

Evolution of Corporate Networks in Japan during the Whole Twentieth Century

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Abstract

This paper explores the historical evolution of corporate networks in Japan during the whole twentieth century. It is well-known that in the postwar period Japanese firms have formed networks through ownership, director interlocking, loans, etc., which are sometimes called *keiretsu*. At the same time, in the prewar period as well, there were many corporate networks in Japan, some of which were called *zaibatsu*. The nature of the prewar and the postwar corporate networks, however, were substantially different from each other. Whereas the postwar networks are basically direct connections between corporations, especially between banks and their customers, wealthy individuals and families were at the nodes of the prewar networks. To confirm these features, we collect the directorship data of the 200 largest non-financial firms and 50 largest financial institutions in terms of total assets as of 1912, 1927, 1937, 1957, 1973, 1982, 1992, 1998 and 2009, respectively. Our study is the first attempt to comprehensively portray the structure and historical evolution of corporate networks in Japan during the prewar and the postwar periods by using the numerical network measures in the field of *network analysis*. The calculated measures show that the postwar networks in terms of director interlocking are much less pervasive than the prewar, and the features of the postwar network are well described by the network in terms of director dispatching. We confirm that in the twentieth century Japan experienced the rise and fall of two distinct patterns of corporate networks, each of which corresponded to different financial systems.

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