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Auctions and Institutional Integration
in the Tsukiji Wholesale Fish Market, Tokyo**

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Introduction

As an anthropologist specializing in Japanese studies, I am often struck by the uncharacteristic willingness of economists to consider cultural and social factors in their analyses of Japan. Probably the economic system of no society is subject to as much scrutiny, analysis, and sheer speculation regarding its 'special character' as is Japan's. Put another way, emphasis on the special qualities of the Japanese economy suggests a recognition -- implicit or explicit -- that cultural values and social patterns condition economic systems. It remains an open question whether this recognition reflects empirical reality (e.g., perhaps the Japanese economic system is less autonomous than those in other societies) or is an artifact of interpretative conventions (e.g., perhaps both Western and Japanese observers are willing -- if at times antagonistic -- partners in ascribing radical 'otherness' to the Japanese economy and therefore are more likely to accord explanatory power to factors that might otherwise be considered exogenous.)

Recognition, however, that Japanese economic behavior and institutions are intertwined with and embedded within systems of cultural values and social structural relationships does not imply unanimity of opinion about the significance of this fact. Three general -- and generally unreconciled -- viewpoints are common. The first gives analytic priority to purely economic factors and views economic activity as being framed within social patterns and institutions that are

fundamentally emergent phenomena. A second perspective is culturalist, viewing economic activity and the institutions which sustain it as embodiments of cultural forces <1>. A third point of view puts priority on institutional factors (especially political and administrative ones) that constrain or enable particular forms of economic behavior or structure.

These varying viewpoints often interact with one another in a manner much like the Japanese child's game of jan-ken-pon: rock crushes scissors, scissors cut paper, paper covers rock. Culture sustains institutions, institutions shape the economy, the economy re-calibrates culture. Of course, the effectiveness (or degree of destruction) that each perspective wields against the analytic force of the others is in the eye of the wielder. But it is clear -- as in the child's game -- that even if one viewpoint can temporarily demolish another, no one perspective can irreversibly clear all other contenders from the field. Economics, culture, and social institutions are inevitably conjoined.

In this paper I examine the role of auctions as a central feature in the economic and social organization of Tokyo's massive fish market, the Tsukiji Central Wholesale Market. I describe and analyze how the systems of economic transactions, the institutional frameworks, and the culturally-conditioned values and attitudes that surround Tsukiji's auctions structure and sustain patterns of vertical integration among actors who occupy many different levels in the complexly fragmented hierarchy of the marketplace <see Figures 1 and 2>.

<<Figure 1 and 2 about here>>

Hierarchically structured relationships; complex, multi-layered systems of actors; highly fragmented stages in production and distribution; and stable long-term transactional ties (also referred to as patterns of 'obligational contracting') are all, of course, hallmarks of the Japanese distribution system, and these features are as characteristic of the Tsukiji marketplace as of any other distributive sector. In the view of many observers, Japanese distribution channels are both

Figure 1

Hierarchies of Actors and Transactional Levels in Tsukiji Market System

Major actors in the Tsukiji marketplace (in boxes)

Major forms of transactional ties (between boxes)

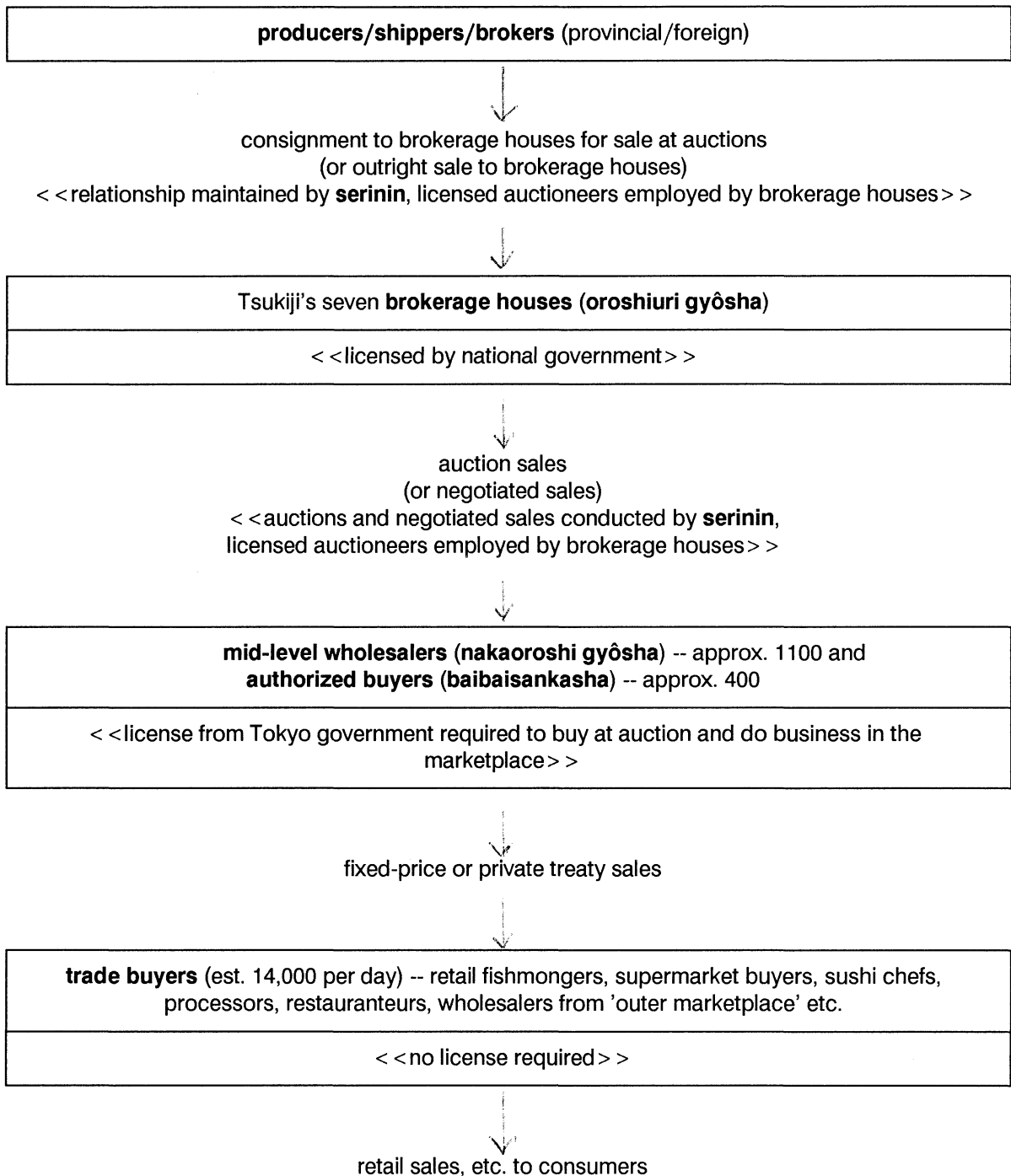


Figure 2

Who's Who

REGULATORS

Ministry of Agriculture, Forestry and Fisheries [MAFF] -- supervises Central Wholesale Markets (Chûô Oroshiuri Shijô) throughout the country, licenses fishing and some distribution activities, and authorizes municipal authorities to operate local Central Wholesale Markets.

Tokyo Metropolitan Government [TMG] -- owns and maintains the marketplace's facilities, licenses some businesses within the marketplace, and provides overall regulatory supervision of the marketplace.

PLAYERS

Producers (seisansha) and **Consignors** (ninushi) -- supply Tsukiji with seafood for sale on consignment by Tsukiji's auction houses. (Includes: domestic and foreign fishers, fishing cooperatives, fishing companies, trading companies, provincial seafood buyers, seafood processing firms, brokers, and wholesalers from other markets.)

Truckers and Shippers -- deliver seafood to the market.

- * **Unloaders** (koage) -- receive consignments from truckers and unload, deliver, sort, and arrange consignments within the marketplace for the several auction houses.
- * **Auction houses** -- oroshiuri gyôsha (wholesale traders) also known as niukegaisha (consignment companies) -- receive seafood from producers and brokers on consignment for sale at daily auctions.
- * **Auctioneers** (serinin) -- conduct daily sales as employees of the auction houses.
- * **Mid-level wholesalers** (nakaoroshi gyôsha) -- purchase seafood at daily auctions and resell it at their stalls within the marketplace.
- * **Authorized traders** (baibaisankasha) -- purchase seafood at daily auctions for use or resale outside the marketplace. Authorized traders are primarily large-scale users, such as supermarket chains, hospitals, commissaries, and food processors.

Trade buyers -- purchase seafood from mid-level wholesalers within the marketplace. (Includes: retail fishmongers, buyers for supermarkets and department stores, fish processors, specialty wholesalers, restaurateurs, sushi chefs, caterers, and peddlers.)

- * **Dock agents** -- kainihokansho ('merchandise custodians'), colloquially called chaya ('teahouses') -- receive trade buyers' purchases from mid-level wholesalers and hold them at loading docks for pick-up by trade buyers or by delivery services.

Delivery services -- pick-up purchases from dock agents and deliver them to trader buyers' businesses throughout Tokyo.

Outer market dealers -- have shops located in the outer marketplace (jôgai shijô) that supply retailers and restaurateurs but also welcome retail shoppers. Some outer market dealers have licenses as authorized traders and may participate in Tsukiji's auctions; others purchase their supplies from mid-level wholesalers like other trade buyers; still others obtain their supplies independent of the marketplace.

Retail customers -- are discouraged from buying within the Tsukiji marketplace proper, but may shop freely in the outer marketplace.

- * Specific licenses from MAFF or TMG required of these players

economically inefficient and represent a triumph of socially-embedded hierarchy over the principles of competitive markets. Vertical integration in Japanese economic institutions is often -- although not always -- regarded as antithetical to competition, and it is frequently assumed that multi-layered complexity is either cause or consequence -- in either case, clear symptom -- of reduced or impeded competitive behavior <2>.

The core of the Tsukiji marketplace is its competitive auctions whose fundamental *raison d'être* is to ensure a freely-clearing market mechanism, yet, I argue, the auctions simultaneously serve to enhance not erode stable long-term trading relationships. My analysis does not attempt to couch an explanation of this seeming paradox in terms of economic efficiency, but rather examines institutional efficacy from the point of view of participants in the system, whose pragmatic understandings of a smoothly functioning marketplace are based as much on their own evaluations of social, institutional, historical, and cultural factors as on their own highly-honed calculations of cold economic logic.

This paper is a case study of an important -- but distinctive -- node in the distribution channels for one major -- but probably singular -- perishable commodity: seafood. The characteristics of seafood as a perishable commodity give rise to particular transactional technicalities; the institutions of this marketplace have their own historical peculiarities and political valences; and the cultural values that structure these traders' world views have their own distinctive cast. A case study of the Tsukiji marketplace therefore cannot directly illuminate the inner structures of other nodes in Japanese distribution systems. The potential value of the case, however, is not so much what it may tell us about the specific workings of this one marketplace but the light it may shed on how analysis of economic transactional patterns, of the historical, social, and political dimensions of institutions, and of the cultural values that motivate actors within a marketplace must be linked in order to understand the operations of complex economic systems.

Tokyo's Pantry

Throughout Japan, and throughout the fishing industry worldwide, the name Tsukiji conjures up the same images: frenetic morning auctions where the price of a single jumbo tuna may exceed \$15,000; endless sheds housing hundreds of tiny wholesale stalls hawking every conceivable kind of seafood; bustling crowds of fishmongers and sushi chefs carting off a day's supply of fish; and breakfasts of sashimi and tempura not to be equalled anywhere. Market boosters like to encourage the homey view that Tsukiji is "Tôkyô no daidokoro" -- Tokyo's pantry. It is a pantry in which over \$5 billion worth of fish changes hands each year.

Traders see the social and historical processes that shape the market's movements as fundamentally important. Reflecting on the mystique of the marketplace, one old trader commented, "Tsukiji is an arabesku [arabesque], not some big machine stamping out products, clunk, clunk, clunk." His delicate aesthetic imagery clearly alludes to the precise and intricate footwork of Tsukiji traders as they negotiate the 'grooved channels' (Geertz 1978) in which their business takes place; no one could otherwise use such a poetic metaphor to describe this dilapidated jumble of auction pits, offices, shops and stalls, freezer warehouses, loading docks, incinerators, and wharfs packed into 22 hectares only a few short blocks from the glittering shops, department stores, bars, and office buildings of the Ginza.

Tsukiji retains an almost preindustrial atmosphere: long dimly-lit sheds chocked full of battered wooden stalls, aisles of wet cobble stones across which gigantic tuna carcasses are hauled by gaff or tumbrel, and tiny counting houses--not much larger than telephone booths--where cashiers pore over abacuses, calculators, and laptop computers to keep abreast of shouted orders. Despite Tsukiji's position at the center of a high-tech, multi-billion dollar international fishing industry, trade in the marketplace continues much as it has for decades, pitting small-scale wholesalers against one another in auctions conducted in arcane hand gestures and semi-secret

codes to match international supply with the traditional demands of Japanese cuisine, made ever-more elaborate by Japan's prosperity and the gentrification of culinary tastes.

The marketplace has been at Tsukiji <3> since the 1920s, when this stretch of the Sumida River was still a bustling waterfront and the fishers who plied the waters of Tokyo Bay could conveniently unload their catches here. Today, central Tokyo is all high-rise, high-tech office buildings and most of the bay's nearby fishing grounds have been long since abandoned (and, later, filled in). The Tsukiji marketplace is now as much a relic of the past as was its institutional forerunner, the Nihonbashi fish market, which until its destruction in the 1923 Kantô earthquake had stood for almost 300 years at the center of Tokyo just outside the gates of Edo Castle, now the Imperial Palace. By 2003, the present-day marketplace, too, will be gone; an ambitious reconstruction project has just begun to transform it into a high-tech marvel of gleaming chrome and tile and state-of-the-art electronics. But the marketplace will remain at Tsukiji since no other affordable real estate is available in the Tokyo metropolitan core.

At its best--and sometimes, at its worst--anthropology finds in every facet of social life a microcosm of the whole. In Tsukiji's case the exercise is neither inappropriately simplistic nor overly forced. The scale of the marketplace and the complexity of its role in the economic, political, and social life of Tokyo and Japan accord Tsukiji significance in many different lights.

First, Tsukiji is an urban marketplace, a key institution in the life of the city, not simply as a logistical element of Tokyo's infrastructure but also as a source and a symbol of the 'authentic' urban culture of Tokyo's shitamachi <4>. Second, Tsukiji is Tokyo's major marketplace for perishable food and so, in very practical terms, is a vitally important place in the lives of Tokyo's residents. But Tsukiji's commodities are not just any foodstuff; fish are central elements of Japanese cuisine--both haute and low--and thus occupy a particularly prominent and consequential niche at the center of Japanese self-conceptions of their culinary culture. The

marketplace responds as delicately to the cultural significance of the foodstuffs it purveys as to their physical and economic characteristics as perishable commodities. Third, Tsukiji is an economic hub for the Japanese fishing industry, itself a large and dynamic sector of the Japanese economy with considerable domestic social and political influence and an overseas reach that involves it in economic, diplomatic, and environmental issues throughout the world.

But most importantly, Tsukiji is a wholesale marketplace, a critical node in the domestic Japanese distribution system which is itself a feature of Japan's economic and social order that in recent years has become the focus of great international attention.

The Marketplace

Tsukiji, Tokyo's and Japan's major market <5> for fresh and frozen fish, sits at the center of an enormous network of domestic and international trade. Each year, Tsukiji's seven large brokerage houses (oroshiuri gyôsha) sell over 450 major species and varieties of fresh and processed marine products, totalling 815,000 metric tons worth ¥714 billion, roughly \$5.3 billion <6>. Tsukiji handles 23% of the fresh and frozen fish and other seafood products that annually pass through Japan's 56 Central Wholesale Markets (Chûô Oroshiuri Shijô) for marine products (suisanbutsu).

Like all such Central Wholesale Markets, Tsukiji operates under authorization from national legislation and under supervision of the Ministry of Agriculture, Forestry and Fisheries (MAFF), but is directly regulated and administered by a local government, in this case the Tokyo Metropolitan Government (TMG).

The engines of the marketplace are its dozens of morning auctions where throngs of mid-level wholesalers (known officially as nakaoroshi gyôsha or simply nakaoroshi) bid intensely against one another <7>.

At 5 a.m. loud bells and buzzers begin to clatter across the Tsukiji marketplace. Hundreds of men (and very few women <8>) are already well into their days' work. For several hours many of the men, employees and subcontractors of the brokerage houses, have been arranging, grading, labelling, and rearranging the fish to be sold that morning. Hundreds of other men, the mid-level wholesalers and their employees, have been inspecting lots: jabbing frozen tunas with picks to spear out tiny fragments of flesh and rubbing the slivers between thumb and forefinger to feel the fat content; opening styrofoam crates of salmon to check the consistency of multi-crate lots; tasting tiny dried sardines or smelling smoked smelt or eyeing the color of little trays of uni (sea urchin roe) or watching live sea bream thrash around in their flat wooden tubs.

The bells and buzzers don't bring this hubbub to an end, they merely signal that its focus is about to shift to the auction arenas. From 5 a.m. onward, at roughly 15 or 20 minute intervals, the several dozen auction pits scattered across the marketplace will burst into life. Each pit has its community of regulars and as the auction for a particular commodity starts, the regulars take their places on the rough wooden bleachers facing an auctioneer's stand where fresh tuna, or salted salmon, or live shrimp are put up for bid.

Like many commodity auctions, these are conducted by highly specialized, professionally licensed auctioneers (serinin, who are employees of one or another of the seven brokerage houses (oroshiuri gyôsha)). The auctions proceed at a lightening pace and in an cryptic exchange of telegraphic grunts and hand gestures. An auctioneer can roar through a dozen lots in only a minute or two, and an outsider is hard-pressed to tell who got each lot and for what. It is all a blur of abbreviated jargon and waving hands making quick, almost imperceptible gestures that signify prices offered. As the lots are cried, teams of assistant auctioneers stand by, feverishly scribbling completed transactions onto invoice slips. Auctioneers cultivate showmanship and style to rivet attention on them, but it is a matter-of-fact, workaday, almost emotionless cadence not a theatrical

performance. The buyers (nakaoroshi, licensed mid-level wholesalers) flash finger signals to register their bids and shout at the auctioneer to get his attention, but for them too it is matter-of-fact and their faces register little reaction to winning or losing a bid on a particular lot. From time to time, laughter may sweep the auction stand if an auctioneer fumbles or if a colleague offers a bid that the others consider outlandishly high; anger may flash once in a while if someone feels that the auctioneer is systematically ignoring his bids. But by and large, the buyers lounge on the stands scrutinizing their notes on the lots they want to bid on and watching the crowd until their desired lots come up for bid.

Auctions are the core of the Tsukiji marketplace and of all other marketplaces run under the national system of Central Wholesale Markets. Auction sales are specified by national legislation as the 'fundamental basis' of the market system, and the rules and regulations under which auctions must take place are spelled out in minute detail in local administrative regulations and the customary understandings that govern the activity in any given marketplace. In the official administrative view, auctions ensure that transactions are 'open, equal, and fair,' and the minute rules surrounding auctions are intended to guarantee this.

But despite this legal sanction for uniformity in the interests of open competition, there is great variation in the ways in which auctions take place and even in whether or not auctions are held for particular categories of commodities. These variations, which are themselves spelled out in detail in the administrative regulations of the marketplace, reflect a number of factors: historical legacies or inertia; particular technical circumstances surrounding particular types of commodities; and the social and political influences or considerations that are inherent in the relationships among producers, brokerage houses, auctioneers, mid-level wholesalers, their customers, and the consuming public at large.

Thus, in practice, the seemingly straightforward process of selling goods at auction is embedded in complex social contexts that define the universes of buyers and sellers and the relationships among them, and that exert their own pressures to modify or maintain the particular sets of relationships that any given auction arena embodies. Each auction arena at Tsukiji is therefore a separate and somewhat autonomous social system; examination of the ways in which the various auction arenas integrate and structure trading relationships is a good lens through which to understand the social construction of economic behavior.

In the following sections of this paper I will outline several major features of the basic organizational and institutional structure of the marketplace and identify various major sets of actors in it in order to illuminate the roles played by auctions in integrating the marketplace, as well as ways in which this integration structures economic advantage and disadvantage.

Brokerage houses

In Tsukiji's marine products division, the trading system centers around the seven large oroshiuri gyôsha (brokerage houses or consignment auction houses) that organize the flow of products into the marketplace and sell these products at auction to nakaoroshi gyôsha, the mid-level wholesalers.

Each trading day <9>, from the late afternoon on throughout the night, thousands of refrigerated trucks <10> arrive at Tsukiji from throughout the country to unload fresh, frozen, and processed marine products on consignment to one or another of Tsukiji's seven brokerages. Each morning between 5:30 and 7:00 a.m., these brokerage houses together sell an average of over 2700 metric tons of fish products worth about ¥2.4 billion, or \$17.7 million, to licensed nakaoroshi.

The brokerage houses receive supplies from producers, provincial brokers, trading firms, or importers in two distinct ways. The dominant pattern is by consignment, in which brokerage

houses receive goods from suppliers and sell them in the Tsukiji marketplace on a straight commission basis, according to schedules of commission rates established by the marketplace's regulators <11>. Alternately, brokerage houses may directly purchase products on their own account and re-sell them within Tsukiji, if permission is obtained from the marketplace's regulatory authorities. Typically, direct purchases by brokerages are confined to frozen, processed, or aquacultural products where the supply is steady and controllable and the risks are low.

Sales by brokerage houses to nakaoroshi (mid-level wholesalers) take place in two ways: sales are conducted primarily by competitive auctions that involve either gestured bidding (seri-uri) or written tenders (nyûsatsu-uri); in some circumstances specified in the marketplace's regulations sales may instead be concluded between a brokerage and a mid-level wholesaler through a negotiated or private treaty sale (aitai-uri) <12>. Both auctions and negotiated sales are conducted by licensed auctioneers (serinin) who are full-time, permanent employees of the brokerages <13>.

The seven brokerage houses vary from one another along several dimensions. Broadly speaking, five are full-range brokerages that handle virtually all marine products: fresh, frozen, and processed. The smallest of these five houses lacks its own large-scale freezer capacity and so deals only minimally in frozen products; also it does not actively handle all grades of fresh fish. Although considered a full-range brokerage, it is absent from the sales for some categories of products. The two remaining houses, also relatively small, specialize only in processed products, including salted, smoked, and dried fish. Thus depending on the particular product, four, five, or seven brokerage houses are actively competing to receive consignments from producers and shippers and to attract mid-level wholesalers to their auctions. The financial scale of the seven houses also varies widely, by at least an order of magnitude between smallest and largest <see Table 1>.

<<Table 1 about here>>

The variations in the present-day operations of the brokerage houses in part also reflect the histories of their individual corporate development and the complex history of marketplace as a whole. It is beyond the scope of this paper to give a detailed historical account, but without at least a cursory overview of Tsukiji's development, distinctions among the brokerages are almost impossible to understand <14>.

The present-day marketplace was established in 1923 after the Kantô earthquake destroyed the major Nihonbashi fish market that had operated in the center of Tokyo since the 17th century. The physical relocation of the market to Tsukiji coincided with major political and economic reforms undertaken by the national government to stabilize urban food supplies and to reduce or eliminate speculation in and oligopolistic control over basic foodstuffs. These reforms, which were undertaken in the wake of the massive Rice Riots (Kome Sôdai) of 1918, led to the creation of nationally-sanctioned Central Wholesale Markets (Chûô Oroshiuri Shijô) in six major cities; the Tsukiji marketplace was one of the markets created under this new system. Among the major reforms that this new system instituted--against the sometimes violent protest of existing fish merchants--were the curtailment of ton'ya (wholesale houses) whose activities spanned financing of fishing enterprises, monopolistic control over entire catches of particular villages or fisheries, price-fixing and attempts to corner markets, and distribution of products at both the wholesale and retail levels through exclusive marketing agreements with secondary wholesalers (nakagainin) and with the retail trade (kouri). Realignments in the marketing system were accomplished through licensing requirements in the new wholesale markets that split the various functions embodied by the old ton'ya among firms located on discrete levels within the marketing hierarchy (e.g. the contemporary oroshi gyôsha, or consignment auction brokerages; nakaoroshi gyôsha, or mid-

Table 1

Capitalization and Annual Sales Figures for Tsukiji's Brokerage Houses, 1987

Brokerage	Capital	Annual tonnage	Annual sales
	(billion yen)	(metric tons)	(million yen)
<u>Full-range brokerages</u>			
Tôto Suisan KK	2.4	216,826	202,238
Chûô Gyorui KK	2.4	237,914	225,871
Daito Gyorui KK	1.4	297,704	236,281
Tsukiji Uoichiba KK	1.0	173,485	144,176
Dai-Ichi Suisan KK	0.2	75,042	60,462
<u>Specialized brokerages (processed products)</u>			
Sôgô Shokuhin KK	0.1	19,162	16,678
Chiyoda Suisan KK	0.01	76,620	44,162

(NB: Dai-Ichi Suisan KK, the smallest of the five full-range brokerages, is the most limited in the range of products it handles.)

Source: Suisan Nenkan 1989: 380-82 (figures for fiscal 1987)

level wholesalers; and so forth), and by instituting publicly supervised auctions as the major price-setting and allocative mechanism within Central Wholesale Markets.

Although the marketplace was physically re-established at Tsukiji in 1923, the new institutional framework of the market was not inaugurated until new facilities were completed in 1935. Some of the old ton'ya recast themselves as brokerages supplying the marketplace; others emerged as mid-level wholesalers engaged in trade within the marketplace to supply retail and trade customers. That is, in the new system, upstream and downstream supply relationships were separated. But, as Japan's domestic economy rapidly was being placed on a wartime footing, the new institutions of the marketplace very quickly were modified. At the outset of World War II, Tsukiji's brokerages and all the mid-level wholesalers were merged into a single large marketing and distribution organization, under the provisions of wartime food and price controls (which, of course, precluded the use of auctions as either price-setting or allocative mechanisms). During the Occupation period (1945-52), food and price controls were gradually lifted and marketplace organization was liberalized; in 1951, Tsukiji resumed operations as a competitive marketplace organized around auctions, with clearly defined and separable levels of actors.)

In the early postwar years, over 30 firms were granted licenses to operate as brokerages. The seven present brokerages are the survivors of a generation of mergers and acquisitions, but as corporate entities all can trace some connection to each of the others, either through common origins in the ton'ya (wholesale merchant houses) of the Nihonbashi fish market, through the division of firms during the pre-World War II period, or through the forced mergers of the wartime period.

But in the postwar period, several of the brokerages have developed as companies affiliated with large vertically-integrated keiretsu (or combines) in the fisheries industry <15 >. One brokerage house, Daito Gyorui KK, provides the clearest example; the majority of its stock is

held by Taiyô Gyogyô KK (Taiyô Fisheries) and several of its subsidiary companies; personnel are regularly rotated between Daito and other firms in the Taiyô group; and products caught, processed, or purchased by Taiyô affiliates regularly pass across Daito's auction blocks. The remaining three of the largest Tsukiji brokerages are more independent; each has one or more major supplies among the major fisheries companies (the so-called 'Big Six' <see Table 2>), but firms in the big six have only minority--if any--positions in the Tsukiji brokerages <see Tables 3 and 4>, and there are no regular personnel transfers between these brokerages and major fisheries companies. The smallest three of Tsukiji's brokerages are privately-held companies and their connections to major fisheries companies are more obscure; they are regarded as independents.

< <Tables 2,3, and 4 about here> >

Thus, the relationship between Daito and Taiyô represents the extreme case of keiretsu affiliation, involving a high degree of both formal vertical integration (through capital holdings, personnel transfers, and the flow of merchandise) and informal coordination.

The Taiyô group (known throughout the Japanese fishing industry simply as 'Maruha,' for the old-fashioned yagô or 'house name' the group uses) is a group of over 160 companies active in almost every aspect of fisheries production, processing, distribution, and marketing. It includes a dozen and a half brokerages operating in as many major Central Wholesale Markets scattered across Japan, but in virtually every port and virtually every marketplace, whether large or small, there are firms that are identified as part of the Taiyô group: kogaisha ("child companies") or subsidiaries which may or may not have any capital or personnel from Taiyô, but which are linked to Taiyô through long-standing transactional relationships. These Taiyô agents help both to vertically integrate Taiyô's production with its marketing subsidiaries by handling Taiyô catches and cargoes wherever they are landed, and to extend Taiyô's reach by funnelling catches from non-Taiyô producers into Taiyô's channels very early in the chain of distribution. Thus not only are

Table 2

The 'Big Six' Fisheries Companies

Fisheries companies (<u>suisan gaisha</u>)	Annual Sales (billion yen)	Percentage of sales from fresh & frozen fish
Taiyô Gyogyô KK	1090	60
Nippon Suisan KK	507	62
Nichiro Gyogyô KK	279	48
KK Kyokuyô	210	74
Hôkô Suisan KK	140	77
KK Hôsui <1>	13	90

Source: Suisan Nenkan, 1989: 290-96; Japan Company Handbook (First Section), Summer 1990: 38-43.

1. KK Hôsui itself is 63% owned by Nippon Suisan.

Table 3

**The Conventional Wisdom on Affiliations Between
Major Tsukiji Brokerages and 'Big Six' Fisheries Companies**

<u>Brokerages</u>	<u>Fisheries Company</u>
Daito Gyorui	-- firmly within <u>keiretsu</u> of Taiyô Gyogyô
Chûô Gyorui	-- independent but major suppliers are Nippon Suisan and Kyokuyô
Tôto Suisan	-- independent but receives supplies from Nichiro
Tsukiji Uoichiba	-- independent

Source: interviews with Tsukiji traders

Table 4

Largest Shareholders in the Four Publicly-Held Tsukiji Brokerages

Tsukiji brokerage	percentage of stock	held by
Daito Gyorui	46.38%	<u>Taiyô Gyogyô</u>
	5.00%	Hakodate Kôkai KK <2>
	2.08%	Daitô Tsûshô <3>
	1.31%	KK Kawaei
Chûô Gyorui	4.18%	<u>Nippon Suisan</u>
	2.76%	employee stockholding
	2.08%	Torihikisaki Mochikabukai <4>
	1.94%	KK Kawaei
	1.50%	Chûbu Suisan <5>
	1.41%	Nichirei
	1.41%	(Yugengaisha) Isetsune
1.07%	<u>Kyokuyô</u>	
Tsukiji Uoichiba	3.50%	Tôyô Suisan
	2.47%	Nichirei
	1.80%	Marubeni
Tôto Suisan		no fisheries companies or affiliates among top ten stockholders

Names of shareholders that are underlined are fisheries companies among the 'Big Six.' Other shareholders listed have some connections to the fisheries and/or food industries. Shareholdings by financial institutions are omitted.

Source: Information from the Japan Company Handbook (Summer 1990) and from the March 1990 filings by publicly held and traded corporations to the Ministry of Finance. The MOF filings list the 10 or 12 top stockholders for each company.

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2. Hakodate Kôkai KK is a major member in the Taiyô group, and is controlled by Taiyô Gyogyô.
 3. Daitô Tsûshô owns 15.63% of Taiyô Gyogyô.
 4. An association of suppliers and trading partners.
 5. Chûbu Suisan is a brokerage (oroshi gyôsha) operating in the Nagoya Central Wholesale Market, and is itself owned by: Nihon Suisan (6.62%); Kyokuyô (1.83%); Nichiro (1.83%); and Chûô Gyorui (1.50%).

local brokers and distributors identified as being part of the Taiyô group, but independent producers whose catches are regularly funnelled into Taiyô channels are similarly identified. Thus, for example, officers of Taiyô's brokerage house at Tsukiji--Daito Gyorui--can knowledgeably discuss the operations of, for example, an independent producer operating a single vessel out of the port of Abashiri on the Sea of Okhotsk, one out of some 2,500 separate producers whose catches regularly pass over their auction blocks.

Despite the formidable size and scale of Taiyô's integration across the fishing industry, however, it is important to note two points here. First, even in this most overt case of keiretsu affiliation, Daito as Taiyô's Tsukiji brokerage is not solely dependent on products from its 'parent' or other affiliates, nor do members of the Taiyô group send products only to their affiliated brokerage. Only about 22% of Daito's products come from Taiyô <16>, and Taiyô products are regularly shipped to all of Tsukiji's brokerages, to Daito's direct competitors.

Second, despite the seeming advantages that one might expect Daito to enjoy as a result of its structural ties to the many affiliates of the Taiyô group, in practice the nature and quality of ties between producers/suppliers and the Tsukiji brokerages appears substantially similar for Daito and all of its more independent, less keiretsu-embedded competitors. That is, the formal aspects of vertical integration--capital, personnel, and product flows--present in the Daito-Taiyô case do not appear to ensure closer ties between a brokerage and its suppliers, nor do other brokerages appear hampered by their relative lack of keiretsu-based vertical integration.

What is crucial instead are patterns of 'relational contracting' or 'obligational contracting' between brokerages and 'upstream' producers and suppliers. In attempting to create or maintain such ties, all brokerages stand on a relatively equal footing. The reasons why brokerages' upstream ties are largely similar, and the nature and significance of the ties themselves, are all closely linked to the character of Tsukiji's market mechanism--auctions--to which I now turn.

Auctions

As I have explained earlier, auctions are central to Tsukiji, and its auctions are conducted within a complex framework of regulations intended to ensure the fairness and openness of the marketplace. The regulations that govern the auctions constrain market relations at two levels: between brokerages and their suppliers whose products stock Tsukiji; and, between brokerages and the mid-level wholesalers who purchase at Tsukiji's auctions. These constraints, both above and below the brokerage houses, contribute to the prevalence of 'relational' or 'obligational' contracting and mitigate against what might otherwise be the advantages of more overt forms of vertical integration.

In the first place, as I have mentioned previously, the brokerage houses are all held, by regulations, to a common schedule of commissions. In most circumstances, the commissions at Tsukiji are set at 5.5%. A variety of legal rebates are possible, also based on specific formulae spelled out in the marketplace's regulations, which allow brokerages to return set percentages of fixed commissions to producers/suppliers whose volume of consignments meets or surpasses one or another semi-annual benchmarks (these levels, of course, are also specified in the regulations). Clearly, then, a producer/shipper has incentives to concentrate dealings with one or two brokerages to reap these volume-based rebates <17>.

But such rebates are not sufficiently attractive to offset consistent failures by a brokerage to obtain the highest prices for a given producer at its auctions. That is, if brokerage A consistently obtains lower prices for supplier X than brokerage B brings in for producer Y, supplier X can and usually does switch the destination for its consignments. Several possibilities for switching exist. Producers/suppliers who do business with Tsukiji brokerages often have ongoing dealings with more than one brokerage, and so they may simply reduce consignments to one while increasing them to another. Similarly, a producer/supplier may play brokerages at Tsukiji off against

brokerages in other major markets (e.g., Osaka, Kyoto, Yokohama) and send larger proportions of consignments to these other markets <18>. More dramatically (and less frequently), a producer/supplier can break off ties to one brokerage and establish new ties to another.

Suppliers can (and do) take the opportunity to switch brokerage houses not only because advances in transportation give them inter-marketplace flexibility but also because price information is widely and almost instantaneously available. Telephone calls and fax messages from brokerages flood the wires and several national daily market papers provide detailed price information. It requires little thought to determine why stable ties with suppliers should be a matter of great concern to brokerages, who require daily deliveries of supplies but cannot compete to get them on the basis of commissions or guaranteed prices for the suppliers' products. But why should relatively stable ties be important to producers and shippers, who should presumably be most interested simply in obtaining the highest possible prices for their own products?

The answer lies in information--not price information, which is readily available, but the more interpretive information on market conditions that cannot always be decoded simply from prices. Officers of brokerages argue that they can obtain the highest average prices only for suppliers with whom they are in constant contact. Information here is a two-way street.

On the one hand, brokerages endeavor to provide suppliers with detailed and highly customized information on supply conditions at Tsukiji for particular commodities, and on the precise day-by-day competitive context of a particular shipper's specific products, relative to all other lots of similar products consigned to Tsukiji that same day. Both the general and the specific information are intended to assist suppliers in maintaining quality standards, applying appropriate grading standards, and controlling the flow of shipments to sustain profitable levels of consignments and to avoid causing gluts on the market.

On the other hand, brokerages require detailed information from suppliers both about supply conditions in local ports and about the specific consignments that are or will be in the pipeline, so that the brokerages can plan intelligently their display auctions, manipulating the sequencing and sizes of lots offered at Tsukiji's auctions (and even re-routing lots to different auction arenas at Tsukiji) to most efficiently exploit the demand that the brokerages detect at any given time among Tsukiji's mid-level wholesalers.

Brokerage managers make the point that they can only obtain the highest prices at auctions for their suppliers if their auctions can attract the attention and participation of the mid-level wholesalers who buy at auction. Close communication between a brokerage and a supplier is thus a collaboration in attracting buyers to the auction.

A fish, therefore, is not just a fish, and an auction is not just a free-for-all among undifferentiated buyers. Officials of the brokerages argue that they can maximize prices on average only if they and the producers share sufficient information to be able to manipulate the presentation of the goods. Price information is simply an incomplete and inadequate proxy for the fully contextualized information that supplier and brokerage together need from each other to maximize the average prices that any given producer may be able to obtain at auction over time. And fully contextualized information is only possible through long-term stable trading relationships.

The 'relational' or 'obligational' aspect of transactions between suppliers and brokerages is therefore not dependent on formal vertical integration, nor even necessarily on the scale and resources of the brokerage as a whole. It is an intensely personalized relationship between a particular auctioneer and a particular supplier, and indeed particular auctioneers and particular suppliers develop close working relationships that may in some cases last for years.

The close relationship between a supplier and an auctioneer at a Tsukiji brokerage is based on such exchanges of information precisely because of the role the auctioneer plays in

making sales to mid-level wholesalers. Not only is the auctioneer responsible for calling the lots and soliciting bids from the mid-level wholesalers, but the auctioneer is directly responsible for structuring the sequence and groupings of products offered for sale at each display auction. It is the auctioneer who supervises the grading of products, their arrangement on the auction floor, the size of the lots to be offered <19>, the sequence of lots to be offered in a given trading session, and even whether the shipment should be sold in one particular auction pit or in another, or transshipped to an outlying market <20>.

The auctioneer therefore has a great influence on the circumstances of a particular sale, which is based both on his intimate knowledge of his suppliers and their products as well as on his knowledge of the buying preferences of his regular customers. The auctioneer cannot effectively satisfy the demands of one side to these transactions without reasonably satisfying the demands of the other, and cannot do either without transmitting vast amounts of information back and forth among parties on both sides of the auction interface.

These information flows and the close relationships that form between auctioneers and suppliers on the one hand, and between auctioneers and mid-level wholesalers on the other hand, are possible and necessary because of the structure of the auctions themselves. Although up to now I have spoken auctions only in general terms, Tsukiji's morning auctions in fact comprise dozens of separate auctions constituted around distinct species and grades of fish, distinct communities of mid-level wholesalers, and to some extent around the distinct characteristics of the several brokerage houses.

And, moreover, a given individual auctioneer is normally responsible for only a small, carefully defined subset of the products offered by a particular brokerage at a particular auction. An individual auctioneer may only be on the block for a few minutes, selling a few dozen lots, before yielding the podium to a colleague who will continue with a few dozen more lots of a

related, but subtly different category of products. Auctioneers, therefore, survey very tiny individual domains about which they command vastly detailed information about the relevant commodities, about producers, and about preferences and purchasing patterns of trade buyers.

The marketplace contains several dozen distinct and spatially dispersed auction stands, each operating more or less independently of all others. And although all auctions are conducted under the general regulations of the marketplace, each is governed by subtly different sets of rules that are based in part on the cumulative agreements among the brokerage houses and the mid-level wholesalers that constitute a trading community for a particular commodity.

Depending on the product to be sold, for example, the techniques of the auction vary. Bidding may be by a verbal or by a written bid. In most cases bidding is a one-shot affair, and simultaneous tying bids are broken not by a second round of bidding but by such mechanisms as jan-ken-pon--the child's hand-game of 'rock-scissors-paper'--which can be used to determine a winner among, for example, competing buyers in the fresh and live fish auctions. But in other trading communities--centered, for example, around the tuna auctions--competing buyers can offer higher bids, if they act fast even. Some commodities are sold at display auctions where each lot is inspected as it goes up for bid (for example, tuna, sea urchin roe, and niboshi (tiny dried sardines)); in other auctions, the commodities themselves are far from view. For some commodities, large-volume buyers are allowed to take products before the actions have begun with the promise of matching the top price of the day for the privilege; for other commodities the buyer must be present to bid. Some fish are sold piece by piece; others are sold by weight or by fixed units. Under some specified conditions, auctioneers have the option of suspending the auction and concluding negotiated sales; under other conditions (and for other commodities), they do not.

It is clear that the varying forms of auctions create different kinds of competitive relationships among rival nakaoroshi (mid-level wholesalers) and create different kinds of relationships between auctioneers and nakaoroshi. Through adjustment and calibration of the auction rules over time, nakaoroshi and brokerages appear able to maintain stable long-term ties with preferred trade partners and to minimize the intrinsic tensions that result from competition among nakaoroshi to purchase at the lowest prices.

Mid-level wholesalers

Participating in the morning auctions requires a license from the TMG marketplace, and at present roughly 1,500 wholesale firms hold licenses. These include 1,101 mid-level wholesalers (nakaoroshi) whose licenses authorize them to rent stalls and resell products inside the marketplace itself. An additional 392 "authorized buyers" (baibaisankasha) are allowed to bid at auctions but do not have stalls and cannot resell products within the marketplace; generally these buyers purchase on behalf of restaurant chains, commissaries, hotels, hospitals, schools, and other large volume consumers. In particular, the nakaoroshi--the operators of tiny stalls physically located in the marketplace, most of them small family businesses--compete fiercely for the patronage of some 14,000 restaurateurs, sushi chefs, and retail fishmongers who purchase their day's supplies at one or another of Tsukiji's 1,677 stalls.

The mid-level wholesalers are hemmed in by deeply-rooted sets of personal ties, obligations, feuds, political interests, family connections, and patterns of patronage that are hammered out daily, against a backdrop of decades if not generations of similar calculations. The majority of mid-level wholesaling firms are small family enterprises: kinship ties among nakaoroshi run thick and deep, and these are overlaid and intertwined by fictive kinship relations among shops that 'descend' as the result--perhaps several generations ago--of apprentices setting out on their

own from ancestral main shops (some no longer extant); such ties are often evident from the variations on a common theme used in stalls' yagô or shop names (e.g., lsetomo, lsehachi, lsemata, etc.). Stall-holders develop complex relations of interdependency and rivalry with their immediate neighbors (although as I explain below, the stall locations themselves rotate every four years or so). Shared place of origin is another source of social linkage for the half a dozen major clusters of people from particular regions of Tokyo or its outlying fishing ports <21>. This complicated social world constrains them to temper their economic ties in mutually acceptable ways and also provides a rich stockpile of opportunities to pursue advantage by manipulating their social capital in ways visible--indeed imaginable--only to marketplace initiates.

While these complex sets of social ties affect relationships among nakaoroshi and to a lesser extent between nakaoroshi and their customers (many of whom may also be embedded in networks of kinship, fictive kinship, native place, or other ties), relationships with the brokerage houses are structured largely by commodity specializations (which also in part structure the relationships between nakaoroshi and their customers, of course).

Most nakaoroshi firms control only a single stall within the marketplace and specialize in only one or two main commodity lines <22>. These specialities are, of course, critical to the professional identity of the various nakaoroshi and form the basis for some of the most strategically important institutions of the marketplace: a dozen and a half guilds (called moyori gyôkai, or "customary trade groups" < see Table 5 >) organized by the mid-level wholesalers who handle, for example, tuna or shrimp or whale meat or pickled fish, or particular grades of products (e.g., the wide range of only highest grade products demanded by sushi chefs) <23>.

<<Table 5 about here>>

The commodity specializations of mid-level wholesalers in part reflect the interaction of licensing requirements, auction rules, stall rotations (discussed below), and availability of capital.

Table 5

Moyori Gyôkai (Trade Groups) of Mid-level Wholesalers

Sixteen trade groups (listed in descending order, according to size of membership) are currently active. Their official names are followed by a translation and a brief description of the groups' characteristic commodities. A nakaoroshi firm may belong to more than one trade group.

<u>Members</u>	<u>Name</u>		<u>Commodities</u>
335	Ômono Gyôkai	Large Products Trade Group	--tuna and swordfish
217	Tokushumono Gyôkai	Special Varieties Trade Group	--top grades of fish for the restaurant trade especially including <u>sushi</u> chefs
161	Enkaimono Gyôkai	Distant Coastal Water Products Trade Group	--fresh fish from Japanese coastal waters distant from Tokyo; fish are primarily for <u>sushi</u> and seasonal cuisine
96	Kinkaimono Gyôkai	Near Coastal Water Products Trade Group	--fresh fish from Japanese coastal waters near Tokyo; fish are primarily for <u>sushi</u> and seasonal cuisine
78	Hokuyômono Gyôkai	Northern Ocean Products Trade Group	--salmon and other North Pacific species
75	Aimono Gyôkai	Mixed Products Trade Group	--semi-processed but perishable fish
66	Enkangyo Gyôkai	Salted and Dried Fish Trade Group	--salted and dried fish products
63	Ebi Kyôkai	Shrimp Association	--shrimp
56	Neriseihin Gyôkai	Fish Paste Products Trade Group	-- <u>kamaboko</u> and other fish paste products
28	Tansuigyo Kumiai	Fresh Water Fish Union	--eel and other fresh water fish
25	Enyômono Gyôkai	Distant Ocean Products Trade Group	--pelagic products
22	Tako Dôgyô Kumiai	Octopus Trade Union	--octopus
18	Tôgeikai	Eastern Whale Club	--whale meat
7	Ise-ebi Kumiai	Ise Shrimp Union	--domestic lobsters (spiny lobster) and other shrimp
7	Tsukuwakai	Tsuku Harmony Club	--boiled and pickled seafood products
5	Tôkakai	Tenth Day Club	--shark and other fish for processing into fish paste
1259	Total number of <u>moyori gyôkai</u> memberships		
1068	Total number of <u>nakaoroshi</u> firms at time directory was published		
1.18	Average number of memberships per firm		

Source: Calculated from data in Tôkyô-to Chûô Oroshiuri Shijô Suisanbutsu-bu Nakaoroshi Gyôsha Meibô 1990-Nenpan, a commercial directory of nakaoroshi compiled as of May 20, 1990 (Nikkan Shokuryô Shimbunsha 1990).

In the simplest sense, specializations are the product of the TMG's licensing system which allows a mid-level wholesaler a single auction license for each stall that the firm leases. The auction license is concretely signified by an oblong plastic badge--roughly 4" x 8"--clipped to a baseball cap. Without the badge, one cannot bid at an auction; a firm can rotate its badge(s) among its employees, but any single badge obviously cannot be used in more than one auction arena at the same time. Over the past generation there has been a gradual concentration of stall-holdings but even today few firms lease more than 3 stalls and hence few hold more than 3 auction licenses. And since the auctions in the many categories of commodities are all held at overlapping times, a single auction license generally restricts a mid-level wholesaler to participation in no more than two or three different auction arenas.

But in another sense, the specializations of mid-level wholesalers are directly related to the demands created by Japanese food culture. The premium on fresh seafood and the vast array of distinct species and grades of seafood that are used in the many distinct styles and seasonal varieties of Japanese cuisine play an important role in structuring the occupational specializations of mid-level wholesalers. Not only are the culinary skills, processing techniques, tools and equipment, and knowledge necessary to deal in, say, shrimp, distinct from those necessary to deal in tuna, the demand structure is entirely different as well. A sushi chef comes to Tsukiji seeking entirely different things than does a small, neighborhood fishmonger, or an owner of a tempura restaurant, or the catering manager of a wedding hall, or the seafood buyer for a supermarket chain.

If the function of the marketplace as a whole is bulking and breaking--that is concentrating large supplies of seafood and then sorting, discriminating, and dividing the seafood into distinct categories and usable-sized lots--then the chains of interactions between auction arenas,

wholesaler specializations, and the fragmented demands of trade buyers are critical, mutually reinforcing parts of the process.

Trade Buyers

This final link in the Tsukiji hierarchy is the approximately 14,000 trade buyers--the sushi chefs, retail fishmongers, hotel chefs, supermarket purchasing agents, restaurateurs, peddlers, and bar owners--who come to Tsukiji each day (or, now, in some cases place their orders by evening FAX). Members of this highly heterogeneous and fragmented group of buyers require no special licenses to make purchases in the marketplace, and they are therefore outside the regulatory schemes of the TMG marketplace administrators.

If their patronage of particular clusters of mid-level wholesalers is conditioned by their own specializations and product preferences, their choices of specific wholesalers among the hundred or more in any given specialization is far more complex and individualistic. Although the average trade buyer visits roughly ten wholesalers on each trip to the marketplace <24>, in any given specialization trade buyers are likely to do business with no more than two or possibly three nakaoroshi. Here too information seems to play a far more important role than immediate price considerations <25>; customers rely on their wholesalers to know the customers' businesses, to understand the peculiarities of their products, and to advise them on changing conditions in the marketplace; they also rely on their regular wholesalers to supply them even when there is scarcity in the market. Generally, in the trade-off between information and stability of supply on the one hand, and price on the other, trade buyers seem willing to forego shopping around for better prices since the risks of doing business with a relatively unknown wholesaler are so high <26>. Conversely, many though by no means all nakaoroshi make no efforts to attract or encourage walk-in trade, and will in some instances simply turn away an unknown customer.

Although trade buyers do switch their allegiances among competing nakaoroshi and there are so-called 'floating customers' who never establish close ties to any nakaoroshi, in many cases personal relationships between wholesaler and customer can be measured in generations. But the trust implied by venerable wholesaling firms (some claim to be in their 14th or 15th generation) and long-standing ties with customers is not always what it seems. As one restaurateur put it to me, "you stick with your established suppliers not because you trust them more, but because you mistrust them less." And this he said about a supplier whose father was the go-between for the restaurateur's parents' marriage half a century ago.

Institutions of Equalization

Despite the prevalence, or at least the preference, across all levels of the marketplace's hierarchy of long-standing ties of vertical integration, institutionally there is an implicit recognition that the mechanisms of the marketplace impose structural inequalities on participants at each level and that in the interests of 'open, equal, and fair' transactions (the *raison d'être* of the wholesale marketplace system) such inequalities should be minimized as much as possible. There are, therefore, a number of institutionalized arrangements that seek to even out these structural inequalities.

For example, at four year intervals, all 1677 stall locations for mid-level wholesalers are re-assigned through a complex system of lotteries. The intention of the reshuffling is to equalize, over the long-run, inequalities created among mid-level wholesalers by the locational advantages or disadvantages inherent in the placement, shape, and size of stalls in the huge fan-shaped sheds that house the wholesalers.

There are clear differences among the stalls, even to a casual observer. Stalls on the narrow front edge of the fan have easy access and attract buyers making daily visits for small

quantities of high-quality, sushi-grade fish. But wholesalers whose business is based on bulk sales to supermarket chains find that the back edge of the sheds--furthest from the marketplace entrance for walk-in customers but most convenient to truck loading docks--is the ideal location. Regardless of specialty, a location at the intersection of two aisles in the marketplace is always preferable to a mid-block location where a customer must pass many other stalls to reach a particular stall.

But if the quadrennial stall lotteries exist to even out long-term locational advantages, a second system has been devised to equalize the shorter-term disadvantages of each quadrennial cycle: a system of cash payments administered by the mid-level wholesaler's federation. Technically, stalls themselves are rented directly from the TMG marketplace administration and it charges a flat rent per stall, irrespective of location. But the wholesalers' federation grades each stall on its locational merits or faults and on that basis allots each stallholder a monthly assessment to pay to (or receive from) the association each month as tax (or compensation) for its location <27>.

Similar, but less complex, arrangements to minimize any potential monopoly of locational or sequential advantage are brought to bear on such things as the sites and sequencing of various auctions. Thus, for example, the specific sections along the Sumida River quay where particular brokerages offer frozen tuna for sale are rotated every few months, and the sequence of auctions changes on a daily basis so that of, say, four brokerage houses offering the same products for sale, each will be first once in every four days.

Thus, the institutions of the marketplace actively seek to erode the 'grooved channels' (Geertz 1978) that habitually lead customers back to the same suppliers again and again; the overt rules of the marketplace are at odds with the propensity for marketplace participants to find and maintain stable trading partnerships across the marketplace hierarchy. The rules of the

marketplace seem to push toward maintaining it as a spot market, while the realities of actors' business dealings push toward various forms of vertical integration specifically conditioned by the character of the auctions. The seemingly contradictory principles of market and hierarchy remain unresolved at the core of the organization of the marketplace as a social institution.

Institutional Integration and the Social Construction of a Market(place)

Anthropologists interested in social organization have largely ignored the structure, functions, and boundary setting mechanisms inherent in the organization of the economic institutions found in contemporary industrial societies. It is far beyond the scope of this paper to argue in detail why the structure of firms and their relationships to markets should be of as great interest to anthropologists as the kinship structure of moieties, other than to observe that the lives of more people are constrained by the former than the latter. And to note that the issues of the organization of social relations, of productive activities, of property rights that are of anthropological salience in the study of the one, are of no less interest in the study of the other.

In recent years, economists interested in institutional structure have focused on such questions as the nature of the firm, the role of transaction costs in setting boundaries to firms, or the ways in which coordination and integration are accomplished by means of alternative governance structures, either market driven or administrative <28>. In a sense such economic perspectives point toward a recognition that the neo-classical model <29> of markets as pure efficiency does not apply to markets (i.e. marketplaces) in the real world. It is a recognition that leads in the same directions as the work of many economically-oriented sociologists and anthropologists <30> who argue that the 'social embeddedness' of economic relations (to use Granovetter's term) requires--for example--the understanding that, if auctions are fundamentally the model for markets, the:

"social, psychological, and environmental complexities of real auctions reveal the limitations and fallacies implicit within the neoclassical economic model. Real auctions clearly do not support a view of human behavior, or even economic behavior, as either rational or individualistic. Real auctions rather support a conception of human behavior that is expressive, interpretive, and social [and is] grounded in behavioral practices; they illustrate a multilevel social reality that incorporates individual beliefs, communal meanings, and patterns of social interaction [and that] reflects a specific time and physical location. (C.W. Smith 1989: 175)

In this paper I have attempted to demonstrate the central institutional role that auctions play in the real world of the Tsukiji marketplace as a social institution that embodies the seemingly contradictory functions of ensuring competitive pricing and also serves as the major institutional linkage around and through which integration and stability of trading partners is structured. In this instance, the apparent opposition between competitive markets and institutions of integration seems at best illusory. While the institutions that mandate and sustain an auction marketplace work against the formation of overt keiretsu that span the entire hierarchy, the real world transactional behavior of marketplace participants creates a wide array of vertical coordination. In the absence of auctions, the patterns of vertical coordination that Tsukiji exhibits would presumably not be necessary, so in that sense auctions create the need for integration. But at the same time, the resulting social groupings and institutions (e.g., the trading communities that emerge around particular auction arenas) subtly but significantly shape the character and ongoing development of auctions as the central mechanism of the market and of the marketplace.

Many discussions of the characteristics of the contemporary Japanese economy and of contemporary Japanese corporate organization recapitulate assumptions that free markets stand

in opposition to patterns of vertical coordination, and that social and cultural factors that shape real world transactions among trade partners are necessarily impediments to the functioning of markets. Based on the case of Tsukiji, I would argue to the contrary, that markets do not function in an asocial vacuum and that the character of the social organization and integration of a marketplace is inextricably interrelated with the performance of the market mechanisms contained therein.

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I, however, am solely responsible for the statements of fact, interpretation, and opinion expressed here.

Notes

1. In crudest form, culturalist perspectives simply assert that Japan is unique and hence its economy and institutions are irreducibly different. Leaving aside such rudimentary cultural stereotyping, however, anthropological and other analyses have examined such features as culturally-driven preferences for particular kinds of relationships (e.g., reciprocal, long-term, hierarchical, group-oriented, etc.) that may be expressed in economic as well as other realms of behavior or the symbolic elaborations of identity that may contribute to particular sorts of consumption patterns.

2. Even economists who reject institutional or cultural arguments and pursue purely formal analyses have recently presented revisionist arguments, for example, that if labor, land, and transportation factors are properly analyzed, the Japanese distribution system is not necessarily inefficient systemically (Flath 1989a, 1989b, 1989c); others point out that inefficiency may exist from the perspective of firms but not necessarily from the perspective of consumers (Nishimura 1991); still others argue that oft-criticized features of the system, such as 'complexity,' are not, per se, inefficient (Sato 1990).

3. Tsukiji literally means 'built land,' i.e., landfill. The district was reclaimed from the delta of the Sumida River in the 17th century.

4. Seidensticker (1983) chronicles the old shitamachi quarters of Tokyo, long the home of Edo's and later Tokyo's mercantile and artisanal culture. Bestor (1990) discusses the dynamics and symbolism of nostalgia surrounding shitamachi in contemporary Tokyo.

5. Here and throughout I draw a distinction between the market, as an abstract economic institution or process, and the marketplace as both a specific geographical place and as a social institution governed by a wide variety of factors including, but not limited to, 'purely economic' or 'market' forces.

Tsukiji traders themselves use a number of terms to refer to the market and the marketplace, with varying degrees of ambiguity. In official parlance, this marketplace is the Tôkyô-to Chûô Oroshiuri Shijô, Tsukiji Shijô (the Tokyo Metropolitan Government Central Wholesale Market, Tsukiji Market). The pair of characters read as shijô can also be read as ichiba, and both terms mean market or marketplace. Shijô is generally the more formal usage and can refer either to the economic process of a market (e.g., as in the 'labor market') or to the institutions that govern trade in a specific location, that is, a marketplace. Ichiba on the other hand is more colloquial and generally carries with it a connotation of specific place and social setting. Tsukiji regulars also refer to the marketplace as the uoichiba, the fish market (with strong connotations of locale and social setting) or uogashi, the fish quay, or simply gashi, the quay (the latter two terms redolent with historical associations to Tokyo's past, as well as to the marketplace as specific place and set of social institutions).

6. These illustrative figures are from 1986 and 1987; the exchange rate is calculated at ¥135=\$1. Statistics from Oroshiuri Shijô-hô Kenkyûkai (1989: 37, 89).

7. Mid-level wholesalers are in the middle in the sense that they buy at auction and resell to retailers, restaurateurs, and perhaps other wholesalers. Economically they are in the middle, and they both buy and sell within the marketplace.

8. Women work in a few service roles in the marketplace; as cashiers and occasionally as salespeople in stalls, but none work in the auction areas. There are no women among the roughly 700 licensed auctioneers (serinin). In 1991, one of the brokerage houses had a single female employee in training to take the auctioneer's exam, administered by the Tokyo Metropolitan Government, but she had not yet reached the stage where she could actively participate in auctions.

9. The Tsukiji maritime division does not operate on Sundays nor on most national holidays. The single longest holiday of the year is from December 31 to January 4 when the market is closed for New Years. In recent years, one Wednesday each month has been chosen as a special holiday to give workers some additional time off. In 1990, the market was in operation, therefore, 287 out of 365 days.

10. According to a TMG traffic census taken March 1991, almost 36,000 vehicles pass through the market's gates each day (TMG 1991:19)

11. Commissions are set by regulations adopted by the Tokyo Metropolitan Assembly and enforced by TMG marketplace administrators. The standard commission in the marine products division is 5.5%. Some special commission rates are allowed for particular commodities or under specific market conditions, under circumstances all spelled out in TMG regulations. Although commissions may therefore vary, brokerages cannot freely adjust them.

12. TMG regulations classify several hundred commodity categories according to whether products must be sold at auction or can be sold through negotiated sales. Generally, frozen products and those that are produced through aquaculture (e.g., fish farming) are sold by negotiated sale, since cost factors and supply conditions are more generally predictable. But there are notable exceptions to this rule, so, for example, frozen tuna is sold at auction fish by fish.

Negotiated sales are also allowed each daily if surpluses remain for any commodity category after regular auction buyers have ceased to bid on the day's offerings. In addition, marketplace administrators may waive the requirements for auctions if they determine that stabilization of supplies or of prices are necessary in the wake of extraordinary circumstances (e.g., major typhoons or catastrophic transportation disruptions). Such special circumstances are rarely invoked.

13. Employees of brokerage houses can become auctioneers after three to five years of on-the-job training by passing a detailed and rigorous TMG examination. Licenses are renewed every few years by re-examination. In early 1991 there were a total of 708 licensed serinin employed by the seven brokerages in the TMG marine division. Not all licensed serinin are active, however, since acquiring a serinin license is a prerequisite for advancement within the brokerages. Virtually all senior management personnel hold serinin licenses though it may have been years since they actually sold a fish.

14. Several institutional histories and personal reminiscences recount Tsukiji's development (e.g., Tôkyô-to Chûô Oroshiuri Shijô 1958 and 1963; Uogashi Hyakunen Henshû linkai 1968; Takarai 1991). Bestor (forthcoming) provides a historical overview of the marketplace.

15. Keiretsu, groups of affiliated companies that may span a number of industrial sectors and/or may comprise vertically integrated chains of producers, suppliers, and downstream customers, are prominent--and controversial--features of contemporary Japanese industrial organization. Gerlach (1992a, 1992b) provides an overview of such combines.

16. Personal communication from senior Daito executives.

17. Rumors of under-the-table rebates to suppliers surface from time to time, but it is unclear how widespread or effective such illegal rebates can be; transaction records for all brokerages are audited on a continuing basis by the TMG marketplace administration and on an annual basis by the Ministry of Agriculture, Forestry and Fisheries. At least in terms of TMG audits, it should be noted that historically the TMG marketplace administration has been oriented toward consumer protection and toward eroding the power of marketplace traders, so it seems unlikely that systematic evasion of regulations prohibiting illegal rebates would go long unnoticed or unmentioned.

18. Ties between brokerages and producers or shippers involve the potential for both intra- and inter-marketplace competitions. A supplier may choose among the several Tsukiji brokerages as the destination for consignments, but also may choose (or not choose) Tsukiji in comparison to other marketplaces in other major cities.

Since the advent of high-speed refrigerated truck transportation in the late 1960s, producers and shippers in most parts of Japan have been able to exercise considerable flexibility in choosing among competing marketplaces. Since Tokyo is within one day's trucking distance from most ports in Honshû, Shikoku, and parts of Kyûshû and Hokkaidô, not only can Tsukiji receive goods from all over the country but so too can competing Central Wholesale Markets throughout the country.

Many provincial suppliers maintain active transactional relationships with one or more brokerages in each of several central wholesale marketplaces, making daily decisions on which marketplace(s) should be the destination(s) for their consignments.

19. That is, the auctioneer determines whether an entire shipment, say of fresh shrimp, from a single supplier will be offered at auction as a single unit or broken down into smaller amounts to be offered as several lots. Such determinations are based on the auctioneer's judgements about total supply and the structure of mid-level wholesalers' demands, i.e., what size lots are most likely to appeal to individual wholesalers.

20. Some products are sold in several different auction arenas to entirely different sets of buyers. For example, different grades of frozen tuna are apportioned among different auction locations for sale to buyers whose own customers may reflect widely differing end-use niches. Some types of fresh fish--for example, fish from nearby coastal waters--may be diverted toward different auction arenas according to judgements about the suitability of various grades of the fish for sushi or for other less demanding uses. It is the auctioneers' responsibility to make these allocative decisions among different auction arenas based on the supply conditions, the grade or quality of the products received, and their knowledge of the buying preferences of different sets of mid-level wholesalers.

21. The most significant such regional bloc at the moment are the dealers from Urayasu, a former fishing port on Tokyo Bay (now site of Tokyo Disneyland). In the 1950s and 1960s the Urayasu fishing grounds were filled in to form industrial building sites. The fishers received substantial compensation for the loss of their traditional fishing grounds, and many of them invested their capital in acquiring Tsukiji licenses as nakaoroshi; roughly 200 nakaoroshi are identified as Urayasu dealers. Today, Urayasu dealers are generally stereotyped as aggressively successful and unrelentingly hardworking, in what is at best grudging admiration from other Tsukiji dealers. Many specialize in the high-stakes tuna business; many others have made their niches as suppliers of high-grade fish for sushi dealers.

22. As of the summer of 1991, 1101 mid-level wholesaler firms occupied Tsukiji's 1,677 stalls. (The largest single operation occupies 16 stalls.) Each of the 1,677 stalls possesses one auction license.

23. These guilds, of course, are major institutions in the marketplace, settling disputes, setting the terms of trade, and negotiating with the brokerage houses and the TMG administration over the operations of the auctions and of the marketplace as a whole. These guilds are also embedded within a larger federation of nakaoroshi that represents all 1,677 stalls. This larger federation is not only a political forum for the nakaoroshi but also provides a wide variety of financial and bureaucratic services for individual mid-level wholesalers.

24. Data from unpublished survey conducted by the wholesaler's federation.

25. Many of the higher-grade wholesalers post few if any written prices, and employees use private codes to discuss prices among themselves. Customers are thus charged variable prices, dependent in large part on their existing relationship to the wholesaler. Dickering or haggling over prices is not viewed as appropriate behavior in the marketplace.

26. Geertz (1978) discusses information flows, costs and risks in so-called 'bazaar economies.' Also see Alexander and Alexander (1991).

27. According to officials of the wholesalers' federation, in 1989 the highest assessment levied was ¥15,000 (\$111) per stall per month and the highest compensation paid was ¥84000 (\$622) per month. The association deemed 964 stalls to be sufficiently well located to warrant these assessments and 280 stalls sufficiently disadvantaged to receive compensation. 433 stalls were 'neutral' and their holders neither paid nor received compensation.

28. See, of course, Coase, Chandler, and Williamson.

29. 'The price-auction model of human behavior' as Charles W. Smith (1989: 176) calls it, following Lester Thurow.

30. Acheson 1985; Alexander and Alexander, 1991; Geertz 1978; Granovetter 1985; Khuri 1968; Peterson 1973; Peterson and Georgianna 1988; Plattner 1982, 1983, 1984, 1985, 1989a, 1989b; C. W. Smith 1989.

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