

# THE INDUSTRY AND TRADE OF JAPAN

BY

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**THE INDUSTRY AND  
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## PREFACE

THESE are many books on Japan. For a long time, however, the world knew her only as the land of artists and of the quaint people portrayed in stories such as "Madame Chrysantheme." It was not until recent years that Japan became recognizable to the outside world in political and economic affairs. Many books relating to these affairs have been published in English and read with keen interest. Nevertheless, there is a lack of authoritative information regarding the economic development of present-day Japan, who is so much over-estimated by some and under-estimated by others owing to the lack of proper information.

Japan's future lies along commercial and industrial lines. The purposes of Japan are peaceful, and look to the development of markets and the employment of her ever-increasing population.

The object of this thesis is to provide an authoritative account of the industry and trade of Japan for the past half century, during which period Japan has achieved remarkable progress. I have tried especially to lay stress on the industrialization of Japan and also to emphasize the present industrial stagnation.

The difficulty of collecting material for the work was not small. Fortunately the official year books of the Departments of Finance and Commerce of the Japanese Government, which are kept in the library of the Imperial Japanese Consulate-General, London, and the *Oriental Economist*, one of the best economic journals in Japan, rendered me great service in compiling the thesis. All statistics, other than those which are otherwise referred to, are taken from the Teikoku Tokei Nenkan (Imperial Year Book of Statistics).

It must be added that a great part of the section on "Representative Industries" was suggested by various articles in the *Oriental Economist*.

At best the thesis must be considered as a rough one, to be improved and enlarged later not only on the subjects which are principally dealt with, but also on such topics as labour and agricultural conditions of Japan. Nobody can be more aware of omissions and faults than myself. But as it stands, I venture to claim that this thesis provides an account of Japan's industrial and trade development during the last fifty-seven years which is not otherwise readily obtainable.

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*July 5, 1925.*

## INTRODUCTION

BY HIS EXCELLENCY BARON HAYASHI,  
JAPANESE AMBASSADOR TO THE COURT OF ST. JAMES

**I**N his preface the author has set forth the motive which actuated him in preparing for the benefit of British readers this exhaustive account of the development of Japanese industry and trade since the Restoration of 1868. But he has modestly omitted to mention a further object which he might have claimed with good reason to have accomplished. He has said nothing of the good work he has performed in endeavouring to increase the mutual understanding and goodwill which has so long existed between the island nations of the East and the West. For to my mind this purpose is admirably served by the provision of information such as the author has here collected. To know a friend's difficulties and struggles is to appreciate his achievements or to commiserate his failures. It is for this reason that I particularly commend Mr. Uyehara's record of my country's economic development to the sympathetic perusal of the British public.

HAYASHI

LONDON,  
*July 22, 1925.*

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# The Industry and Trade of Japan in Modern Times

## PART I

### INTRODUCTION

#### THE MEIJI RESTORATION AND HALF CENTURY FOLLOWING

HAVING passed through the long period of isolation during which nation and people were barred from foreign intercourse, Japan began the most illustrious epoch in her development after the Meiji Restoration<sup>1</sup> of 1868. Japan was successful not only in the stupendous task of reorganizing her institutions on Western models and introducing many of the features of modern civilization, but also in adopting Western economic and financial methods in every line of business, by which the national economy of Japan has been completely altered. It was a renaissance in the economic as well as in other spheres of national life. The study of economic development since the Restoration is worth more than that of the whole of the rest of Japanese history from the modern industrial point of view.

#### *Downfall of Feudalism.*

In England feudalism was abolished during the reign of Charles II, and it was not until the great Revolution that it

<sup>1</sup> The Meiji Restoration. Japan had been governed by the Shogun<sup>2</sup> under the name of the Emperor for more than four centuries before 1868, when the Shogunate administration ended and power was restored to the Emperor again. The Restoration resulted in an epoch-making change in the political, social and economic development of Japan. We therefore call this notable period the Meiji Restoration after the name of the Emperor Meiji.

<sup>2</sup> The Shogun was the title of the militaristic ruler who administered Japan and who originated from the Minamoto Family in the 14th

was ended in France. However, in Japan it was the dominant social and political system up to the middle of the 19th century. In fact, Japan was the last country in the world that abolished feudalism.

In 1868, the Shogun, *de facto* sovereign, gave up his political and military power to the Mikado, *de jure* sovereign, and feudal lords or daimyos returned their rights and privileges in their domains to the Emperor. Thus, the Emperor regained the old authority of his dynasty and the new Imperial Government was promptly formed with possibilities for rapid expansion and prospective growth. At the same time all other feudal institutions were abolished. The country was open to foreign intercourse and Western civilization was introduced. Things were greatly and rapidly changed in the political, social and economic life of the nation.

Why had the Shogun to retire behind the scenes of the political stage? Why had the old mediæval institutions to come to an end? These questions are the most interesting subjects in Japanese history. It may be said that the main cause of the Great Restoration of 1868 was the fact that the decay of the Shogun's old prestige had become known to the people since the occasion when an allied force of the Western Powers menaced Japan at the middle of the 19th century, on the ground that she would not open her ports to foreign commerce and intercourse. The Shogun who had kept the great suzerainty for centuries—who had never yielded to the pressure of public opinion—showed himself entirely powerless to control the people as to whether the country should be open to foreign countries. Some lords opposed the open-door policy against the Shogun, some supported it. Agitation against the Shogun was widely prevalent. The malcontents did not hesitate to take arms. The Shogun's orders were thus entirely ignored, and grave disturbances followed. Internal affairs were almost at the

century. From about the middle of the 15th century a state of anarchy prevailed and the Shogun completely lost his prestige. Tokugawa Iyeyasu, however, succeeded to the title again and established the Tokugawa Shogunate at the beginning of the 17th century, which lasted over two centuries and a half until the new Meiji era was established in 1868.

climax of commotion. Thirty years before the Meiji Restoration was an age of intrigue, uneasiness and terror. At the time of national peril, the Government of the Tokugawa Shogun then in power concluded the commercial treaties with the Western Powers without the sanction of the Emperor. This raised immediately a determined challenge among the loyal feudal lords. The defeat of the Shogun in civil wars forced him to surrender his régime to the Emperor. Thus, the visits of Western countries and the powerlessness of the Shogun were apparently the combined causes of bringing the new era to Japan.

Nevertheless, what we must not overlook is the extremely distressed economic state in which Japan was placed at that time. The menace of Western Powers could not cause such a dramatic change without internal economic disturbances. Feudalism would have continued much longer if the economic affairs of the country had allowed the people to be better off than they were before. We can imagine no modern revolutions having occurred without relation to economic factors. As we open the pages of the history of Japan of the 19th century, we are forced to the conclusion that a great change in the national life of the country was bound to take place sooner or later, owing to the economic distress prevalent at that time. At the beginning of the century the deterioration of the nobles and the moral decay of the upper class were at a climax ; farmers especially were reduced to absolute misery and poverty owing to excessive taxation and their slavish position. There was then no equality and freedom, no complete safety of life and property. Great barriers divided the classes. Even an ordinary Samurai (professional warrior class) could not see his chief, and could never have audience with the Shogun. The common people had to kneel and bow so low as to touch their foreheads on the ground whenever they met a procession of feudal lords. The commoners had no right of appeal against unlawfulness, inhumanity and tyranny of classes higher in the social scale. It was not an uncommon thing for them to be whipped if they failed to pay heavy taxes. The revenue of the State was mostly raised from rice fields and

farm lands during these days ; therefore the farmers, who were taxed both by the Shogun's Government and by the feudal lords, were the main sufferers. Bad harvests occurred in succession and plague, often visited the country during the distressed period. In spite of this, the expenditure of the Government continued to increase owing to their vast waste of money and the general extravagance of the nobles. The debasing of coins by the Government for the purpose of balancing the deficit in the revenue, and the depreciation of the paper currency issued by the feudal lords—there were 1694 kinds of local currency in circulation before the Restoration—eventually caused a rise in the prices of commodities. At the same time the feudal lords imposed more taxes for the purpose of their extravagance. As mentioned above, taxes were then chiefly levied on rice fields and were collected in rice.<sup>1</sup> Farmers who had to pay taxes by a fixed quantity of rice were greatly distressed by the rise of price. They had nothing left after paying the taxes and were unable to buy the other necessities of life.

Those who received the taxes in form of rice increased their incomes owing to the rise of prices, and immorality and decadence became rife. Thousands of farmers threw up the spade and plough and came to the towns in order to be free from the fetters of heavy taxation. During the first decade of the 19th century the population of the farmers decreased by 1,400,000, owing to death by misery and poverty and also to their removal to towns, which were full of undesirable and unemployed Samurai. The towns were congested with thousands of workless people and great uneasiness was prevalent in the country. Riots occurred in various districts. In the meanwhile Western ideas had been gradually introduced through the Dutch traders. The Government could not show their old despotic dignity. Feudalism was everywhere in decay, and the downfall of the Tokugawas was rapidly approaching after three hundred years of isolation, which had been imposed for their safety.

<sup>1</sup> The unit of measurement for purposes of taxation was then a koku of rice, one koku being equivalent to five bushels.

The revolutionary atmosphere was eminently significant. No reforms could be attained without the abolition of feudalism at that time. There was no reason why the majority of the people should suffer in order to keep a few of the higher class in extravagant diversion. There was no reason why high administrative position should be hereditary. The ideas of liberty and equality were spreading. It is obvious that the orders of the Tokugawa Government had no effect on the people. Despotic policies based on feudalism were seen to be absolutely inapplicable for the national welfare from the economic point of view; the time was ripe for a great national change. At this grave period "the people were awakened by the sound of cannon balls fired from the American flagship in the bay of Uraga."<sup>1</sup> The country was at once thrown into confusion, and the downfall of feudalism was brought about. It was not merely a restoration of the Imperial régime, it was also the inauguration of modern capitalism.

*Dawn of the New Era.*

The outworn institutions of the feudal régime, no longer capable of maintaining the welfare of the people, had necessarily to be replaced by modern ideas. As soon as the Imperial régime was restored, many reforms and changes were successfully undertaken in the political, social and economic spheres. There was no more absolute government; the new Government consisted of three departments, under one supreme Sovereign, namely, the legislature, the executive and the judiciary. The army was reorganized on the German system of universal military service. The country was divided into more than forty administrative prefectures, and the old feudal domains were abolished. The feudal lords received compensation from the Government in the form of national bonds in proportion to their feudal incomes. To the Samurai the Government also gave an annuity in money and bonds. These amounted to about yen 35,000,000. The new financial system was secured at that time, though it

<sup>1</sup> From Prof. Sato's *Some Historical Phases of Modern Japan*.



remained in difficulties for the first decade of the Meiji era. Modern institutions replaced those of feudalism.

Apart from those formal institutional changes, we have to notice the psychological changes in the mind of the new era, which are revealed by the following Five Principles.

The spirit of the Restoration can be clearly observed in the Five Principles formulated in the Oath sworn by the Emperor Meiji, and which are well known in Japan as the "Gojo-no-Goseibun." The Oath was pronounced on the 14th March, 1868, and was an indication of the way in which the new Japan was developing.

The Gojo-no-Goseibun.

- (1) Public meetings shall be allowed. National affairs shall be administered for the benefit of the nation.
- (2) Rulers and ruled alike shall devote themselves to the good of the nation.
- (3) All the civil or military officials shall endeavour to encourage individual industries of all kinds, and to promote the activities of the people according to individual ability.
- (4) Moral and social defects in the nation shall be remedied.
- (5) Useful knowledge shall be introduced from the outside world, and thus the foundations of the Empire shall be strengthened.

Following this, new laws were introduced, the old feudal system of privileges was abolished and all people were considered of equal standing—there was no discrimination between classes. People were free of all the restraints which had formerly existed. The most significant thing which occurred after the Restoration was, however, the progress which was made in the economic sphere. Industrial methods employed in Europe were introduced into Japan in rapid succession. In the intervening time from the feudal to the modern era Japan had to go through a period of economic confusion, in order to reform the old economic system, and to adopt at the same time new Western methods.