

# Proto Trading House and Vertical Mobilities of Merchant Class in Edo Period Japan

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**Abstract:** Merchant in Edo period took the lowest position on *shinoukoushou* social structure that was influenced of Chinese's confucianism. This article explain how merchant in Edo period operated a business by making a merchant house. There were various positions and responsibilities for the employees in the merchant house. These positions sometimes changed, affected by vertical mobility. New perspective and finder in this research that political regulation such as *Sakoku* and *Sankin Kotai* had a big impact of vertical social mobilities. This research was conducted with history and sociological approach based on literature studies. This is a qualitative research with descriptive analysis.

**Keywords:** Merchant class, Merchant house, Edo period, Vertical mobility, Japan

## 1. Introduction

The social character of society in Edo era or Edo Bakufu (1603-1868) is known as the *Shinoukoushou* structure (士農工商) [*Shinoukoushou* stands for: (1) *Shi* for *bushi* or samurai, (2) *Nou* for *noumin* or peasant, (3) *Kou* for *kousakunin* or craftsman and (4) *Shou* for *shounin* or traders] and a closed society. For 229 years, the Tokugawa regime implemented the *sakoku* (isolation policy) and the *sankin koutai* (参勤交代) [*Sankin Koutai* (参勤交代) is an order issued by *daimyo* to conduct volunteer work in Edo era within a year. If the *daimyo* is assigned in Edo, his wife and kids were also part of the policy; If the *daimyo* inspected his fief (*han nya*), his wife and kids stayed in Edo ("as political hostage") (Surajaya, 2009)] policy or annual mandatory work to monitor the power structure of the *Bakufu* government. In the *Shinoukoushou* structure, Samurai is at the highest strata while trader is at the lowest. However, in the prolonged development of social, political and economic, the trader is gradually dominating the economic and political.

The *sakoku* policy (鎖国) is *Bakufu's* policy that isolated the country from foreigners to enter Japan and prevent Japan people from traveling abroad. It was implemented to prevent external influences believed by *Bakufu* that would threaten the feudal society. The *Sakoku* policy was applied gradually and officially in 1638. *Sankin Koutai* policy, in addition of its strategic objective in infrastructure development - especially the construction of the city of Edo - also aimed to strengthen the political power of *Bakufu* especially by the Tokugawa regime. The main infrastructure developed during the Edo period was the five main road lanes connecting Edo with other cities such as Kyoto and Osaka. Two of them are *Toukaidou* and *Nakasendou* lines. Both lines became keys for *Daimyouto* to perform *Sankin Koutai* activities. The impact of *Sankin Koutai* was the development of trade flows and urbanization.

The Edo period came to an end with internal chaos as a result of threat from the United States, asking *Bakufu* to open Japan for trade relations with the United States. The handover of political power from the 15th *Shogun*, *Hitotsubashi Keiki*, to the Emperor (Tenno), marked the end of Edo *Bakufu's* regime, which lasted about 263 years (Surajaya, 1984)

## 2. Literature Survey

Previous studies, among others, conducted by Andrew Gordon (2003) explained in general and fairly detailed political, social life, the development of science in *Sakoku* era and the political crisis that occurred before the collapse of the Tokugawa regime. Gordon did not explain specifically and in detail the life of the merchant class in the Edo period. Kanji Haitani (1976) described Japan's economic system from Edo to modern times. He also discussed social hierarchy patriarchy-matriarchy, and social groups in Edo society. But he did not specifically explore the mobility of the merchant class in the Edo period. George Sansom's (1964) published a referred book by most Japanese historical researchers, explored extensively and profoundly on Japanese history since the Edo period. He described the Edo period in detail from 1615 to 1867, covering the areas of politics, society, religion, economic, *Sakoku*, *Sankin Koutai*, and the ruling shoguns of the time. However, Sansom did not explain the beginning of the Edo period at length. Charles D. Sheldon (1983) described merchant class who was in the lowest social class but had significant influence on social life in the Edo period. In his research, Sheldon also explained the striking differences between Osaka, Kyoto, and Edo traders. But he did not discuss the hierarchy that existed in the merchant class in particular. The research was presented here and used as main reference in this study. Henry, in Carey (2011), formulated the *Shinoukoushou* classification based on their function and productivity. Trader (*shounin*) was at the lowest

position in the *Shinoukoushou* hierarchy because they were not classified as productive class; only as distributing class so that their status is not highly rated in the community. According to Ogyu Sorai, in Carey (2011), the farmer and samurai classes are a productive class and should be protected by the government, while the merchant class is considered unimportant and unproductive and therefore the government is not obliged to protect this class. This is the reason (Sheldon, 1983) why the merchant class status steadily down in a very long time.

Source of income for Bakufu in the Edo period, depend on taxes levied from farmers and other communities. This tax was primarily the main income and sustained Bakufu's financial structure. The expanding industrial sector, especially the household and trade industries, which was also offset by increased production in the agricultural sector during this period, also had a positive impact on feudal economic growth and Bakufu revenues. Based on the Bakufu Government structure known as *Bakuhan* (Bakufu and Han), (Surajaya: 2010), Bakufu directed and control agricultural areas of 4,000,000 *koku* [See, I Ketut Surajaya, (2007), *Pengantar Sejarah Jepang I*, (Introduction to Japanese History) Fakultas Ilmu Pengetahuan Budaya, UI. *Kokuis* a unit measure for rice. 1 *koku* equals to 180 liter of rice. The 4,000,000 *koku* equal to a quarter of productive rice field in Edo era] rice production; as well as critical political and economical areas such as the big cities of Edo, Kyoto, Osaka and Nagasaki in order to take advantage of the industrial and commercial sectors.

Traders (*shounin* = 商人) who live in big cities are called *chounin* (町人). According to Yamanaka, (1963) the Government of Bakufu controlled the *chounin* classes in an effort to get tax from them. The tax rate of traders is determined by the frontage (land facing the road). Assets owned by traders (land and buildings) are more easily traded than the assets of farmers and other communities, but the government strictly limits the assets of tradable merchants. In order to prevent trading of land and buildings owned by traders, they must choose an heir that can unify all assets. An inheritor is expected to prevent the transfer of assets. The eldest son is considered to qualify as an heir. An heir is forbidden to divide the gifts (*家産*) or assets that have been inherited to other family members. Although in reality it is not always the eldest son who is appointed to be an heir. In 1638 the shogun (将軍) decided to impose *Sakoku* policy or isolate the country.

Japanese society is forbidden to travel outside Japan, as well as Japanese and foreigners who want to enter Japan from outside. This policy is applied to prevent the dividing and control of Japan by other countries. In addition, the Shogun also prevented the spread of Christianity in Japan brought by Portuguese and Spanish traders. This policy is applied gradually and as a result, foreign countries cease trading with Japan. Britain was the first foreign country to stop trading with Japan, in 1623 because it was considered unprofitable. Spain became the next country to stop trading with Japan in 1624. The Portuguese, as the first country to trade with Japan in 1543, also stopped trading with Japan in 1639. Although Bakufu enacted *Sakoku* policy, but the *Bakufu* government still allowed the Dutch to trade in the Japanese territory of

Dezima, a small artificial island in Nagasaki Prefecture [See, I Ketut, Surajaya, (2016), "Dezima dan Batavia sebagai Pelabuhan Perdagangan dan Pintu Masuk Pengenalan Ilmu Pengetahuan Barat pada Zaman Edo dan VOC (1600-1654)" (Dezima and Batavia as a hub for the introduction of Western Science in Edo and VOC Period) paper presented at Natiobnal Conference on History X "Budaya Bahari dan Dinamika Kehidupan Bangsa dalam Perspektif Sejarah" (Maritime Culture and the Dynamic of Nation Life) Hotel Grand Sahid Jaya, Jakarta, Indonesia, 7-10 November]. The Dutch obeyed Bakufu's ban not to spread religion like the Spanish and Portuguese traders did. Japan also established trade relations with China through *Ryuukyuu* Island (now Okinawa). Bakufu maintained trade with China because in addition to getting goods from China, Japan also gained knowledge. Japan also opened trade with Korea via *Tsushima* Island, Nagasaki Prefecture. Trade with Korea reopened at the time of the Tokugawa's reign after Toyotomi Hideyoshi failed to invade Korea.

Although *Sakoku* policy disrupts Japan's trade with foreign countries, but on the contrary, domestic trade is growing rapidly. Merchant class easily mastered the business sector because they had no foreign rivals. The *gilde* policy or policy stated that only merchant class is allowed to trade to gain profit for the merchant class. The *Sakoku* policy forced Japanese to fulfill their own needs without trade relations with overseas countries.

Subakti (2009) stated that the need for each region in archipelagic Japan made maritime trade grew. Domestic trade in Japan grew in line with the enactment of *Sankin Koutai* policy. *Sankin Koutai* is a journey of *Daimyou* (大名) from his territory to Edo and vice versa. During the activities, the wife and children of the *Daimyou* live in Edo. From a political point of view, Surajaya (2007) stated that this activity is a Tokugawa strategy that aims to control and prevent *Daimyouin* forming affiliations or conspiracies to rebel against the central government. From the economic side, this activity added to the cost that the *Daimyou* have to spend in form of salary of his followers, the living cost in Edo and his territory, and also the contribution that should be given to the Shogun for development in Edo. All these expenses must be paid in cash, while the *Daimyou* had no money other than the rice from the farmers (Surajaya, 2007, Subakti, 2009).

The trader then started bank business. According to Crawcour (1972) in Subakti (2009), traders who became bankers are big traders like Konoike, Tennojiya, and Hiranoya. They did not only lend money to *Daimyou*, they also provided credit system throughout Japan. These merchants were then appointed by the Shogun as official financial agents of Bakufu. The merchant business was then protected by the shogun as a reciprocal effort. Another reason in controlling the merchant class was in order not to endanger the position of the shogun and not to match the luxury possessed by the upper class. *Daimyou* was then trapped in high debt. The interest set by the banker was very high. These debts made the *Daimyou* unable to pay the debt, in this case to the merchants. This condition was compounded by the declining economic conditions experienced by shogun and *daimyou* in every region (*han* = 藩) in Japan. According to Subakti

(2009), this encouraged demands from merchant class to be treated equal like a samurai class. Ishii (1988) in Subakti (2009) stated that it made social class of trader experienced vertical mobility in Japanese society in the Edo period. Subakti (2009) also mentioned that if merchant wanted to marry the children of daimyou and samurai, they should be put forward. The marriage will exchange the debt owned by daimyou while the social status of the merchant class will raise.

### 3. Problem Definition

The question that became focus of this research was how vertical mobility process occurred in the merchant class (shounin = 商人). What is the correlation of this class mobility with the Edo-era of "merchant house"?

Based on previous study, in this research found that vertical mobility has not been discussed in depth in the management of trading houses in the Edo period. This study will discuss characteristic of existing levels of the merchant class and how vertical mobility occurred. The scope of this study was the merchant house of Edo period, and the vertical mobility of the merchant class in the Edo period. The purpose of this research is (a), explained and analyzed the formation of merchant house in Edo period. (b), explained, analyzed and provided information about vertical mobility in the management of merchant class trading houses in the Edo period. The result of this study was expected to contribute to the science of history, especially to the history of the merchant class in the Edo period, in Japan.

### 4. Methodology

This study used qualitative methods. Data collected through literature study. The data was obtained from books, international journals and e-books. The literature source was obtained from library of the University of Indonesia, private collection books, and international journals through Internet browsing. The sociological and historical approach was used as basis for discussion and analysis in vertical mobility of social order of the Edo people. According to Bahasa Indonesia Main Dictionary (2016), the word mobility means: (1). Preparedness to move; (2). motion moves; (3). the movement of change that occurs among the citizens, both physically and socially. This change motion can turn into something positive or even negative. These three meanings of mobility are the focus of attention in this study.

According to Pitirim A. Sorokin, in Coser (1977) social mobility mean displacement of people in social space. Horizontal movement is the movement from one social position to another in the same level, while vertical movement is the movement from a social level to higher or lower level. The social structure of society in the Edo period was the vertical stratification consisted of samurai, peasant (nomin), craftsmen (kousakunin), and traders (shounin). These four classes came to be known as *Shinoukoushou*, as mentioned earlier

## 5. Discussion

### 5.1 The Development of Merchant House

In the Edo period, *ie* (家) was the smallest unit in Japanese society since the early 17th century. According to Gaens (2000), *ie* was a household headed by *toushu* (当主) or head of the household. To retain wealth and survival of *ie*, *toushu* recruited someone who is not from the same clan to be appointed as an employee or helper. The clerk and the assistant then became permanent members of the family. Gaens (2000) also said when compared with kinship, *ie* was more suitable as a corporation or company that symbolizes the continuity and unity between family and company. The company did not run apart from *ie*, but rather becomes part of *ie*. This is to ensure ownership of fixed capital held by family. Ownership of capital produces profits that provide wealth for *ie*.

One of the trading houses that survived since the Edo period until now is Izumiya-Sumitomo. This trading house was originated from Masatomo Sumitomo who opened a bookstore and drugstore business in Kyoto since the 17th century. Sumitomo's sister-in-law, Riemon Soga, owns a copper business in Kyoto under the name Izumiya. Soga's business then developed. Soga's eldest son, Tomomochi, became a member of the Sumitomo family by marrying Sumitomo's daughter. Tomomochi then expanded Izumiya-Sumitomo's business to Osaka. Tomomochi also uses the technique of *Nanbanbuki* in the copper field business. Izumiya-Sumitomo later became known as a trading house that pioneered the technique of *nanbanbuki* [Nanban buki was technique in separating silver using raw copper conducted in three stages. It was inherited technique among Izumiya-Sumitomo trade house.] and became the largest trading house in the field of copper [Sumitomo History. Sumitomo Corporation. (www.sumitomocorp.co.jp/english/company/history/)].

Izumiya-Sumitomo Trading House stood as the main trading house (*honkechuushinshugi*). The main trading house serves as the center of all branches of business and affiliation of Izumiya-Sumitomo. This trading house opens businesses in trading, mining and copper distillation. Over time, the Izumiya-Sumitomo trading house grew larger by opening branches in areas such as international trade, copper exports, banks, to buying and selling rice to high-end society such as *daimyou* and *samurai*. In 1690 the Izumiya-Sumitomo trading house acquired the Besshi copper mine in Shikoku. This then made Izumiya-Sumitomo's trading house bigger and was appointed by Bakufu as the official copper provider for the Tokugawa government at that time.

The way that was considered ideal for maintaining a trade-based home is by not dividing inheritance and the sole heir (*kotokusouzoku*). A person who became the sole heir was usually the eldest son. A person who was appointed to be a sole beneficiary gets all the assets of the trading house. If a candidate who was appointed as sole heir was judged to be unsuitable, the head of the trading house (*toushu*) will choose another candidate who was not based on *konsanguinitas* (blood relationship) but based on the capability to continue the position held by *toushu*. If the

*toushu* candidate died before becoming the head of the merchant's house, the first-born son of the *toushu* can didate will replace his position as the sole beneficiary on condition that the child was 17-18 years old. If the boy was not old enough, then the brother of his father will be a candidate of *toushu*. Usually the brother will then appoint a son of the sole heir to the deceased [Gaens, Bart. (2000). Family, Enterprise, and Corporation: The Organization of Izumiya-Sumitomo in the Tokugawa Period. Japan Review, International Conference: The Global Meaning of Japan: European and Asian Perspectives, (12), pp. 205-230]. Another possibility, if a sole heir was underage and deemed to have no ability to become head of a commercial house, a temporary ward or *chouken* might be elected. Representatives were selected from branches of business, relatives, or employees who have high office. Representative did not get any profit. It worked for the benefit of a sole heir.

A retired head of the merchant house (*toushu*) is called *inkyō*. *Inkyō* can take some of the assets as a pension allowance. The *inkyō* status is the highest in the trading house. According to Ishii (1958), in Gaens (2000) if *toushu* chose to retire, regardless of coercion or not, it will not affect the relationship between parent and child. So *Inkyō* had the right to supervise the *toushu*. The sole beneficiary who is subsequently appointed to *toushu* has an obligation to continue the *kagyō* or business and retain the assets owned by the trading house (*kasan*). The business and assets of the retained trading house was then given to the next heir. Businesses run under family name (*yagou*), such as Izumiya in the Izumiya-Sumitomo trading house, and Mitsui in the Mitsui trading house. The sole heir also uses the name derived by the previous *toushu* (*shuumei*), which in the context of Izumiya-Sumitomo is Kichizaemon [The name of Kichizaemon was first used by Tomonobu in 1647. The use of Kichizaemon was then stopped by force in 1746. The name was then active again in 1843 by Tomochika, the twelfth head of merchant house]. Someone who became a *toushu* holds full of home-owned merchandise assets. *Toushu* also led the way of a home trading business and responsible for holding a ceremony of worshiping ancestors.

Harafuji (1982), in Gaens (2000) stated that the important thing in giving inheritance to a sole heir was a financial asset. Business or trading was only a tool for profit. In addition to obtain financial and business assets, the heir or *toushu* received three other things, namely: the transfer of name (*shuumei*) from the previous *toushu*, occupy the highest position in the trading house; and trading house ownership. After becoming the head of the merchant's house, the assets held could not be shared with a brother who did not have the opportunity to become a sole beneficiary. But it could happen if the merchant house opened a *bunke* or business branch. *Bunke* could be established if *toushu* gave permission. Kichizaemon Tomomasa for example, who gave permission to his brother, Onosuke or Riberi Tomotoshi, to set up *bunke*. Riberi Tomotoshi received three houses and 10,000 pieces of silver to start the *bunke*. He opted to open a money exchange business, but did not go well. The central trading house or *honke* then provided additional capital in the form of a house and financial aid. Gradually his efforts paid off. He managed to open another business, the clothing store. Until finally

RiberiTomotoshi managed to have 18 pieces of trading houses. Among the 18 houses there are actually several trading houses owned by *honke*, but they were registered under the name of RiberiTomotoshi. Another way to set up a *bunke* was to work at another trading house or marry a girl from the head of another trading house, like Tomomochi. Tomomochi is the son of Soga Riemon. Tomomochi later married the son of Sumitomo and was later allowed to open the *bunke*.

*Abunke* was not always based on kinship like RiberiTomotoshi. According to Nakano Takashi (1978), in Gaens (2000), a person generally established a branch when he or she broke away from the merchant's business or the shop where he worked, but not from *honke*. A shop branch founded by someone who did not have kinship relationship with *toushu*, was referred to as *bekke* or an affiliate of *honke*. Although it had opened a stand-alone *bekke*, the relationship between *honke* with *bunke* and *bekke* was maintained. This relationship could be seen in several ways such as attending a ceremony for ancestors held by *honke*, they still wore the same trade name even if they were independent and keep in touch with *honke*. *Bekke* was required to stand within three years. The head of *bekke* should also consulted with *honke* on marriage and inheritance, report the finances every year, attended *soudanyoriai* or meetings, and promised to always obey *honke*.

*Bunke* and *bekke* must always obey orders and help *honke* even if they were stand-alone. So on the contrary, *honke* also must always help *bunke* and *bekke*. *Bunke* and *bekke* also had the right to supervise *honke*. Although *honke* has no right to organize *bunke* and *bekke*, but *honke* has the right to interfere in *bunke* management and *bekke* in case of chaos. Gaens (2000) described *honke*, *bunke*, and *bekke* as some stand-alone and interconnected groups. The group then came under a leg and was bound by a moral rule. The business relations and management structure of the *honke-bunke-bekke* business is a prototype of Trading Merchant House of Mid- Feudal Age in Japan. The moral value of the *honke-bunke-bekke* management relationship was still actualized in professional, hierarchical egalitarian relationships, in the context of the Corporation and the modern trading house.

## 5.2 Promotions and Rank System.

Emile Durkheim (1964) in Pattinasarany (2016), stated that the division of labor was source of solidarity. The division of labor had important moral character of society. This moral character then created solidarity between two or more people. Pattinasary (2016) argued that according to functional structural theory, differences in type and level of work was a necessity for the life of society. These differences encourage a person's motivation to work hard to fill important positions in society. A person worked in a trading house starts from the lowest rank, called *detchi*. *Detchi* had another name *desshi* [Leupp, Gary P.(1992). Servants, Shophands and Laborers in the Cities of Tokugawa Japan. Princeton University Press]. *Detchi* was generally between the age of 10 – 11 years (Haitani 1976). Before officially becoming *detchi*, the parent of the child

must sign a contract awarded by the merchant's homeowner. Contract was awarded to *detchi* parents as a sign that their child will be taken to work and live in a large merchant's house. A *detchi* derived from a home trading affiliate called *fudaikogai*. At this level a person had not done the work related to trade management. In this case, *detchi* did household chores like cleaning warehouses. This housework was done by *detchi* in return for daily meals / drinks, lodging and education. *Detchi* did not receive a salary from where he worked. He only receives new gifts and clothes twice a year or so called *oshikise* (Gaens, 2000). Daichi takes office as a *tedai* when he was old enough and has performed a maturity ceremony (*genpuku*) that is between 17 – 18 years old (Haitani, 1976). The other name of the *tedai* was *wakaishuu*. *Tedai* had two main jobs: visiting every customer's home, and helping out at the store. *Tedai* assumed greater responsibility than *detach*. A *tedai* who did not get promotional position was allowed to leave the trading house and set up his own trading house. This trading house then becomes an affiliate of the trading house where the *tedai* worked before. The affiliation of the main trading house was called *bekke* (Sumiya, Koji, 1979). A *tedai* who wanted to set up his own trading house must swear to remain loyal to the merchant house that had raised him. Before the merchant owner allowed the *tedai* to come out, the *tedai* must provide a *reiboukou* or volunteer *toushu* after the contract expired for many years.

When the homeowner considered the *tedai* performed well, *tedai* could achieve promotion to become *bantou*. In general, *bantou* position was only filled by one person. But in some trading houses, the *bantou* position was filled by a group of people and headed by a manager called *shihainin* [Ibid]. The main task of *bantou* and *shihainin* was divided into two: manage or supervise employees, and lead the branch shop. Despite being a *bantou* or *shihainin*, he must remain kind and generous to his subordinates. Not only to his subordinates, he must also respect and courtesy to his boss. Someone who has become *bantou* or *shihainin* is allowed to stay at home alone. *Honke* can provide various benefits for employees who have worked for a long time and are loyal to *honke*. Benefits provided in the form of capital or *katokugin*, a house, funding for daily living, funds to purchase furniture, wedding gifts, and the opportunity to borrow money to *honke* for 10 years without interest.

The level and status of a *shihainin* was determined by his trading business. In the Izumiya-Sumitomo trading house, the highest *shihainin* was the manager of the main trading house and manager of the *Besshi*. However, the class and status of *shihainin* may climb up or even dip down, depends on how it handles the business it runs. *Shihainin* has the right to supervise the *toushu* and may even force the *toushu* to *oshikome* or put his post. *Toushu* may be required to withdraw if he was considered selfish, behave inappropriately, engage in illegal activities, or to the detriment of the merchant's house. If a *toushu* was known to perform any of these acts, *shihainin* and other high officials are entitled to warn or *chuukangaki*. If *toushu* did not pay attention to warnings, then *shihainin* and high officials of the merchant's house have the right to force the *toushu* to step down from his post. *Toushu* who descended from his post should not reconnect with the home trading business.

Although *toushu* was being forced to step down, the official announcement of the reason of *toushu* resignation was sick or resigned. This happened to Tomonori, the *toushu* of the Izumiya-Sumitomo trading house who took the lead from 1857 to 1864. He was asked to step down from his post because he was considered not promoting merchant house and not interested in Izumiya-Sumitomo business core. He was also considered not to maintain the reputation of the merchant house due to his frequent visits to the place of prostitution, spent time to watch horse racing or sumo. After being warned repeatedly by *shihainin*, Tomonori finally resigned from his post as *toushu*.

A *bantou* or *shihainin* have the right to set *bunkeor bekke* led. He was also allowed to provide opinions related to *honke*. *Honke* could only supervise and not allowed to interfere in management *bunke* and *bekke*, unless the *bunke* and *bekke* management experienced serious obstacles. It was uncommon to make the *bantou* or *shihainin* abuse the rules. Many *bantou* or *shihainin* were using the advantages of *bunkeor bekke* for personal gain. This then made *honke* set stricter rules, such as making agreements with *honke* related to the matter. The auditor from *honke* would also examine the finance of the *bunke* and *bekke* more often than ever periodically.

According to Ramseyer (1979), many home trading regulations indicated the concerns of the founder of the future of the trading house. The rules applied encouraged the heirs and the next generation to maintain the success that had been achieved before. The rules contained, among others: work diligently, live on a frugal basis, subject to government regulations, and maintain the reputation of the merchant's house [Ramseyer, J. Mark. (1979). "Thrift and Diligence. House Codes of Tokugawa Merchant Families". Monumenta Nipponica, Sophia University, (34), (2), 209-230]. Working diligently can be interpreted by working harder than anyone else. One of the main duties of a worker is working diligently. One example of working hard is getting up early in the morning and waking everyone up to start the day and open a shop. This indicated the spirit of a worker to work.

Efficient was the key rule from homeowners. Many homeowners were suspicious of the heirs and the next generation who inherit many treasures and spent them out. Regulatory content for this frugality varies. Among other things, some trading houses set out not to wear fancy clothes, not to visit gambling, or over-drinking [Ibid]. Trading house Shimai Sushitsu for example, prohibited workers to cruise, play chess and go, or interested in the tea ceremony. Even sushitsu teaches to take out the wasted waste and recycle the waste so that it becomes a reusable item. When a merchant lived extravagantly and spent his property for less useful, he actually endangered the future of the trading house. The merchant house might suddenly go bankrupt because the merchant's life did not skimp.

Frugality rule was also associated with the next rule, subject to government regulations. After the mid-seventeenth century, the Tokugawa government set various rules governing the luxury that the merchant class could enjoy. This also applied to other classes because the moral teachings of Confucianism which sustained the structure of

the *Shinoukoushou* community have been deeply rooted in society. Shively (1964-5) in Ramseyer (1979) said that although wealth was not directly related to social class, upper-class society felt that merchants who exhibited their wealth can threaten the social class sequence and undermine the morale of low-income samurai who owned small income. Trading houses encouraged their workers to comply with regulations that have been made by the government. This was because assets of merchant's house can be confiscated by the government if a trader did not comply with the rules. Yoshida in Ramseyer gave example with the Yodoya family trading house. The Yodoya family was known as a wealthy merchant family. The assets of Yodoya family were later confiscated by the government for being considered to be arrogant. The samurai could also punish a merchant who was impolite or followed the style of the upper classes clothing. Many house-trade regulations urged employed workers to wear clothing in accordance with the social class that is occupied. The homeowner was very concerned about the issue of wealth, so they also set the rules to always maintain the reputation of trading houses to the successors and their workers. The success of a trading house was influenced by their customers, so homeowners emphasized their successor and employee to always be honest and respectful to customers.

The Yemeniakaya trading house taught to always be honest about anything. Ichida trading house emphasized respect to every customer who came and go, not distinguish men and women or old and young [Ibid].

### 5.3 Vertical Mobilities

The Sorokine theories about vertical mobility can be seen at the level of positions within the merchant's house. Not only good work performance, the *tedai* must also be able to advance the trading house by adhering to established home trading rules. If the *tedai* worked hard, comply government regulation, and maintain the reputation of the merchant's house with discipline, there was a chance for *tedai* to get a promotion of a higher position, in this case became *bantou* or *shihainin*. This suggested that the promotion of performance through one's performance and ethics in promoting a trading house had an impact on vertical mobility in the merchant's home position. Vertical mobility could also occur in the social status of the merchant class in the social strata of the Edo period.

The enormous cost for *daimyouin* financing *SankinKoutai*, the decline of the economy in the Edo period that struck every region (*han*) and *shogun* made the *daimyou* had debts to the merchants. Accumulated debts and high interest had made *daimyou* not able to pay debts. Traders then demanded to be treated equally like a samurai class. They also demanded to be allowed to marry a child from *daimyou* samurai. The debt owned by *daimyou* and *samurai* was considered to be paid off and the social status of the merchant class experienced a vertical mobility. As mentioned earlier, Ramseyer (1979) explained that hardworking is one of the rules of trading house in the Edo period. A person who worked diligently had very high chance to be promoted by the trade house where he worked. However, it also indicated that working diligently signified

the motivation of a person to achieve a higher position. Each position had different responsibilities. An employee would receive different rewards, according to the responsibilities they carry.

Pattinasarany (2016) stated that in functional structural theory, the difference from the level of work could motivate a person to work hard in order to fill important positions in the social level. Like *tedai* that worked hard to occupy the position of *bantou* or *shihainin*. A person who occupied the position of *bantou* or *shihainin* had the ability and knowledge required, so that this position was occupied by someone who has met the criteria and ability to compete.

Emile Durkheim (1964) in Pattinasarany (2016) stated that the division of labor has an important moral character of society. This moral character generates a feeling of solidarity between two or more people. This can be seen in connection *bantou* or *shihainin* with subordinates such as *tedai* and *detchi*. A *bantou* or *shihainin* should be able to be generous to the *tedai* and *detchi*. On the contrary, a *detchi* and *tedai* should be respectful and polite to *bantou* or *shihainin*. The rules set by the merchant house were also based on morals, frugality and maintain reputation of the merchant's house. Through these attitudes, feelings of solidarity are created to advance the trade house in which they worked, although there was also a tight and healthy rivalry that gave opportunity for person to achieve higher position.

## 6. Conclusion

In this study, it can be concluded that vertical mobility affected the management of trading houses in the Edo period. The results of the study have addressed the research problem, that vertical mobility, or in other words a raise in the position of home trading management can occur if a person is able to show good performance and ethics. The head of the merchant's house, which assumed that the employee has the ability and knowledge to occupy a higher position, determines the promotion of an employee's position. Every worker who works at a merchant's house receives a reward from the head of the merchant house in accordance with the position held. *Detchi*, for example, received rewards in form of gifts and clothes two times a year or *oshikise*, daily meals, lodgings, and education. Differences in position and rewards obtained to motivate a person to achieve a higher position in terms of vertical mobility although the responsibility to be gained becomes greater. The division of labor within a trading house had a moral character that created solidarity among workers. The rule in a trade house such as working hard, saving, maintain a merchant's reputation, and comply to government are organized on a moral basis that workers must adhere to. This then created a sense of solidarity among workers, namely promotion on the trade house where they work. In the conditions of workers' cooperation and solidarity like this, vertical mobility is precipitated by the achievement and effort to implement the rules and the trade morale in which they work.

## 7. Future Scope

This research is an attempt to gain more information on the relationship between economic and social mobility as a result of the existence of Bakufu's political rules and policies. As an example of the findings in this study, the *Sakoku* Rule and *Sankin Kotae's* politics had significant impact on the occurrence of vertical mobility in the economic and social sphere. Implementation of obeyed or violated rules and norms also had an impact on the economic and social mobilization of the Edo period. Subsequent research was crucial to gain more on the political, economic, and social mobility derived from the Meiji government's rules of making policies to end feudal-based society structures. This study has provided a rather significant picture of the *proto* (old-fashioned) corporate house trading as a trading organization that successfully advanced and dominated the Japanese economy in the feudalistic Edo Period. This trading house was one of the forerunner and trigger of the birth of the Japanese capitalism before World War I. The birth of Japanese capitalism is still quite relevant for further research.

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