

# THE PENETRATION OF MONEY ECONOMY IN JAPAN

AND

Its Effects upon Social and Political Institutions

BY

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**THE PENETRATION OF MONEY ECONOMY IN JAPAN**  
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## PREFACE

No period in the whole economic history of Japan is more significant than the period of transition from natural economy to money economy. With the rise of money economy, there developed a moneyed class. Towards the middle of the eighteenth century, this class was coming into prominence, a process which meant the gradual breakdown of traditions of feudal Japan. Up to this time generation after generation followed an established routine of production and consumption. But with the penetration of money economy, new economic problems arose. No longer could the scholars afford to dispense with financial matters as a mean and sordid topic. In Japan, therefore, the penetration of the money economy was epoch-making not only from the point of view of economic history but also because it stimulated scholarly consideration of economic problems.

The literature that was produced during this period may be roughly classified as follows: (1) encyclopedic handbooks, (2) writings presented to the rulers, (3) essays and discourses, (4) general treatises on political economy, (5) miscellanies.

The encyclopedic handbooks contain all the usages and customs relating to land systems, taxation and the general economic life of feudal Japan. Some of the more important works of this kind are *Jikata Bonrei Roku* (A Manual of Rural Customs), *Den-en Ruisetsu* (A Rural Handbook) and *Jikata Ochibo Shu* (A Collection of Scattered Rice Ears from the Country).

The writings presented to the rulers consisted of memorials, pamphlets and books. Memorials, or *Josho*, were spontaneously presented to the Shogun or daimyos in order to call their attention to the most urgent problems or needs of the time; and they were written not only by the scholars but by common people. The pamphlets and books were usually written by various scholars at the request of rulers who wanted to utilize scholarly knowledge in the solution of the new social and economic problems.

Essays and discourses formed the largest group of economic writings produced during the Togugawa period. Some essays on agriculture, such as Komiyama Masahide's *Nosei Zayū* (A Guide to Rural Administration) and Man-o Tokiharu's *Kwan-no Kohonroku* (Considerations on the Means of Fostering Husbandry and of Strengthening the Basis of the Life of the People), were written primarily for rural administrators; while many others are general discourses on good husbandry. These latter had a wide circulation. Essays and discourses on money, which began to appear in greater numbers after the eighteenth century, are of little value from the theoretical point of view, for none of them followed consistently any particular line of argument in regard to a fundamental economic principle. From the standpoint of economic history, however, these writings on money are invaluable contributions. Their importance in this respect lies in the fact that they dealt directly with problems of the day instead of with abstractions. Hence these discussions, with all their logical inconsistencies, are most illuminating in bringing before us the interplay of social forces during the period of change from a rice to a money economy. The essays and discourses on trade were written chiefly as guides to the merchant class. Little theorizing but a vast deal of moralizing is to be found in their pages. All in all, however, they reflect most vividly the degree of com-



mercial development, the status and the ethics of the merchant class during this period.

The general treatises on political economy written during the Tokugawa period are also helpful in the study of the economic history of Japan, for they are crowded with discussions of the various social, economic and political problems that were current in those days. "Political economy" in this period meant a great deal more than our present limited usage of the term implies. It included all the subjects related to the maintenance of the peace and good order of society. Take, for example, as a representative treatise, Dazai Shundai's *Keizai Roku* (A Treatise on Political Economy). It consists of the following ten books: (I) Introduction to Political Economy, (II) Ceremonials, (III) Governmental Positions, (IV) Astronomy, Geography and Calendar, (V) Finance, (VI) Religion and Education, (VII) Military Affairs, (VIII) Criminal Law, (IX) Civil Law, (X) Administrative Policy. In these heterogeneous books, no attempt was made by the author to distinguish economic elements from political elements; in fact, no such distinction existed in the minds of the writers of this period. They could not consider economics except in connection with the ethical principles underlying good government. The first author who made a somewhat clear distinction between economics and government is, according to Professor Takimoto, Shingu Ryotei. He divided his treatise on political economy, called *Yabureya no Tsuzukuri Banashi* (A Talk on Mending a Broken House) into three books, namely, (I) Finance, (II) Administration, (III) Jurisprudence. Yet the contents were still confusing, and no attempt was made by the author to formulate any definite economic theory.

The most spontaneous reflections of the economic tendencies of the later Tokugawa period are the miscellanies, or *Zui-Hitsu* (writing as the pen moves); such as Ota Nampo's

*Ichibu Ichigen* (One Talk, One Word), Kamizawa Teikan's *Okinagusa* (Scribbles of an Old Man), and Oyamada Kosei's *Matsuya Hikki* (A Sketch Book of Matsuya). These commentaries contain random thoughts of the writers on various social, economic and political problems; quotations and abstracts from other books; and descriptions of historical and contemporary events. They were written not for the public but for the private enjoyment of the authors themselves; and it is natural, therefore, that they should give us a picture of the economic life of the period, more informal but more informing than the weightier treatises.

The majority of the writers on social, economic and political problems in the Tokugawa period, however, are the scholars of Chinese classics. Since the establishment of the Tokugawa régime, which had put an end to the constant strife among rival and warlike military clans, peace had been maintained throughout the two hundred and fifty years of the Shogunate, and the mind of the rulers had turned from warfare to administrative problems. They first sought for the principles of good government in Chinese classics; thus there arose a group of brilliant scholars in this field, among whom were Kumazawa Banzan, Arai Hakuseki, Ogyu Sorai, Dazai Shundai, Hayashi Shihei, etc. They were the most prominent exponents of the feudal economy and the strongest opponents of all new tendencies that were threatening the security of feudal society. The rulers not only patronized these scholars but often trusted important administrative matters to their hands. Thus, for instance, Ogyu Sorai served the fifth Shogun, Tsunayoshi, and Arai Hakuseki was instrumental in carrying through the drastic currency reform during the administration of Shogun Iyenobu; while the daimyo of Sendai had Hayashi Shihei, and that of Okayama had Kumazawa Banzan, as counsellor. In fact, the majority of the officials of the Shogunate or the daimiates were stu-

dents of Chinese classics, and many of them were exponents of feudal economy in their writings as well as in their offices.

There were, however, a few bold critics of the Tokugawa régime, although such critics incurred the wrath of the ruling class. Thus Umetsuji Kisei, who was a royalist Shintoist, was imprisoned and later exiled to Hachijo Island, where he died after fourteen years. Uyezaki Kuhachiro died in prison as a result of presenting memorials to the Shogun in which he boldly criticized his minister, Matsudaira Yetchu no Kami. Yamaga Soko was exiled because he considered the orthodox Chinese scholars as both narrow and stupid. And many others met with similar fate. In the western part of Japan, however, where the governmental censorship was not so strict as in Yedo, the headquarters of the Shogunate, more liberal scholars, such as Nakai Chikuzan, Yamakata Hoshu and Kaiho Seiryô, were active, and very freely discussed social problems without being bound by the rigid traditions of Chinese classical learning.

One of the significant facts about the literature of the Tokugawa period—in contradistinction to the one preceding it—is that not all the writers were of the upper classes; i.e., the samurai, the nobility or the priesthood. Literature in general was greatly popularized during the Tokugawa period, and many commoners took to writing. Thus not a few works were written by men who were born among merchants and traders. A most conspicuous example is Yamakata Hoshu. He was an apprentice of a money changer in Osaka, and was later adopted by Yamakata Heiyemon, who was also a money changer. While he was engaged in business, he became a disciple of Nakai Chikuzan, and later distinguished himself as a great scholar in the field of political economy.

Although there are minor differences among the several types of writers above enumerated, we may summarize some characteristics common to all economic, social and political

thinkers of the period. First, they held that agriculture was the foundation of the state. Even Nakai Chikuzan, who had more sympathy with the merchant class, recognized the agricultural class as the sole producer of wealth. Such extreme feudal economists as Ogyu Sorai and Kumazawa Banzan were openly antagonistic to the merchant class, declaring that its decline should never be regretted and that every effort should be made to maintain the agricultural class, the true foundation of the state. The critics of the Tokugawa régime argued that the decline of agriculture was a clear proof of bad government; while the reformers concentrated their efforts on keeping the ideas and institutions of the towns out of the village communities. In short, agriculture was the centre of gravity for all social and economic thought of the Tokugawa period.

In the second place, the writers of the Tokugawa period could not free themselves from the belief that money was the most degrading element in society. The people of this period were imbued with the Chinese philosophy, in which stability of society was glorified above anything else. It was quite natural, therefore, that they should be alarmed by the disintegrating tendencies which they could not fail to see in the spread of the money economy. None of the writers recognized a constructive process in the disintegrating tendencies, and no theory of political economy appeared to justify the money economy. Indeed, the writers were too much in the heart of the changes themselves to have any adequate perspective on the process that was going on before their eyes.

The study of economic conditions in the Tokugawa period is made the more difficult by the fact that not all the works produced during this period are available at present. At this time, the printing press had not yet been introduced into Japan. Books written by the scholars were either copied by their disciples or engraved on wood for a wider circulation.

Since there was no regulation on copyright, various individuals copied by hand or engraved any books they chose; and as a result, various versions of these works have come down to us, versions which are often so different that one has considerable difficulty in deciding which version is the original. At present, however, thanks to the effort of Professor Takimoto and his colleagues, we have thirty-six volumes of *Bibliotheca Japonica Aeconomiae Politicae*, containing nearly two hundred social and economic works produced during the Tokugawa period. The editors have made a supreme effort to secure the authentic version of each writing. They have gone to the descendants of the writers in a search for the original copies, and to the descendants of the disciples of the scholars in an attempt to ascertain the authenticity of the copies which have been found. Not infrequently the descendants of the daimyos who patronized the scholars do possess the original manuscripts in the chests of their family treasures; but unfortunately they often refuse to let these possessions pass into the hands of the editors. Thus many of the writings of the Tokugawa period are still lying unpublished in the treasure chests of old families. For instance, Professor Takimoto regretfully tells us of a certain distinguished family which has in hiding Yamakata Hoshu's book, *Yamato Ben*. It is this work which discusses the price of rice in relation to the general price-level. But since this family alone possesses a copy, and its members persistently refuse to let it be examined, Professor Takimoto cannot make it available to the public. Professor Kuroita also reports that he has found chestfuls of manuscripts hidden in almost all the temples and old family mansions that he has visited.

It is in these chests of manuscripts that most of the official records now available have been found. The Tokugawa government itself made no systematic effort to preserve

official records. Records were kept by various individuals and stored in their private bureaus. Since there was no definite arrangement for handing down the reports to succeeding officers, the manuscripts were generally inherited by the descendants of the officials as part of the family property. After the Meiji revolution, the statesmen of the new government were greatly handicapped by this lack of official records of the Tokugawa period. As a result, several committees were organized in order to compile historical materials. The compilation that is most important for the study of economic history is the *Tokugawa Rizai Kaiyo*, or the Encyclopedic Handbook of the Financial and Economic Institutions of the Tokugawa Shogunate, published by the department of finance in 1880. At the beginning of the present century, another collection of historical materials called *Koji Rui-en* (A Collection of Historical Data) was compiled and edited by a group of scholars under the auspices of the government. Ten volumes of this collection contain all the important materials we have on the industrial, commercial and agricultural life not only of the Tokugawa period but of all ages.

The professors of the Kyoto Imperial University have recently announced that they are about to publish a new series of the economic and social writings of old Japan. Thus more and more ancient writings are being brought to light by scholars of the present generation. It is to be hoped, therefore, that the economic history of Japan will prove a most resourceful field of study and investigation in the near future.

The following study is an attempt to interpret in the light of an analysis of economic conditions the various institutional changes of the later Tokugawa period, culminating in the Meiji revolution of 1867. The writer wishes to express her deep gratitude to Professor Simkhovitch, who first sug-

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