

primarily the United States, Great Britain, and the Netherlands.

A year after the opening of hostilities with the West, the Greater East Asia Ministry (Dai Tō'A Shō) (GEAM) was formed by the Japanese government in November 1942 during Army general Tōjō Hideki's first cabinet as prime minister. During Tōjō's tenure, the Army-dominated GEAM maintained some 100,000 officials dispatched overseas for the coordination of Japanese political, ideological/cultural, and economic policy in GEACS. This management of this overseas activity was divided into three separate GEAM bureaus, one each for Manchurian, Chinese, and "Southern" affairs, respectively, the last bureau overseeing the administration of Japanese territorial holdings and strategic economic interests in south-east Asia, the East Indies, and the western Pacific.

### Downfall and Legacy

The Greater East Asia Conference (Dai Tō'A Kaigi) held in Tokyo in November 1943 and attended by leaders from member states (including Manchukuo, the Nanking-based Nationalist Chinese government, Burma, the Philippines, Thailand, and "Free" India) was in some ways the last gasp of the idealistic pretenses of the GEACS concept, which had been taking a battering since the tide of the war turned inexorably against Japan from mid-1942. After the fall of the Tōjō cabinet following the U.S. capture of Saipan in June 1944, the GEACS concept was for all intents and purposes finished.

After the formation of the cabinet of Prime Minister Koiso Kuniaki, GEAM's key responsibilities were subsumed under the aegis of the newly reinvigorated Foreign Ministry, while the day-to-day administration of the empire's remaining far-flung colonial holdings and key overseas economic interests came under the direct management of the Japanese military and Japanese business corporations for the rest of the war. GEAM was dissolved by order of Allied Occupation authorities soon after Japan's surrender in August 1945.

Many important future leaders of east Asia—particularly during the regional transition period of postwar European decolonization in the 1950s and 1960s—had originally been groomed under wartime Japanese colonial administration and ideologically influenced by Japan's GEACS vision. However, since

the conclusion of Japan's disastrous war against the West, none of these east Asian leaders or their successors—nor any leaders from the former colonial overlord state Japan—have been able to organize a bloc or coalition of east Asian states with anything approaching the intimacy of cooperation and coordination of goals once envisioned for GEACS. This will likely remain the case as long as the concept of an east Asian bloc remains haunted, so to speak, by the ghosts of Japan's former dreams of imperial glory.

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**See Also:** Economies, New; Globalization; Japanese Zaibatsu; World War II.

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## Japanese Zaibatsu

*Zaibatsu* is a Japanese term that refers to industrial and financial business companies that developed in Japan from the mid-1800s into the mid-1900s. Zaibatsu were large family-controlled vertical monopolies consisting of a holding company, a wholly owned banking subsidiary providing finance, and interconnected industrial subsidiaries dominating specific sectors of a market, either as stand-alone companies or through a number of subsidiaries. The size

and influence of these companies allowed for significant control over segments of the Japanese economy. However, the zaibatsu were widely condemned by the late 1930s as being elements of Western excess in Japanese society, a corrupting influence on Japan's parliamentary system, and highly profit-oriented organizations disloyal to Japan's imperialistic future.

### History and Significance of the Zaibatsu

From the late 1900s onward, the zaibatsu were instrumental in economic and industrial activity within Japan. Zaibatsu groups were made up of a central holding company, owned by a controlling family, which held the stocks of major affiliates. While this style of pyramid control was common in the West, what made the zaibatsu unique was that they held a minority interest in affiliated members and controlled them through other techniques. Dependence on banking, shipping, and trading facilities of the combine was one of these techniques, but more important was the personal loyalty of the executives to all the firms of the group. The four largest zaibatsu had direct control over more than 30 percent of Japan's mining, chemical, and metals industries; almost 50 percent control over the machinery and equipment market; 60 percent of the commercial stock exchange; as well as a significant portion of the export merchant fleet.

Considered monopolistic, the business practices of the zaibatsu resulted in closed circles of companies, until Japanese industrial expansion on the Asian mainland began in the 1930s. However, some Japanese politicians viewed zaibatsu with misgivings as they were said to have too much influence on both Japanese national and foreign policies. For example, the Rikken Seiyukai political party was regarded as a branch of the Mitsui zaibatsu, which also had ties to the Imperial Japanese Army. Another criticism of the zaibatsu was that while the rest of the world was in the midst of a worldwide economic depression, they were prospering through currency speculation, maintenance of low labor costs, and military procurement.

The four biggest zaibatsu were Mitsubishi, Mitsui, Sumitomo, and Yasuda. Two of them, Mitsui and Sumitomo, had origins in the Edo period (1603–1868) while Mitsubishi and Yasuda trace their foundations to the Meiji Restoration (1868). After the Russo–Japanese War (1904–05), “second-tier” or “new” zaibatsu also emerged, resulting from busi-

ness conglomeration and the granting of military contracts. The more famous second-tier zaibatsu included Okura, Furukawa, and Nakajima groups, differing from the traditional zaibatsu in that specific families did not control them.

After World War II and the surrender of Japan, an attempt was made to dismantle the zaibatsu. American economic advisers to presidents Franklin Roosevelt and Harry Truman were highly suspicious of monopolies and restrictive business practices, which they felt to be both inefficient and a form of corporatism. During the occupation, 16 zaibatsu were targeted for complete dissolution, and 26 more for reorganization. In 1946, the controlling zaibatsu families' assets were seized, holding companies were eliminated, and interlocking directorships, necessary to the old system of intercompany coordination, were outlawed.

Nevertheless, complete termination of the zaibatsu was never achieved, mostly because the U.S. government reversed course in an effort to reindustrialize Japan, as a bulwark against Communism from other parts of Asia. The zaibatsu were in this case considered to be beneficial to the Japanese economy and government. The opinions of the Japanese public, however, ranged from indifferent to disapproving.

### The Present-Day Influence of Zaibatsu

The original zaibatsu system has not survived to the present day. However, the remnants of zaibatsu in the form of financial groups, institutions, and larger companies are still extant. Some businesses, whose origins are linked to the original zaibatsu, even retain the original family names, for example, Mitsubishi, Mitsui, and Sumitomo. Nonetheless, some argue that the old zaibatsu mechanisms of vertical economic and administrative control have been replaced by horizontal business relationships known today as *keiretsu*, meaning “series” or “subsidiary.”

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**See Also:** Economics, New; Japanese Co-Prosperity Sphere; World War II.

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