

Contemporary Application of Business History

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This paper aims at making clear the importance and possibility of applied business history for understanding current economic and business issues. In order to solve the existing problems, it is necessary for an industry or a company to appreciate its own historical contexts. Even if a theory to explain the troubles is correct, it cannot be valid without the balanced appreciation of historical perspectives.

The paper asserts the validity of applied business history. The tasks of applied business history are to comprehend the historical circumstances of the specific industry or company, and, based on that appreciation, to support the industry or company to conquer the present difficulties.

In the paper, three telling cases are examined: The liberalization of the Japanese electric power industry; the reconstruction of the Japanese petroleum industry; and the community-based economic renaissance in Japan.

One of the most important characteristics in the 124 year history of the Japanese electric power industry is private ownership and private management with the exception of the state management from 1939 to 1951. In the industry, the economies of scale have decreased, while the economies of vertical integration are still effective. Based on these historical contexts, it can be safely claimed that the

goal of the liberalization of the Japanese electric power industry should be to abolish regional monopoly and to maintain vertically-integrated private companies.

The Japanese petroleum industry possesses two weaknesses. The first is the disintegration of the upstream (exploration and production) part from the downstream (refinery and retail) segment. The other is that upstream companies are too numerous and too small. Moreover, under the regulation of the petroleum industry law from 1962 to 2002, the organizational capabilities of the downstream oil companies have undermined. Therefore, the downstream companies possess limited financial power for integrating into upstream businesses, though their corporate sizes are relatively large. Given these historical characteristics of the Japanese petroleum industry, the first step of the reconstruction of the industry should be to make the horizontal integration within the upstream segment.

In the process of Japanese modernization, regional industrial accumulations have played important roles. The accumulations are the characteristics of specific areas, where many small and medium-sized enterprises gather in narrow spaces. Based on historical experiences, it is essential for the revitalization of local economies to realize the renaissance of industrial accumulations.