwahashi Masaru, 114-128.

was finally halted when the Portuguese were expelled, foreign trade was brought under government control and Christianity was banned.<sup>19</sup>

Another important brotherhood established by the Tokugawa government was the measures brotherhoods of Kyoto and Edo. Measuring cups made of wood and iron manufactured to the sizes standard in Kyoto had already become the *de facto* standard size in much of Western Japan by the early seventeenth century. The Tokugawa regime appointed Fukui Sakuzaemon, a master carpenter who also manufactured measures in Kyoto, to be the head of a new measures brotherhood in Kyoto in 1669. The Edo brotherhood was ordered to harmonize their measures to the Kyoto sizes and the two brotherhoods were granted monopolies in the manufacture of measures and use this monopoly to standardize the measures of Japan. Since the Tokugawa political system included some 260 semi-autonomous domains, this did not mean that the two brotherhoods had an actual national monopoly on the manufacture and sale of measures. Instead, the head of the brotherhoods traveled to provinces in Japan to inspect the measures there to maintain the standard. At the same time, in spite of the monopoly rights, the government also used the brotherhoods to suppress the prices of the measures. Each new head of the Fukui house, head of the Kyoto brotherhood, for example, had to swear an oath to maintain the established prices and the brotherhood could only raise prices with government permission.<sup>20</sup>

In summary, during the process of re-unification, the leaders of the newly unified Japan abolished commercial and craft brotherhoods as obstructing commercial market expansion and supporting private political power to rival the public power of the state. However, establishing new brotherhoods also became useful to the Tokugawa regime to centralize control of certain key industries, centralize state economic power and create the necessary framework for national markets. These early modern brotherhoods had the state as their patron and were granted monopolies for the purpose of state control rather than for personal profit allowing the state to control certain aspects of international trade, the monetary system and national standards of measurement.

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<sup>19</sup> Tashiro Kazuo, "Tokugawa jidai no boeki," [International trade in the Tokugawa period], in Hayami Akira and Miyamoto Matao (eds), *Keizai shakai no seiritsu, 17<sup>th</sup>-18<sup>th</sup> centuries*, [The development of economic society], (Tokyo: Iwanami Shoten 1992) pp.129-170.

<sup>20</sup> Kyoto City Library for Historical Documents (ed), *Kyo masu za Fukui ke monjo*, [The documents of the Fukui family of the Kyoto measures guild], (Kyoto City 2001), pp. 7-16.



### ***Early Modern Stock Societies: the kabu nakama***

Although the Tokugawa regime abolished brotherhoods with private patrons of the medieval type, the regime also authorized and used some brotherhoods for the purpose of establishing state control of certain occupations.

The regime also established or authorized a number of stock societies in the seventeenth century for a similar purpose. For example, the Edo pawn brokers society was established in 1642 to control interest rates on loans. The used clothing and used instruments (furniture, utensils, etc.) societies were established in 1645 to police these shops and prevent them from becoming outlets for stolen goods. Later, the Edo society of employment agents was likewise established in an attempt to control labor scams.<sup>21</sup>

These earlier societies tended to be established by government order. The government would establish something called "stock" and ownership of shares of stock acted as a license to operate a business in that occupation. The stock was defined geographically as well as by occupation and the stock would be split into groups and sub-groups so that each grouping had around thirty members or less. This facilitated the policing of members and enforcement of prohibitions and contracts. The number of shares available to the society determined the size of the membership. Members could buy more shares and sell or lease their shares, but the movement of shares outside the geographical region defined by the society was prohibited. So, on the one hand these shares represented a license to operate a business and, on the other hand, these societies had monopoly rights to operate in the specified markets. Theoretically the societies could act as cartels. However, the purpose of the Tokugawa regime establishing or authorizing the societies was to provide for self-policing and enforcement of legal restrictions well as to control and suppress prices.<sup>22</sup>

The sake brewing industry is one example of a society established by the state as a licensing mechanism where membership (stock ownership) was required to operate a business. Rice was a core feature of the Tokugawa economic system and

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<sup>21</sup> Yunoki Manabu, *Sake zukuri no rekishi*, [History of sake brewing], (Tokyo: Yuzankaku Shuppan 1987) p. 48.

<sup>22</sup> Yagi Tetsuo, "Kinsei no shokogyosha to toshi," [Early modern commercial crafts and cities], in Nakamura Yoshinao (ed), *Shakai shi II*, [Social history], (Tokyo: Yamakawa Shuppansha 1982), pp. 169-172.

could substitute for cash. For this reason, sake brewing particularly concerned the Tokugawa regime since distribution and trade in rice affected the price of rice and had direct consequences for the national economy. Controlling the amount of rice used by the brewing industry was, therefore, one important reason the regime established brewing stock in 1660 and required ownership of shares as a license to brew. A stock certificate showing ownership of shares of brewing stock was a wooden plaque that recorded the volume of rice the brewer was allowed to use for brewing per year according to the kind of rice. The license also defined the location the business could operate by province, district and village or city. The amounts and types of rice the brewer had license to use was his share of the brewing stock. The location defined which brewing society he belonged to. The standard shares only licensed the brewer to brew and sell his sake in the local markets. The rice could be polished white rice, unpolished brown rice, or un-hulled rice.<sup>23</sup>

Members could not sell or lease these shares to brewers outside of the defined region. Of course, this also meant prohibitions against unlicensed brewing which was enforced by confiscation of the tools for brewing. Society members therefore had a monopoly on brewing for their particular market, but membership meant both a license to brew and also limitations on how much and where they could brew and sell. There were also other kinds of brewing stock. Sake shipped to the Edo market, for example, was yet another brewing stock available to members of certain societies. Shares of this stock were available for a price and these shares were separate from local market shares allowing access to more rice and production of greater volume. Unlike the local shares, the Edo export shares could be sold or traded outside the region or market of the original license.<sup>24</sup>

Although the state established certain stock societies for government convenience, spontaneous formation of commercial stock societies was banned in 1657. Nevertheless, ten Edo wholesalers spontaneously formed their own society in the Genroku era (1688-1704) for the purpose of establishing coastal shipping circuits and addressing maritime shipping problems in the face of losses due to pirates. In these activities, the society members pooled their investment in ships and shipping. This society did not receive state recognition at first, but in the early eighteenth century the Tokugawa regime came to authorize such societies and even promoted

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<sup>23</sup> Yunoki Manabu, *Sake zukuri no rekishi*, pp. 47-8.

<sup>24</sup> Yunoki Manabu, pp. 49-53.

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In 1715, the state ordered wholesalers to form stock societies to control the coinage in circulation. Silver had continued to be a problem in spite of the silver brotherhoods and silver continued to flow out of Japan in international trade, particularly due to the high demand for raw silk. Under the shogun Tsunayoshi (1680-1709), the regime fiddled with the quality of the silver used in the coinage, changing it several times. This resulted in great confusion in the market as to the actual value of coins as well as price inflation. After Tsunayoshi's death, there were efforts to bring the economy back in line and the authorization and requirement of wholesalers stock societies were a way to control the coins in circulation. These societies were also useful when the eighth shogun Yoshimune instituted controls to hold prices down in 1721 as part of his Kyoho reforms. At this time, far from discouraging stock societies, merchants, artisans and manufacturers in various occupations were required to form and join stock societies.<sup>25</sup>

One other way the stock societies were useful to the state was that they policed themselves. The regulations of most societies included that if one member violated a contract or cheated, the other members would not do business with him. Similar exclusions were applied to customers, suppliers or other business partners the members dealt with in their business. Another regulation was an agreement that no member would hire an employee that had been fired for misconduct by another member. Moreover, a former employee could only join the society as a full-fledged member if his former employer introduced him. These regulations served as mechanisms to enforce contracts and control misconduct, cheating and other corruption in commerce in a society that had both national markets and a decentralized political and legal system.<sup>26</sup>

For example, the Nishijin silk brokers formed a stock society in the early eighteenth century for buying raw silk. The society agreed upon the years a skilled worker had to work before he would be accepted as independent and various other membership rules as well as a requirement for oversight of the skill level of adopted sons. At the same time, members agreed upon expulsion as punishment for causing loss or damage to another member's business, to report on deals outside the society

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<sup>25</sup> Ishii Ryosuke, *Shonin*, [Merchants], (Tokyo: Akashi Shoten 1991), pp. 78-85. Iwahashi Masaru, "Tokugawa keizai no seido wakugumi," 114-128.

<sup>26</sup> Miyamoto Mataji, *Kabu nakama no kenkyu*, [Research on *kabu nakama*], (Tokyo: Yuhikaku 1938). Tetsuji Okazaki,

and not unilaterally pretend to represent the society, and to not take on new customers that had unpaid bills with other members.<sup>27</sup>

Although the societies had their own hierarchy of officers, they were in many ways egalitarian organizations and that is partly why the policing functions worked. This is particularly interesting since merchant federations formed on the stem and branch framework of a stem family lineage were hierarchical. Many a society, however, had both stem and branch members of a federation as equal members of the society thereby allowing the branch to act independently and facilitating the independence of the branch business. A society was a kind of community and the communal aspects became as important to members as the economic ones. A society provided insurance and assistance to its members, had its own festivals and ceremonies, and members even went on tours and enjoyed other leisure activities together.<sup>28</sup>

Since membership in a stock society was similar to a license to participate in a specific market and could also limit the members, the stock societies also became a vehicle for achieving and protecting monopoly rights and some groups spontaneously formed commercial stock societies hoping to establish monopoly rights and keep non-members out of their market. One example of this attempt is the Kyoto soy sauce brewers society.

The soy sauce brewers of Kyoto requested permission to form a stock society in 1755 for the purpose of "clearing up confusion in the market" as there were no standard units of measure used for the sale of soy sauce, no standards for pricing and they wanted to prevent any single or group of brewers from buying up and stockpiling the supplies necessary to brew soy sauce. No restrictions were placed on joining the society or the number of shares available except that when a former employee of a member wished to join, he needed to be introduced by that member. The Kyoto soy sauce brewers' society had 176 members and was sub-divided into three large groups that were each further subdivided into 4-7 smaller groups. One month later the society requested and received permission to exclude brewers from outside of Kyoto thus giving the local brewers monopoly protection. This exclusion was granted, but never successfully enforced. Brewers from Bizen province had

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<sup>27</sup> Yagi Tetsuo, "Kinsei no shokogyosha to toshi," [Early modern commercial crafts and cities], in Nakamura Yoshinao (ed), *Shakai shi II*, (Tokyo: Yamakawa Shuppansha 1982), p178.

<sup>28</sup> Yagi Tetsuo, "Kinsei no shokogyosha to toshi," pp.169-172.

already been exporting soy sauce to Kyoto for a number of years and merchants and manufacturers of various commodities in Bizen had been exporting to Kyoto since 1606.<sup>29</sup>

The Kyoto brewers complained that the outside brewers were selling directly to retailers and the public, bypassing the wholesalers and brokers that the Kyoto brewers used. In response, the Bizen soy sauce wholesalers in Kyoto also organized their own stock society. There was some attempt later to absorb them into the local brewers society, but they refused to join. At the same time, brewers in Harima, Osaka, Omi and Sakai also exported soy sauce to Kyoto and likewise sold directly to the retailers and the public. These outside wholesalers then formed the outside soy sauce brewers society in 1772. After a major fire in 1788, the societies were dissolved and licensing requirements cancelled for a while to re-start the economy. When the societies re-formed in the nineteenth century, a new requirement was added of one wholesaler and one retail shop for each brewery. At no time did the local brewers society succeed in preventing non-members from operating in the Kyoto market and the outside wholesalers representing major regional brewing industries actually came to dominate the Kyoto market by offering better quality at lower prices. So, this is an example of a stock society formed to establish and protect monopoly rights, but unable to successfully enforce them. One factor in the difficulty of enforcing those rights was that daimyo of domains exporting soy sauce to Kyoto also exerted pressure to allow the wholesalers to sell without joining the society.<sup>30</sup> Apparently monopoly rights were not so easy to establish and enforce, even with a stock society.

During the latter half of the eighteenth century the Tokugawa regime required stock societies participating in the national market to pay dues and taxes to the state. The regime also promoted more and more occupations to form stock societies and the expansion of their membership in an effort to expand production and commerce. The Edo ten group wholesalers society authorized in the early eighteenth century, for example, expanded to sixty-five groups with 1,995 shares of stock by the nineteenth century. This policy also provided commercial revenue for the state while using the stock societies to enforce contracts and maintain the infrastructure for commerce.

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<sup>29</sup> Fujita Akinori, *Kyoto no kabu nakama: sono jissho teki kenkyu*, [The *kabu nakama* of Kyoto: case studies], (Kyoto: Domeisha Shuppan 1987), pp. 2-43.

<sup>30</sup> Fujita Akinori, *Kyoto no kabu nakama* pp. 2-43.

The stock societies were also expected to hold prices down, although many suspected them of using their monopolies to keep prices high. Under this belief, the stock societies were abolished in 1841 thinking that abolishing them would help to reduce prices. The consequences, however, were general confusion in the market and price inflation. So the stock societies seem to have been quite successful as a mechanism for government control of the market.<sup>31</sup>

In summary, stock societies acted as licensing mechanisms with membership representing, at minimum, license to operate a business in a specific market. Membership was defined as ownership of shares of stock and societies had various rules over who could become a member. These rules can be seen as the qualifications for a license. Membership could be either limited to a specific number of members or unlimited except to the qualifications for entrance. When shares were limited, stock societies could become monopoly associations with monopoly control of a market, but this was not always easy or possible to achieve.

While stock societies could form spontaneously for the cooperation of the members, many societies were established by the state with membership required. The state used the stock societies to police the market using peer pressure and commercial or economic pressure to enforce contracts and police cheating or other criminal activities. The state also used stock societies for the micro-management of the economy with regard to the money supply, the coinage in circulation, interest rates on loans, the rice absorbed by sake brewing, international trade, suppression of prices and other concerns. The state later found the dues and taxes paid by stock societies to be a convenient source of revenue, but this concern was likely secondary to the policing and economic management functions that also facilitated economic growth.

### ***Brotherhoods and Stock Societies as Guilds: Concluding discussion***

I have briefly surveyed the histories of two organizations in two different periods of Japanese history frequently identified as guilds in the research literature. These two organizations were rather different from each other. Moreover, the early modern brotherhoods were somewhat different from the medieval brotherhoods. In this section I compare these organizations with general characteristics of medieval

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<sup>31</sup> Ishii Ryosuke, *Shonin*, pp. 78-85.

European guilds.

I began with a working definition of a guild as an association of people with the same trade or similar commercial interests that takes steps to protect and advance the commercial rights of its members. This definition fits both brotherhoods and stock societies as well as a great many other groups including trade and labor unions, trade associations and even consumer protection groups. Now I add a number of general characteristics of medieval European guilds for comparison with the two Japanese organizations that have been the focus of this study because scholars referring to these organizations as guilds usually have the European guilds in mind. For convenience, I use the description in Gary Richardson's article, "Medieval Guilds" found in the EH.Net Encyclopedia.<sup>32</sup> For this discussion, I will call the guilds of medieval Europe simply "guilds" and continue to call the other two organizations brotherhoods and stock societies.

One important characteristic of guilds is that of contract enforcement, both among members and between members and outsiders. Contract enforcement and policing of members was certainly one of the main functions required of stock societies by the Tokugawa state. The reason for the enforcement was not necessarily the community responsibility system as claimed for guilds, although Tokugawa society also institutionalized community responsibility in its social system. The medieval brotherhoods, however, were far more dependent upon their patrons and the abilities of their patrons to manipulate the courts in their favor, although certainly one function of medieval brotherhoods was addressing conflict and settling disputes between members. This function was also true for the non-commercial brotherhoods and village communities.

Guilds also protected their members from political authorities in other lands who might try to seize money and merchandise from foreign merchants as an easy source of income. The danger of attack and seizure of goods and merchandise in medieval Japan, however, came from other brotherhoods. This was one method brotherhoods used to defend and extend their commercial rights and privileges. These disputes were ultimately fought out in the courts between the patrons of the brotherhoods. So, rather than the brotherhoods protecting their members from predation by political authorities, their patrons as political authorities protected the

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<sup>32</sup> Gary Richardson, "Medieval Guilds," in Robert Whaples (ed), EH.Net Encyclopedia, 7 October 2005, <http://eh.net/encyclopedia/article/richardson.guilds>.

brotherhoods against predation by other brotherhoods. Under the Tokugawa regime as well, the only issue of predation was from pirates and bandits, and ultimately the legal and political authority of the state had responsibility for this protection. Indeed, the contract enforcement and policing aspects of the stock societies were part of the mechanism of legal protection.

Guilds were also known to have unusual influence in local governments. In Japan, neither the brotherhoods nor the stock societies had much political influence. If anything, the political authorities had inordinate influence upon the brotherhoods and the stock societies, particularly under the Tokugawa regime where the state made use of the societies to manage the economy.

Like the guilds, the medieval Japanese brotherhoods tried to manipulate input and output markets to their own advantage establishing both monopoly rights in markets and monopsonies toward raw materials if possible. These practices were one factor behind the abolishment of the brotherhoods and the establishment of "free markets" during the sixteenth century. Under the Tokugawa regime, the state used the stock societies to limit and manage access to input and output markets as part of the state management of the economy. Instead, stock societies were more likely to establish reputations for quality, another strategy used by guilds. At the same time, stock societies had the possibility of monopoly control of specific markets, but this was not always easy to enforce. Moreover, monopoly control usually suggests high prices, but one reason the state began to promote stock societies was to suppress prices and at least some societies had to apply for state permission to raise prices. The dramatic rise in prices after stock societies were abolished in 1841 is usually thought to prove the effectiveness of the state strategy to use the stock societies to suppress prices.

Little is known about the labor market during the medieval period of Japanese history, but labor included some combination of free and un-free labor as well as indentured labor. Stock societies during the Tokugawa period certainly tried to manage labor markets, especially to control the human capital of skilled labor. However, commercial expansion from at least the latter part of the eighteenth century made labor a sellers market and the stock societies were more concerned with finding and maintaining labor supply than lowering wages.<sup>33</sup>

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<sup>33</sup> Mary Louise Nagata, *Labor Contracts and Labor Relations in Early Modern Central Japan*, (London and New York: Routledge Curzon Press 2005).



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Brotherhoods and stock societies both share certain characteristics with guilds. These characteristics do not always overlap with each other, but these characteristics are likely behind the interpretation of these organizations to have been guilds. Nevertheless, the Japanese organizations differ from guilds in very important ways, particularly in their relation to political authority. Indeed, the main characteristic that brotherhoods share with guilds is the manipulation of markets to establish monopoly control of both the commodity and the resources necessary to produce the commodity. Even the issue of mutual protection is aimed at other brotherhoods rather than other political authorities. The stock societies also share important characteristics with guilds in their enforcement of contracts. However, stock societies were important agents of state management of the economy rather than acting against the state. In the end, the key difference between the Japanese groups that are called guilds is their alliance with and support of political authorities and state power. In this light, can we call them guilds?