Market Capitalization under Wartime Financial Controls

Akihiko Noda (Meiji University)
Takenobu Yuki (Waseda University, Tohoku University)

Market-capitalization growth can diverge sharply from price-index movements when the quantity or composition of traded claims changes. This paper studies how traded market value changed when organized equity trading continued under extensive financial controls. We reconstruct daily prices, recorded issued-share quantities, and corporate-action histories for all 41 issue series in the Tokyo Stock Exchange short-term clearing market for which recorded market capitalization can be constructed from 1930 to 1943. An order-neutral Shapley decomposition shows that, from July 7, 1937, through August 31, 1943, recorded market capitalization in the zaibatsu military cell rose by 0.829 log points even though the continuing-series price component was -0.294. The recorded-share-quantity component was 1.072 log points. This is an accounting measure rather than newly paid-in equity: the conservative net source-confirmed bound is 0.153. Classification sensitivities and legal-entity exclusions show that the quantity result is not a single-entity artifact, while the NM and Mantetsu comparisons do not reproduce the same quantity pattern. Supplementary return and calendar-placebo evidence does not display a uniform military-oriented price premium. The evidence documents an organizationally uneven expansion in the scale and composition of listed capital represented in the reconstructed short-term clearing segment; it does not identify firm-level administrative treatment.