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COMMERCIAL HISTORY of JAPAN

by

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and

SOJI KOYAMA.

TOKYO

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TO

Noboru Ohtani, Esq.,

President,

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PREFACE

by

Sir George B. Sansom, K. C. M. G.
(H. B. M. Commercial Counsellor,
British Embassy, Tokyo).

Many treatises have been written of late regarding the foreign trade of Japan in the XIX century and after, but foreign readers know very little of the history of commerce in Japan in earlier times. We are apt to think of recent developments in trade and industry as if Japan had learned the first principles of these activities from Western sources. It is true that the use of power-driven machinery in manufacturing processes, and the development of the joint-stock company to provide capital for domestic and foreign enterprises, are of European origin; but the Japanese have since the beginning of their history been, if not a nation of shop-keepers, at least in many fields industrious, skilful producers and ardent traders. The military class under the feudal régime looked down upon merchants, as is customary in any aristocratic society; but they encouraged production within their domains, and those feudal rulers whose territory contained convenient seaports were enthusiastic in promoting foreign trade. The growth of the two greatest cities in Japan,

Yedo and Osaka, was essentially the growth of commercial centres, and one of its most interesting features is the rise of the trading class in the social scale. In short, the ups and downs of commerce form an important part of the history of Japan, and as such deserve study. This work of Messrs. Thomas and Koyama is a useful introduction to the subject, not too learned and not too popular. It is based upon good Japanese authorities and contains interesting material not hitherto available in English.



British Embassy,
Tokyo,
October, 1936.

AUTHORS' PREFACE

" To search the old is to find the new."
(*Confucius*)

This book lays no claim to originality. It is nothing more than an attempt to put succinctly into English what Japanese writers have written of the growth of commerce in Japan from early times. The authors have therefore contented themselves with making a selection from the standard works of the various Japanese authorities, and by means of this symposium to prove that Japan's present remarkable advance in world trade has its roots in the past. It is in fact only by a knowledge of the potentialities of Japan in her past, much of which has been ignored by the West, that her advance since the Meiji Restoration of 1868 can be understood.

There is considerable interest in Japan's doings today. In the light of what she has achieved this is natural. Little has been done, however, to show why she has been able to capture so many of the world's markets. It is not enough to say that cheap labour and opportunism have alone enabled her to do this. Neither is it enough to insist that the Japanese owe their success in trade and industry merely to being the world's best imitators. These factors alone would not explain

her present advance to such a degree in the world's markets, and to cause her to be feared as so formidable a competitor by even the world's oldest-established industrial nations.

The object of this modest volume is therefore to show that Japan's ability in commerce, though hidden from the West, was advancing during her long national isolation of two hundred and fifty years. Thus, when at last the country was opened to foreign trade in 1869, the Japanese were prepared to adapt themselves quickly to the changed conditions and thereby enable their country to take her place with amazing rapidity among the great industrial powers. The Japanese genius is proved by her short-circuiting, as it were, the tortuous route which the older industrial powers had taken.

Tokyo,
November, 1936.

INTRODUCTION

„*Geschichte ist nicht vom Leben Getrenntes, nicht von der Gegenwart durch ihre Zeitferne Gesondertes.*"
(Dilthey, „Gesamelte Schriften")
("History is not a thing apart from life, nor is it separated from the present time by its dealings with the past.")

The traveller in Japan today, and especially in the Tohoku or North Japan, may still see that almost all towns have their fairs and markets, which are held daily or on fixed days, such as the "Nine *no-hi*" or "days of nine." These are the 9th, 19th and 29th of the month. Or there are the "One and six *no-hi*" or "days of the first and sixth of the month." These include the 1st, 6th, 11th, 16th, 21st, 26th and 31st. These fairs are links with the past in Japanese internal commerce, and they are still held on the appointed days, and in either the streets or public places of the larger towns which are the natural centres of the neighbouring villages. People from these villages flock to the markets and fairs to buy what they need, though in recent years, because of the increasing motor and other traffic in rural Japan, the people tend increasingly to make their purchases through middle-men.

Another attraction, and of which the foreign visitor to Japan never seems to tire, is the nightstalls which are held all the year round in the larger cities, but which are an indispensable feature of the many different festivals in Japan.

Yet, along with these survivals of feudal Japan, which are today among the best places in which to catch a glimpse of that picturesque Japan of which so much is fast disappearing, there are in the large cities the magnificent department stores which foreign visitors rarely fail to admire and praise. So great is the business that these department stores do that they are obliged to close on the 8th, 18th and 28th of each month to give the small traders a chance. Then there are the great business-houses such as the Mitsui, Mitsubishi, Okura etc., whose names are known and feared in industry throughout the world today. Further, as evidence of the remarkable growth of Japanese industry and its increasing self-sufficiency, especially since the Great War of 1914—1918, are the many foreign firms, well-established and of international repute, which have been obliged to close down in Japan, because the Japanese are today providing for themselves what until a few years ago they bought abroad. Indeed, they have gone much further than becoming suppliers of their own wants. Today, the Japanese are exporting in large quantities, and at cheaper rates than other countries can produce them, those things which until a few years ago they were obliged to

import at high prices. Japan's self-sufficiency in ship-building is also sound testimony to this.

It is therefore a certain conservative pursuit of her old customs in commerce, along with the most up-to-date methods of production and distribution of the West, which makes of Japan the fascinating study in commerce that she is today. Essentially imperialist and capitalist, therefore, modern Japan provides today one of the most interesting studies in commercial history. She is fast developing in commerce as she is in all branches of her national life, and it is consequently difficult to say just what the future is likely to reveal in her evolution. One thing may be said with confidence. It is that Japan's development in commerce will be as interesting in the next few years as that of any other country in the world. In fact, it is no exaggeration to say that the eyes of the industrial and commercial world are fixed on present-day Japan. Whatever may happen, there can be no doubt that an acquaintance with Japan's past will help the student to understand the great changes which seem inevitable. In the same way, a knowledge of Japan's commercial history will enable the student to understand the great changes which are at present taking place in Japan's industrial life, and will better prepare him for the still greater changes which are likely to take place in the future. Believing therefore that some sort of a symposium of what the recognized historians have said about Japan's growth in commerce may help students

who wish to know why the Japanese are progressing so fast in industry, and what exactly are their potentialities in this field for the future, the authors have compiled the following data.

In acknowledging with gratitude the valuable sources of information from which the data have been taken, the authors wish to express their special thanks to Mr. E. V. Gatenby, M. A. (Lond.), of the Tohoku Imperial University and Fukushima Higher Commercial School, whose valuable suggestions and revision have made it possible to publish this book.

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CHAPTER I

EARLY RECORDS & 4 GREAT PERIODS

1. Circulation of Goods In Early Times. A study of the antiquity of Japan must begin with her Mythology and Tradition.

The oldest records now existing in Japan are those of the Kojiki or Ancient Chronicles and Nihonshoki or Chronicles of Japan, the former completed in A.D. 712 and the latter in A.D. 720, and Fudoki[1] or Local History compiled in 713.

Other than the above-mentioned records, we have to rely upon Tradition and Mythology supported by archæologic, sociologic, and anthropological evidence, as well as Chinese and Korean records in studying the remote antiquity of Japan. Thus, many questions are left in abeyance in connection with the study of antiquity, and information on the earliest times is deficient as we have no historical records up to A.D. 712.

Assembling, however, all information maintained by various scholars, we may judge the ancient Japanese to have been of Mongol, Tunguse, Chinese, Malayan and Polynesian origin. The Tunguse immigrated from the continent to Japan, conquered the Ainu or aborigines, blended with

(1) Fudoki may be compared with the Domesday Book in England.

them and so formed the Yamato State.[1] No so-called "Hunting Age" seems to have existed in Japan, and the ancient Japanese lived on agriculture adopting a corporate family system, probably hunting and fishing in the intervals of cultivation.[2]

Generally speaking, people in early times produced goods to satisfy their own needs only and not for the needs of others. Exchange among all persons usually took the form of donations and there was only accidental circulation of goods. Perhaps it was so because men had no personal right of property in regard to all sorts of goods; accordingly they could not exchange any kinds of goods with one another. In his "Money, Credit & Commerce" (p. 265) Alfred Marshall says:—

> "The exchange of goods began long before the right of possession of an individual had been clearly and fully marked off from those of family or village or tribe. Things were given and others received in return; and help was lent by one man to another, with the understanding that its equivalent would be rendered on occasion."

In this sense it is noteworthy that even when exchange was not going on, there could be circulation of goods. The circulation of goods may go

(1) See "Outline of Japanese Economic History" by T. Tsuchiya, p. 3 and "The Original Japan" by S. Nishida, p.p. 32-34.

(2) See "Outline of Japanese Economic History" by T. Tsuchiya, p. 15 and p. 19.

on by the methods of "silent barter,[1]" plunder, contribution, reparation or donation.

In olden times, the Japanese led a group life established on a family system under which festivals and governmental affairs were treated in the same manner, and the offer of goods to the gods for atonement or paying tribute to ancestors on the occasion of fêtes caused the transfer of goods, and this is likely to have happened very often among the ancient people of Japan. Things given to the gods seem to have been horses, slaves, rice, cereals, cloth, bows and arrows, etc.[2]

Furthermore, among the members of the communities mutual aid was given, and in consequence gifts and loans were often arranged. Though this seems to have been but a survival of the customs followed at a festival, we can find the same even today at Japanese festivals when presents are made in the rural districts of Japan. There were transfers of rare, local products, or products peculiar to the district, from one family to another by these reciprocal present-making customs, the same as by regulated commerce of to-day.

By exchanging things to win the favour of the gods (exorcising, etc.), primitive people conceived the value of those things which they sacrificed. When exchange took place, purchase and sale

---

(1) German 'Stummertausch,' or primitive barter in which goods are left to be taken by others, who leave something in exchange. Traces of it are also found in Japan.

(2) See "A Study of Economic History of Japan" by Doctor Uchida. Vol. 1, p.p. 346-354.

came into existence. In Japanese the phrases "to atone for sin" and "to purchase a thing" —AGANAU— and also the phrases "to exorcise pollution" and "to pay a price" —HARAU— mean the same.[1] In addition, though there is much discussion regarding the meaning of ATAI in Japanese in the sense of 'value,' the word must be understood as the estimated amount of goods a man will give to another in return for a thing given to him.

A kind of exchange, thereby, was concluded and by keeping up the customs the market system came into being.[2]

2. The Meaning of Commerce. The word "Commerce" has been used in all sorts of senses, and even to-day it is interpreted in various ways by many scholars.

It is noteworthy that the idea of commerce is not absolutely invariable, but was changed and has been changing according to the alteration in methods of exchange. Thus the idea of commerce must be considered from the historical point of view. In consequence, the commerce carried on in ancient times is not the commerce meant by scholars of to-day, and it might also be said that we cannot apply the present views concerning

(1) See "The Origin and Essence of Money," p. 110; Vol. III of Doctor Fukuda's complete "Economics" published by Dobunkan.

(2) See "An Introduction to the Commercial Science" by S. Mukai, p.p. 7–9, included in the 37th volume of "The Complete Works of Economics" published by the Kaizo-sha.

commerce to systems which may be in vogue 10 or 40 years hence. When direct exchange or direct trading between producers and consumers was going on, the existence of traders was not regarded as important, so that commerce was carried on without merchants. In these circumstances some scholars define "commerce" as "an exchange of a surplus for necessaries."(1)

In Japan we might apply the above definition to the periods from the beginning of the state to the NARA (710–794 A.D.) and HEIAN (794–1185) Periods, before and during which the greater part of the people were engaged in agriculture, making business a side-line. Further, these Periods were characterized by peddlers, hawkers and the like whose business was not their speciality, but was carried on by taking advantage of opportunities or according to the seasons.

After the KAMAKURA Period (1185–1333) the economy of self-sufficiency and self-support collapsed, and commerce in the modern sense was realised to some extent. Merchants, however, playing an important rôle in society, now appeared and business became their permanent profession. This period might be called one of "Merchant Business."

The theory of "Purchase for Reselling" might be applied to the periods prior to those for "Merchant Business." The theory of "Mer-

(1) See "An Introduction to the Commercial Science" by S. Mukai, p. 13.

chant Business" is a popular view of commerce held at present.

Let us quote one of the popular views:

W. Roscher says in his "Nationalökonomik des Handels" (Seite 3: Erstes Kapitel); "Unter Handel verstehen wir das gewerbsmässig betriebene Kaufen zum Wiederverkauf" (Commerce means purchase for reselling carried on as trading).

Doctor R. Uchiike defines "Commerce" in his "Outline of Commercial Science," p. 25, as follows:—

"Commerce includes all undertakings intended to overcome the obstacles interposed by distance, social customs and (local) topography between producer and consumer through selling and buying or exchange of goods."

The theory of the Distribution Organization systematised in the Capitalist society of to-day has recently become influential.

3. Four Great Periods of Commercial History in Japan. "Ancient Commerce" or the first period began with the divine ages 660 B.C. extending to the NARA Period (710–794) and the HEIAN Period (794–1185 A.D.), and the second period might be called "Mediæval Commerce" covering the periods KAMAKURA (1185–1333) and MUROMACHI (1393–1573). The first period may be regarded as one in which "Exchange was Commerce." An isolated society is one of men who are self-sufficient and self-supporting. In these periods "Exchange" did not play an im-

portant function, but was entirely accidental. In the Second Period we can find a form of exchange like that in modern times, which is a mode of purchase for reselling carried on as trading. The third or "Early Modern Commerce" began with the Azuchi, Momoyama Periods (1573–1602), and ended in the year 1867, with the fall of the TOKUGAWA family. In this period, there came upon the scene the independent merchant who made it a business to get a profit on exchange of goods.

According to "Pitman's Commercial Geography (p.p. 2–3)" there are five kinds of commerce :—

1. Home Trade, or that carried on between people of the same country ;
2. Colonial Trade, or that carried on between the inhabitants of a mother country and those of its colonies ;
3. Foreign Trade, or that carried on between people of different countries ;
4. The Carrying Trade, or that conducted by a commercial country for some other country ;
5. Entrepôt Trade, or the importation of goods for the purpose of exportation afterwards.

The above kinds of commerce are found in the fourth period, or that of Modern Commerce, beginning from the entry of the Meiji Era, and covering the Taisho and Showa Periods.

CHAPTER II

FIRST PERIOD or ANCIENT COMMERCE

1. Summary of Japanese History in the First Period—from the Beginning to A.D. 1185.

After the first Emperor, Jinmu Tenno, set up his capital in Yamato in 660 B.C., the Shizoku(1)

---

(1) Vide "The Social and Economic History of Japan" by E. Honjo, p. 32–p. 33.

The *Shizoku*, or "clan-family" system. (*Shi*, or *Uji*= family, *Zoku*=clan).

In its fully developed form, the *Shizoku* was a community or clan which included various *Ko* (or houses) which had, or were believed to have, a common ancestry. Each *Ko* included not only direct descendants from one ancestor, but also collateral lines.

We have to rely upon the scanty information contained in the census registration of the 2nd year of Taiho (702 A.D.) for the constitution of the *Ko* in the earliest times. But it seems clear that the *Ko* was made up of the head of the family, kinsmen of direct descendants and collateral families, relations by marriage of the head of the family, dependants, and even slaves. The number of persons in a *Ko*, therefore, might well amount to more than a hundred. This was too large a number for one dwelling, and consequently the individual families of the *Ko* lived in separate houses.

The *Uji*, or combination of *Ko*, also had its head, who had authority over the whole *Uji* and over the head-men of the various *Ko*. Within the *Uji* were communities called *Be* or *Tomo*, amongst whom were often found *Yakko* (slaves). (*)

The *Uji* was a community claiming a common ancestry as mentioned above, but the *Be* affiliated with the *Uji* consisted of people who were not always descended from the same ancestor.

system, which was the foundation of the politico-social system of that time, continued up to the time of the Taika Reforms. Reaching its maturity, the Shizoku system brought about evil effects, and Prince Nakano-Ohe helped the Emperor Kotoku to carry through the Taika Reforms following the example of the Tâng system. In A.D. 646 the Shizoku system was abolished and privately-owned lands as well as the people on them were transferred to the power of the court; they thus became state lands, and the people owed allegiance direct to the Emperor and the first code of Japanese law to appear in writing was issued by the Reformers. In A.D. 701 the Taiho Code was instituted, and this might be said to have completed and enlarged the Taika Code. In 710, following the method of the Tâng dynasty, the Emperor Genmei built a magnificent capital at Nara. Before this time, the capital had been changed with each new reign, but Nara remained the capital for the next 74 years.

A *Be* which affiliated with an *Uji* adopted the name of the *Uji* and it was considered that it had the same ancestor as the head of the *Uji*, and others came to recognize this as a fact.

In short, *Uji* or *Shizoku* was a community built up on the belief that its members had the same ancestor. The Uji worshipped a patron saint termed *Uji-Kami*, and the worship of the *Uji-Kami* helped to combine the *Uji* more firmly.

It may, accordingly, be said that the *Uji* was a community not only combined by the same blood relationship, but also by the same religious belief.

(*) See "History of Japan" by J. Murdoch, Vol. 1, pp. 98–101.

It is noteworthy that the Chinese civilization exercised a great influence not only on the social and economic system of Japan, but also on architecture, sculpture and other branches of art in a direct way, in adhition to the fact that the development of Japan owed much to the transplantation of Chinese crafts, particularly in textile manufacture, ceramics, etc. With the introduction of Buddhism, intercourse with China was increased by degrees, and experts in weaving, pottery, painting and sericulture were constantly arriving from China. Fine and industrial arts in the Nara Period were far superior to anything in the following ages, and the Nara-No-Daibutsu, cast in 752, remains the largest bronze statue in the world, and symbolizes the Tempyo civilization at this Period.

In A.D. 794 a new capital was constructed at Yamanose, and it was called the Heian (peace) Palace or Western capital in contrast to the Eastern capital at Nara. This place is the Kyoto of to-day. Kyoto was the permanent capital for 1075 years until the second year of Meiji, 1869, when the capital was transferred to Edo, Tokyo of today. The Heian Period extended over the period up to the rise of the great military families, the Genji and Heike clans; to be more precise till the inauguration of the Shogunate at Kamakura in 1186. The Heian Period, into which was extended the Nara dynasty, whereby a direct transplantation of Chinese civilization was made, gave rise to its own Japanized civilization by

selection and assimilation of Chinese characteristics. Thus the naturalizing spirit arose after the interruption of intercourse with China in 894.

The brilliant civilization transplanted from foreign countries was not enjoyed by the people in general in the Nara and Heian periods, but its sphere of influence was largely restricted to the nobility and the upper classes. The stagnation of civilization in the Imperial capitals alone was mainly due to obstacles in the way of communication, and the fact that the use of Chinese ideographs, which were widely used by the nobility up to the early part of the Heian Period, did not spread at all.

The manor system which originated in the Nara Period developed fully in the Heian Period. A manor in Japanese primarily means "Another Work," or the place where products were turned out. Devastated fields and uncultivated plains given to royalities and princes and granted to temples and shrines were reclaimed. These fields and plains, when cultivated, were treated by the court as "Another Work."

Soon after the issue of the Taiho code, "Another Work" brought about manors, the owners of which did not pay taxes to the court; also these owners wielded authority over the peasants in the same way as feudal lords, and independently refused interference from the administration of the provinces.

Accordingly, they established in the state an isolated section which the authority of the state

could not reach, while opening the way for the feudal system which followed. In consequence, the system of state ownership of land established by the Taika and Taiho Reforms was destroyed by the manor system.

2. Commerce in Embryo. According to archæology, it appears to be a fact that the Japanese in ancient times lived in a considerably developed state just before the beginning of the Christian Era, and Japanese records state that the foundation of the empire was in 660 B.C.

We read that in the mythological age Susano-o-no-Mikoto, who had been to Korea, said that gold and silver were abundant there, and that the Japanese should carry on exchange with the Koreans by Uki-takara — floating treasures — or ships.(1) Jingu-Kohgo, the Empress who was regent during the years20 1–269 A.D., is said to have explained that Shiragi, one of the three countries in old Korea, was rich in gold, silver, and other treasures.(2) It is supposed that the above show some connection with Korea and some sort of tribute or trade effected between Korea and Japan in those early times.

Doctor R. Torii in his "Looking For Prehistoric Traces" (p. 263) asserts that in the stone age arrow-heads made from obsidian and found at the

(1) Vide "Outline of Japanese Economic History" by Doctor Honjo, 2nd separate volume, p.p. 241–242, and "The Commercial History of Japan" by Yokoi, p. 37.

(2) See "Outline of Japanese Economic History" by Honjo, 2nd separate volume, p. 242.

pass of Wada, near Lake Suwa, Shinshu, were distributed among the ancient people of Kohshu, Chichibu, Sagami, Kadzusa, Hitachi, Iwaki, Echigo, Noto, Hida, Tohtomi, Mikawa, etc. This clearly shows that exchange originated in remote antiquity, though the exchange of these ancient people was undoubtedly accidental and limited to things of absolute necessity such as weapons, tools, etc.

In earliest times we can find no trace whatever of commerce in the modern sense. About A.D. 463 (in the 7th year of the Yuriyaku Dynasty), however, potters, saddlers, painters, and brocade weavers came to Japan one after another, and at the same time there were men who got their living by interpreting between the immigrants and the Japanese.[1] Since there was such a differentiation in the crafts as mentioned above in early times, it would be natural that things produced by one section of the profession should be exchanged reciprocally with other sections, though such barter was rather fitful.

3. Etymological Interpretation of "Akinai" (Business). In connection with exchange, purchase, and sale in early times, let us now examine the meanings of the words used to denote "Business."

When men made a profit in carrying out an exchange, they expressed it as "Aki" or "Busi-

(1) See "The Economic History of Japan" by Y. Takekoshi, vol. 1, p. 17.

ness." There are various etymological theories about this word *Aki*. One is that the word *Aki*, which changed from *Aku*, means satisfaction, or ampleness of a given thing, with the surplus of which men exchanged things for those of another. Thus *Aki* means "business" or "trade." Another is that *Aki* is the word for "Autumn," in which clothes and corn would be yielded, and the exchange used to take place only at that time. For this reason, the word "Autumn" came to indicate exchange itself.

There was a tendency, when an exchange was once concluded among people, for exchange ratios to be fixed up, for instance a brown bear's skin was worth 60 Kin (catties) of cotton. This is proved by the record of the Emperor Saimei in 659 A.D.(1)

It is interesting to learn that in Japan the word "value," *Ne* or *Neuchi*, came from the word rice-plant (*Ine*). Let us take an instance in Japan, where in 907, the prices of articles were still expressed, not in money, but in terms of the value of rice, and the Engi Code (record completed in 927 A.D.) permitted it. Thus the law established the standard of rice by which the prices of articles were determined. We may take a remarkable example of this. In both Echigo and Sado

1 Hiki of silk was the equivalent of 70 sheaves of rice.

(1) See "The Economic History of Japan" by Y. Takekoshi, vol. 8, p. 1 of "History of Prices."

1 Hoe or *Kuwa* was the equivalent of 2 sheaves of rice and one *Tei* of iron was the equivalent of 6 sheaves of rice.

In To-tomi

1 Hiki of silk was the equivalent of 80 sheaves of rice.

The above was one of the price-ratios prevailing during the Engi era (from 901 to 923).[1] About 750 A.D. the value of a slave was usually 600–1,000 sheaves of rice plants.[2]

One example showing that business was being carried on in early times is seen in the fact that a notorious robber called Ayashiomaro, in Harima, looted a ship with commercial goods on board, did not pay tribute to the Emperor, and at last was subjugated in the 13th year of the Yuriyaku Dynasty A.D. 469. We also find in the annals of the Emperor Kinmei (540–571) that a merchant, Hatano-ohochi, peddled his goods as far as the country of Ise and amassed a fortune.[3]

4. On Traders. As stated in section 3, we can trace the facts of commerce which existed in early times. A definite class of traders, however, did not appear at the time, but a large majority of people engaged in agriculture made various

(1) See "The Economic History of Japan" by Takekoshi, vol. 1, p. 307.

(2) ibid. p. 174.

(3) Regarding this section, vide "The Economic History of Japan" by Honjo and Kokusho, p. 104, "The Social and Economic History of Japan" by Honjo, p. 54, and "The Commercial History of Japan" by Kanno, p.p. 12–15.

side-lines in trade. Still, there were some traders who specialized in business, and the number of traders increased gradually.

H.G. Wells says, "The first merchants in the world were shipowners like the people of Tyre and Cnossos, or nomads who carried and traded goods as they wandered between one area of primitive civilization and another."(1) "A class of intermediaries arose who made commerce a business; peddlers, either singly or in caravans, began to venture back and forth between the districts of production and those of consumption, exchanging the products of different countries."(2) From these examples mentioned above, it may be concluded that the traders originated in foreign tribes, not in the same tribe. Commerce grew up as a form of international life and was thus like foreign trade today.

The same practices are also found in Japan.

In view of the fact that Achino-omi had been a Chinese before his naturalization in Sept. 289 A.D., when he brought his party and people of 17 prefectures, and that one of his descendants had been appointed to the post of Uchi-kura in the reign of the Emperor Richu A.D. 405, which was probably a post where he was in charge of the goods and property of the Imperial Family, it is evident

(1) See "The Outline of History," p. 206, published by The Sun Dial Library.

(2) See "General History of Commerce" by W.C. Webster, p. 5.

that naturalized citizens were valued at that time.[1]

In the reign of the Emperor Kinmei A.D. 540, a census was taken of the Hata family, Chinese who had been naturalized, and the houses of the Hata family amounted to 7,053 in which lived approximately 130,000 inhabitants.[2] This is one of the instances given in the records concerning the migrations, and it is evident that constant migration from the Continent went on. There were five parties, viz. nobility, clergy, ordinary citizens, semi-free citizens and slaves in the country after the Taika Reforms, and the last three parties produced the greater part of the necessaries of life required by the governing parties—the nobility and clergy—of those days. Foreigners who brought articles of luxury and had advanced knowledge were greatly welcomed by the governing parties. In consequence, they occupied high positions in industry at the time.

Hatano-ohochi, who peddled his goods to the province of Ise, was appointed in September, 540 A.D., to the post of Okura Tsukasa, which probably meant that he was put in control of the system of fairs, since he was proficient in writing and accounting; and thus it was convenient to appoint him to manage traders, the majority of

(1) Vide "The Latest Chronological Table of Japanese History" p. 25 and "The Economic History of Japan" by Takekoshi, vol. 1, p. 14.

(2) See "The Economic History of Japan" by Takekoshi, vol. 1, p. 117.

whom were naturalized citizens.[1] Thus Hatano-ohotchi and Akiosa-no-Ofuto, the head of the commercial Department in the court, who went to China to buy Chinese things and returned to Japan in A.D. 591, are regarded as traders who were descended from naturalized citizens. From these particulars we can deduce the fact that the origin of traders in early times was closely connected with foreigners, and foreigners generally became a class of intermediaries.

5. Kinds of Tradesmen. In the Nara and Heian Periods, an increase took place in the number of tradesmen who earned their own living by carrying on business.

As trade in the First Period was, however, confined almost mainly to fairs and markets, there was little room for the existence of tradesmen except at the places where fairs and markets were held periodically. There were two kinds of traders: one was wandering peddlers; another was sedentary (or markets and fairs) traders. These traders engaged in business at fairs and markets, and were found in the Imperial capital and the largest towns of the provinces where a great number of people flocked together.

Regarding the peddlers, it will be assumed that peddling, though it was not extensively practised, was going on before the official records were compiled. Since peddling came to occupy

(1) See "The Commercial History of Japan" by Yokoi, p. 23, and by Kanno, p.p. 34–35 and "The Social and Economic History of Japan" by Honjo, p. 58.

an important position side by side with fairs and markets, it came to be put on record. Just as in the oldest records concerning peddlers we have the examples of Hatano-ohotchi, and also the merchant vessel looted by Ayashimaro, so it is interesting to know that the Emperor Shotoku, in Feb. 765 A.D., forbade people to go to the island of Awaji, when falsely representing themselves to be merchants.[1] This ordinance was issued to prohibit people from disguising themselves as merchants (peddlers) and going to the island of Awaji, where the dethroned Emperor Junnin was living in exile. Supporters of the ex-monarch went to acquaint him with the circumstances in the capital and to enquire after his health.

It will be seen even from the above records that peddling at that time was going on prosperously, and we come to the conclusion that commerce which came into being in ancient times was mainly carried on in the form of peddling. Peddlers made a round-tour of markets and fairs in the provinces, or brought into any locality specialities of various places, and there were always hawkers crying their wares while making a round of various houses in small areas. Some of the travelling peddlers in Kyushu went far afield and peddled their specialities in such distant countries as Korea and China. By means of water transportation on the rivers Kidzu, and Uji and

(1) See "The Commercial History of Japan" by Kanno, p. 15 and "The Mercantile History of Japan," p. 22.

Lake Biwa, some of the peddlers in Nara went as far as the Hokuriku districts. Accordingly, the sphere of peddlers making a round of various places was by degrees enlarged.

The majority of hawkers were poor people who were trying to sell such daily necessaries of life as fish, vegetables, etc. There were also many women engaged in hawking goods, and the word *Hisagime* as relating to woman peddlers means "selling women."(1) Even to-day we can find men and women hawkers and poor peddlers everywhere in the country.

In the latter part of the First Period, with the development of trade and transportation, there arose the so-called "Tsuya" at distributing places of goods such as Naniwadzu, Hakata, etc. Traders put up at Tsuya, which etymologically means "*a house that things gather to*," and then houses to which goods were consigned became known as Tsuya. Tsuya, therefore, served both as hotels and commission agencies, and are today regarded as the origin of commission agents. At first Tsuya of this kind arose at foreign trade ports, and then at important points for home trade. Primarily peddlers purchased things direct from producers and resold them to consumers. Later, however, they had to stock with special goods transferred from distant places through the hands of this Tsuya.

There were, too, Toimaru, which were con-

(1) Vide "Outline of Japanese Economic History" by Honjo, 2nd separate volume, p. 231.

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sidered as the origin of commission agencies for the periods from the latter part of the Kamakura Period to the early stages of the Muromachi or Ashikaga Period, and these Toimaru settled at important ports. Toimaru originated in warehouse sites and developed in connection with the manor system of the Heian Period. They stored at a given place taxes in kind, mainly rice, which was to be transferred to the nobles and temples of Kyoto from manors existing at the time. They built warehouses for preserving rice as tax in kind at places easy of access by the rivers or at the sea-side. At the beginning the supervisors and officials of these warehouses were members of an organization, but later the management was put into individual hands for the sake of convenience. Further, the individual took the responsibility in receiving land-tax in kind, while taking storage and shipping expenses as his own income, and made it an independent business. Toimaru developed in the foregoing manner and Tsuya also operated in the same way.

Thus, two different organizations were naturally united serving as warehousing, carrying, and hotel businesses. Accordingly the hotel, warehouse and transportation businesses were differentiated from the commission business.

6. Markets and Fairs. Exchange of goods was carried on from ancient times, and at length trade between individuals developed into local markets and fairs which were sometimes established at given places where they exchanged their products

regularly and in peace. Hence a place where exchange of goods took place became a fair or a market. The usage is not a special feature in this country only, but the same development may be traced in all parts of the world.

Fairs and markets were established as an economic system in comparatively olden times, and the oldest fair recorded is the Karu-ichi, of Yamato, in the reign of the Emperor Ohjin (270—310). The markets and fairs recorded in literature are more or less connected with the courts, and it is only from these court records that we can study the fairs and markets of the times.

The following markets and fairs are mentioned :—

Eka-ichi, of Kawachi, in the Yuriyaku Dynasty (457—479) ; Tsuba-ichi of Yamato in the Buretsu Dynasty (499—506) ; Atokwa-ichi of Yamato in the Bitatsu Dynasty (572—585) ; all these continued up to the Nara Period.

After the Taika Reforms, the system regarding barriers and fairs was established, and fairs and markets developed prosperously. Ogawa-ichi, of Mino ; Fukadzu-ichi, of Bingo ; Abe-ichi, of Suruga ; Ofusa-no-ichi, Tatsu-ichi, and Tsuba-ichi, of Yamato ; and Kowaki-ichi, of Mino were conspicuously noted. Above all Eka-ichi and Tsuba-ichi appeared to be most prosperous. In Eka-ichi, which used to hold its fairs under a mandarin orange tree, they once sold the goods and property of Shidane-mikoto, who had been deprived of his title as a punishment.

The Emperor Kenso (485—487), when taking refuge in Harima in his childhood, composed a poem referring to Eka-ichi in celebration of the completion of a new house. The reason why he referred to this Eka-ichi is said to have been due to the fact that people of the time vied with each other in buying delicious saké brewed by Koreans at the Eka-ichi Fair, which the Koreans visited. The word "delicious saké" remains as a pillow word for Miwa (the mountain) which had the same pronunciation as libation (Miwa) that is mentioned in the Mannyo-shu. The Mannyo-shu is generally believed to be a collection of 4496 representative poems composed during the 446 years from the 1st year of the reign of the Emperor Nintoku, A.D. 313, to the 3rd year of the reign of the Emperor Junnin, A.D. 759. A poem of the Mannyo-shu, the oldest anthology of Japanese poetry, describes how many streets existed in Tsuba-ichi, the original Japanese and the meaning of the poem being as follows:—

"Tsuba-ichi no Yaso no Chimata ni
Tachi narashi Musubishi Himo wo
Tokamaku Oshimo." (12th volume)

Participating in an Utakaki held at the Tsuba-ich where many streets were in a row, with him who had died, I tied a string which, I regret to say, I would untie for no other man.(1)

These markets and fairs mentioned above had

(1) The significance of the poem is:—
"Participating in an Utakaki held at the Tsuba-ichi where many streets are in a row, I tied a string with him (at that

existed in the provinces, but in the capital there were the East and West markets, and Miya-ichi. Regarding the East and West markets, the details will be given later. The Miya-ichi, special market, was established in front of the Kenrei gate in Kyoto 839 A.D., and consisted of three pavilions where Chinese goods brought by envoys to China (in the Tâng Dynasty) were displayed and therein people of the court exchanged Chinese goods with people of the city. The same sort of markets were held in the Nara Period.(1) For the sake of clearness let us quote from Webster's explanation of the words "markets" and "fairs" in ancient and mediæval times, though we had not such particular types in Japan. In "General History of Commerce" by Webster (p. 101) we read:—

> "There was a distinction between a fair and a market. In the first place a market was more local than a fair, and usually supplied only one community, while the fair always supplied a large territory; secondly, markets were usually held only for one day, either monthly, weekly, or more rarely semi-weekly, while fairs were generally held yearly for a longer time, varying from one to seven or eight weeks according to custom and the amount or trade to be carried on; thirdly,

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time lovers used to tie a string to each other in token of love), but to my regret he has already died. Shall I be unfaithful to him? No, how can I be unfaithful!"

(1) See "The Social and Economic History of Japan" by Honjo, p. 153.

the fair was chiefly for wholesale trade, and the market for retail trade."

7. The Origin of a Fair or a Market. The Japanese word Ichi (a fair or a market) originally denoted a meeting-place for people, but later came to mean the place where they exchanged their goods with one another, since the place of gathering served as the site for the exchange of goods. There are many theories about the word Ichi, but it is understood that Ichi stands for Isoji (fifty or many ways), or Ichi (gathered ways). According to the Nihon-shoki, various gods met at Amataka-ichi. This Ichi will presumably mean the capital or settlement of many people. In short, Ichi must be the place to which people flock.

Primarily, fairs and markets in ancient times were generally established at the site of shrines and temples where religious festivals were held, and thereto many people gathered. The connection of a fair or a market with religious festivals is not limited to Japan only, but traces of the custom have been found in all parts of the world, and it will be seen even from the meaning of the word that the English "fair" or French "faire" have both been derived from Lat. "feria" or "holiday." The Eka-ichi previously mentioned was held near the Sumiyoshi shrine, and the Tsuba-ichi, of Yamato, existed near the Hase Temple.[1] Later, fairs and markets were establish-

(1) Vide "The Commercial History of Japan" by Kanno, p. 20.

ed at political centres which were the seat of the Imperial Palace and of local government officials, where many people naturally assembled on business, and in consequence fairs and markets were held to attract the crowds.

In the Nara Period, owing to the unsettled state of society, fairs and markets were established at the place where shrines and temples existed or feudal lords of the manors lived, because in these places fairs and markets could be carried on peacefully, or were protected; also temples, shrines and feudal lords established fairs in their own lands with a view to imposing taxes or dues.

Some scholars in Japan maintain that Uta-kaki[1] is the origin of a fair or a market because of the fact that although an Uta-kaki was held with a view to looking for a partner apart from economic reasons, exchange of goods was naturally carried on and a sort of a fair or a market came into being, various men and women having met together there.[2] The Uta-kaki may partly explain the evolution of a fair or a market, but it is not

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(1) Uta-kaki, poetry party, in early times, was held at a fair or a market and in a field or on a hill where people of both sexes, rich and poor, high and low came together.

The Mannyo-shu contains verses by more than 500 writers of all classes from the emperors down to footmen and petty officials and still lower to peasants, harlots and even beggars, and many poems of this collection were composed at Uta-kaki.

(2) See "The Economic History of Japan" by Honjo and Kokusho, p. 105.

the only explanation. Some of the fairs or markets were naturally developed through a desire for the direct exchange of surplus goods, and in some cases, were established artificially by the court or other authorities.

Was the system of fairs and markets naturally created by the Japanese proper with the development of economy or was it transplanted following the systems in foreign countries? That is a moot point and there is room for discussion. At all events it is suggested that a fair or a market has some connection with people of Korea or China naturalized in Japan.

The Chronicles of Japan or Nihon-shoki relates that the Emperor Buretsu, (499—506), when he was Crown Prince, competed for the Princess Kage-hime with Madori-no-maro in the Tsuba-ichi. This is a well-known story in connection with fairs and markets.

From the foregoing we learn that all classes took part in Uta-kaki, which were flourishing.

8. Things Exchanged at Fairs and Markets. When fairs and markets first came into existence, "Independent Economy" was the rule and people were self-supporting and self-sufficient. In consequence, the things exchanged appear to have been luxuries such as saké, hides, or precious stones, etc., as people generally produced all the goods they wanted to satisfy their own needs. According to the Taiho code prescribed in 701, the only things available for exchange in the Taiho Era were marine products, thread, cotton, cloth (tex-

tile fabric), silk, pongee (a coarse kind of silk cloth), and iron.[1] It is evident, therefore, that the things exchanged at fairs and markets were very limited in variety. In time, however, especially in the Heian Period, as agriculture progressed, presumably such products as cereals and domestic animals were sold, and also agricultural implements, clothes or ornamental articles produced by handicraftsmen seem to have been displayed in fairs and markets. Fairs and markets were likely to be thronged with people in holiday mood, and accordingly eating houses were probably opened.[2]

Further, were exchanges at markets and fairs made on a system of barter, or were goods used for money (commodity money), or was metallic currency used for exchange? In Japanese history, we find that the Emperor Ohjin (270—310) was given silver, gold and other things by an Emperor of Korea,[3] and then with the materials given coins were minted in imitation of imported coins which were more or less widely circulated in this country.

It is definitely recorded that the authorities (Jan. of the 2nd year of Wado; 709 A.D.) pro-

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(1) Vide "The Economic History of Japan" by Takekoshi, vol. 1, p. 456.

(2) Vide "The Economic History of Japan" by Honjo and Kokusho, p. 107.

(3) See "The Economic History of Japan" by Honjo and Kokusho, p. 112 and "The Japanese History of Money" by S. Takimoto, p.p. 9—10.

hibited the coinage of money by private persons.[1] In the Heian Period as well as in the Nara Period, though the Imperial court encouraged the use of coins, a mode of barter was still employed among rural people, while in Kyoto and its vicinity the use of coins had become common.

Although we have not full evidence of the mode of exchange at fairs and markets, from the common sense point of view we may consider that even savages would hardly exchange their goods without reference to their values. In any case, on the whole it is very probable that silk, rice and other commodities were commonly used as commodity-money in exchange at fairs and markets. This is supported by the fact that in the Engi code the prices of commodities were expressed, not in money, but in terms of the value of rice.

9. The East and West Fairs in Kyoto. As mentioned in section 6, fairs and markets prospered in the provinces in the First Period, but in order to clarify in some measure the condition of markets and fairs at that time let us consider the system of the fairs in the capitals, as data concerning fairs and markets in the provinces are scarce.

In the 3rd year of Taiho, 703, the East and West fairs were established at the Fujiwara

(1) Vide "The Japanese History of Money" by Takimoto, p. 28 and "The Economic History of Japan" by Takekoshi, vol. 1, p. 305.

capital[1] following the Tâng example. This is one of the instances where fairs and markets were closely connected with towns and cities. Coming down to the Nara Period, we find the fairs in the Fujiwara capital were transferred to the Kyojin capital[2] for a time in the 13th year of Tempyo, 741, and afterwards to the Heian capital, the Kyoto of today. The volume of trade carried on at the fairs in the Heian capital increased, and the East fair prospered conspicuously in comparison with the West.

According to the Taiho code, a governor of the fair was appointed in order to superintend the exchange of goods, to ensure the good quality of goods offered for sale and accuracy of measures and weights, and arrange for policing, etc. The fairs and markets in the provinces were also under the control of the provincial governors. As a rule, the two fairs in Kyoto were opened at noon and closed before sundown on the striking of a drum three times.[3] Men displayed their goods at Ichi-no-kura (shops in the fairs) and wrote above the door of each shop the name of the goods offered for sale. Prices were decided by the governor according to the current tariff, and the prices decided were entered in his account-

(1) The site of the Fujiwara capital corresponds to "Takadono, Kamokimi village, Takaichi county, Yamato."

(2) The site of the Kyojin capital corresponds to "Reihei, Mikanohara village, Sōraku county, Yamashiro."

(3) Vide "The Commercial History of Japan" by Yokoi, p. 24.

book every 10 days. To prevent carelessness and overproduction, the names of makers had to be noted on special goods like spears, saddles, lacquered wares, etc. No dealings at any place other than in the fairs were allowed and the supervision exercised over the shops was extremely severe. Each fair in the Heian Period was partitioned off in a section, and the East fair was held before the 15th of the month and the West after the 16th. Anything in the nature of the forcing of goods upon customers was strictly prohibited; there had to be strict honesty in all dealings and the maintenance of peace at the fairs was rigidly enforced.(1)

The system of the fairs in the Heian Period was almost the same as that set up by the Taiho code. The Engi code leads us to the following from which we may learn in some measure the condition of the life of the people at that time. There were 51 shops in the East Fair and 33 shops in the West Fair. Silk, cotton, thread, cloth, sashes, cotton fabric, combs, needles, oil, earthenware, rice, salt, bean-mash (Miso), fish, swords, bows, sweets, etc. were sold at the fairs. Shops selling rice, salt, oil, dried fish, fresh fish, combs, etc. were common in both fairs. We learn from the foregoing that the goods sold in

(1) See "Outline of Japanese Economic History" by G. Sano, p. 121 and "The Commercial History of Japan" by W. Kanno, p. 27.

the fairs were food-stuffs or handicraft goods necessary for daily life, and it seems that sellers rarely handled things like greens, which will not keep fresh for many days.(1)

All classes of people went in and out of the fairs, and it will be seen how great was the extent of the people's demands when it was necessary for each fair to open for half a month to meet the general need. In A.D. 842 there was keen competition between the East and West fairs for the monopoly of things like silk, needles, combs, earthenware, figured brocade, cattle, oil, etc., but the authorities tried to stop the evil, and at last ordered these things to be sold in both fairs according to the Engi code. In later years it became the merchants' custom to use the name of their wares as their shop-name. Further, it appears that the most attractive things were found at the fairs and markets during the Nara and Heian Periods. The fairs being the places where people crowded together, in the Heian Period, Priest Kūya (902—972) is said to have solicited contributions at fairs as he went round repeating his prayers. He was accordingly named by the people: "Holy Priest at Fairs."(2)

A shrine was generally set up in a fair or a market, and a goddess enshrined there. The setting up of a shrine and goddess originated in

(1) Vide "The Economic History of Japan" by Honjo and Kokusho, p.p. 196—197.

(2) See "The Commercial History of Japan" by Yokoi, p. 53.

the idea that the traders were apt to be fraudulent in their dealings, and disputes were likely to arise. Hence the maintenance of peace in the fairs and markets was essential. Consequently, people taking part in the fairs and markets first of all visited the shrine, wearing white-robes and head-gear, and then engaged in their business.[1]

10. Commerce and State of Affairs in the Manorial Age. According to the economic histories the "age of manors" is said to have lasted from the middle of the Heian Period to the inauguration of the Shogunate at Kamakura. From the Taika Reforms up to the Engi Age (901—923) the fundamental principle of the social and political system had been the centralization of Power and the Handen[2] system.

After the appearance of the feudal system, however, all social life centred itself in the manor, and it cannot be considered apart from the manors. The difficulty of communication is mentioned as one of the obstacles which impeded the the circulation of goods. In the Tosa diary, written by Kino-Tsurayuki (882—946), well-known poet and governor of the Tosa province, on his way back from Tosa in the winter of 934 A.D.,

(1) Vide "The Commercial History of Japan" by Yokoi, p. 51, and by Kanno, p. 30.

(2) The Handen system was one under which the lands owned by the state were divided among the people according to a given scheme, and an individual was not permitted to hold lands privately for all time, but only to make use of the lands for a given period.

we read that the author took one hundred days to return to Kyoto, and also, what is more surprising, that he spent thirteen days in going up the River Yodo to Kyoto.(1)

There was no hotel accommodation at that time, and many officials of various provinces on their way back home found it difficult to get food, although much was done to make travelling easier for them. It is beyond present imagination how difficult the journey was at that time. Yet on the other hand, the spread of temples and the influence of Buddhism relieved more or less the separation of city and provinces. Accordingly, it is considered that some of the civilization of Kyoto was transplanted in the territories of influential men, or the capitals of the provinces, as was the case at Hiraidzumi.(2)

During this "manorial" period, a crowd of lords of manors holding sway in their own territories contended for supremacy. Consequently, the sphere of circulation of goods was curtailed

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(1) See "The Commercial History of Japan" by Kanno, p. 40.

(2) In the War of Gosannen, (begun in 1083 and ended in 1087) Kiyohira Fujiwara, helping Yoshiie Minamoto, distinguished himself in the war and was given Mutsu province as a reward. After that the Fujiwara family lived in Hiraidzumi (located in Iwate-ken) and came gradually to hold sway there. Especially Kiyohira, Motohira, and Hidehira (Fujiwara) prospered for about 100 years there.

The Golden Hall of Chuson Temple, Hiraidzumi, which still exists, was established by Kiyohira, and from its grandeur we can imagine what a high state of prosperity they reached.

with a consequent general decline of commerce and industry. Since even in Kyoto of that time sick persons were abandoned and dead bodies and skeletons lay by the road-side, dealings could not be carried on very successfully. Let us therefore consider the commerce in Kyoto. The two fairs in Kyoto, the East and West, which had existed for a long time, gradually declined, and in the reign of the Emperor Enyū (970—984), only the East fair continued to exist. Civil wars and natural disasters frequently occurred, and about 180 streets in Kyoto were burnt down by the great fire of April, 1177. Further, more than 42,300 people in Kyoto starved to death in the great famine of 1181, and accordingly commerce was almost at a standstill.[1] In 1183, Yoshinaka Minamoto entered Kyoto, and his army pillaged the whole town, making business almost impossible.

As for commerce in the country districts, with the disorder of society, civil wars, and the constant dangers from robbers, the number of peddlers who went far away to sell goods was very much decreased. In these circumstances, some of the peddlers hawked their wares with desperate courage and amassed a fortune. These were few, however.

11. Foreign Trade. Foreign trade in ancient times did not come from economic necessity as trade does today, but was carried on for political,

(1) See "The Commercial History of Japan" by Yokoi, p. 51.

religious, and military reasons. Intercourse with Korea, begun by Susa-no-o-no-Mikoto, had been maintained from the earliest times. This is proved by the records of early Japanese mythology.

Treating foreign trade and intercourse with foreign countries together, we follow the records in early times as under[1]:—

In the 65th year of the Emperor Sujin, 33 B.C., Mimana brought tribute to Japan for the first time.

In the 2nd year of the Emperor Suinin, 28 B.C., the court gave 100 Hiki of red silk in return to Mimana. This was stolen on the way by Shiragi People.

In the 9th year of the Emperor Chuai, 200 A.D., the Empress Jingu led an expedition to Korea.

In the 14th year of the Emperor Ohjin, 283 A.D., a Chinese called Yuzuki-no-kimi, selected people of one hundred and twenty districts to become naturalized Japanese. Their descendants became the Hata family.

In 284 A.D. Achiki of Kudara, Korea, presented two good horses to the court of Japan and settled in Japan.

In A.D. 285, a certain scholar, Wani, presented to thn court 10 volumes of "Rongo," the analects of Confucius, and other books.

In 306 A.D., Achi-no-omi, a Chinese, who had

(1) Vide "The Economic History of Japan" by Takekoshi, vol. 1, p.p. 8—15.

been naturalized 17 years before, was sent to get sewing girls from Go, China.

In 310 A.D., the 41st year of the Emperor Ohjin, Achi-no-omi and others returned to Japan bringing with him sewing girls from China.

In 470 A.D., the 14th year of the Emperor Yuriyaku, sewing girls of Go came to Japan.

In the 13th year of the Emperor Kinmei (552) Buddhism was introduced.

In 591, Kubi was sent to China to procure Chinese wares.

In the 24th year of the Emperor Kanmu (805) an envoy to China named Kado-no-maro, returned to Japan bringing with him the priests Saicho, Kūkai and others.

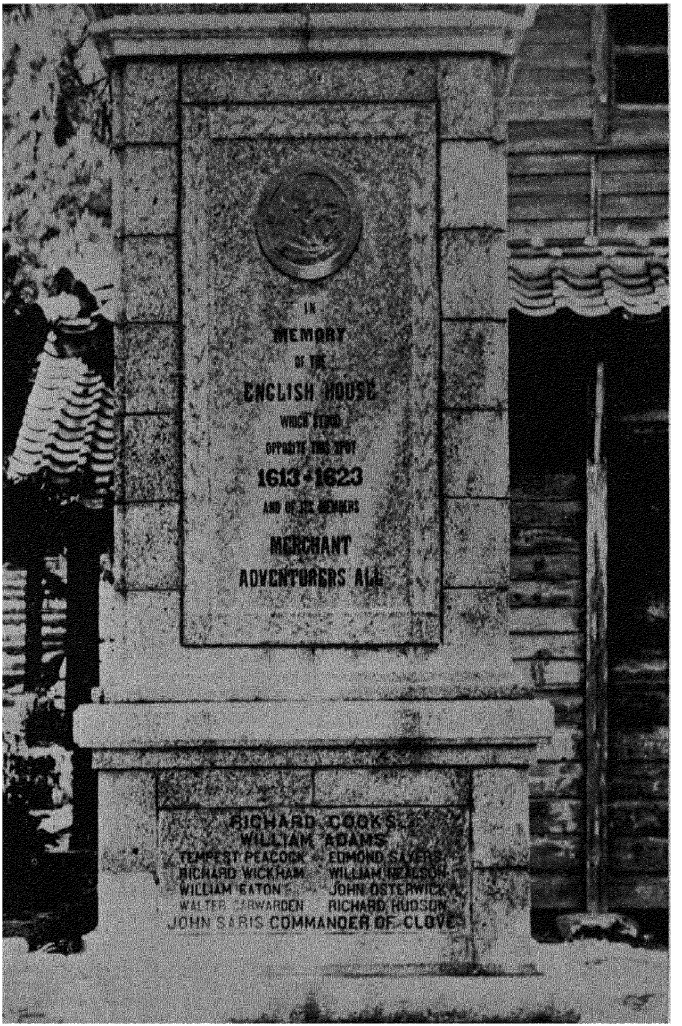
In the 6th year of the Emperor Uta, 894, the custom of sending envoys to China was discontinued. In addition to the above records, innumerable examples of tribute customs and intercourse with Korea and China in the foregoing period might be mentioned. Even in the Nara Period, envoys were sent to China 14 times.

After 894 A.D. the system of sending envoys to China was abolished for a long time because of the disturbances there, but the traffic of commercial ships, merchants and priests went on continually, and Chinese goods such as cotton, brocade, sacred books, images of Buddha, Buddhist pictures, poetical works, medicine, spices, etc. were imported and highly prized among the upper classes. Foreign trade in this Period was more or less official trade, for it was mainly the officials

who were engaged in the trade, and private traders were allowed to take part in such trade only when it was to supply general demands, and also private persons were prohibited from exchanging goods with Chinese until the official trade was done.

A religious service with prayers for a safe voyage was held specially for Japanese envoys leaving for foreign countries. For the reception of foreign guests to Japan, however, mansions were built in which officials entertained the guests. The mansions were established at Kyoto, Naniwa (Osaka today) and Hakata by way of diplomatic courtesy, and were suitably furnished and equipped.(1)

(1) See "The Commercial History of Japan" by Yokoi, p.p. 71—72 and by Nomura, included in "The Economic History of Japan," published by the Kaizo-sha, p.p. 201—202.


IN
MEMORY
OF THE
ENGLISH HOUSE
WHICH STOOD
OPPOSITE THIS SPOT
1613-1623
AND OF ITS MEMBERS
MERCHANT
ADVENTURERS ALL
RICHARD COCKS
WILLIAM ADAMS
TEMPEST PEACOCK
EDMOND SAYERS
RICHARD WICKHAM
WILLIAM NEALSON
WILLIAM EATON
JOHN OSTERWICK
WALTER HARWARDEN
RICHARD HUDSON
JOHN SARIS COMMANDER OF CLOVE


英國商館遺址之碑



CHAPTER III

SECOND PERIOD or MEDIÆVAL COMMERCE

1. Summary of Japanese History from the Kamakura Period (1185—1392) including the Yoshino Era (1333—1392) up to the Ashikaga Period (1393—1572). The private ownership of lands and people, which had been strictly prohibited by the Taika code, became more common particularly after the encouragement given by the Emperor Shomu for the reclaiming of uncultivated lands. Consequently, men in power, temples and shrines vied with one another in bringing waste land under cultivation and so increasing the privately owned area, at the same time using peasants as forced labourers. This resulted in a disorganisation of the Handen system instituted by the Taika Reforms. After the middle of the Heian Period, the central authority declined by degrees and the out-lying localities separated from the centre, with the further result that the influence of powerful families arose in these districts. This combined influence reached even the centre, which seemed to be pressed upon by the localities.

Among the local influences, those coming to the front were, of course, the Genji and Heike. Firstly, both these families were retainers of the Fujiwara, the most influential family in the latter part of the Heian Period. Taking advantage of

the disturbances in the districts, the two families showed their ability and the Fujiwara tried in vain to control them. In this manner, the two families became the next important in influence after the Fujiwara, and made provincial people their personal followers. Public lands and the manors of the influential families and the military classes entered into a three-cornered contest. After the turning point of the civil wars of the Hogen (1156) and the Heiji (1159), the Heike assumed power. The Heishi or Heike, led by Kiyomori Taira, prospered and maintained their supremacy over the country for 20 years. More than 500 manors belonged to the family, but the Taira clan's assimilation with the nobility at Kyoto led to their ruin at the battle of Dannoura, 1185 A.D.

Now the Kamakura Period began with the inauguration of the Shogunate at Kamakura in 1185. This was the establishment of the feudal system which rested on a basis of fiefs. After the death of the first Shogun, Yoritomo, his infant son, Yoriie, succeeded to the Shogunate. From this time Yoriie's father-in-law, Tokimasa Hojo, wielded authority, and the real power was transferred to the Hojo family. There were two centres of civilization in Japan in the Kamakura Period: one was in Kyoto, the other in Kamakura. The former represented that of court nobles, the latter that of military nobles. Owing to the influence of the military class, however, the people in this Period were distinguished by a simplicity of manner and a practical way of living. In spite

of the great work, the re-establishment of the Imperial régime in 1333, accomplished by the Emperor Godaigo, who gave lands to the meritorious retainers and appointed them to various positions, the feudal system was strengthened and supreme military authority fell into the hands of the Ashikaga family.

Soldiers in the districts grew powerful, and after the middle of the Ashikaga or Muromachi Period, and following the war of Ohjin (1467—1477), the whole country was disordered by the civil wars, which lasted almost 100 years, and during this time the local authorities became most powerful. Accordingly, the country was then held by chieftains struggling for supremacy. The government of the military family was consistent throughout the Muromachi Period, as in the preceding period, and it seems that the authorities of that time continued the system handed down from the Kamakura Period. In fact, however, the governors, in imitation of the court, led luxurious lives and became weak, in consequence of which the centre of power of the Muromachi Period was transferred to Kyoto again. The extreme arrogance of these governors stimulated the development of the fine and industrial arts, and thus helped on those conditions which made the Higashiyama age an important epoch in the history of industry. It seems that in this period the higher officials were sometimes overthrown by the lower, and the phrase "the lower excel the upper" or "Ge-koku-Joh" became well known.

Now the Second Period might be called the age of military ascendancy, so to speak, and this period was comparatively well-organized and developed under a feudal régime. In religion, democratic and warriors' sects appeared, and also clear and simple codes of law such as the Joheishikimoku (the law instituted in 1232 and composed of 51 articles) were enacted. On the 25th of August, 1543, Mendes Pinto, a Portuguese, arrived on board a commercial vessel at Tanegashima (islet) and was the first to bring guns to Japan. It is noteworthy that the coming into touch with Europeans gave a great impetus to our people in both spritual and material matters.(1)

2. The Cause of the Development of Commerce in the Second Period. It was after the Kamakura Period that commerce progressed by degrees with the growth of the volume of exchange, the economy of self-sufficiency and self-support having collapsed in some measure. The circulation of coins after the Kamakura Period became more general, and the latter part of the Muromachi Period saw the dawn of Money Economy, though most coins circulated in this period were similar to those of the previous periods, being of copper, and there were very few of silver and gold. At all events, the wider circulation of

(1) Regarding this section, see "The Social and Economic History of Japan" by Honjo, p.p. 197—200, "The Synthetical Outline of Japanese History" by M. Kurita, vol. 1, p.p. 265—266, 299—300 and 362—375, and "The Japanese History Newly Compiled" by K. Shiba p.p. 25—39.

coins stimulated the development of commerce. Further, with the establishment of the Kamakura Bakufu or Kamakura government, there was increasing traffic between Kamakura and Kyoto, and with more men making pilgrimages to temples and shrines, arrangements for travelling were perfected. Then this development in traffic led to the growth of commerce.

As the result of the government of military nobles (Buke), the powerful families in the provinces rose en masse in revolt and themselves became Buke, so that civilization was spread through the provinces. With the spread of civilization, industries were born and the manufacture of special products in various provinces began to flourish. Thus, business transactions took place between the various provinces and trade in distant places was carried on accordingly. In this way it became the age of handicraft, and towns and cities arose; business began to flourish and the system of wholesale stores and a sort of bills of exchange began to appear. In connection with the cause of the development of commerce, let us now consider the current coins of the Second Period.

3. Currency in the Second Period. In the Second Period, copper coins, of which mention is made above, were generally used as currency and as a matter of fact these current coins were imported from China for circulation, that is to say, in the Kamakura Period, coins of South Sung, China, were mainly used and in the Ashikaga Period Ming coins were circulated. Although in

the Kamakura Period demands for prohibiting the circulation of Sung coins were put forward, they could not be accepted. This, on the other hand, will prove that imported coins circulated freely and had a close relation with the economic life of the people.

In the Ashikaga Period there were circulated in the country many coins brought by Japanese seamen and adventurers by ships sent to Ming. Among the imported coins from China, Eiraku coins were of the best quality and widely circulated. Together with these, privately-minted coins inferior to the official type were imported, and there were also imitations of imported coins, counterfeits minted by private people. Furthermore, there were imperfect coins, those that were cracked, flawed, rubbed, or burnt; these rough or cracked coins were treated as bad ones, and carefully distinguished from others. In their business dealings people examined the coins offered and rejected all bad ones, which were called 'Choice Coins' or Eri-Zeni in Japanese.(1) In the reign of the Emperor Godaigo (1319–1338), coins known as Kenkon-tsuho (universe coins) and mulberry paper-notes were issued, but the facts are not well established.(2) In the First Period gold and silver were not minted, but alluvial gold was used for the special purpose of donation or presentation by weight, and it was put into jars as bullion.

(1) and (2). Vide "The Social and Economic History of Japan" by Honjo, p. 218.

In the Ashikaga Period, however, with the wider circulation of coins, gold and silver were minted into a special shape and circulated as money. This came about partly because with a view to furnishing war material, the Ashikaga family encouraged mining industries, which resulted in an increase of the output of silver and gold.

4. State of Commerce. After the centre of political power was transferred to Kamakura, commerce in Kyoto declined and Kamakura became a city and prospered much. According to a record, 23,024 persons were killed by a serious earthquake which occurred in 1293 in Kamakura, from which we may deduce how prosperous the town was and how many people lived there then.(1) In May 1248, the number of merchant bodies was fixed, and in 1251, six places in addition to Ohmachi of Kamakura were decided on as the points of trade where fairs and markets should be held periodically. These markets and fairs were held by what might be termed guilds of merchants who displayed their wares for sale, and only privileged traders who dealt in certain goods, e.g. silks, timber, etc. were permitted to carry on business there. Their privileges enabled them to obtain a monopoly in their trade. After the markets and fairs in Kamakura declined, the fairs in Odawara prospered, but fairs and markets in both Kamakura and Odawara appear not to have

(1) Vide "The Commercial History of Japan" by Nomura, p. 203 and "The Mercantile History of Japan" p. 101.

been so prosperous as those in the First Period. Other places well-known as commercial cities were Sakai, Yamaguchi, Onomichi, Osaka, Hakata, etc.

During the latter part of the Ashikaga Period, merchants of various provinces thronged to Yamaguchi and it is said that the market there was held every day. After the Yoshino age, Sakai, the most important city at the time, where foreign trade with Ming, Korea, and Loochu was carried on, became a self-governing town. Ten elected people judged juridical cases, and its civil government was carried on by a council of thirty-six.(1) The rich city of Sakai, which had grown not only by home trade but also by foreign trade, became conspicuous for its industrial arts, producing lacquer ware (Shunkei and Sakai lacquer) and twilled cloth in European style and manufacturing of metal casing for fowling pieces, guns, etc. In this manner, the city accumulated great wealth so that big merchants appeared there.(2) Osaka, known as Naniwa from ancient times, developed as Monzen-machi ("*a town in front of a gate*") after Saint Rennyo (1414—1499) established a branch temple of Honganji (head temple of the Honganji sect) there in 1495, and later, when Hideyoshi

(1) Vide "The Social and Economic History of Japan" by Honjo, p. 206.

(2) We can find a detailed account of the city in "The Economic History of Japan" by Takekoshi, vol. 2, p.p. 578—612, and "The Commercial History of Japan" by Yokoi, p.p. 126—127.

occupied the city, it developed as a castle town. Then merchants from Sakai and other places migrated there, and Osaka developed as a wealthy economic city.

It is apparent that in the course of the Second Period, with the rise of commerce and industry, towns were gradually growing in size and importance and we can mention four kinds: a castle town developed as the site of the feudal government; a market town developed as the centre of trade or as a market; a port for marine trade; a "town in front of a gate" which grew on account of temples and shrines nearby to which many people thronged. In the Ashikaga Period more and more markets and fairs came into existence in country districts, and Ohmi (Shiga Prefecture today) was renowned for the numbers held there. The present-day names of Tohka-ichi (10 days market) or Yohka-ichi (8 days market), etc. as pertaining to fairs and markets, are presumably the remains of the market system in this period. We can find many other traces of the old system likewise remaining in this country. In the city of Hachinohe, in Aomori Prefecture the streets (machi) are still named according to the dates of the markets originally held in them:

23rd	13th	3rd	8th	18th	28th
26th	16th	6th	1st	11th	—

With the development of fairs and markets, the number of market-merchants making a tour of the various markets and fairs increased. In addition,

peddlers travelling in distant places increased, and they are described as carrying merchandise on their back, wearing a sword at their side and carrying an umbrella.(1)

Again, the growth of the Toimaru, which has already been quoted, is worthy of note. The Toimaru in the Second Period had also the name of Toi or Toiya, and played an important rôle as an organization establishing economic communication with towns, river-ports and the sea in various places, while supplying buildings to serve as hotels, commission agencies, etc. and carrying on transportation, exchange business, etc. Thus exchange business in the modern sense of the word, as distinct from barter, came into existence. It did not always arise from commercial necessity, but partly had its origin in the desire to circumvent the dangers of transporting taxes from various provinces by drawing bills of exchange. There were two kinds of exchange method: one was exchange for money which was termed Kai-sen in Japanese, the other was exchange for rice; this was called Kai-mai. A draft was expressed as Saifu (token) in Japanese at that time. In the Muromachi Period, banking facilities such as exchange, Toimaru, etc. flourished and even a pawn-shop was established.(2) The pawn-brokers were termed Kura (warehouse) and took in pledge

(1) See "The Commercial History of Japan" by Yokoi, p. 78.

(2) See "The Social and Economic History of Japan" by Honjo, p. 220.

movable and immovable properties. At the time when borrowing and lending on credit had not developed, and there was still no real distinction between banking and pawn-shop business, the Kura was regarded as an important financial organization. In connection with pawn-shops, the origin of an association for mutual financial aid, or a sort of credit association intended to accommodate members with money, can be traced to this period. But those which are being carried on today in this country, and called Mujin-ko or Tanomoshi-ko (mutual financing societies) have a different origin.(1) With regard to foreign trade, it was carried on mainly by the Shogunate, temples, feudal lords, etc., and independent trading by merchants did not take place before the latter part of the Second Period.

5. The Appearance of Professional Classes in Business. We could find some professional traders even in the First Period, but as the greater number of people were engaged in agriculture they considered their trade only as sidelines. In the Second Period, nevertheless, not only foreigners, but also a new professional class came into being and took rank in society as businessmen.

Generally speaking, in early times producers were their own salesmen, but later on the two occupations began to separate. In the Second

(1) See "Outline of Japanese Economic History" by Doctor Honjo, 3rd separate volume, p.p. 309—310.

Period, however, there arose craftsmen such as smiths, founders, carpenters, gold and silver-smiths, dyers, sericulturists, lacquerers, charcoal-burners, ship agents, and makers of paper, umbrellas, face-powder, dyestuffs, drawing-paper, earthen-ware, vinegar, bow and arrow, chipwood, etc.[1]

According to the Teikin-ohrai (Home Precepts Communication) written about 1348 A.D. in the form of letters for young people, by the priest Gen-e, it is clearly shown that there existed merchant and craft guilds. Further, this book says that the products brought to Kyoto from various provinces in Japan were as follows[2]:—

Silk	from	Kaga, Mino, and Owari
Objets d'art or luxuries	,,	Tango
Cloth or textile fabrics	,,	Shinano
Pongee	,,	Hitachi
Cotton	,,	Kohzuke
Armour	,,	Musashi
Straw-shoes	,,	Sado
Paper	,,	Ise, Harima, and Sanuki
Bamboo-blinds	,,	Iyo
Straw-cushions	,,	Sanuki
Swords	,,	Bizen
Hoes	,,	Izumo

(1) See "The Commercial History of Japan" by Yokoi, p. 78.

(2) See "The Economic History of Japan" by Takekoshi, p.p. 93—95 of vol. 2 and "The Social and Economic History of Japan" by Honjo, p. 216.

Horses	from Kai
Oxen	,, Nagato
Gold	,, Ohshu
Iron	,, Bitchu
Salted Fish	,, Echigo
The Gibel or Crucian Carp (Funa)	from Ohmi
Timber	from Tosa
Salmon	,, Ezo
Razors	,, Kohshu
Needles	,, Anekohji

etc.

We read also that merchants trading at these fairs and markets organized themselves in merchant-guilds, and were granted monopoly rights by the feudal lords, temples or shrines under whose protection they were; but in return for these privileges the guilds had to pay certain market-dues. These guilds may be regarded as very similar to those which existed in Europe in the Middle Ages. Some of the carpenters in the provinces sent their sons or brothers to be trained as expert carpenters in Kyoto or Nara in order to improve the young people's abilities. Some of them, in consequence, when they returned home were allowed to call themselves by their masters' family names.

Let us now consider what kind of people composed the rising class of the time. With the increase of producing capacity and the needs of the people, more and more land fell into private ownership and the Handen system collapsed. This was followed by the appearance of numbers of

vagabonds. According to a government document or Dajo-kan-pu (which it was the custom to attach to an Imperial Rescript) of 810 A.D., the authorities had to recognise the class of vagabonds.[1] This undoubtedly shows that vagabonds were prevalent even in such early times. Later, with the establishment of the feudal system, the peasants were ground down under the heavy, unjust taxes imposed by the governors of the provinces, who feathered their own nests, as the result of which the peasants had to seek refuge in manors away from their home. By doing so they escaped paying taxes to the state. The peasants who rushed to the manors were welcomed by the lords of the manors as labour was needed for the reclamation of lands. The majority of vagabonds who entered manors became manor people whom the authority of the governors in the provinces could not touch. The manor people became Samurai (soldiers) later, but vagabonds who could not enter manors became pirates or Samurai on the sea. Others became craftsmen. The worst type of vagabonds continued to be mere vagrants and beggars, and the slightly better ones were journeymen, strolling hucksters, street-venders, fête-day hawkers, etc.

At that time there existed four social classes.[2] The court-nobles and military nobles were the ruling classes, but the military nobles held the

(1) See "The Economic History of Japan" by Takekoshi, vol. 1., p.p. 372—373.

(2) Vide "The Social and Economic History of Japan" by Honjo, p.p. 201—202.

reins of government. The court-nobles, nevertheless, governed the country in the First Period, but they were oppressed by the military class and had little influence in this period. In addition, the priests who composed a special class and opposed the military class in the Nara and Heian Periods went to ruin in this period. Immediately under these governing classes was the main body of the people—farmers, traders, and craftsmen, etc.—to whom the general term *Jige* or *Bonge* was applied. The greater part of the people were, of course peasants rather than farmers, and as it was the age of Shi-no or soldier-peasants at that time, some of the peasants became Samurai (soldiers).

The new industrial and commercial class might be regarded as the third class, the first being the court-nobles and the second the military. As this new rising class was powerless, it had to combine with court-nobles, temples and shrines in order to oppose others. The pariahs may be considered as the fourth class. They were engaged in well-sinking, cleaning of shrines and temples and menial or degrading work.[1] Traffic in slaves was still going on and very common in this Period. The slave trade was only permitted by laws and ordinances in time of famine, but as a matter of fact it was carried on even in normal times. The fact that the slave trade was going on in the Muromachi Period may be learnt from the *No-*

(1) See "The Commercial History of Japan" by Kanno, p.p. 44—48.

songs, songs for the lyrical drama in Japan, such as the Shizenkoji, Sumida-gawa, Sakura-gawa, which include the words "slave-dealers" and "slave-dealing-ships."[1]

6. The Merchant Guild and Its Origin. As we noted in the previous section, an independent class or merchant guild appeared in the Kamakura and Muromachi Periods. In this section we may give some particulars of the merchant guild and its origin.

(*a*) **The Cause of the Growth of the Guild Merchant.** During the periods from the Nanpoku age to the Muromachi Era, owing to the numerous wars, neither the government nor the people could maintain the stability of life, so that the upper and lower classes were lost to a sense of morality, and fell into poverty. As the Muromachi Period was that of the so-called "Gekokujo" or "the lower excel the upper" we see that the social state of affairs was one of uncertainty.

According to a record, in December 1185 A.D. the court sent an Imperial messenger to the shrine of Usa, but he and his party were attacked by Bushi (soldiers) at a posting-stage at Akashi, Harima province, and barely escaped with their lives to Kyoto. In their flight they sacrificed sacred horses and treasures. We are told that at Sanetomo's marriage to a daughter of Nobukiyo Fujiwara, the bride's treasure and costumes

(1) See "The Social and Economic History of Japan" by Honjo, p. 202. and "Outline of Japanese Economic History" by G. Sano, p. 140.

while being sent from Kyoto to Kamakura were all stolen by robbers at Mt. Utsu, Suruga province on the 12th June 1210 A.D.[1] Such being the circumstances, it was very difficult for merchants to travel through various provinces by themselves. The dangerous state of the country is, therefore, considered as one of the causes why merchants had to band themselves together in order to carry on business. On the sea there were the difficulties arising from storms and the danger constantly threatened by wars and pirates. We learn that merchant vessels were generally protected by "Bushi on the sea" or "pirate people" along the seashores or on the islets.[2]

Most of the traders were usually hated and despised by the general people instead of being held in esteem for the services they rendered to the population. The most hostile criticism was directed against the traders' being blinded by avarice, for they took unfair advantage in their dealings.[3] Thus it was a practice for traders to mix water with saké and then sell the mixture at high prices as a genuine product. That mean-minded merchants should wear beautiful clothes was thought to be altogether unsuitable.[4] It was

(1) See "The Mercantile History of Japan" p.p. 110—111.

(2) See "The Mercantile History of Japan" p.p. 121—128.

(3) See "The Commercial History of Japan" by Kanno, p. 51.

(4) See "Preface" of "Early Japanese Poems" (Ko-Kin-Shu) translated by T. Wakameda: "Bunyano Yasuhide is skilful in arranging words but they do not suit the thought: he is, as it were, a tradesman in full dress."

quite true that many petty tricks were resorted to by merchants and traders in the Second Period. In fact traders engaged in business with the idea of cheating as their fundamental principle. Therefore the Bushi or warriors incurred much loss, and were forced to bring pressure to bear upon the traders. By introducing novelties, traders stirred up and encouraged the Bushi's worldly desires and extravagance, and so came to be a menace to the Bushi's ideals of austerity and simplicity. With a view to encouraging thrift and frugality, the government had to press hard upon the traders. Against this pressure brought upon them by the Bushi, the traders adopted a measure of self-defence. They created merchant guilds. In this way, from the latter part of the Kamakura Period, the traders came by degrees to have a definite social position.

It was especially necessary for traders to carry on business under the protection of influential families because of the disturbances in the society of the Muromachi Period. The evolution of merchant guilds which were combinations between the merchant class and court-nobles, temples and shrines, was thereby stimulated.(1) Under the protection of court-nobles, heads of temples, shrines, etc. who now became supporters of business, merchants obtained many privileges which are detailed later. On the other hand temples, shrines,

(1) See "The Social and Economic History of Japan" by Honjo, p. 211.

and those court-nobles who were supporters of trades acknowledged the guilds as a source of income and imposed fixed dues on them. This came about because the incomes of temples, shrines, etc. had been conspicuously decreased by the confiscation of fiefs by Bushi in various provinces. With a view to removing financial embarrassments, the authorities gave permission for guilds to be formed.(1)

As instances of the specialized guilds which were connected with temples and shrines the following must be mentioned :—

The oil guilds of the Hachi-man shrine ; the cotton guild of Gion-sha ; malted rice for saké, the guild of the Kitano shrine ; etc.

Traders gathered together and organized these guilds to secure a monopoly in their business, and were willing to pay for their privileges. In the same manner, there was a body called " supplier of the gods' meals " (Kugo-nin) who dealt in food to be presented to the gods. These suppliers of the gods' meals, on the plea of supplying festival needs, not only got the monopoly for catching fish but also made much profit by selling fish to ordinary people.(2)

(*b*) **The Origin of the Guild.** As has been previously noted, the merchant guilds were combinations of traders for the purpose of mutual

(1) See " The Commercial History of Japan " by Kanno, p.p. 52—53.

(2) See " Outline of Japanese Economic History " by Honjo, p. 253.

protection in their trade. Regarding the origin of the guilds, many opinions have been put forward by various scholars. The origin, however, can be traced to before 1280 A.D., as we learn from a document in which it is recorded that a great fire broke out in Kamakura in November, 1280, and that the fire spread as far as a horse-dealers' guild. In 1215 the Shogunate decided the number of merchants who were permitted to carry on business, and in 1248 the merchant-bodies in Kamakura were limited to a definite number. Later, these merchant-bodies came to be called "guilds." The craftsmen-bodies in the Kamakura Period who reigistered their domiciles in Kamakura numbered more than 30. These unions of craftsmen came to be termed "craft guilds" in the Ashikaga Period. In the provinces, there also existed guilds in Hakata, Kyushu, etc., and it is believed that the oil guild of Hakata may be traced back to before the Kamakura Period.(1) In short, it may be concluded that the guild originated at the end of the First Period and developed in the Kamakura Period.

The Japanese word Za (guild) seems to have been derived from the shrines; a place for depositing the cloth offering to a god, or the place where a Shinto priest sat was known as Kura or Za, which came to mean the place (Kura) for selling goods to be brought as offerings.(2) In addition,

(1) See "The Commercial History of Japan" by Kanno, p.p. 63—65.

(2) See "The Mercantile History of Japan" p. 341.

the word Za generally meant a shop for selling goods. In any case, the origin of the guild has a close connection with religious services, and consequently the guilds grew up as bodies of traders or craftsmen associated with temples and shrines. The temples and shrines to which the guilds were attached were the Hachiman, Kasuga and Gion shrines and Tohdai Temple, etc. The traders at this time created merchant guilds with a view to adopting measures of self-defence, and the guilds were granted various privileges. In this connection, we may consider a guild as a personality and so each guild specialized in a definite kind of merchandise. In Ohmi province there were many guilds supported by the Enriyaku Temple, and it is said that there were 41 different guilds attached to it.

7. Privileges Granted to the Merchant Guilds. Owing to the various difficulties, including the limited markets for carrying on business, traders had to start as 'good fellowship combinations,' which were formed later into merchant guilds. The special dues paid by the guilds to shrines and overlords in return for protection and privileges were known as Eki-Sen,[1] i.e. Service Money, which corresponds to the modern "Business Tax." As most of the specialized guilds of the period were under the protection of temples and shrines, the taxation levied on them became the income of the supporters: in 1343 A.D. the

(1) Cp. "Scot and Lot" in England.

Wata-hon-za (chief cotton guild consisting of some 40 members) was attached to the Gion shrine and paid 120 Mon per head per year.[1] The wata-shinza (New cotton guild consisting of 64 persons) paid 200 Mon per head per annum. In acknowledgement of these taxes they were given a share card and were allowed full control of their own business. There were, of course, guilds which were privileged by Bakufu, or guards in the provinces. In return the guilds paid taxes to these supporters.

In this section, let us now note what kinds of privileges were granted to the guild merchants.

In the first place, the guild merchants, could enjoy the monopoly in sales of a given commodity.[2] Merchants who joined a guild were called[3] za-shu, or 'guild people,' and non-guild people were not granted any monopoly at all in sales of certain commodities. When non-guild people sold a certain commodity, it was termed Waki-uri or Furi-uri, meaning side-selling, which was generally prohibited, and therefore, if a merchant carried on side-selling he had to pay a fine in money or kind, and sometimes his merchandise was confiscated by the guild concerned. This proceeding was termed Ni-dome (Delivery-Detention); or sometimes the

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(1) According to the History of Prices shown in "The Economic History of Japan" by Takekoshi, vol. 8 p. 7, 0.4 Koku of black rice was worth 760 Mon in 1342 A.D.

(2) See "The Economic History of Japan" by Takekoshi, vol. 2, p.p. 115—116.

(3) This is similar to Bruges of the Hanseatic League.

guild-members accused him before the lord of the guild. With the increasing complexity of life, various disputes arose among the guild people.

According to the "Miscellaneous Affairs Record of Temples and Shrines" at the Daijo-in (Temple) dated the 19th October, 1478, there was a juridical case between a cloth guild and a fancy goods guild as regards the right to control the trade in cotton. Both parties claimed the exclusive right to sell cotton. The cloth guild claimed that as cotton was the material of which common cloth was made, cloth and cotton were identical, and therefore the right to sell cotton should belong to them. The fancy goods guild asserted that the cotton (Bun-men) was a sort of Chinese material, and that they should have the monopoly. The lord or supporter of these guilds decided in favour of the fancy goods guilds, holding their claim to be established by ancient practice, and awarded them the cotton monopoly. The cloth guild not only disregarded this judgement, but went further and began to sell silk as well as cotton. This naturally gave rise to a disturbance. All the guild people concerned at last went to the Kohfuku Temple, Nara, and took the "oath of *hot water*"[1] to decide the affair before the Buddhist altar.

Another example is a lawsuit that was brought in 1463 regarding the privileges for sale of merchandise between a man named Hei-zaburo of

(1) Similar to "passing through fire." Those whose hands were not scalded by the hot water were regarded as being in the right.

Kadoh, Asai-gun, Ohmi province, who had monopoly rights over 48 kinds of merchandise, and the cloth guild of Hirakata in the same province. As it was impossible to settle the matter by arrangement, Heizaburo at last requested the then Bakufu to prohibit the cloth guild of Hirakata from selling cloth. In reply, the cloth guild claimed the privilege for the sale of cloth on the grounds that they were an old-established guild, that they had engaged in sale of cloth, and that they had rendered public service as an Imperial Estate since olden times. However, the proof that Heizaburo had carried on business for a longer time having been produced at the supreme court of the government, the cloth guild lost at last.

In the second place, the guild merchants were entitled to monopolize certain trading areas for their business-operations. Then the trading areas were limited to the respective guilds and could not be invaded by merchants having no special rights. If anyone infringed the privileges of a guild, the guild was allowed to seize the merchandise of the transgressor and report the matter to the patron. A dispute which took place between the Honai and Kobata merchants will serve as an example.(1)

The merchants of Kobata Sango of Kanzaki county were to the north of Honai, Gamo-gun,

(1) Vide "The Mercantile History of Japan" p.p. 149—150 and "The Commercial History of Japan" by Kanno, p.p. 55—56.

Ohmi province, and were prohibited from selling commodities to the places which stood south of Honai, Ikadagawa, while the Honai merchants were forbidden to sell north of Ikadagawa. Notwithstanding the limitations, the trading areas were often invaded by various marauding merchants, and there were incessant disputes. Sometime in March, 1426, Kobata merchants confiscated the goods belonging to Honai merchants, who had carried on trade beyond their legitimate boundaries. Thereupon, the Honai merchants made a special appeal to the Kobata people through a mediator, as the result of which the merchandise was returned. Soon after this, as the Honai side still made inroads upon the Kobata trading area, the Kobata merchants complained to the Enriyaku Temple. The Honai and Kobata merchants at length confronted each other before an envoy of the guard of the province and the affair was brought to an end, the Kobata merchants' claim being rejected.

Thirdly, the guild merchants were entitled to an exclusive right to peddle along the highway in going from place to place.[1] The exclusive right to sell goods and even to pass along the highway between two specified points was conferred on guild merchants.

A suit regarding the exclusive right to sell Mino paper arose in 1558 A.D. between the

(1) See "The Economic History of Japan" by Takekoshi, vol. 2, p.p. 123—125.

Edamura and Honai merchants, who both held monopolies in the sale of Mino paper, may be taken as an instance of this exclusive right to the use of a highway. The Honai merchants originally held the rights in the trade in the Ise area. When, in the previous year, Edamura merchants had been attacked by some people on the Mino thoroughfare, an official agreement was made by two persons of Edamura that the Ise highway should be made over temporarily to the Edamura merchants, and they fixed a limit of 20 days. The Honai merchants now detained by force the goods of the Edamura people on the ground that the latter had arbitrarily passed along the Ise road which was an infringement of the former's exclusive right. Entering a protest against this, the Edamura merchants maintained that they had a right to pass along the Ise road on account of the fact that at Kuwana, Ise, there had existed from olden times three shops belonging to Mino merchants, from whom they used to purchase paper, but when the stock of paper in hand in the three shops was low, they were accustomed to buy paper at Kuwana and to return home. The dispute led to a legal case and their quarrel extended over three years. At last it was decided that the action of the Edamura men was not in accordance with precedent, but quite new, and the Honai merchants could use the Ise road exclusively, and they were entitled to keep the goods of the Edamura merchants if any of them passed along the Ise road.

Fourthly, let us consider the regulations that exempted the guild merchants from tolls of barriers and ports.[1]

In the Second Period or middle ages there existed barriers and ports everywhere in the provinces where it was the practice to levy dues on passers-by or transported merchandise. The barriers being established by powerful families, temples and shrines for financial reasons, the tolls were rather high, and they provided a good income for their founders. It will be seen from the following how many barriers existed to impede business at that time:—The number of barriers existing on the coast of the River Yodo was said to have been 380 in all during the years 1460—1465. The distance from Kuwana to Hinaga on the pilgrims' highway to Ise was 18 only kilometres. Yet, there existed 60 barriers, and tolls of 1 sen per capita were charged.

The instance quoted below will clearly show that the tolls in those days were excessive.[2] According to the "Miscellaneous Affairs Record for Temples and Shrines" of the Daijo Temple, dated July 26th, 1479, when the Daijo Temple of Nara sent two messengers with two casks of Saké to the Jize Temple, Akechi, Mino province, the two men had to pass 28 barriers, and were said to

(1) See "The Economic History of Japan" by Takekoshi, vol. 2, p.p. 121—123.

(2) See "The Economic History of Japan" by Takekoshi, vol. 2 p.p. 118—121.

have been charged 1 kan[1] and 496 Mon as barrier fees. In addition to the above tolls, the porterage on the two casks was 1 Kan and 466 Mon, plus 1 Kan-mon for the messengers' meals, etc. in going and returning. A record regarding the prices in 1478 A.D. says that 1 Koku of rice was worth about 590 Mon in the neighbourhood of Kyoto and therefore 3 Kan and 962 Mon was worth about 6.7 Koku of rice at that time: hence the freightage for the two casks was almost the equivalent of 156.11 Yen today, one Koku of rice being taken as ¥ 23.30, the lowest standard of value, as in 1934, in accordance with the Rice Control Law of the Government.

As is seen from the foregoing, the charges at barriers were much more than the value of the merchandise. In consequence, the guild merchants asked their patrons to exempt them from the barrier fees, and tried to do away with all such charges. Traders also suffered from lawless oppression at the hands of those in charge of the barriers; at times their merchandise was confiscated and extra tolls exacted. Entreaties for fair treatment being of little avail, the guild merchants often resorted to bribery in order to get through the barriers. When this failed, they might appeal to main force.

In 1512, two powerful persons named Sozaemon Kamisaka and Yashichiro Katsurada established a private barrier at Oiwake, but the guild people

(1) 1 Kan=1000 Mon.

of Kita and Minami Goka, Ohmi province, burned the barrier down. A guild having become so powerful that they burnt down barriers, powerful families in the districts, fearing opposition from a guild, sometimes agreed to abolish their barriers. Then the guild succeeded the barriers, at which they often exacted excessive tolls, and prohibited the passing of those who were not members of some guild.

A fifth privilege which the guild merchants sometimes obtained was the hereditary right over their business.(1) On account of the guild merchants' being able to secure the various rights mentioned above, the privileges of a guild had somewhat of the nature of stocks and shares in after years, for they became saleable, and a father could hand the privileges down to his descendants.

There is a record that the rights of a drapery guild in Ohmi province were sold at 7 Kan and 500 Mon in August, 1424. It was, however, not permissible for a son to engage in the guild business during the father's lifetime. This may be gathered from the regulations for a saké guild written on August 7, 1493 A.D.(2)

One reason for recognizing the hereditary rights of a guild was that it was not desirable to increase the number of merchants in any one branch of trade. They tried to limit the number

(1) See "The Economic History of Japan" by Takekoshi, vol. 2, p.p. 116—118.

(2) ibid.

of traders in one business as much as possible, and in this way to secure the benefits derived from the guild privileges. Merchants who belonged to a guild were entitled to have many advantages in trade. It was therefore impossible for non-guild merchants to compete with them. In consequence guild merchants alone could become prosperous.

There are also similar cases to the above in European history. During the 12th century industrial guilds existed in Germany, but in England they existed already at the end of the 11th century. In Europe a guild was called a 'Hansa,' and the merchants of the Hanseatic League held commercial rights in Europe and played an active part in all directions from the 14th to the 16th century. It was also due to their various privileges that the Venetian merchants could play an active part as traders in the Mediterranean Sea and the Atlantic Ocean.

8. Commerce at Temples and Shrines.

Commerce is much stimulated in peaceful times and especially at peaceful places. During the Second Period, when the authority of the central government was not exercised and high and low acted in an unruly manner, temples and shrines were peaceful places, and fairs[1] and markets held at temples and shrines prospered owing to the feudal lords' strict commands for the maintenance

(1) Even at present on the occasion of fête-days of temples and shrines, everywhere in Japan markets and fairs are held.

of order there. Feudal lords not only saw that peace was kept at fairs and markets held at temples and shrines but they also attempted to do good business by making them places for the remission of taxes. Thus, the location of fairs and markets at temples and shrines was not only suitable for commerce, but under the zealous protection of feudal lords, business there was bound to develop in good order. For this reason, temples and shrines served for commerce, and sometimes were built in front of the temple gates; as an instance of this, Katori developed as a town in front of the gate of the Katori shrine, Osaka, and also Kanazawa of Kaga, etc. may be mentioned.

From ancient times the development of economy was so related to temples and shrines that Shinto priests and monks themselves engaged in business. The reason why temples and shrines traded in this period might be partly laid to the fact that fiefs of temples and shrines came to be confiscated by Bushi, as the result of which they fell into poverty, and the priests, faced with the difficulty of making a living, were compelled to find some way of maintaining themselves; the Kasuga shrine of Nara began to make Nara round-fans (Uchiwa) and the Taga shrine of Ohmi sold ladles, giving them the special name of Taga ladles.[1] Furthermore, even though they were not distressed by poverty, temples and shrines on the

(1) See "The Mercantile History of Japan" p. 338 and p. 342.

look-out for gain presumably made money out of various things. The following are examples of business being carried on by monks and priests: Ki-oh-gan (pills of remarkable efficiency) made at the Toh-dai Temple, Ho-shin-tan (some sort of pills) made at the Sei-dai Temple, pills made at Hira-idzumi, etc. Saké brewed by the Kudara Temple, Goh-shu, and by the Kon-go Temple, Amano, Kawachi province. Sun-dried-rice by the Doh-miyo Temple, fomented beans by the Dai-fuku Temple. In addition, Hijiri, a so-called saint of Kohya, while travelling round through various provinces, peddled an electuary of plaster. This sort of trading-priests did much to stimulate peddling in Japan at that time, and the patent medicine peddlers of Toyama, who even today continue their rounds and are known far and wide, followed these peddling priests.(1) Again, the custom of visiting temples and shrines was so prevalent that hotels increased in numbers, and temples and shrines sometimes served as hotels.(2) Under their protection, in consequence, traders engaged in business. In order also to avoid the calamities of wars then prevailing, people left precious documents, articles, and even money with temples and shrines; hence, temples and shrines engaged in business as banks

(1) See "The Commercial History of Japan" by Kanno, p.p. 68—69 and "The Social and Economic History of Japan" by Honjo, p. 207.

(2) See "The Social and Economic History of Japan" by Honjo, p. 207.

do today when they accept valuables for safe deposit.[1]

As mentioned above, temples and shrines were entrusted with money, but on the other hand, in the Second Period when temples and shrines had a much closer relation with society in worldly matters, they made loans, proof of which is found in various records. The Enkaku Temple, Kamakura; the Choh-fuku Temple, Ume-dzu, Yamashiro and others made loans. Some temples in Kyoto, being greedy of excessive interest, went so far as to take pledges in the shape of house-lots belonging to peasants and to calculate the interest at compound rates. In December, 783 A.D., the government prohibited this by issuing a special order. The Miyo-shin Temple, Hana-zono, Yamashiro, has kept various account-books dating from about A.D. 1469—1486, which tell us that advances of money were made not only to priests of the temple, but also to parishioners and even to feudal lords.[2] Similar practices were by no means rare, and temples and shrines could safely attain their objects of money-making under the protection of the government and the feudal lords, and also through debtors' fear of divine retribution in the case of non-fulfilment of contracts.[3]

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(1) See "The Social and Economic History of Japan" by Honjo, p. 207.

(2) See "The Social and Economic History of Japan" by Honjo, p. 208.

(3) See "The Commercial History of Japan" by Kanno, p. 71.

In addition enterprises like Tano-moshi and Mujin-ko (mutual financial associations) were carried on by temples and shrines. When temples and shrines exacted tax-in-kind from their fiefs which were situated in remote places, they made use of bills (tokens) drawn by exchange traders. Further, visitors to temples and shrines also made use of bills. Sometimes temples and shrines themselves engaged in exchange business. Some priests of that time who were conversant with Chinese and Korean conditions, and most learned, were appointed to the posts where they had charge of foreign trade. They were said to be very skilful in all the details and even tricks of business transactions. When, for example, they were asked to reduce prices, they pretended to be angry, saying they could not bargain, and when they had a poor sale, they cried over it, etc.[1] From the foregoing and the evolution of merchant guilds already mentioned, it is evident that temples and shrines had a close connection with the development of commerce in the Second Period.

9. Foreign Trade. Foreign trade developed notably in the Kamakura Period and things from China and Korea were imported only through the government office of Kyushu.

The sorts of things imported from China were floss-silk, quicksilver, porcelain, needles, medicine,

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(1) See "The Commercial History of Japan" by Kanno, p. 73.

iron utensils, ancient books, valuable old paintings, carpets, copper coins, spices, tea-cups, etc. more than 20 different kinds of goods in all. Quicksilver was the most expensive among these, its price per 100 Kin being 300 Ryo.

The state of trade is shown by the fact that the authorities of the time went so far as to restrict the number of trading vessels, as there were too many putting in at Japanese ports from South Sung, China. The Mongol invasions, however, in 1274 and 1281, retarded foreign trade for a time. The invasions made by the Mongols stimulated Japanese patriotic feelings and also incited Japanese to go abroad. Less than 10 years after 1281, the trading merchants began trade with China again in the face of all dangers. Fearing the Japanese boldness and enterprise, the Yüan government prohibited the Japanese traders from landing, and high rates of marine duties were demanded from them. Such being the circumstances, after the Mongol invasions, official as distinct from private trading between China and Japan was discontinued, but there were men in both countries eager for gain, and these carried on a more or less secret trade. At the beginning of the Yoshino age, powerful families in the West province, who were hard up for war funds, are said to have secretly fitted out commercial ships and engaged in trade with the Yüan dynasty.

During the Yoshino age, the so-called "Ba-han-sen" or "Japanese invasion ships" began to

appear. The name "Ba-han" originated in the flag that was put up by a Japanese invading ship when sailing. This flag bore the characters for Hachiman-dai-bosatsu (Hachiman means the god of battles, and Bosatsu Great Buddhist Saint), and the Chinese read these characters as Ba-han. The Japanese "invaders", as they were called, were not pirates, but smuggling traders in a sense. They were probably discontented people, who belonged to feudal lords in Kyushu or in the districts along the Inland Sea, brave traders or even Chinese. Both the Yüan and Ming governments prohibited the Japanese from trading and blocked the sea-ports along the coast of South China. On this account not only the Japanese traders, but the Chinese also were distressed. Smuggling was, in consequence, carried on between the peoples of both countries, and there were often disputes among Chinese superintendents and traders and smugglers. When the priest Soseki (1275—1351) carried out a scheme for praying for the repose of the Emperor Godaigo's soul, Takauji Ashikaga, leader of the family, erected a temple called Tenryu-ji at Saga in Kyoto in 1340. The next year, in order to get funds, he sent commercial vessels to Yüan. When the vessels returned home, they used to contribute a part of the profits to be added to the temple funds. These are generally called Tenryu-ji vessels.

In 1401, Yoshimasa Ashikaga began officially to have intercourse with Ming for the first time after the Mongol invasions. At that time Ming

sent to Japan a sort of "tallies"[1] called Kan-go-fu, leaving half of every tally in Ming hands. This tally served as certification of those vessels which brought the other half of the tally to Ming. Without this no vessels were allowed to travel on the sea. The vessels despatched to Ming were, so to speak, a kind of combined squadron of the Bakufu. Feudal lords and merchants together carried on government trade, under the guise of bringing in tribute. The authority over foreign trade and the drafting of diplomatic notes were naturally left to the hands of priests at that time, especially to those of the Five Large Temples (Go-zan) at Kyoto. (The Five Temples were Ten-ryu-ji, Sho-koku-ji, Kennin-ji, Toh-fuku-ji, and Man-jyu-ji).[2] The fleet, consisting of several vessels, was made up of the envoy's vessel and those which accompanied it, and the envoys who were sent were mostly priests of the Five Temples of Kyoto, and sometimes accompanied traders.[3]

Those things exported to China were horses, sulphur, agate, gilded screens, spears, swords, armour, folding fans, lacquered things, etc. Swords were the most lucrative of all these

(1) Tallies produced by the Ming government of China. In order to distinguish the ships from private vessels, the Ming dynasty gave these tallies to various countries as certificates for official trade after 1383 A.D.

(2) See "The Economic History of Japan" by Takekoshi, vol. 2, p. 20.

(3) See "Outline of Japanese Economic History" by Honjo, 2nd separate volume, p. 243.

things, because they could be sold at 5,000 Mon each in China, a sword being priced at about 800—1,000 Mon in Japan at that time.[1] In order to raise money, Yoshimasa often despatched ships to Ming and imported Ming coins, precious articles, fine pictures, etc. Thus traffic between the two countries became very frequent. Not a few of the guards in the provinces, and traders in Sakai, Hyogo, Hakata, etc. obtained Kan-go-fu and engaged in business with Ming. At that time the Bakufu left the right to grant applications for Kan-go-fu in the hands of the Oh-uchi family. So this family got control of foreign trade and flourished. With the downfall of the Oh-uchi family in 1550, foreign trade during the period was accordingly retarded for a time.

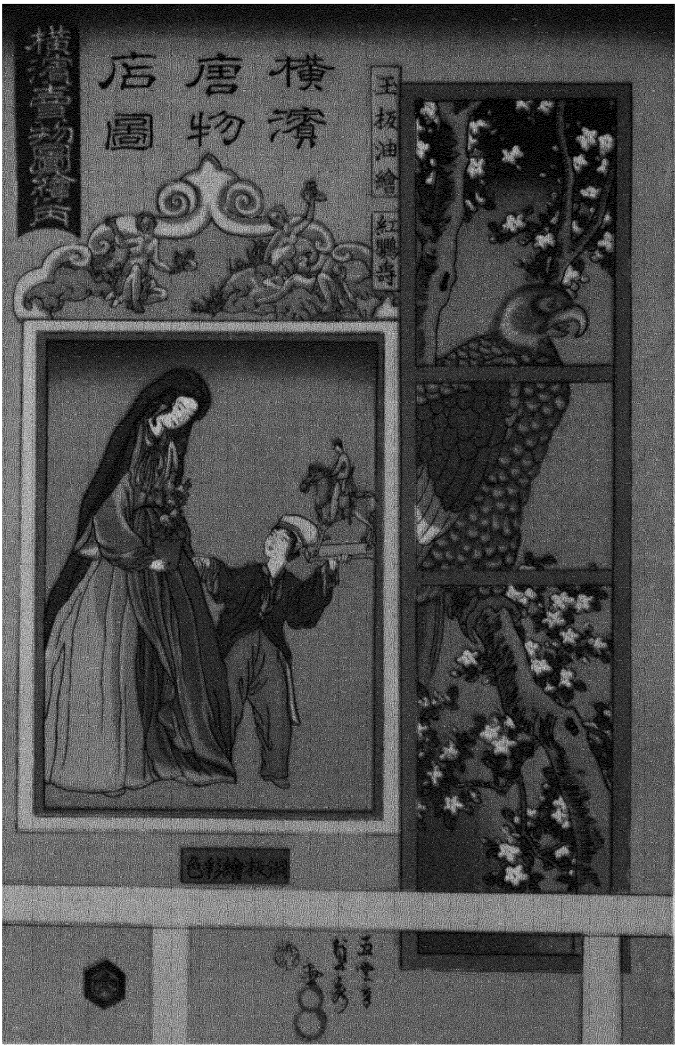
The ruler of Tsu-shima (an island in the Japan Sea) was in charge of the trade with Korea, as it was favourably situated geographically and all trading vessels received a certificate from the So family, the lords of Tsu-shima. After 1443, the So family despatched 50 vessels a year to Korea. These were called Sai-sen (year vessels). In addition, other ships were sent. These were called "Special Despatch ships" and their number was not fixed.[2] Later, lords in various provinces entered into contracts with Korea for despatching trading vessels.

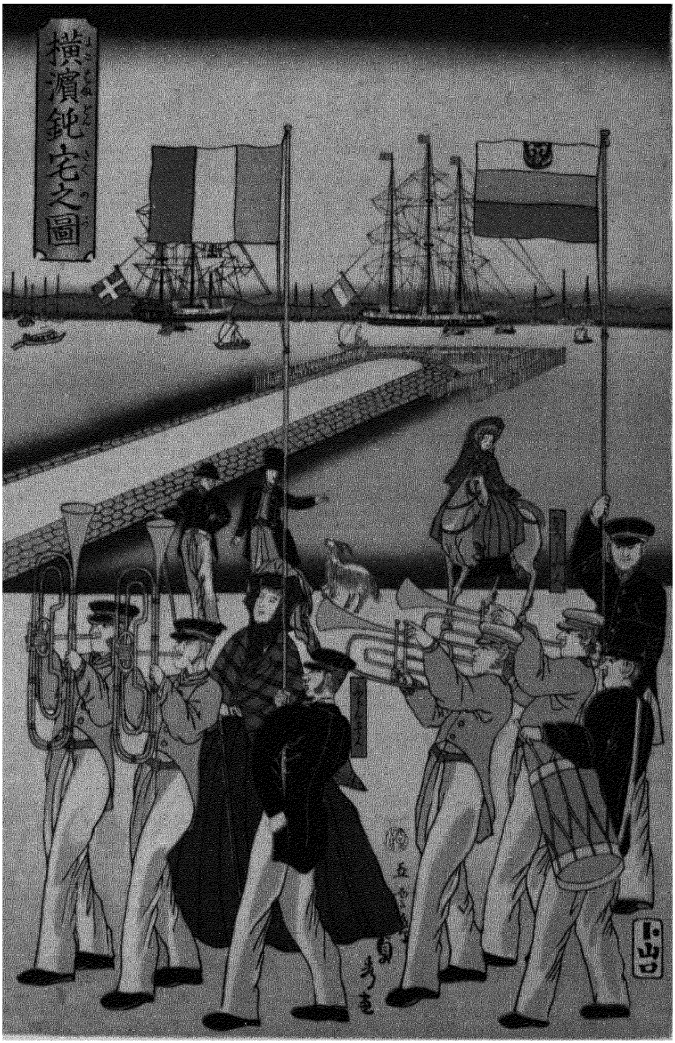
(1) See "The Commercial History of Japan" by Nomura, p. 219.

(2) See "The Social and Economic History of Japan" by Honjo, p. 218.

In 1543, a Portuguese ship was wrecked on her way to China and touched at Tane-ga-shima. The crew conveyed two fowling pieces to the Lord of Tane-ga-shima (an island). For this reason the first guns in Japan were known as Tane-ga-shima. A little later, a Spanish commercial ship touched at Hirato. After that many Portuguese and Spanish commercial vessels came in and traded at Hirato, Hakata, Sakai, and Funai (Oita today). Some Spanish and Portuguese words are still in the everyday Japanese language even to-day, and are reminders of the trade prosperously carried on at that time.


英吉利人横濱織物分色交易之圖


橫濱唐物店圖
玉扳油繪
紅鯉寺
橫濱書物問屋


横濱鈍宅之圖

CHAPTER IV

THIRD PERIOD or EARLY MODERN COMMERCE

1. Summary of Japanese History from the Momoyama Period (1573—1602) up to the Tokugawa Period (1603—1867). The end of the Muromachi Period was called the chivalrous age, and it was marked by the state of rivalry among powerful chiefs. The relations of every fief were, therefore, very complicated, but later on, petty fiefs were united into a large one by the rise of powerful feudal lords, with the appearance of local states in succession. Each feudal lord issued his own legislation in a fief, had a big army at his command, tried to expand his area and menaced others.

With the development of national economy, however, the time for political unity at length arrived. Nobunaga Oda (1534—1582), who came from Owari province, subdued Ohmi and Mino provinces and entered Kyoto in 1573. At the same time he deposed the Shogun, so that the Ashikaga régime came to an end. Later, in 1576, he built a castle at Adzuchi, Ohmi province, which is called Adzuchi castle. This age is termed the Adzuchi age. Hideyoshi Toyotomi (1536—1598), one of his generals, succeeded in Nobunaga's cherished enterprises after the latter's death at Hon-no-ji (temple) and united the whole land under

his rule, subduing independent feudal lords such as Mori, Shimadzu, Date, etc. Hideyoshi again established the imperial rule, revised land and monetary systems and established the foundation of national economy. Entertaining the great ambition to establish the unity of the Orient, he sent an expedition against Korea in 1592. He also urged the Philippine Islands, Formosa, and even India to bring their tribute to Japan. In 1594, Hideyoshi built a magnificent castle at Fushimi: this is the Fushimi or Momoyama Castle. Because of this his age was later called Momoyama. In 1598, when Hideyoshi died, he was succeeded by Yeyasu Tokugawa, the greatest of his generals, who excelled other feudal lords by far. Yeyasu came to have complete influence over the chieftains by his victory in the battle of Seki-ga-hara in 1600. The age of feudal centralization of power now appeared therefore.

Yeyasu was appointed Shogun in 1603, in the 8th year of Keicho, when he exercised supreme military authority. He not only assumed control over various feudal lords, but he became also the greatest of the feudal lords. The fiefs under his direct control amounted to one fourth of the whole land. They were scattered over 47 provinces (68 provinces existed in the land at that time). These 47 included important political places and the greatest cities as the centres of commerce, industry, etc. In this manner, Yeyasu Tokugawa made certain the foundation of the work started by Nobunaga and Hideyoshi of uniting the government under the feudal system, and developed the Toku-

wa Period of Bushi autocracy covering a term 264 years.

Yeyasu opened the Bakufu or feudal govern-ent at Yedo in 1603, but two years afterwards retired (though he actually continued to decide portant matters) in order to transfer the Sho-nate to his son Hidetada. The third Shogun, mitsu, having inherited the great wealth left by two predecessors, was able firmly to establish system of Bakufu. He established the system San-kin-kotai.(1) The Bakufu had already strictly hibited Christianity prior to Yemitsu, and ally caused all traffic with foreign countries to ase, by issuing the Seclusion Order in 1639. ter the fourth Shogun, Ietsuna, the rein of the h Shogun, Tsunayoshi, is called the Gen-roku a (1688—1703), in which literature and the fine s developed remarkably and the social life was sed. Chivalrous conduct, however, disappeared; cury and vicious manners prevailed, in conse-ence of which the treasury began to show a at deficit. The 6th Shogun, Iyenobu and the 1 Shogun, Iyetsuna, following the advice of kuseki Arai (1657—1725), a well-known scholar, rised the bad system of government which had veloped under the 5th Shogun, Tsunayoshi. The 1 Shogun, Yoshimune, encouraged strict eco-my, practical learning and industry, while he

(1) San-kin-kotai (demanding presence in Yedo each alter-e year) was one of the Bakufu's important policies for trolling each lord by demanding that they should pass each rnate year at Yedo (present-day Tokyo).

inspired the military spirit. As a result of this, the so-called peaceful rein of Kyoho appeared. In the rein of the 9th Shogun, Yeshige and the 10th Yeharu, their policies lost the confidence of the people. The 11th Shogun, Yenari, inaugurated various reforms, and the peace of the Kansei was maintained for a time, but in the course of the peaceful rein of Bunka (1804—1817) and Bunsei (1818—1829) there was an epidemic of extravagance all over the country and manners were deplorably corrupt. The real power of economy on the other hand, was held by Heimin (commoners), as a result of which, high and low of the Bushi class were kept under the control of Heimin and the foundation of militant government was about to break up. The 12th Shogun, Yeyoshi, encouraged chivalrous conduct, and designed the so-called Reform of Tempo, which resulted in failure, making it evident that the feudal system was inconsistent with the spirit of the time, and the Bakufu faced the critical condition of downfall.

Warnings on the frontier followed very closely upon one another and the whole land was increasingly troubled. The country got into difficulties in its relation with foreign countries, and the cry of reverence for the Emperor and the expulsion of foreigners, which compelled the Bakufu to restore to the Emperor the reins of national government in 1867, was actively raised in all parts of the land.

The Momoyama, Adzuchi Era(1573—1603), was a term of only 30 years, but the time being ripe

for unity and peace, and the real power of the nation being enriched, it was worthy of notice in the development of civilization. Its character was represented by the fine and industrial arts of that time. Painting in this period showed great activity and eminent persons such as Eitoku Kano (1543—1590), Sanraku Kano (1559—1635) and others were the outstanding painters. In sculpture, architecture, dyeing and weaving, great masters appeared. The magnificence of design and of work accomplished was representative of the character of the time; this is the so-called Momoyama style. Peace continued for a long time in the Tokugawa Period. Various cultures arose and the Genroku Era and the Bunka-Bunsei Era showed great promise.

Taking a general survey of the two above-mentioned Eras we see that both were similarly the hey-day of the Tokugawa Period, but the Genroku Era was full of life, while the Bunka-Bunsei fell to ruin, after reaching the apex of maturity.

As for politics, that the Tokugawa régime could maintain peace with the world for so long a time as 264 years is exceptional through the history of all ages east and west. It is due to the good system of the feudal government, as well as the shrewd policy of checking the various feudal lords.

As for religion, Buddhism was warmly treated by the Bakufu from the time of Yeyasu, and especially so because of the prohibition of Christianity. After the seclusion, Buddhism was con-

sidered the state religion. On account of this, however, monks passed their days in indolence and became spiritless.

As for learning, since the encouragement given by Yeyasu, it sprang up and prospered and above all in Chinese literature, especially Chinese philosophy, scholars appeared in great numbers. Next to Chinese literature, Japanese literature became active, and scholars such as A. Hirata (1775—1842), N. Motoori (1730—1801), M. Kamo (1687—1769) and others appeared in great numbers. The sudden rise of Japanese literature, particularly the study of Japanese history and classics, was one of the important causes that stimulated the people's reverence for the Emperor. That the people's literature such as drama, novels, Haikai (or Hokku —a 17 syllabled poem) and Kyoku (a comic 17 syllabled poem), etc. developed, was one of the characteristics of the literature of the Tokugawa Period. After the 6th Shogun, Yoshimune, had rescinded the prohibition of importing foreign books, Dutch learning developed. Students of Dutch aimed first at the study of medical books, but afterwards by explaining the conditions in European countries, some of the students of Dutch aroused the anxiety of the people about the danger at the frontiers. Some therefore devised a scheme for coast defence. Thus, Dutch learning came to stir up the thinking world in Japan at the end of the Tokugawa Period, as well as to influence Japanese literature.

As for fine and industrial arts, the Kano, Tosa

and Maruyama Schools of painting were set up. Further, the Ukiyoe, or genre-picture was established by Matabei Iwasa and made remarkable progress under his successors. Similar to the people's literature, the development of Ukiyoe stood out among paintings in the Tokugawa Period.(1)

2. State of Commerce.(2) One result of the feudal system was that each territory had its individual economic character, even the paper-money issued by each clan being different from that found elsewhere; consequently, trade between district and district could not be called free. But as time went on the circulation of merchandise became more and more nationalized, and the tendency towards complete unification and standardization grew stronger.

With the establishment of central towns in every clan(han), though previously exchanges of the daily necessaries of life had been commonly carried on at fairs and markets, which expanded beyond their original function during this Period, transactions were carried out on a much larger scale all over the land; for example the laminaria of Matsumae (present Fukuyama, Hokkaido) was sold at Edo (present Tokyo) and traders of Nanbu province (present Iwate district) dealt with Kyoto people. Extensive trading of this sort was not uncommon

(1) Regarding this section, see "Synthetic Outline of Japanese History" by Kurita, the last vol. p.p. 469—504 and "The Japanese History Newly Compiled" by Shiba, p.p. 40—76.

(2) See "The Social and Economic History of Japan" by Doctor Honjo, p.p. 364—365 and 384.

even in the years of Tei-kyo (1684—1687) and Genroku (1688—1703). The Nishi-jin brocade of Kyoto was demanded by feudal lords and nobles in various provinces and saké bearing a special name or superior saké was brought to Bakan (present Shimonoseki), which made itself into a commercial centre for the reception and distribution of all goods from Kyushu and the northern province; from here saké was sent up along the Japan Sea coast and down to Kyushu. Furthermore, this Saké was also shipped to Edo, where it was much appreciated, and brewers of saké amassed great wealth; the wholesale dealers of saké in Edo also enriched themselves.

Special products in various provinces, such as the bleached cloth of Nara, the cotton of Kawachi, the candles of Aidzu, the bear's gall of Etchu, Kaga, the salted yellow-fish or Buri of Tango, the laminaria of Matsumae, etc. were gathered to the Three Towns (Osaka, Kyoto and Edo) from where they were distributed in all directions.

As rice was a national necessity as well as a national product, it may be said to have had a national, as distinct from a provincial, market. Though at first real rice business was carried on, transactions in "futures" of rice took place in the rice markets in Edo and Osaka in the Tokugawa Period, and rice markets of this kind were established in Kyoto, Fushimi, Nagoya and Osaka, and the rice exchange of Doh-jima, Osaka came to rule the rice prices in Japan. According to Sei-dan (Talks on Politics) by Sorai

Ogyu (1666—1728), the prices of rice and other products in Edo and Osaka were all but fixed at that time. Transaction in "futures" were carried on not only in rice, but also in other products. The fish markets of Nihon-bashi, Edo, and of Zakoba, Osaka; silk markets in various places in the Shimotsuke and Kamitsuke districts; the horse markets of Asakusa, Edo, and of Kai and Sendai, etc.; and the cattle markets of Osaka were generally known as those conducted on a large scale. As mentioned above, on account of the development of markets and the vigorous commercial activity, the number of traders increased and wholesale-merchants, brokers and retailers were clearly distinguished.

In this Period large shops established their own branches at various places and business was carried on more prosperously; it might be said also that there was less opportunity than before for peddlers.

It is noteworthy, however, that Ohmi traders and the patent medicine peddlers of Toyama travelled all over the land.

There were certain great merchants who dealt with feudal lords and Hata-moto (direct feudatories of the Shogun) and played an important part in the development of the financial organization.

As for banking facilities, exchange brokers existed at that time who performed much the same functions as banks of today, and Tanomoshi-ko (Mutual Aid Associations) and Mujin (the monthly lottery of a Savings Club) were established in many places.

The development of commerce gradually resulted in the accumulation of capital in the hands of merchants, as is mentioned in the Bukka-yoron (Comments on Prices) written in the 4th year of Tenpo, 1833, A.D., by Nobuhiro Sato (1769—1850), a well-known economist of that time; he explains that a large proportion of the goods of the whole country was concentrated in the hands of merchants.

Let us now consider briefly the Three Towns of that time, and the most important towns[1]:— Edo was the central place for government, and 300 feudal lords spent alternate years there and returned to their homes in accordance with the system of San-kin-kotai.[2] As all the feudal lords had to leave their families in Edo, the city was filled with their residences within an area of 4 Ri (about 15.7 kilometres) square and Edo was very thriving; Chonin or merchants and peasants increasingly gathered there, and enjoyed the city life.

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(1) See "The Social and Economic History of Japan" p.p. 368—369 and "Outline of Japanese Economic History" p.p. 223—226, by Doctor Honjo.

(2) "It is scarce credible, what numbers of people daily travel on the roads in this country, and I can assure the reader from my own experience, having pass'd it four times,* that Tokaido, which is one of the chief, and indeed the most frequented of the seven great roads in Japan, is upon some days more crowded, than the publick street in any of the most populous towns in Europe." (Quoted from "The History of Japan" by E. Kaempfer, p. 330 of vol. 11, 1906 edition.)

*Kaempfer (1651—1716) visited Edo twice during his stay in Japan for the period 1690—1692.

However, from the economic point of view, Edo was entirely a consuming place and not a producing place. Accordingly, as it was necessary to import goods from other areas, commerce developed vigorously, but for the most part merchants made Osaka or Kyoto their headquarters.

The following are the daily necessaries at Edo from various places during the 11th year of Kyoho, 1726 A.D.[1]

Rice	861,893 bags;
Miso or bean-mush	2,828 casks;
Shoyu or Soy	132,829 casks;
Fuel (firewood)	18,209,987 bundles;
Charcoal	809,790 bales;
Hair-oil	90,811 casks;
Salt	1,670,880 bales;
Cotton	36,135 bales (1 bale contained 100 Tan);
Saké	795,856 casks.

Edo[2] was the political centre of the land, while Kyoto and Osaka were respectively the centres for fine and industrial arts and commerce.

Kyoto, though there were no special products except those of the industrial arts there, was the centre of civilization and occupied a special posi-

(1) See "The Commercial History of Japan" by Yokoi, p.p. 131—132.

(2) "In the 8th year of Kyoho, 1723, the number of houses in Edo amounted to 126,210 and the city had a population of 501, 394 in the 6th year of Kyoho, 1721 A.D., excepting retainers of various clans, immediate vassals of the Shogun and *NO* players." (Quoted from "The Commercial History of Japan" by Yokoi, p. 131.)

tion in religion, learning and arts.

Osaka had been the distributing centre of goods since the Toyotomi Era and was pervaded by a spirit of independence, for it was the town of Chonin (merchants) and therefore the power of money made itself felt here more than elsewhere. Osaka was congested with goods sent from various provinces, and various feudal lords and temples and shrines established their own Kura-Yashiki (warehouse-residence) there with a view to selling their home products, rice, etc. by sending them there. Osaka's importance was due to her natural situation and the great accumulation of wealth. Thus the city became the centre of trade and also had well-organized banking facilities and a regulated system of traffic.

It may be noted that Osaka had a population of 35,1708 in the 16th year of Genroku, 1703 A.D. Among the population of the city during the Shotoku Era, 1711—1715 A.D., mention is made of the following: Factors, 5655; brokers 8765: various merchants, 2343; various workmen, 9983; purveyors to castellans, 481; purveyors to various clans, 483.(1)

Osaka was known as "the kitchen of the whole land" and was said to have been in possession of 7 per cent of the total wealth of the country.

3. The Cause of the Development of Commerce in the Third Period. The commerce

(1) See "The Commercial History of Japan" Yokoi, p. 142.

carried on in this period may be classed as 'Early Modern Commerce.' There was a remarkable commercial development, which went on much more rapidly than in earlier times. The causes of this rapid and prosperous growth may be attributable to the following, though the development itself was also a continuous cause of further growth.

(1) The Establishment of Free Dealing.[1] Previously, a small number of privileged traders had been in charge of the distribution of goods at the time when merchant guilds existed, for then a small number of traders was sufficient to supply goods, the national demand being less vigorous.

Now that the population, and consequently the total demand, had increased, the goods supplied by a small number of traders were insufficient for the national needs. As a result of this, Wakiuri (side-selling), which had been strictly prohibited in former days, became prevalent, and guild merchants found themselves unable to maintain the governing rights they had held hitherto.

Under these conditions, it may be said that a "laissez-faire" system came into being. Nobunaga Oda did much to establish it by removing various restrictions.

As previously stated, almost everywhere in the province there existed barriers and ports which charged people high rates of tolls, in consequence of which commerce was greatly hindered in the

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(1) See "The Commercial History of Japan" by Kanno, p.p. 78—79.

Second Period, but the abolition of the barrier system was brought about under Nobunaga's rule. In 1568—1569, Nobunaga abolished the various barriers under his control, and whenever he conquered other provinces, he abolished the barriers and ports which existed there.

Later, with the unifying of the land by Hideyoshi, the abolition of tolls was actively proceeded with until at length the old type of barrier had almost disappeared. Those which were left served for political or police uses only.

Following the line taken by previous governments, the Tokugawa Bakufu, in September 1657, issued embargoes on making mutual agreements, holding meetings, etc. among merchants and artizans. Further, in Sept. 1666, the government strictly prohibited the forming of guilds for the sale and distribution of drugs and all other commodities, and later similar prohibitions were frequent. Thus guilds in various provinces were gradually abolished and people could carry on trade freely.

(2) The Stability of Economic Life.[1] The second cause that stimulated the growth of commerce was the stability of the economic life of the people. On account of continual wars, productivity had decreased very much, but under the rule of Oda and Toyotomi economic life became more or less stabilized and gradually developed. Early in the

(1) See "The Commercial History of Japan" by Kanno, p.p. 79—80.

Tokugawa era, peace was everywhere firmly established. Thus, people were free from anxiety and could engage in their own trades. Consequently, production and commerce developed prosperously and rapidly. Peace and commerce go hand in hand, and when a country is at peace commerce gradually develops.

(3) The Enlargement of the Economic Zone.[1] As many feudal lords in this period held their own fiefs and carried on a restricted trade within their own boundaries, the circulation of goods was limited to some degree, but by the strong government power of the Bakufu, and the development of traffic, the economic zone was conspicuously increased, so that there were wider markets for all sorts of goods, and various sorts of commerce came into being.

Fairs and markets which had hitherto served only for direct exchange in a small area were turned into places for exchanging special products, and the daily necessaries of life came to be distributed by traders.

(4) The Spread of the Use of Money.[2] The spread of the use of money was probably another

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(1) See "The Social and Economic History of Japan" by Honjo, p.p. 395—396, "The Economic History of Japan" by Honjo and Kokusho, p. 280, and "The Commercial History of Japan" by Kanno, p.p. 80—82.

(2) See "The Social and Economic History of Japan" by Honjo, p.p. 395—396, and "The Commercial History of Japan" by Kanno, p.p. 80—82.

important cause of the rapid development of commerce during this period.

(*a*) The circulation of money. As previously stated, coins came into circulation during the Second Period, but the use of gold and silver coins was very limited. In the Third Period, however, the circulation of coins became general all over the country, and the so-called period of "Money Economy" began. The following quotations from the literature of those times shed some light on the growing use of coins in exchange for goods, etc.

In his book "Tama-kushige-beppon," Norinaga Motoori (1730—1801) says, "The use of gold and silver became widespread about the Keicho Era (1596—1614), but prior to that time only small coins were in circulation."

In his "Keizai-roku-shui" or "Supplement to Politico-Economic Investigations" written in 1744 A.D., Shundai Dazai (1680—1747) explains "In ancient times, as there was little silver and gold, no coins minted in this country, both upper and lower classes were seldom able to use gold and silver. They did their business by using foreign coins only, but with the increase in the output of gold and silver during the Keicho Era (1596—1614) and after the minting of Kanei coins, they used silver and gold coins in large dealings and small coins in small business. . . . Accordingly, it is the age of gold and silver now, . . . and the quantity of coins which people of this time use is one hundred times that of former days."

Moreover, in his "Talks on Politics," or Seidan, Sorai Ogyu (1666—1728) says: "As far as I remember, while I was in the country, gold and silver were very scarce there and so people paid for everything with rice or barley instead of with coins. Making inquiries about the recent conditions in the country, I learned that the use of money had spread from the towns into the country districts in the Genroku Era (1688—1703), and that people everywhere had begun to buy things with money." Thus gold and silver coins came into circulation during the Keicho (1596—1614) and Genna (1615—1623) Eras in place of natural money, and in the Genroku Era (1688—1703) coins circulated even in country districts; thus the foundation of economic activities lay in obtaining coins. During the Tokugawa Period, however, sometimes called the period of "Economy of making use of rice" (Kome Tsukai no Keizai), the size or value of fiefs owned by feudal lords (daimyo) was expressed in Koku of rice, such as 250,000 or 400,000 Koku and the incomes of immediate vassals of the Shogun (hatamoto) and of Bushi or soldiers were also expressed in terms of rice. This, however, does not mean that the medium of exchange was rice. Coins were used as the general medium of exchange, though it was not the age of genuine Money Economy which we have to-day.

In these circumstances, the Japanese word "Kane-mochi" — "a man who has kept gold (or silver)" was already employed at that time to mean "a wealthy person."

(*b*) The causes of the wider use of money. The following may be mentioned as the causes of the wider use of money.

(*i*) The increase in the production of gold and silver. During the Toyotomi age the increased supplies of the precious metals had given an impetus to the development of Money Economy, and in the Tokugawa Period, when still more silver and gold was available, it was all minted into coins.

(*ii*) The development of the traffic system. One of the important features of the Tokugawa Period was the Sankin-kotai, the compulsory attendance of feudal lords at Edo for a term of residence there. It is true that this system obstructed the development of the national economy in that it impoverished the feudal lords and imposed various burdens on the peasant population along the great highways. But it definitely increased the regular traffic along the roads, made people accustomed to the continual movement from the provinces to the capital and back again, and as all expenses incurred by the lords were paid in coin, the circulation of money was thereby stimulated.

(*c*) The establishment of money economy.[1] As we have noticed in the previous sections, the circulation of coins became much more general in this period, and the social and economic conditions of that time reached a high degree of money

(1) See "The Commercial History of Japan" by Kanno, p.p. 85—86.

economy. On the other hand it might be said that it was a period of "money makes the mare go" and of "money is the key that opens all doors," for people could attain anything with money.

The following is a quotation from a piece of literature of the time in which it is described how money was valued by the people.

According to the Yume-no-yo "the age of dreams," written in the year 1820 by Hanto Yamagata (1748—1821), a scholar of Osaka, we read "gold and silver (coins) were in active circulation after the Middle Ages, and if a man has gold and silver, his family will prosper, even a fool will become a man of wisdom, a man with no capacity will become clever, and even the wicked will find virtue. If a man has not gold and silver, he will become poor, a wise man will become a fool, even a clever man will lose his talent, and a virtuous man will become wicked.

"By the aid of money, people tie things together which were already broken asunder and rehabilitate extinct families. Since life and death, rise and fall, all depend upon the possession of gold and silver, all classes from princes and marquises above down to soldiers, farmers, mechanics and merchants make money the first treasure to preserve life and limb." Further, Chikamatsu (1653—1724) says: "one cannot possibly save one's life if it is to be ruled by the laws of the land, even by means of getting oneself a

bath of ginseng,[1] but life may be saved by gold and silver."

As mentioned above, the increasing use of coins reflects the prosperity of the commerce of this period.

(5) The Development of Towns and Cities. The growth of towns and cities was both a cause and effect of "Early Modern Commerce." In the Tokuwawa Period castle-towns were the centre of the "territory economy" of Daimyo or feudal lords. The Daimyo's castles came to have something of the nature of government offices or mansions rather than fortresses and to lose their military importance. The castles in this period were, therefore, important from the point of view of "distribution of goods," the facility of communication," gathering of people, etc.

As the result of encouragement given by feudal

(1) Ginseng was believed by the people of the time to be the most efficacious medicine for human beings. These remarks have reference to the fact that they could do everything with money at that time.

An interesting account of the ritual of seeking for ginseng in Tibet is given in the September, 1936, edition of "Asia." The article is written by N. Baikov, who shows that the native doctors of Tibet, China and Korea have a perfect faith in the curative powers of the ginseng root, and how all Asiatics believe that if the ginseng is discovered by one with a pure heart and clear conscience it will cure ills of both body and mind.

It is noteworthy that according to the inventory of T. Yodoya (the richest person in Osaka) whose fortune was confiscated by the Bakufu in November of the 3rd year of Hoei, 1706 A.D., the price of ginseng was estimated at 20 Ryo per Momme (1 momme is equal to 3.75 grams). Vide "The Economic History of Japan" by Takekoshi, vol. 4, p. 590.

lords to the growth of their own castle-towns, many people flocked there to engage in business, and many small industries grew up in castle-towns on account of the impetus given to productive industries.

(6) The Expansion of the Financial System.[1] Under the adroit organization set up by the Tokugawa Shogunate, the three hundred feudal lords were not only prevented from quarrelling among themselves but they had no opportunity to rebel against the central government. The whole land was at peace, and consequently there was a great expansion in the domestic expenditure of the daimyo and in the public outlay of the Bakufu. Further, the principal revenue of daimyo and Bakufu alike had to depend upon money, which was stabilized, while the price of rice fluctuated violently, the variations in the amount of rice produced being very remarkable. When there was a deficiency in the actual rice-revenue, it had to be made good by payments in cash. This, of course, all helped to make coins circulate more widely.

The fact that every clan issued its own paper-currency, and made its use compulsory in order to relieve financial difficulties, impeded the development of "money economy" because people lost confidence in the currency. On the other hand it is evident that the circulation of paper-money helped on trade negotiations, and also increased the demand for currency. That money was in

(1) See "The Economic History of Japan" by Honjo and Kokusho, p.p. 279—298.

great demand in society is shown by the fact that the authorities had no difficulty in making its circulation compulsory, a step which foreshadowed the arrival of a true "money economy."

(7) The Development of Industry.[1] The development of commerce was partly due to the rise of industry. Though Japan, after her seclusion began, was not influenced by the progress of industry in Europe, she nevertheless made an important advance of her own. The reciprocal exchange between towns and agricultural villages, the luxury of feudal lords and townspeople, and the encouragement given by feudal lords to all kinds of production, resulted in promoting the growth of textile and other industries. On account of the increase in the production of materials, progress in technique, encouragement of products, etc., textile industries peculiar to their own provinces appeared in such places as Nishi-jin, Ashikaga, Sendai, Yonezawa, Fushimi, Hakata, Yūki, Tanba, etc. In addition to the textile industry, the pottery of Seto, the cotton of Himeji, the paper of Tosa, the sugar of Sanuki, the indigo of Awa, etc. were produced in greater quantities than before.

One reason why industry developed prosperously to such an extent may, of course, be attributed to commerce. Manufacturers who were not well acquainted with market conditions, and who found it difficult to get materials and implements of production, had to rely upon merchants.

(1) See "The Commercial History of Japan" by Kanno, p.p. 86—87.

By this assistance from merchants, there developed house-industries or industries supported by factors. Those who engaged in giving capital and materials in advance to manufacturers in "house" industry, and who distributed the products, were either genuine merchants or government offices. It was mainly in areas round the towns, in textile industries, that genuine merchants occupied the position of factor or *Verleger* (in Germany, one who finances a business) and thus gained influence among the smaller manufacturers. Government offices were in charge of other industries.

At all events, commerce and industry were interdependent, and so commerce was able to develop along with the growth of industry.

4. Currency in the Tokugawa Period.[1]

During the civil wars in the transition period between the Middle Ages and modern times, precious metals were coined to pay for supplies of war materials, gold being minted into oval-shaped coins known as Oban and Koban. But it was not until after the Keicho era, with the increase in the the output of gold and silver, that such coinage circulated at all freely.

At the beginning of the Tokugawa Period, there existed gold and silver coins handed down from the previous period; and in addition such small coins as Eiraku coins imported from China, and counterfeit pieces minted by private people were still in circulation. Later, however, gold and

(1) See "The Social and Economic History of Japan" by Honjo, p.p. 391—395.

silver coins minted by the Bakufu were in general circulation. The Bakufu controlled the issue of money as a fundamental principle and accomplished the unification of the monetary system.

There were separate mints known as Kinza (a place for minting gold coins), Gin-za, and Zeni-za. The coinage consisted of gold, silver and smaller pieces (bronze, copper, etc.) which were allowed to circulate together without any restrictions. As a matter of fact, gold and silver coins were used in larger transactions and small coins in small business, and the legal ratio between gold, silver and small coins was fixed. Smaller coins (copper, brass, etc.) were commonly in circulation in the Eastern (Edo, etc.) and Western (Kyoto, etc.) provinces, but gold coins were mainly in circulation in the Eastern provinces only and silver coins mainly in the Western provinces.

There were coins of gold, silver, copper, brass, iron, etc. in circulation. A Bu was one-fourth of a Ryo and a Shu was one-fourth of a Bu. The unit for silver coins was one Momme; one tenth of a momme was a Bu and one tenth of a Bu was Rin, while 1,000 momme were equal to one Kan. The unit for small coins was one Mon. Gold coins at that time might be regarded as "currency by tale," and there were the following kinds of Obang (10 Ryo Obang), 5 Ryo-ban, one Ryo-koban, 2 Bu-ban (2 pieces make one Ryo), 1 Bu-ban, 2 Shu-ban (8 pieces=Ryo), one Shu-ban, etc.

Silver coins were calculated according to weight, not number, and the first in circulation

were Cho-gin and Mame-ita-gin; the Cho-gin were round-shaped and not of uniform quality or weight, but generally this coin weighed about 43 Momme. This weight was calculated as money value and a coin of correct weight was cut when small payments had to be made. This was called Kirizukai, or cutting-use.

Kan-ei-tsuho (Kanei currency) of copper were minted in June of the 13th year of Kanei, 1636 A.D., at Edo and Sakamoto of Ohmi, and thenceforth those copper coins were minted in various places with a view to spreading them generally through the whole land.

In addition to the above, iron currency was struck in the 4th year of Gen-mon, 1739, and in the 5th year of Minwa, April 1768, brass coins, and in the 1st year of Man-en, December, 1860, refined iron coins were struck. The word 'Kanei-tsuho' was impressed on every coin mentioned above.

In the 11th year of Horeki, 1761, Sendai currency(1) of iron was first issued in Sendai, a currency which was accepted in circulation in the Sendai area, and iron coins called Hakodate-tsuho were minted in Hakodate, and were in circulation in Hakodate or Yezo and Saghalien.

In the 13th year of Keicho, December 1608, the Bakufu prohibited people from using Eiraku coins, and fixed a ratio of one Ryo to 60 Momme between gold and silver, and one Ryo to 4 Kanmon between gold and iron coins.

(1) See "The History of Miyagi County (*Gun*)," p. 408.

As to the origin of paper-money in Japan, it is not yet clear when it was first issued. In Yamada, Ise, paper money called Ha-gaki (it meant a small amount of money in Japanese) appeared before and after the Keicho Era (1596—1614). This was probably the first paper-money issued in Japan. Though the Bakufu, when in financial straits, managed to patch up its finances by manipulations of the metal currency, conditions were never so bad as to necessitate the issue of paper-money to tide over a crisis. But in later times, in the 3rd year of Keio, 1867 A.D., the Bakufu had to issue paper-money in order to raise funds for the opening of the ports of Kanagawa and Hyogo. Soon after the issue, the Bakufu collapsed, and therefore the paper-money did not come into circulation in the country.

Most of the paper-money circulated in the Tokugawa Period was issued in the fiefs of the various clans and Hatamoto. In the first year of Kan-mon, 1661, the Fukui clan of Echizen issued paper-money by permission of the Bakufu, which was to be circulated in the fief only. This was to make good the deficit of revenue. Subsequently various clans followed the example and local paper-money such as Zeni-satsu (small coin — paper-money), Gin-satsu and Kin-satsu increased considerably.

As stated above, the monetary system in the Tokugawa Period was at first maintained in good order, but later there circulated all sorts of paper-money in the provinces, and the metallic currency

issued by the Bakufu deteriorated in value owing to frequent debasement. Thus currency could not be circulated at nominal values, but only according to market prices, regardless of the ratios fixed by law. The fact that since the Genroku era exchange-brokers had been active, especially in Osaka and Edo etc., may have been due partly to the above causes.

Though it is not quite certain how many sorts of paper-money issued by the clans circulated in the period, it seems that the clans vied with each other in issuing paper-money indiscriminately at the close of the Tokugawa régime. According to the figures obtained in the 4th year of Meiji, 1871, when all paper-money was régulated, there were 244 clans which issued paper-notes, in addition to 14 prefectures of the old fiefs controlled direct by the Shogun and 9 clans belonging to direct feudatories of the Shogun. There were 1694 different kinds of notes, and the notes in circulation amounted to ¥ 38,551,132—besides odd sen in units of the new currency.

5. The Rise of the Merchant Class. The chaotic condition in the chivalrous age was at length reformed, and political unity was restored by Nobunaga and Hideyoshi; the class distinctions were sharply drawn by Hideyoshi, and later the caste system was completely established in the Tokugawa Period.

The term Shi-No-Ko-Sho was used to express the caste system of military, agricultural, industrial, and mercantile classes in the Tokugawa

Period, and the last two named denoted the so-called Cho-nin or mercantile class. These four classes, Shi, No, Ko, Sho, taken together, were known as the Shi-min or the four classes of people. The four characters of the word were used with the two following meanings[1]:-

One meaning was that the word indicated the order and standing of the four classes of people in society. The other was that the word referred to the four classes of people existing side by side.

The term Shi-No-Ko-Sho did not as a rule take the second meaning, but it referred to caste distinctions; in other words, Shi, or the military class, was the first, No, or agricultural class, was the second, and the industrial and mercantile classes were thought of as being in the lowest position. Though the social classes in the Tokugawa period were expressed by the term, Shi-No-Ko-Sho, there were other classes also. In addition to the four classes, there existed court-nobles, Shinto priests, monks, Confucian scholars, pariahs, etc., but the greater part of the people belonged to the four classes Shi-No-Ko-Sho.

In short, the maintenance of the caste system was a main point in the Bakufu policy, and accordingly it was not only very difficult for people to move from one class to another in this period, but distinctions existed even in one class. Everywhere the caste system was maintained in full

(1) See "The Social and Economic History of Japan" by Honjo, p.p. 284—285.

force. The Bakufu issued the official documents in a set form. Even in the writing of such words as Dono (Mr.) or Sama (Esq.) discrimination was made according to the rank of the addressee, the degree of intimacy, etc. At least seven different characters might be used according to the occasion, to express each of these words, and seven also for the honorific *On*.(1)

As mentioned above, the mercantile class was in the lowest position in this period, which was the age in which Bushi flourished. These Bushi were ashamed even to speak of money matters, and merchants who were carrying on business solely for the purpose of getting pecuniary profit were naturally despised by the Bushi class.

H. Yamagata, a scholar of Osaka, who was also a merchant, writes in his book, Yume-no-yo "the age of dreams":— "Encourage agriculture and turn down commerce. . . . Take note, peasants are the basis of the country and the head of the people. The country cannot go on without peasants, but it can do without Ko-Sho (industrial and mercantile class) . . .".

In short, the mercantile class was considered superfluous, and as they had no military spirit and no moral code, but thought only of growing wealthy and making profit, the Bakufu despised them and persecuted them in various ways. The Bakufu interfered in the daily life of merchants

(1) See "The Social and Economic History of Japan" by Doctor Honjo, p. 354.

just as in the case of peasants; the Shogun restricted the use of combs, ornamental hair-pins, and issued regulations even for sandals (Zori), wooden clogs (Geta), sunshades (Higasa) and commodities to be sold, and further prohibited merchants from dressing in silk fabrics, from selling vegetables before the proper season, to say nothing of peculiar things intended to hit the public fancy, luxurious, high-priced things, and they were not allowed to raise wages and prices of things after storms and great fires; the Bakufu resorted to forcible means, regulating the prices of things by asking such questions as "Why have the prices of Tofu (bean-curd) not been revised when the soy-bean (Daizu) has already declined in price?"(1)

Although the merchants had to put up with interference and restriction from the Bakufu as mentioned above, the restrictions for peasants were different from those for merchants. For instance, according to the Keian instructions(2) (32 articles in all) given to peasants in the 2nd year of Keian, 1649, "Get up early in the morning," "Don't buy *saké* and tea," "As peasants are imprudent and take no heed of the future . . .," "Don't smoke," "Divorce a wife who takes much tea and wastes time on excursions," etc. are mentioned in the articles, while the instruc-

(1) Vide "The Social and Economic History of Japan" by Honjo, p.p. 343—344.

(2) See "The Economic History of Japan" by Takekoshi, vol. 7. p.p. 510—520.

tions[1] given to merchants in the same year say "Don't dress in silk fabrics," "Don't make gold-lacquered furniture," "Don't build a three-storied-house," etc.

As is seen from the above, the instructions given to merchants were a caution against living in luxury, and were designed to prevent the corruption of public morals, but the injunctions issued to peasants suggested that they were not thought of as human beings. Though the mercantile class was next to the peasantry in the caste system, merchants came to rank above the peasants in social position as commerce developed and the merchants increased in numbers. The position of the merchants improved after the age of Genroku (1688—1703) and Kyoho (1716—1735), when they gained greater influence all over the country. The rise of the mercantile class not only took them above the peasantry, but was an economic menace to the Bushi class. Economy was the key-note of the social life in the Tokugawa period when the commercial, capitalistic society appeared; it was a time when most activities depended on money, and consequently the merchants, the men who had money, came to the fore.

Some of the clans which were in distress shamefacedly borrowed money from rich merchants of Edo, Osaka, etc. and contrived to carry on by means of these loans. Accordingly,

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(1) See "The Social and Economic History of Japan" by Honjo, p. 344.

we read in the "Record of Political Economy" (Keizai-roku);—"Hanging their heads, various lords these days, large and small, ask merchants for money, and they get along in the world only with money furnished by the rich merchants of Edo, Kyoto, Osaka, etc. from whom they beseech help."

According to the Ko-ken-roku (a record of accounting merchants) written in 1728 by T. Mitsui (1684—1748), ancestor of the Mitsuis, which is a summary account of merchants during 50—60 years of Genroku and Teikyo who became bankrupt (even in Kyoto there were 46 people who went bankrupt) or ruined on account of making loans to feudal lords or through extravagance, it is quite clear that the feudal lords of Sendai, Kyushu, Nambu, Saga, Yonezawa, Fukuoka, etc. borrowed money from the merchants of Kyoto and relied upon money accommodation by merchants. Thus, there is no doubt that the merchant class had a powerful influence in the society of the time, and that the upper classes were often dependent on them. K. Gamo (1768—1813) says, "When a wealthy merchant of Osaka once got angry, he had such power as to make various lords all over the land fear him." Many of the wealthy merchants at that time excelled feudal lords in luxury, spending money like water.(1)

B. Kinokuniya and M. Naraya of Edo, who amassed immense fortunes, indulged in extrava-

(1) See "The Commercial History of Japan" by Kanno, p. 109.

gance and startled the people by their riotous behaviour, spending immense sums of gold and patronizing the gay quarters.(1)

K. Nakamura and J. Naniwaya of Kyoto and T. Yodoya of Osaka were also renowned for their wealth.(2)

Sometime during the Empo Era (1673—1680) there was what might be called a competition in extravagance between Mrs. Naniwaya of Kyoto, wearing a wadded silk garment of scarlet satin on which a view of Kyoto itself had been embroidered, and a Mrs. Ishikawa of Edo, when the latter went up to Kyoto.

Mrs. R. Ishikawa came into Kyoto town wearing a wadded black Habutae garment which was figured with Nandina berries. Seeing this competition, Kyoto people criticized Mrs. Naniwaya's extravagance as far surpassing that of Mrs. R. Ishikawa, but they did not dream that Mrs. Ishikawa's garment had balls of coral sewn on for each berry of the Nandina it figured. Learning this fact, extravagant in dress as Kyoto people were, (the Kyoto people were said to have ruined themselves by extravagance in dress) they were astonished at the extravagance in Mrs. Ishikawa's dress.(3)

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(1) It is worthy of notice that the gay quarters and theatres at that time were the centres of social intercourse.

(2) See "The Social and Economic History of Japan" by Honjo, p. 349.

(3) See "The Social and Economic History of Japan" by Honjo, p. 349.

During the years of Ten-mei (1781—1788) and Kansei (1789—1800), general merchants indulged in extravagance and some Edo people (who liked to get things as early as possible in the regular season) (Hatsu-mono) paid 3 Ryo for a first bonito and 7 Ryo Shigi-yaki-nasu.(1)

According to the history of prices by Takekoshi (Vol. 8, p.55), on the 28th of May in the 7th year of Tenmei, 1787, unhulled rice was priced at 200 Ryo for 100 rice-bags (one rice-bag contained 35 Sho or 0.35 Koku), and therefore the first bonito would be about ¥ 12.23 at the present standard of value and Shigi-yaki-nasu about ¥28.54, one Koku of rice being taken as ¥ 23.30 in 1934 (see p. 66)

6. Organization of Commerce.

(1) Kinds of Traders. As already mentioned, with the enlargement of the economic area or market, and with the production of various commodities, it became necessary to increase the number of traders engaged in distributing goods in proportion to the variety of goods. Let us therefore look at the traders of this period and thereby learn something of the growth of commerce.

(*a*) Factors or Tonya. Factors in the Tokugawa period were one of the most important features of the commercial system and they governed financial circles; further they came to act the part of bankers for brokers, retailers and handicraftsmen.

Buying goods direct from a producer or

(1) Vide "The Commercial History of Japan" by Yokoi, p. 132.

receiving from a consignor on consignment, a factor sold the goods to a broker or to a retailer on commission.(1)

(*b*) Brokers. A broker in this country probably had his origin in the middleman in the slave trade. In the Muromachi period, a man who carried on business standing between the supplier and the consumer was known as a Suai,(2) but in the Tokugawa period a distinction was made between a broker and a Suai; a person who acted between a wholesale merchant and a retailer was called a broker, while the sort of broker who dealt in small lots of goods and gained a profit by the fluctuations in prices was called a Suai.

A broker purchased goods against orders placed by a retailer or a merchant in a distant place; or, on the other hand, he looked ahead, purchased goods from a factor, and he sold them to a merchant as they were or after working them up into finished articles.

A broker was not under the authority of a factor, but was on the same level; in fact, not a few of the brokers were superior to the factors. Some of the brokers organized a trade association and made their business into a monopoly. In certain transactions, the existence of a broker was not necessary, but a broker always acted in large deals of rice, greens, fish, etc.

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(1) See "General Review of Professions in the Present Age," p.p. 159—160 and "The Economic History of Japan" by Honjo and Kokusho, p. 285.

(2) This came from a Chinese word.

(*c*) Retail Dealers. The number of retailers in this period increased remarkably and a large number of the dwellers in densely populated towns and cities were retail dealers. Retailers were particularly numerous in Edo and in castle towns in the provinces, but there were comparatively few in Osaka, where many factors gathered, because almost all goods were shipped to consuming places via Osaka.

(*d*) Peddlers. The peddling of special products still went on, although fixed merchants multiplied in this period.

Ohmi and Toyama traders deserve special mention.[1]

The origin of Ohmi traders dates back to the rule of Oda (1573—1582). Ohmi traders laid in a stock of goods at Kyoto and Osaka and never manufactured commodities in their own provinces; even materials for mosquito-nets, well known as a product of Hino and Yahata, Ohmi province, were brought from Echigo, etc. Ohmi traders amassed fortunes through their perseverance and industry, and they practised economy to such an extent that they even picked up straw-sandals (Waraji) abandoned by the wayside, keeping them for future use. Some of the Ohmi traders were not retail peddlers, but had plenty of capital, dealt in goods on a large scale, and had branch offices in various places.

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(1) See "The Commercial History of Japan" by Yokoi, p. 210.

Toyama traders, chiefly patent medicine peddlers, travelled all over the country and the proceeds of the sales of medicine during the Tenpo Era (1830—43) were estimated at as high a figure as 50,000 Ryo per annum. By the Kaei era (1849—53) they had increased to 120,000 Ryo, and in the Bunkyu era (1861—63) to 200,000 Ryo per annum. The numbers of peddlers in these three eras are given as 1,700, 2,000 and 2,200 respectively.(1)

(*e*) Wealthier, Privileged Merchants. Each clan under the Shogun allowed special merchants to engage in business or to participate in the monopoly enterprises of the Bakufu.

They were given a privileged position because of the services they rendered to the country and because they were a source of revenue.

In return for their privileges, the merchants concerned were compelled to make a contribution to the clans or perform certain services. These merchants were purveyers to the clans. They were found everywhere, and had great influence and plenty of capital. Feudal lords at that time established warehouse-residences at Edo and Osaka in order to sell off rice or home products, and they borrowed money from merchants on the

(1) See "The Commercial History of Japan" by Yokoi, p. 211.

According to "The Economic History of Japan" by Takekoshi, vol. 8, p. 68, in July, 1830, one Ryo would buy 99 *sho* of white rice.

Today, 100 *sho* (or 1 *koku*) can be bought for ¥23.30.

Therefore, the fifty thousand Ryo mentioned above were roughly equivalent to 1,153,350 Yen today.

security of the rice or home products kept in stock at the warehouses.

There were Fuda-sashi in Edo who were privileged merchants and who advanced money to the Buke (military class) on the security of rice in storage at the warehouses.

Kuramoto and Kakeya were merchants in Osaka; the former sold rice consigned to him by feudal lords and the latter was in charge of the proceeds of sales and sent money monthly to feudal lords in Edo. Such merchants as Kuramoto, Kakeya and Fuda-sashi were prominent in the Tokugawa period.

(*f*) Commercial Employees.[1] With the growth of trade, many persons were employed by merchants. The relations between merchants and their employees in this period were not merely those between employer and wage-earner, but were feudalistic, and those between master and servant were feudalistic like everything else.

The system of employment was, of course, different according to the kinds of business, the season of trade, and the size of shops. There were apprentices (Detchi), shop-assistants (Tedai) and managers (Shihai-nin) as employees. Senior shop-assistants or managers were generally known as clerks or Banto. Young people went out in

(1) See "The Economic History of Japan" by Honjo, p. 390, "The Commercial History of Japan" by Kanno, p.p. 103—104 and "Outline of Japanese Economic History" by G. Sano, p.p. 214—215.

service to a merchant according to custom and lived with him as a member of his family.

The term of service was usually for more than 10 years. A man who served his apprenticeship was able to set up in a trade, getting establishment expenses from his master when he started in business for himself. Commercial employees in this period, therefore, could become independent proprietors if they satisfactorily completed a long apprenticeship. In these circumstances, young people in agricultural villages, where they were poor and had no opportunity for advancement, chose to be apprentices in order to find a means of making a success of their lives.

(2) Business Equipment.[1] Let us now further study how the business equipment grew up in this period.

(*a*) Places of Business. With the growth of commerce, the places of business were, as a matter of course, established not only at a head-office, but also at various branch-offices or agencies. The system of opening branch-offices or agencise was started in the Third Period, and many of the firms at this period took such trade or shop-names as Mitsui, Daimaru, Shirokiya, etc.

It was a general custom for merchants at that time to adopt imaginary names for their trade-names. For instance, adopting the imaginary

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(1) See "The Commercial History of Japan" by Kanno, p.p. 100—101.

name of Sohbei Inanishi, a merchant made it his trade-name as the Inanishiya Drapery Store.

(*b*) Commercial Account-Books.[1] Commercial account-books came to be used at this period. General account-books had been in existence for a long time, but commercial books had not previously been used.

The first account-books were said to have been made up by the Toyamas of Ise in the Genna age (1615—1623), who were among the first-rate drapers in Edo. But it is also claimed that the Shirokiya drapery store first used account-books. At any rate, ordinary shops were gradually provided with account-books in which they noted down in detail the daily transactions for later evidence. There were seven kinds of books used at that time; a ledger, purchase-book, cash-book, pass-book, order-book, delivery-book, etc. As a matter of course, the various account-books were made out according to the nature of the trade carried on.

Though the method of making an entry varied according to the type of shop, we find from the books of big shops at that time which have been preserved that they entered accounts in the book just as we do in bookkeeping by double entry today, though, there were some slight differences in the methods of making entries compared with what is done today. The method of bookkeeping

(1) See "The Commercial History of Japan" by Kanno, p.p. 101—103.

by double entry was taught by foreigners in the first part of the Meiji era, but the original Japanese way of bookkeeping by double entry had been carried on since the Gen-roku era. In order to show clearly what transactions were taking place, some such system as double-entry bookkeeping was essential.

Merchants kept account-books for a given period such as 3 years, 5 years, or even for permanent preservation, and not only account-books, but notes which had passed were kept for later evidence for a long time. As newspaper reports such as we have today did not exist, laws and ordinances issued at Edo were copied down by shops in Edo which sent copies to their branches or headquarters at Osaka, which kept the notes with care.

(*c*) Methods of Transacting Business.[1] Let us now consider how the method of transacting business was developed at that time.

As for "spot" transactions in this period, a bargain was concluded upon a verbal promise or clapping of hands by both the seller and buyer concerned. On such an occasion, it was not thought necessary to record the transaction in writing or draw up a contract, but sometimes a note with particulars of the sale would be handed to the buyer by the seller.

The delivery periods of goods and the length

(1) See "The Commercial History of Japan" by Kanno, p.p. 106—107.

of credit given varied according to the nature of the contract or trading custom. The usual systems of payment were (1) Cash on Delivery; (2) credit for 3, 10, or 30 days, or to the end of the year; (3) 6 months credit.

Sales were often effected by displaying samples only. Sometimes without any fixing of the quality of goods, sales were agreed upon, and this was called *Makase* order (optional order on the seller), against which the seller shipped goods according to the taste of the market.

Goods of a certain quality were set up as a standard, and prices were fixed in accordance with this standard.

(3) Trade Association or Kabu-nakama[1] (Share-fellows). Though there were bodies of merchants known as guilds in this period, such guilds were different from those of the Ashikaga period. The guilds as they had formerly existed were abolished or reorganized, and from this time forward the main associations of merchants were as follows:—

(*i*) The measure, balance, ginseng cinnabar, etc. guilds were carried on by privileged merchants who were under the direct supervision of the Bakufu.

(*ii*) The Kin (gold), Gin (silver), small coin, copper coin, etc. guilds which were under direct

(1) Vide "The Commercial History of Japan" by Yokoi, p. 167 and by Nomura, p. 247, "General Review of Professions in the Present Age," p.p. 163—164, "The Social and Economic History of Japan" by Honjo, p.p. 387—389 and "The Economic History of Japan" by Honjo and Kokusho, p.p. 287—289.

management of the Bakufu, and whose members were officials who minted coins.

The guilds which had formerly been organized by merchants in the preceding periods came to be called Nakama or Kumi in the Tokugawa period.

A merchant who carried on any particular business found it necessary to join such an association and share the privileges it granted. Also, men carrying on the same occupation organized what amounted to a trade union, calling it a Nakama (fellow), to protect their economic interests. They had to pay a definite sum to the government according to the number of the members. Nakama tried to limit the number of traders in one business as much as possible and in this way to secure the benefits derived from the Nakama's privileges. A share in a guild was transferable and some of the shares were worth 50 Ryo or 60 Ryo each at least, while the most valuable were worth 3,000 Ryo[1] or 4,000 Ryo.

There were two kinds of traders' associations :—

One was that sanctioned officially by the Bakufu, and the other was one not allowed officially by the government. The former was called Kabu-nakama (share-fellow) and the latter merely Nakama.

The system of Kabu-nakama was not only established in cities and towns such as Edo,

(1) See "The Commercial History of Japan" by Yokoi, p. 169.

Osaka, Kyoto etc., where many merchants lived, but was formed in other places.

The objects or origins of the Kabu-nakama, however, were not the same in all cases. For instance, in the Keian Era (1648—1651) the number of public-baths in Edo was limited, in the Gen-roku Era (1688—1703) the number of calender makers was limited to 81, and in the 3rd year of Kyoho (1718) the number of money-changers was allowed up to not more than 600 persons. These restrictions arose from the necessity of police-control. On the contrary, the 10 groups of factors of Edo (these were composed of cotton, Saké, lacquer dealers, etc. and were organized in the 7th year of Gen-roku, 1694, with a view to sharing losses incurred through ship-wreck, etc. instead of depending on ship-factors); and also 24 groups of factors (in Osaka in the beginning there were 10 groups only, but after the 9th year of Kyoho, 1724, these groups were increased to 24) and other associations for commerce and industry were allowed as a means of developing and controlling these businesses.

In the 10th year of Bunka, 1813, there were 68 associations involving 1995 persons in Edo, and 98 associations in Osaka in the 4th year of Tenpo, 1833. In the Tenpo Era, 1830—1843, on account of various evil customs which arose among Nakama, and of extraordinary advances in the prices of goods, it was forbidden to use the terms Tonya (factors), Kumiai (associations), and Nakama (fellows); various Kabu-nakama

(share-fellows) were dissolved in the 12th year of Tenpo, 1841, and in March of the 13th year of Tenpo, 1842, wholesale merchants were prohibited from combining themselves into a wholesale business and were instructed by the Bakufu to carry on retail business principally. Added to this, if there was any scarcity of goods, merchants were not allowed to carry on wholesale business which might interfere with retail.(1)

The above restrictions were enforced with a view to allowing more freedom in business and in order to reduce prices by permitting free competition in every trade; but as the result prices were not reduced and business-transactions were greatly interrupted. In this connection, the Bakufu had to sanction the restoration of various Tonya (factors) in March of the 4th year of Kaei, 1851, reviving the old system of business.

The wholesale business witnessed development in connection with factors who grew up with speculative enterprises under the national economic organization.

7. Foreign Trade.(2) It was in the 17th year of Ten-mon (1548) that a Spanish commercial ship arrived at Hirato with a view to trade, and after this, Dutch, English, and other vessels one after

(1) See "The Economic History of Japan" by Takekoshi, vol. 8, p. 470.

(2) See "The Economic History of Japan" by Honjo, p.p. 385—387 and "The Commercial History of Japan" by Nomura, p.p. 223—240.

another sailed to Japan. At this time, the authorities had no definite policy with regard to the foreign trade, which was entirely left alone, because there was little traffic of foreign ships to Japan before the 15th year of Ten-sho (1587), and consequently it was not necessary for the government to interfere with the foreign trade.

Hideyoshi Toyotomi, however, permitted people to carry on trade freely with foreign countries, but he prohibited the propagation of Roman Catholicism in the year of 1587. Hideyoshi rendered valuable services in the development of commerce, and the "Red Seal ship" trade created by him is worthy of special note. The system of the "Red Seal ship" was probably established following the system of Kan-Go-Fu mentioned before. (See p. 76)

In short, a ship to which a letter under Red Seal was given was allowed to navigate to foreign countries for trade and thereby the vessel was certified as sailing under government permit and was not a pirate or private ship. The fact that the letter under Red Seal was very effective in actual trade will be inferred from the high value placed upon it by many foreigners who availed themselves of its privileges.

Yeyasu Tokugawa was also zealous in developing foreign trade and recognized the freedom of trade. Men to whom letters under Red Seal were granted were bent on commercial gains, and in fact considerable profits were obtained in foreign trade.

Things exported to China, Siam, etc. were mainly fancy goods in addition to copper, iron, etc.

Articles imported were generally luxuries like the following:—ivory, agate, musk, aloes wood, cloves, sandalwood, ebony, woollen cloth, etc.

According to a record which still exists, 199 letters under Red Seal were given to 93 persons during the 13 years from the 9th year of Kei-cho (1604) to the 2nd year of Genna (1616). A letter under Red Seal was only in force for one voyage, and also several letters under Red Seal might be granted to one person. Accordingly, it is very probable that many more letters than those now kept in records were issued.

It may be noted that there was a system known as *Nage-Gin*[1] or "Throwing Silver", by which was meant the borrowing of capital from a speculative capitalist by a trader who invested the sum in a trading venture. If the vessel returned safely, he paid a huge interest on the loan. The rate of interest paid generally ranged from 35 per cent to 50 per cent, but if the vessel met with an accident at sea, the investor lost principal and interest.

The above practice was very common in the world at the dawn of Modern Commerce. If things had gone on as they were, foreign trade

(1) See "The Commercial History of Japan" by Nomura, p.p. 228—229.

might have continued developing smoothly dow to modern times, but with the adoption of th policy of seclusion, it took an eccentric turn.

Although Yeyasu Tokugawa encouraged foreig trade in order to increase the national wealth the Bakufu had later to resort to a Seclusic Policy on account of the spread of Christianit which brought many evils.

No Japanese ship or boat, nor any native o Japan was allowed to go out of the country, a Portuguese and Spanish were banished from Japa and from May in the 16th year of Kanei (163 only Dutch and Chinese were allowed to enga in trade at Nagasaki. Thus foreign trade aft this was carried on only at Nagasaki, though was done at several other places in addition Nagasaki, e.g. the So family of Tsushima trad with Korea, and Lord Shimazu of Satsum Kyushu, with Luchoo. The amount of trade wa however, very small.

Raw silk was of primary importance in trac with China and Holland, a greater quantity raw silk having been imported into Japan at th time on account of the undeveloped state of th silk raising industry in this country; one of th regulations at the time was that the price of ra silk had to be determined before the sale of oth goods was permitted.

From the 8th year of Kanei (1631), merchan in the five cities of Kyoto, Sakai, Nagasak Osaka, and Edo obtained the monopoly for th selling and buying of raw silk, and they wer

known as Shiro-ito-warifu-nin or Raw Silk Tally People.

According to the method of the raw silk tally, the prices of raw silk were decided in every Spring and remained effective through one whole year; therefore Chinese merchants who were on the look-out for profits made excessive gains by getting the prices decided in their favour. They did this by limiting the imports in spring. Consequently, this method was abolished in the 1st year of Meireki (1655). As the profits of importers of raw silk increased after this, in the 12th year of Kan-mon (1672), accepting the proposal made by Mr. Ushigome, Bugyo at Nagasaki, they established the following method of dealing: the goods[1] imported from foreign countries were bought by the method of bidding by the Assembly (Kai-sho) under the charge of Bugyo: firstly, the judges appointed from five cities merchants (Edo, Kyoto, Osaka, Sakai, and Nagasaki) who inspected the goods and then the merchants of the five cities made appraisal bidding each for his own city on the basis of the judges' inspection. The Assembly bought the goods at the average of the appraisal bidding. After that, general merchants who stayed in Nagasaki (these were called "guarantors") had to bid at higher prices than the average. The balance between the buying

(1) See an article "A Study of Kanbang trade" by Mr. N. Sekiyama, p.p. 26—30. included in the June number (1935) of "Study of Economic History."

price and the bids of general merchants constituted the profits of the Assembly. This sort of dealings was on the whole kept up until the last days of the Shogunate.

At that time all imports of raw silk, etc. were paid for mainly with gold, silver and copper, though balances of trade against Chinese were sometimes settled with Tawara-mono (straw-bag things or parched trepang, dried ear-shells, tangle, etc.) lacquerware, works in gold and silver, etc. However, there were great differences between metallic values in foreign countries and Japan. Dutch and Chinese people could obtain double gains owing to the difference in the exchange rate for silver and gold, and further, the prices of commodities included risky charges. Under these circumstances, some people advocated that trade should not be carried on.

In the "Narrative of the Earl of Elgin's Mission to China and Japan in the years 1857, '58 '59" by Laurence Oliphant Vol. II, p. 47, the author cites a complaint on the outflow of gold to foreign countries made by one of the Japanese economists from a treatise in 1708 in the time of Tsunayoshi, quoted by Titsingh in the "Illustrations of Japan" in the following manner:—

"I compute the annual exportation of gold at 150,000 Kobans, so that in ten years this Empire is drained of fifteen hundred thousand Kobans, equal to about £2,500,000. With the exception of medicines, we can dispense with everything that is brought us from abroad. The stuffs and

other foreign commodities are of no real benefit to us. All the gold, silver, and copper extracted from the mines during the reign of Ogosho-Sama, and since his time, is gone, and, what is still more to be regretted, for things we could do well without".

In this manner, Japan came to limit the amount of trading as the result of the outflow of gold and silver in large amounts.

In the 2nd year of Tei-kyo (1685), the above method of dealing was abolished and instead the silk tally dealing was revived, while the Dutch were limited to the sum of 300,000 Taels, or 300 chests of silver per annum, and the Chinese to 600 chests of silver, that is, 6,000 Kan-me. "It was order'd at the same time, that the goods which might be reasonably suppos'd to yield 600,000 Thails should be brought over on board seventy yonks at farthest."(1)

From that time on, in the 5th year of Shotoku (1715), the Chinese trade was restricted to the sum of 6,000 Kan-me of silver (half of the sum could be paid with copper) per annum on board 30 junks and the Dutch to the sum of 3,000 Kan-me of silver (half of the sum could be paid with copper) on board two junks.

In this way, many alterations in the sums and the number of junks had been made up to the end of the Tokugawa Period.

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(1) Vide "The History of Japan" by E. Kæmpfer vol. 2, 1906 edn., p. 251.

On the contrary, it is noticeable that gold and silver from the Chinese and Dutch were imported in comparatively large quantities after the middle century of the Tokugawa Period.

Such restriction on foreign trade naturally brought about smuggling.

Although smuggling was strictly prohibited by the Bakufu at that time, it went on actively with the restrictions on trade. The smuggling was called Nuke-ni (smuggled goods). In the Kansei Era (1789—1800), having fixed a date, Japanese merchants, loading money on small vessels, went to trade with foreign vessels, which made pretence of drifting a long way off the coast of Kyushu, where there was little traffic and where government vessels did not sail. That the well-known Gohei Zeniya of Kaga was punished in the 5th year of Kaei (1852) was due to his private sales of contraband goods being found out by the Bakufu.

Though Russian people came to request trade with Japan in the Kansei and Bunka eras, it was not allowed, and afterwards English and American requests were also rejected. Such being the case, in the later days of the Shogunate, the relations with foreign countries became very complicated. After Perry's coming to Japan in the 6th year of Kaei (1853) the state of affairs assumed a new aspect and Japan came to conclude a treaty with America and then with Russia, England and France. As treaty ports, only Hakodate and Shimoda were opened, but

later, closing Shimoda, the Bakufu opened Kanagawa, Nagasaki, Niigata, and Hyogo, and afterwards settlements for foreigners were established at Osaka and Edo or Tokyo. Further, Hyogo was later developed as Kobe, and Kanagawa as Yokohama.

Particulars of the export and import trade at Yokohama are shown below.(1)

(Figures in Yen)

Year	*Exports*	*Imports*	*Total*
5th year of Ansei or 1859	578,907	543,005	1,121,912
1st ,, ,, Manen ,, 1860	3,194,688	2,996,568	6,191,256
1st ,, ,, Bunkyu ,, 1861	2,343,755	2,198,406	4,542,161
2nd ,, ,, ,, ,, 1862	4,113,092	3,858,016	7,971,108
3rd ,, ,, ,, ,, 1863	3,704,484	3,474,749	7,179,233
1st ,, ,, Genji ,, 1864	3,601,284	3,377,949	6,979,233
1st ,, ,, Keio ,, 1865	5,318,767	4,988,921	10,307,688
2nd ,, ,, ,, ,, 1866	6,794,439	6,373,079	13,167,518
3rd ,, ,, ,, ,, 1867	6,764,749	6,345,229	13,109,978

From the above, we can see that at the close of the Tokugawa régime exports increased considerably in comparison with previous years, when there had been a great excess of imports. Tea, silkworm-egg cards, threads, etc. were newly exported to Europe, while to China marine products were also shipped as heretofore. Thus the policy of seclusion kept up by the Tokugawa régime had been broken down since the 1st year of Ansei, 1854, and the new policy for the opening of the

(1) See p. 118 of "The Study of Modern Feudal Society" by Honjo.

country to foreign intercourse was adopted.

The following were imported by the Dutch[1]:— "Raw silk; large white Pelage roll'd up; White Gilags; Armosins; sumongis's; Floretteyarn; several sorts of half silk, Indian Tsitsen, and course cotton stuffs without flowers, and not painted; Tsiampan, or dywood, brasilwood, buffle and deer hides, Ray skins, wax and buffle horns; Cordowans and tann'd hides; Pepper and Sugar in powder, and candied; white Sandale; Camphire de Baros; quicksiver, Cinnabar and Saffron; lead, saltpetre, borax and alum; musk; gum benzoine; gum lacca; corals, amber, right antimony and looking-glasses; etc."

By the Chinese[2]:— Raw silk; all sorts of silken and woollen-stuffs; sugar; Turpentine; Gum; myrrh; Agate and Calambak-wood; the precious Camphor of Baros; the Chinese root Ninjin or ginseng; several other drugs and medicines, simple and compound; several philosophical and theological books; etc.

The goods imported by merchants from the Riukyu or Loochoo Islands, who were permitted to carry on a particular trade with the province of Satsuma were as under:—

All sorts of silk and other stuffs; some of the produce of the Loochoo Islands such as corn, rice, pulse, fruits; Awamori, a strong sort of brandy, made out of the remainder of their crop of German

(1) See "The History of Japan" by Kæmpfer, p.p. 213—214 and 257—259, vol. 2, 1906 edn.

(2) Kæmpfer, vol. 2, p. 254.

millet (*Awa*); Takaragai, Pearl-shells, etc.

Exports[1] taken by the Dutch were copper, camphor, mother of pearl, lacquer-ware, tea, soy, etc.

Exports[2] to China were copper, parched trepang, dried ear-shell, shark fins, tangle, camphor, dried cuttle-fish, Japanese isinglass or Kanten, dried bonito, etc. Shark fins, Japanese coins, wax, copper, tin, etc. were exported to the Loochoo Islands.[3]

The people of Nagasaki had obtained very much from foreign trade, the greater part of which fell into the citizens' hands. Nagasaki reached its zenith as a port towards the Genroku Era, after which there was a gradual decline. Nagasaki had a population of 64,523 and the number of houses was 11,257 in the 9th year of Genroku (1696), but in the 1st year of Kansei (1789) the number of houses increased to 12,203, while the population decreased to 31,893. Further, in the 5th year of Kaei (1852), the population was 27,343, and there were 10,832 houses. Nagasaki as a trading city had a special system of self-government, and 9 advisers were appointed.[1]

The current prices of foreign goods at Kyoto for the year 1692 are quoted from "The History of Japan" by E. Kaempfer in volume 2, p.p. 236—237 (1906 edn.). Chinese silk, Cabessa, or the best, the Pickel, or 125 lbs. Dutch for 6650

(1) and (2) "The Commercial History of Japan" by Nomura, p. 239 and p. 240.

(3) See "The Commercial History of Japan" by Yokoi, p. 178.

Momme of silver.

Silk of Bengale, Cabessa, or the best at 530 Tales, a pickel.

Tunquineese Silk Thails 440 the Pickel, or 125 lbs.

Florette Yarn	240
Cinnabar	600
Cloves	223
Pepper	23
Sugar Candy	21
Powder'd Sugar	14

Camphire of Baros, a Katti or 1 pound and and a qr. at 33 Siumome, or Thails.

Putsiuk or Costus Arabica, at 10 Thails a Catti.

Great, white, roll'd Chinese Pelangs, 14 Thails a piece.

Armosins, at 7 Thails, 4 Maas, the piece.

Tafaceels from Cormandel, the best at 6 Thails, 8 Mass a piece, the courser sort at 6 Thails.

Tafaceels from Bengale, at 4 Thails, 3 Maas.

Common white simple Gilangs, at 4, 8, 4, a piece.

Sumongis from Tunquin, at 3. 3.

White Gunis Linnen, at 7 Thails.

Salempuris, common bleach'd, at 3, 1.

Paraceels, common bleach'd, at 1, 5, 3.

8. The Banking Institutions.[1] In the Toku-

(1) See "The Social and Economic History of Japan" by Honjo, p.p. 401—406 and "Outline of Japanese Economic History" by Tsuchiya, p.p. 251—256.

gawa Period, the development of the monetary system and prosperous transactions of general business, needless to say, stimulated the establishment of financial organs and the credit system. There specially existed in Osaka as a commercial city financial institutions in good order. There were Ryogaeya which carried on similar business to that of banks today, which Ryogaeya developed from small concerns which exchanged Ryo for small coins.

Now let us consider the banking institutions mainly in Osaka in the Tokugawa Period. There were three kinds of Ryogaeya (money-changers): Jyu-nin (10 persons) Ryogae, Hon-Ryogae, and Zeni-Ryogae. The Jyunin-Ryogae were the most reliable among the money-changers, and one of their duties was to control the Ryogaeya. They were known as Jyu-nin-Ryogae, there being 10 houses in all. Hon-Ryogae were generally known as money-changers and there were approximately 120 houses in Osaka which were divided into 22 groups. In commencing business, Hon-Ryogae had to pay 1 Kan-mon of silver as membership fee, as well as obtain permission from the 10 Ryogae. Their business was the buying and selling of gold and silver, lending money, the drawing of bills, accepting deposits, drawing bills of exchange, etc. Zeni-Ryogae changed money, and though they also dealt in rice and other commodities, they were, so to speak, the money-changers of today. There were several hundred houses of Zeni-Ryogae-ya in Osaka, but they were short of resources.

Accordingly, Jyu-nin-Ryogae and Hon-Ryogae, being influential in financial circles, performed the business of drawing bills, loaning of gold and silver, drawing bills of exchange, etc., but Zeni-Ryogae carried on business in a very small way.

Added to the above, there were many other money-changers. Merchants in the western part of the country or in the Kansai district did not keep money idle, but they deposited their spare money in Ryogae-ya. Money was usually deposited by paying it into a current account and in order to draw deposits from Ryogae-ya, drawn bills were used which were similar to cheques, being endorseable and transferable. Merchants deposited money in Ryogae-ya not so much to give it into safe keeping as to strengthen their credit with the Ryogae-ya.

There were two kinds of loan : one was money lent to feudal lords or clans, and the other was that lent to ordinary merchants. Both were loans on credit, but loans to feudal lords were secured by arrivals of rice at Osaka in Autumn and loans to merchants were limited to those with whom Ryogae-ya had business relations. It was due to the above fact that merchants were eager to deal with reputable Ryogae-ya, while Ryogae-ya did not voluntarily gain customers at random. There were some people called Iri-gae-Ryogae who advanced money on the security of goods.

Bills were freely circulated in Osaka. This may have been due partly to the existence of the above-mentioned credit organs, but it was attribut-

able in the main to the fact that on account of the currency in the western part of the country being silver, the weight of currency increased and it was troublesome to weigh silver at every transaction, and further, as the merchants seldom underwent changes of fortune compared with merchants of to-day, they could transact business with everyone on a credit basis.

There were seven kinds of bills in use at that time.(1)

(*a*) Kawase-tegata (bills of exchange). Edo being a consuming place and Osaka a commercial place, Edo always stood as debtor against Osaka in commercial affairs, but politically the reverse was the case. Accordingly, these bills were frequently made use of between Osaka and Edo. It took about seven and a half days to transfer cash from Edo to Osaka, but bills were delivered in about three and a half days.

(*b*) Azukari-tegata (deposit bills). These were bills issued by Ryogae-ya to depositors and were not only payable to the addressee, but also to the bearer. During the gradual circulation of the bill from A, B, C, etc., if the Ryogae-ya went into bankruptcy and the bill was dishonoured, the owner of the bill had to suffer the loss and A and B had no concern with it.

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(1) See "The Social and Economic History of Japan" by Honjo, p.p. 402—404, "The Commercial History of Japan" by Yokoi, p.p. 195—200, and "Outline of Japanese Economic History" by Tsuchiya, p.p. 253—265.

(*c*) Furidashi-tegata (deposit certificate). These bills were issued by merchants to Ryogae-ya in which they had money and were similar to cheques of today. When a contract had been made, or an understanding previously come to, these bills might be overdrawn (to the agreed limit).
(*d*) Furidashi-gami (drawn-paper). These bills were current chiefly between senior and junior Ryogae-ya.
(*e*) Oh-tegata ("big bills"). At the end of the year, when a merchant A had an account to be got from a merchant B, while the A merchant had an account to be paid to a merchant C, he drew a draft on the Ryogae-ya and handed it to merchant C. If C merchant paid the bill into the Ryogae-ya with which he had an account, the Ryogae-ya reckoned the bill as payment without question. This sort of dealing was expressed as Oh-tegata.
(*f*) Yakusoku-tegata (promissory notes). These notes were of two kinds. One was that when a merchant bought goods and made a contract to the effect that the accounts would be settled on the 30th of the month, the merchant drew a bill on the appointed day (30th) and handed to the seller concerned. Another was that when a merchant purchased goods, a bill was drawn in which it was mentioned that the payment would be on such a date in exchange for the bill itself.
(*g*) Kura-azukari-kitte (warehouse certificate). These bills were drawn for various goods. However, they were drawn mostly in connection with sugar and rice.

9. Markets and Fairs.[1] The growth of markets and fairs in this Period may be observed from the following:—Levying taxes on merchants in fairs and markets was common, but in this connection it is worth noting that so-called *Rakuichi* (free fairs and markets) began to appear at the end of the Ashikaga Period. *Raku-ichi* (free fairs and markets) were exempted from all taxes such as charges on sites of shops, household rates, and taxes on commodities, and all troubles which happened in Raku-ichi were to be settled by merchants instead of by feudal lords who regulated markets and fairs by general codes which were in force in their fiefs.

In addition there existed also Raku-za (free guilds) and Raku-shin (free ports) where any merchants from otner districts could engage in business, and no ship which entered such ports was charged any tax. Peasants at that time were prohibited from leaving their native provinces, while merchants were allowed to engage freely in business in other provinces, and maritime lords strove to attract foreign and domestic vessels to their ports. The conclusion to be drawn from the above is that feudal lords were naturally convinced of the fact that safety and freedom in business enriched their provinces.

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(1) See "Outline of Japanese Economic History" by Honjo, 2nd separate vol., p. 239, "The Economic History of Japan" by Yokoi, p. 182 and by Kanno, p.p. 97—100 and "The Economic History of Japan" by Honjo and Kokusho, p.p. 289—292.

We find in a letter written in the 34th year of Ohei (1427) that Itsuka-ichi of Ise did not interfere with salt merchants who came from other districts and carried on business there, no guild system having existed there from olden times. This might be a Raku-ichi, and also Kuwana of Ise was one of 10 Raku-tsu (free ports) where free trade was admitted in the 15th century.(1)

The nature of fairs and markets underwent a complete change in the Tokugawa Period. Fairs and markets where trading between consumers and suppliers took place directly decreased in numbers by degrees, and those where consumers directly took part only continued to be those held on fête-days. In this manner most markets came to be places for the gathering together of merchants only, not people who bought for their personal needs. As one striking instance of this, the markets for rice might be mentioned, the volume of rice business being greatest at that time.

(*a*) **Rice Markets.** Rice markets were established at Osaka, Edo, Kyoto, Nagoya, Ohtsu, Fushimi, Sakata, etc., but the most flourishing was the market at Dōjima of Osaka and the rice prices at markets throughout the country were controlled by those at Dōjima.

Osaka being an important port, there were many rich merchants and feudal lords or Daimyo who established warehouse-residences (Kura-ya-

(1) See "The Economic History of Japan" by Takekoshi, vol. 2, p. 634.

ki) there to sell off rice, etc., and dealing rice had been carried on from the Toyotomi a. At the beginning of the Tokugawa Period, ny brokers thronged at Yodoya's (the richest son in Osaka at that time) gate and carried dealings in rice. When Yodoya was ruined the confiscation of his estate in 1626, the brokers gan to deal in rice at Dōjima, which was a wly-developed place. In the 15th year of Kyoho 30) the Bakufu fixed the number of brokers, ought order into the market system and officially ictioned the sales of rice. The rice market at jima then came into being. Spot transactions future took place.

Fish Market. Fish markets were set up at ious places and dealings in fish were carried through brokers. The largest organization of markets were those at Nihon-bashi in Edo and koba in Osaka. The origins of the market at non-bashi in Edo may be traced back to the h year of Tensho (1590), and in the same year, Mori, the headman of Tsukudani village, shi-nari county, Sesshu, came to Edo at the ad of more than 30 fishermen, and was allowed the Bakufu to engage in fishing at various ces; in return for this privilege, he supplied tables of the Tokugawa family and any plus was sold at Odawara-cho, Kishimoto, nonbashi. This is the origin of the fish market Nihonbashi.

The number of fish-factors having increased, ny fish-markets were opened at various places.

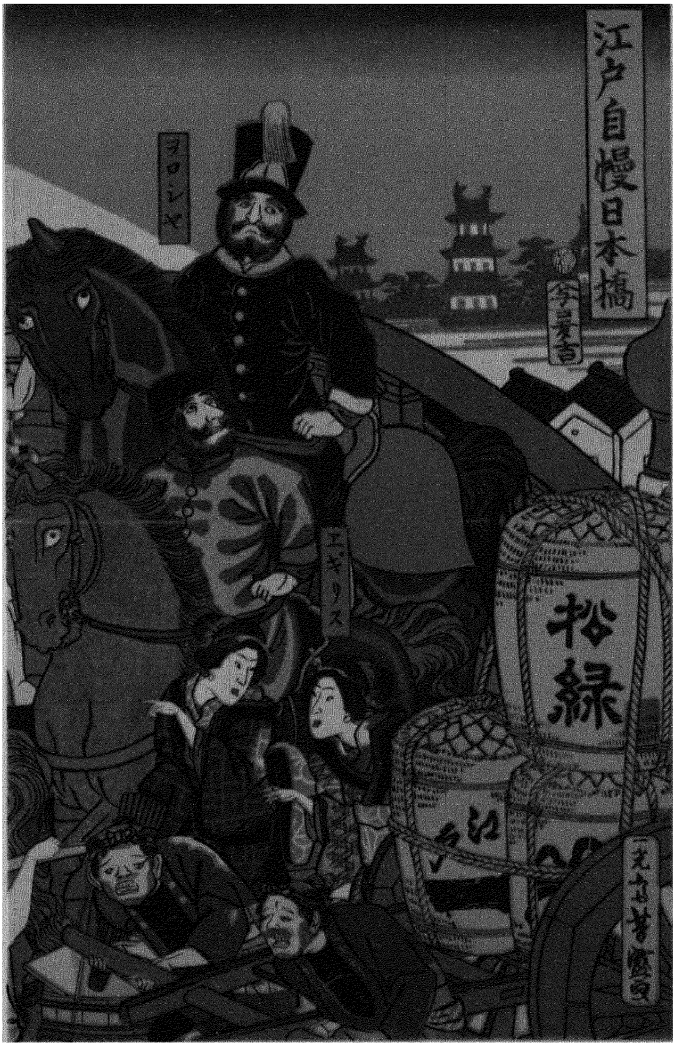
The town of Yokka-ichi (literally 4 days market) was the most flourishing among the markets, and there were 81 wholesale fish dealers and 23 brokers there. Moto-bune-cho, Odawara-cho, Nagahama-cho, Obune-cho were called Uogashi (fish markets), and there were 308 houses occupied by wholesale fish dealers and 226 occupied by fish brokers in Uogashi. The fish brought to Edo came mainly from Musashi, Idzu, Sagami, Awa, Kazusa, Shimofusa, Hitachi, Ise, Suruga, Tohtomi, Iwashiro, Iwaki, Rikuzen, Rikuchu, Mutsu, Ugo.

The fish-market at Zakoba in Osaka was first carried on by 18 dealers at Jin-machi after the Toyotomi family had fortified Osaka castle. Sometime during the Enpo Era (1673—1680), the fish-market was transferred to Zakoba where morning, noon and evening markets were held, as a result of which Zakoba was crowded with dealers. The official recognition of the dealers was discontinued during the Sho-oh Era (1652—1654) and factors increased to 40 houses, and brokers to 103. In the 1st year of Anei (1772) the number of factors was increased to 84 houses. Fish brought mainly from the following places was sold at Zakoba :—

Kyushu, Shikoku, Harima, Bizen, Bitchu, Bingo, Aki, Nagato, Izumi, Kii, Awaji, Shima, Ise, Inaba.

(*c*) **Vegetable Market.** The vegetable market at Tenma of Osaka originated in the Tensho Era (1573—1591), when vegetables were displayed for sale at the front gate of the Hongan-Temple,

Ishiyama. The land having come into the possession of the Bakufu, the market was transferred to Kata-hara-cho, Kyobashi, but it was inconvenient so the market was again transferred to Tatsuta-bashi, Kita-zume, Tenma. There were 40 factors and 150 brokers there, and every dealer had to have a licence; sales of vegetables at places other than Tenma were strictly prohibited. The vegetables sold at Tenma were brought from Kii, Ohmi, Yamashiro, etc.


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CHAPTER V

MODERN COMMERCE

1. Summary of Japanese History from the Meiji and Taisho Periods (1868—1925) to the Showa Era (1926—). On the 9th of December in the 3rd year of Keio (1867), the Shogun Keiki Tokugawa, restored to the Emperor the reins of national government and the Imperial rule was re-established. The Emperor Meiji issued an Imperial proclamation of five articles in March of the 1st year of Meiji (1868) and thus centralization of power was established. From this time the strict, complicated caste system was discontinued and the feudal system was abolished. On the 11th of February in the 22nd year of Meiji (1889) the Imperial constitution was promulgated and the first Imperial Diet was convoked the following year. While Japan had been closed to foreign countries owing to various inventions and discoveries in Europe, the "industrial revolution" was brought about, and it had resulted in remarkable progress in civilization in the West. In the age of steam and machinery, as it might be called, the Meiji government gave up the policy of seclusion and Japan rapidly absorbed European civilization.

In the first 10 years of the Meiji Era, the foundation of capitalism was laid by the creation of government enterprises, government direct inter-

vention for guidance, assistance, etc. given to private business, and during the next 10 years, the basis of the new economic system was established. The new economic organization made great development and Japan had definitely adopted the modern industrial system by the time of the Sino-Japanese War in the 27th and 28th years of the Meiji Era (1894—1895). The Anglo-Japanese Alliance was concluded on the 30th of January in the 35th year of Meiji (1902) and the Korean Territory was annexed by Japan in 1910.

The World War broke out in Europe in July, 1914, in which Japan took some part, and she obtained rights and interest in lands abroad by the Treaty concluded at Versailles in June of the 8th year of Taisho (1919). The League of Nations came into being and Japan came to be one of the five Great Powers of the world. In 1921, the conference for the reduction of armaments, in which Japan also joined, was held at Washington. A Naval Treaty was concluded at London on the 22nd of April of the 5th year of Showa (1930) among Japan, England, America, France and Italy.[1]

2. General Course of Commercial Development. Though the systems in the Tokugawa Era still prevailed up to the 4th year of the Meiji Era, when the abolition of clans and the creation

(1) Regarding this section, see "The Latest Chronological Table of Japanese History" p.p. 373—436 and "Japanese History-Newly Compiled for Advanced Students of Middle Schools," by K. Shiba, p.p. 77—167.

of prefectures were effected, social and economic reforms were carried out one after the other from the 4th year. The Meiji government discontinued the system of Bushi or soldier system. Following closely on this the freedom for various callings was admitted and the monopoly system for guilds, trade associations, etc. was abolished. Moreover, the Bakufu had monopolized foreign trade before, and only special merchants who were permitted to carry on particular trades were engaged in it. The monopoly and restraints were abolished, however, and instead allowed to carry on foreign trade freely. Further, the traditional post-town system, which was for the convenience of land transportation, was discontinued, and the rights of people to change their place of abode was also recognized by the government, which admitted also private ownership of property and land. Consequently, it is certain that the above-mentioned reforms gave a great impetus to the industrial development of Japan. Accordingly, the government took the initiative in the establishment of various companies, factories, the development of mines, etc. with the policy of "protection and assistance" in the form of government enterprises.

After the 14th year of Meiji, 1881, however, the government itself did not carry on enterprises, with the exception of tobacco, railways, and one or two other monopolies, but considerably protected private enterprises to promote the growth of industry. Its policy now was one of "laissez-

faire". As we can see, commerce in this country made an epoch-making development after the Meiji Restoration, the basis of whose growth had been, it is noteworthy, cultivated during the Tokugawa Period (for instance, the growth of commerce in Osaka, Edo, etc.). That commerce made rapid progress after the Restoration, when all systems were reformed, is attributable to the remarkable development in traffic involving that of marine and land transportation, of organs of communication, and further the growth in industry, the monetary system, warehousing, insurance, etc. and unification of weights and measures.

Let us therefore take a general survey of the commercial development from the beginning of the Meiji Era up to the 5th year of Showa, or 1930:—

(*a*) The Growth of Home Trade. Trade during the 10 years in the early stages of the Meiji Era was quite dull. During the destruction of the old systems, the people did not become accustomed to the new systems. Accordingly, the trade depression was caused by the very considerable disorder in general business. After the Sino-Japanese War, however, home trade developed remarkably with the growth of industry and foreign trade. It might be said that the economic and commercial development in Japan was marked off by the wars which broke out at almost regular 10-year intervals. Before the Sino-Japanese War, industries were generally carried

in the handicraft stage, and merchants or ·called factors had at their command supplies material and manufactured goods. Among the ıasons why economy, especially commerce in pan, remarkably developed after the Sino-panese War, the following points may be umerated :—

(1) The increase in people's purchasing power caused by the war expenses of two hundred million yen ;
(2) The prosperous undertakings yielded from the receipt of the indemnity of three hundred and sixty million Yen from China ;
(3) On receipt of the above indemnity, the traditional monetary system based on the silver standard was unified with the gold standard, while foreign trade conspicuously improved and foreign capital of three hundred and ninety million Yen was imported ;
(4) The markets for goods were greatly expanded due to the advertising effect of the victory.

It goes without saying that the victory in the ısso-Japanese War (1904–1905) brought about the me effect as that of the previous War with ıina. Hence, the commercial organizations as-med quite a new aspect.

Making the Russo-Japanese War an epoch, we e that there arose the great factory industry, and dustrialists now began to take part in commercial

enterprises. With the outbreak of the European War, commerce in Japan was dealt a severe blow, but after getting orders for arms, ammunition, etc. from the allied powers, Japan vigorously developed her economic condition and foreign trade made an unprecedented advance.

With the rise of great factories, conspicuous development of banking, insurance, transportation, warehousing, exchange, etc. was made. Thus, the greater part of sales business for all except retailed goods came to be carried on by managers for manufacturing industries. The tendency was intensified with the development of industrial associations and the growth in the retailing system such as department stores, the belt line system, etc. It is worthy of notice that combinations of enterprises, pools, and price agreements among manufacturers and dealers have been effected in modern times with a view to developing their own trade and to avoiding free competition, and from the combination of small enterprises, industrial associations arose. These industrial associations (including purchasing and sales associations) combined middle and small producers and agriculturists, which resulted in reducing the sphere of markets for former factors. Furthermore, the department stores, with big capital at their command, and chain stores managed direct by producers, which have recently made a remarkable development, are overcoming the retail business. On the other hand markets for daily necessaries are gradually growing and the move-

ment for consumption guilds is being developed in the districts and towns. Accordingly, the sphere of markets for factors is being reduced.

The two following statistical tables are instructive. They show "the increase in the production of representative commodities" and "the number of companies arranged according to industries and their paid-up capital."

INCREASE IN THE PRODUCTION OF REPRESENTATIVE COMMODITIES

	RICE		RAW SILK		COTTON YARN		COAL		GOLD	
Year	Output	Index Number	Output	Index Number	Output	Index Number	Output	Index Number	Output	Index Number
	Unit 1,000 Koku		Unit 1,000 Kan		Unit Pack		Unit Kilo.G.		Unit Kan	
1877	26,599	66.4	—	—	—	—	499	28.5	93	66.9
1882	30,692	76.7	495	61.4	—	—	929	53.2	72	51.7
1887	39,999	100.0	805	100.0	6,175	100 0	1,746	100.0	139	100.0
1892	41,429	103 5	1,096	136.1	53,211	861.7	3,176	181.9	187	134.5
1897	33,039	82.5	1,537	190 9	141,888	2,297.7	5,188	297.1	276	198.5
1902	36,932	92 3	1,934	240.2	770,853	12,483.4	9,702	555.6	794	571 2
1907	49,052	122.6	2,452	304.5	983,482	15,926.8	13,804	790.6	774	556.8
1912	50,222	125.5	3,644	452.6	1,352,209	21,898.1	19,639	1,124.7	1,373	987.7
1914	57,007	142 5	3,755	466 4	1,666,184	26,982.7	22,293	1,276.8	1,883	1,354.6
1916	58,452	146.1	4,519	561.3	1,925,579	31,183 4	22,902	1,311.6	2,085	1,500.0
1918	54,702	136.7	5,795	719.6	1,803,866	29,212.4	28,029	1,605.3	2,047	1,472.6
1920	63,208	158.0	5,833	724.5	1,816,976	29,424.7	29,245	1,674.9	2,057	1,479 8
1922	60,993	151.7	6,397	794.6	2,228,246	39,084.9	27,702	1,586.5	2,001	1,439.5
1924	57,170	142.9	7,577	941.2	2,072,317	33,567.8	30,111	1,724.5	2,021	1,453.9
1926	55,593	138.9	9,160	1,137.8	2,607,746	42,230.0	33,531	1,920.4	2,426	1,745.3
1928	60,303	150.7	10,584	1,314.7	2,451,862	39,706.0	33,860	1,939.2	2,771	1,993.5

Quoted from the "ECONOMIC DIAGRAM OF JAPAN" by Mr. K. Inuma, p 60.

NUMBER OF COMPANIES ACCORDING TO INDUSTRIES AND THEIR PAID-UP CAPITAL

The Number of Companies

Year	1896	1899	1904	1909	1914	1919	1924	1928
Agriculture	91	135	180	264	339	611	709	761
Aquatic Products Industry	36	49	81	131	175	210	236	251
Mining	143	117	134	178	197	403	366	371
Industry	1227	2175	2257	3262	5046	10086	13251	15271
Commerce	2735	4547	5549	6869	9909	13137	16523	21427
Transportation	364	608	712	845	1192	1833	2482	3621
Total	4596	7631	8913	11549	16858	26280	33567	41702

Paid-Up Capital (Million Yen)

Year	1896	1899	1904	1909	1914	1919	1924	1928
Agriculture	1	2	2	8	15	53	110	117
Aquatic Products Industry	1	1	2	9	18	29	56	90
Mining	20	27	24	176	166	473	775	711
Industry	70	123	140	367	663	2243	4056	5194
Commerce	192	332	453	631	974	2461	4834	5671
Transportation	114	199	310	176	234	716	1018	1382
Total	398	684	931	1367	2070	5975	10849	13165

Index Numbers For Paid-Up Capital (%)

Year	1896	1899	1904	1909	1914	1919	1924	1928
Agriculture	100	175	212	805	1473	5326	11097	11700
Aquatic Products Industry	100	137	201	991	1948	3162	6047	9000
Mining	100	137	121	879	829	2368	3880	3555
Industry	100	175	199	522	941	3175	5763	7420
Commerce	100	173	237	329	508	1284	2522	2954
Transportation	100	175	273	155	206	630	896	1212
Total	100	172	234	344	520	1503	2729	3295

Note: The amount of Investment of Gomei-Kaisha[1] and Goshi-Kaisha[2] are included in the Paid-up Capital.
(Quoted from the "Economic Diagram of Japan" by Mr. Inuma, p. 78.)

(*b*) The Growth of Foreign Trade. As is seen from the table below, the foreign trade in Japan from the beginning of the Meiji Era up to the Sino-Japanese War was in its infancy and it amounted to very little. In addition, the real power of foreign trade was held by foreign traders. The victory in the Russo-Japanese War, however, gave a strong impulse in various directions, and the revision of treaties with various countries, which had been a question of long years' standing, was effected. Such economic, reformative institutions as the enactment of a fixed rate method, the establishment of a gold standard, etc. were effected, and on the other hand, with the appearance of many industrial

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(1) "Gomei-kaisha" is a literal translation of "société en nom collectif." It corresponds to "affene Handelsgesellschaft" under the German, and "partnership" under the Anglo-American Law, but it is a body corporate under Japanese law and in this respect is different from its German and Anglo-American equivalents, though resembling "partnership" under the law of Scotland.[2]

(2) Goshi-kaisha corresponds to "société en commodité," "Kommanditgesellschaft," and "limited partnership." But unlike the Anglo-American "limited partnership," it is a juristic person.[1]

(1) Vide p. 35 of "The Commercial Code of Japan" translated by the codes Translation Committee of the League of Nations Association of Japan.

(2) See p. 15, ibid.

enterprises, various factories came to be established. Consequently, at that juncture a new era was dawning in foreign trade.

As imports, cotton yarn and cloth were the principal, next to which there were sugar, woollen stuffs, kerosene, etc. As exports at the beginning of the Meiji Era, raw silk was the staple item, next came tea, waste silk, marine products, etc. After the Sino-Japanese War, however, cotton yarn became a staple export next to raw silk, and then cotton tissue, refined sugar, simple machines, etc. were the principal exports, and food-stuffs, fertilizers, industrial materials, etc. came to be the principal imports. After the Russo-Japanese War, the foundation of foreign trade was definitely laid. Observing the trade during the period we see that the total sum of imports and exports scarcely reached ninety six million Yen in the 20th year of the Meiji Era (1887). In the course of time, however, the total sum in the 30th year of Meiji (1897) amounted to four hundred and fifty two million Yen. In the 35th year of Meiji (1902), the total amount reached five hundred and eighty six million Yen, in the 40th year (1907) nine hundred and seventy eight million, and in the first year of Taisho (1912) the total sum increased to one thousand two hundred and fifty eight million Yen. With the opening of the World War, the foreign trade made an unprecedented development. From the 3rd to the 7th year of Taisho (1914—1918) it was the period of " an excess of exports over imports " resulting in a

record of an excess of one thousand five hundred million Yen. But for some years after the Great War, Japan no longer had a favourable balance of trade. Financial circles suffered a great blow by the reaction in the 9th year of Taisho, 1920 and incurred a heavy loss by the great earthquake disaster in Tokyo and Yokohama in 1923. Then, in addition to raising a barrier of high tariff rates, all countries patronized their own markets, and each country strove desperately to sell in new markets. Consequently, the foreign trade fell into stagnation, and continued unfavourable for a time. Since 1934, however, the foreign trade has turned in favour of Japan and its amount has been increasing tremendously.(1)

(1) See "History of Development of Japanese Capitalism" by K. Takahashi, p.p. 89—126 and "The Economic History of Japan in the Meiji and Taisho Eras" by K. Takahashi, included in "The Economic History of Japan" published by the Kaizo-sha, p.p. 15—42.

THE GROWTH OF FOREIGN TRADE

(Unit ¥1,000.—)

	Total		Japan Proper & Saghalien		Special goods in Japan Proper		Formosa		Korea	
Years	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
1868	10,693	15,553	10,693	15,553	—	—	—	—	—	—
1872	26,175	17,027	26,175	17,027	—	—	—	—	—	—
1877	27,421	23,349	27,421	23,349	—	—	—	—	—	—
1882	29,447	37,722	29,447	37,722	—	—	—	—	—	—
1887	44,304	52,408	44,304	52,408	—	—	—	—	—	—
1892	75,982	91,199	71,326	91,103	4,656	97	—	—	—	—
1897	274,171	177,875	219,301	163,135	42,210	1,981	—	—	—	—
1902	300,938	285,094	271,731	258,303	19,106	12,974	—	—	—	—
1907	515,286	463,363	494,467	432,413	9,598	21,208	11,221	9,741	—	—
1912	689,659	568,942	618,992	526,982	25,000	21,383	19,307	14,960	26,359	5,618
1914	648,085	632,559	595,736	591,101	14,687	22,028	13,014	12,982	24,184	5,802
1916	808,642	1,199,694	756,428	1,127,468	14,109	25,719	15,430	31,652	21,997	13,838
1918	1,778,091	2,074,031	1,668,144	1,962,101	33,240	59,838	33,555	33,394	41,036	16,948
1920	2,545,530	2,102,972	2,336,175	1,948,395	42,813	91,765	60,367	35,173	95,845	22,578
1922	2,066,145	1,736,040	1,890,308	1,637,452	43,117	50,535	36,922	30,563	95,798	17,490
1924	2,653,179	1,923,103	2,453,402	1,807,035	55,576	51,113	46,424	42,576	97,776	22,379
1926	2,611,446	2,172,222	2,377,484	2,044,728	48,020	53,400	62,008	49,315	123,934	24,779
1928	2,372,800	2,038,000	2,196,315	1,971,955	...	...	58,334	33,896	118,151	32,149
1929	2,388,549	2,217,580	2,216,240	2,148,619	...	...	64,541	33,188	107,767	35,773

Quoted from the "Economic Diagram of Japan" by Inuma, P. 74.

NOTE on *NISHIKIE* or COLOUR PRINTS

Japan first concluded a commercial treaty with America, and then opened the port of Kanagawa in June of the 6th Year of Ansei, i.e. 1859 (A.D.).

Kanagawa was but a fishing-village at that time, but the Japanese quickly installed all equipment necessary to make of it a treaty port. Very soon, therefore, foreign traders began to flock to the new port, Yokohama, from what were known as the Five Countries. These were Russia, England, France, Holland and America. The port now thrived quickly.

It was natural that such an influx of foreigners should greatly affect the life of Yokohama in those days. As the port was on the old Tokaido Road from Edo (Tokyo) to Kyoto, many Japanese travellers became familiar with the foreigners of Yokohama, and there was a good market for prints showing anything resembling their manners. Hence the popularity of the *Nishikie* of Tokyo, of which quite a school of artists developed.

The three representative pictures included here are by Sadahide. He was an Edo artist who specialized in giving particularly clever and realistic impressions of the life of foreigners living in the Yokohama of those days.

The period covered by these prints is from the first year of Men-en, 1860, (the year following the opening of Yokohama). The year 1861 saw the zenith of the Nishikie School, which came to an end in the 3rd year of Bun-kyu (1863).

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