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THE NEW ECONOMIC POLICY IN THE CLOSING DAYS OF THE TOKUGAWA SHOGUNATE

1.

The period of about 260 years following the Keicho and Genna eras (1596–1623) is called either the Tokugawa period or the age of the feudal system based on the centralisation of power; but, needless to say, the situation in this period, as in other periods, was subject to a variety of changes. Especially in and after the middle part of the Tokugawa Shogunate, commerce and industry witnessed considerable development, currency was widely circulated and the *chônin* class, or commercial interests, gained much influence in consequence of the growth of urban districts. This led to the development of the currency economy in addition to the land economy already existing, a new economic power thus coming into being besides the agrarian economic power. Owing to this remarkable economic change, it became impossible for the *samurai* class to maintain their livelihood, and for the farming class to support the *samurai* class as under the old economic system, with the result that these classes had to bow to the new economic power and look to the *chônin* for financial help. Some of those belonging to the former classes even turned *chônin* themselves or became like commoners. On the other hand, the *chônin* class acquired the predominant social influence by virtue of their money power. They were able to prevail against even *samurai* authority and prestige, and to extend their authority over the farming interests also. In other words, economic changes gradually deprived all classes of their former characteristic status to give rise to a tendency for them to mix together. As it often occurred that people, for various reasons, forsook the class to which they belonged for another, class distinctions became blurred, with the natural result that the foundations of the feudal system were shaken.*

In the closing days of the Tokugawa Shógunate, disquieting rumours of possible invasion by a foreign Power were in the air; while, on the other hand, there was the visit of the so-called "black ships" (the American squadron under the command of Commodore Perry) to these shores to demand the opening of the country for foreign commerce. In and after the Kaei and Ansei eras (1848–1859) especially, there took place particularly marked political, economic and social changes in consequence of the development of the relations with foreign countries. In those days, a new unprecedented policy inconsistent with the traditional policy of the Tokugawa Shogunate was adopted with every prospect of another revolutionary change coming over the social and economic conditions of the country. The present article is intended for a general survey of the circumstances prevalent at this momentous juncture.

2.

The Tokugawa period was an age of national seclusion, but the study of the conditions in Western countries was not entirely neglected even in these days of isolation. Western influence came into this country through Nagasaki, where trade with Holland was carried on. As early back as the Genroku era (1688–1703), Nishikawa Joken wrote a book entitled the "*Kai Tsusho Ko*" (華夷通商考), in which he dealt with conditions abroad. In the Shôtoku era (1711–1715), Arai Hakuseki wrote the "*Sairan Igen*" (采覽異言)

* See my essay "Changes of Social Classes during the Tokugawa Period," this Review Vol. III, no. 1.

and the "*Seiyo Kibun*" (西洋紀聞) on foreign affairs on the strength of the information which he obtained from Dutchmen about conditions in many countries. Particularly noteworthy is the fact that Tokugawa Yoshimune, the eighth Shogun, lifted the embargo on the perusal of Dutch books, allowing people to read all foreign books except those dealing with religious matters. Since then, the study of Dutch made great progress. It was at this time that Aoki Kon-yo learned the Dutch language from those Dutch officials who made yearly visits to Yedo to pay respects to the Shogun. Not only was Dutch studied as a language, but chemistry, medicine, the calendar, astronomy, military science, and other branches of scientific knowledge were introduced into this country through the medium of the Dutch language.

Towards the close of the Tokugawa Shogunate, further progress was made in the study of matters Western, and in the second year of Ansei (1855), the Yogakusho (the Foreign Language School) was established at the foot of Kudanzaka. This institution was renamed the Bansho Torishirabe Sho (蕃書取調所 Institute for the Study of Foreign Books) in the following year, and the Dutch language was taught there by Mitsukuri Gempo, Sugita Seikei and other scholars. Later, other languages such as English, French, German and Russian were added to the curriculum, and chemistry and mathematics were included among the subjects of study. At first, the students ware limited to retainers of the Shogunate, but afterwards clan retainers were also admitted, Foreign teachers were also engaged, and the practice of sending students abroad for study there was even then adopted. The pioneer institution again changed its name to the Yosho Shirabe Sho (洋書調所), and then again to the Kaiseisho (開成所). It was the predecessor of Tokyo Imperial University. In short, the establishment of the Bansho Torishirabe Sho gave a fresh impetus to the study of Western knowledge, and it bears witness to the importance attached even in those days to the importation of Western civilisation.

In a memorial which Takashima Kihei submitted to the Shogun in October of the 6th year of Kaei (1853) was mentioned: " Although the people in this country regard it as a shame to learn anything from foreign countries, foreigners praise those who learn things from other nations, because they think that these people are doing good patriotic service. Foreigners make voyages to various countries and if they find anything good in other countries, they are ready to adopt it so as to make up for what is lacking in their own countries. It is true that they are intent on trade and profits, but their motives are to enrich their fatherlands and add strength and activity to their fighting forces. As they are not in the habit of sticking to antiquated customs, they are by no means above learning from others. Nay, they look down upon those people who refuse to learn anything from other nations as bigoted."* Thus, it will be seen that the idea of seeking knowledge in the outside world so that the shortcomings of the Japanese people might be made good and traditional evil customs might be discarded by adopting the good points of other nations was held by some people as early as the closing days of the Tokugawa Shogunate.

3.

So far as the country's trade with foreign countries is concerned, Japan was trading with Holland and China at Nagasaki in those days, and besides, Tsushima maintained trade relations with Korea to a certain extent, while Satsuma carried on some amount of trade with China through the Luchus. The principal trade of the country was, however, that with China and Holland at Nagasaki. With the changes of the times, restrictions of various kinds were laid even on this tiny interchange of goods, and there was a decline in

* " *The Nihon Keizai Sosho* " (Library of Japanese Economy). Vol. XXXII, p. 477. " *The Dia Nippon Komonjo, Bakumatsu Gaikoku Kankei Monjo* " (Old Records of Japan, Documents on Foreign Relations in the Closing Days of the Shogunate). Vol. III, p. 178.

the volume of trade. Because the traffic in those days was passive and one-sided and also owing to the difference in the relative value of precious metals between Japan and the countries with which she traded, there was a remarkable outflow of Japanese gold and silver. Such being the case, many scholars in those days held the view that trade was absolutely uncalled for, and advocated the policy of exclusion. It is true that Honda Toshiaki and some other thinkers held progressive ideas and urged the necessity of throwing the country open to foreign intercourse and trade, but they were rather exceptions.

The visit of American warships to Japan towards the close of the Tokugawa *règime*, however, changed the whole situation. The *rôjû* (a Minister of the Tokugawa Government) showed the credentials submitted by the American Envoy to the Shogunate to all the clans on July 1st of the sixth year of Kaei (1853) calling for an unreserved expression of views on the American demands contained in them. The replies made by the clans were multigenerous. Some clans urged the rejection of America's demands at the cost of opening hostilities with that country, and other clans suggested that the Shogunate should defer its reply to America, pending the completion of warlike preparations, while some others held that America's demands should be partially accepted with a view to a pacific settlement of the situation. Quite a number of clans, on the other hand, maintained that it was no longer possible for the Shogunate to adhere to the old policy of seclusion, and the only feasible course open to it was to throw the country open to foreign trade.

Among the clans which advocated trade with foreign countries were some which suggested the acceptance of the American overtures simply (as, for instance, the Yawata clan in Mino province and the Muramatsu clan in Echigo province), but many of them laid down various conditions for acceptance. There was quite a large body of opinion in favour of trade being allowed for a limited period, say, five or ten years. During this period of trade, some clans (the Lord of Iwamurata in Shinano province and the Tsuyama clan in Mimasaka province) insisted, the coastal defence should be strengthened; some (the Sakura clan in Shimosa province) maintained that trade should be opened but that if it proved injurious to the national interests it should be suspended, and some others (the Uwajima clan in Iyo province and the Shinobu clan in Musashi province) urged that on the completion of all preparations for war trade relations should be broken off. Besides the above, one clan (the Fukuoka clan in Chikuzen province) took the line that trade should be opened with America and Russia but that it should be denied to England and France, while some (the Tsuyama clan in Mimasaka province and the Obama clan in Wakasa province) advocated trade through the intermediation of Dutchmen. Yet another clan (the Hikone clan in Omi province) expressed the positive view of not only granting the American request for trade but reviving the *shuinsen* (vessels with the special permit of the Shogun for trading with foreign countries) for the development of foreign trade, declaring that it was the way of the world to exchange goods for reciprocal benefit. There were also some clans which urged that restrictions should be set both on the amount of trade and on the kinds of articles for trade. Memorials were also laid before the Shogun by Mukoyama Gendayu and Katsu Rintaro, both *kofushin* officials, as well as by other officials of the Shogunate, and certain scholars urging the necessity of opening trade with foreign countries. I will, however, refrain from describing them in detail here. The facts enumerated above have been quoted from the "*Dai Nippon Komonjo, Bakumatsu Gaikoku Kankei Monjo*" (a collection of documents dealing with foreign intercourse in the closing days of the Tokugawa Shogunate) Volumes 1 to 3, and the incidents recorded all happened in the 6th year of Kaei (1853). It is true that many of the views in favour of trade were evidently prompted chiefly by the underlying motive of gaining time for completing the armed defences, but seeing that the Hikone clan advocated trade for trade's sake and that Mukoyama Gendayu and

Takashima Kihei referred to trade as indispensable for making the country rich and strong, the country was not entirely free from people who were wide awake to the benefits accruing from commercial pursuits. Granting that many people advocated trade as an expedient for meeting a serious situation claiming urgent attention at the time, it must be admitted that the very fact that such views found expression at all bears witness to the change of the times.

After much discussion, in which views such as those already stated were frankly set forth, foreign trade was eventually opened. In the 1st year of Ansei (1854), the Shogunate opened Shimoda, Hakodate, Nagasaki and Kanagawa as trade ports. The amount of trade at Yokohama (which was opened instead of Kanagawa) was as follows :—*

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

The exports included coal and firewood for shipping use, and maritime products, in which Japan had been trading with China. The only new exports to Europe and America were tea, silkworm-egg cards, raw silk and yarns, but trade was no longer one-sided. The volume of exports was now equally as great and valuable as that of the imports. In this way, the traditional exclusionist policy of the Tokugawa Shogunate was discarded in the Ansei era, it being supplanted by the new policy of opening the country to foreign intercourse and trade.

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* "*The Yokohama Kaikô Gojunenshi*" (History of Fifty Years of the Opening of the Port of Yokohama). Vol. II, p. 463.

4.

In the Tokugawa period, tranquillity prevailed in the country and the standard of living among the people advanced with the result that luxurious habits grew among the noble and the rich, and the demand for industrial goods increased. In consequence of the adoption by many clans of the policy for encouraging production, there was marked progress in in industry. The popular forms of industry in those days were handicrafts and household industry. Factory industry was still unknown, nor was there much use of machinery. Towards the end of the Tokugawa Shogunate, however, these conditions underwent a change.

Some influence of European industrial arts on Japanese industry as early back as the closing days of the Ashikaga period, and in the Tokugawa period articles were manufactured in imitation of imported goods. In the Kansei era (1789–1800), a plan was laid down to establish a woollen textile factory. In Satsuma also, there was a plan to establish a woollen cloth factory and a spinning mill. In the "*History of Japan's Industry*" (日本工業史), by Dr. Yokoi, the machinery industry in the closing days of the Tokugawa Shogunate is described, and according to this book, Nabeshima Kanso studied in Dutch books the method of manufacturing iron, and cast a gun with a reverberatory furnace in the 1st year of Kaei (1848). Shimazu Nariakira also established a refinery in the garden of the castle of Kagoshima in the 3rd year of the same era (1850), where not only analyses of drugs, sugar and of ceramic materials, but the assaying of gold and silver were carried on. Two years later, he established the Shuseikan at Isomura, and in this institution, which was provided with three reverberatories and two furnaces, guns were cast and many things, includding ceramics, glass, steamed rice-cake, sulphuric acid, distilled spirit, agricultural implements, shipbuilding machinery and oil-extracting machines were manufactured, mostly by Dutch methods. In the 3rd year of Ansei (1856) an electric machine was constructed in his mansion at Shibuya in Yedo (now Tokyo). In the following year, it was taken to Kagoshima and an electric wire was laid between his seat in the inner citadel in Kagoshima castle and a tea-booth in Tanshoen Park. In the same year, he caused the uses to which carbonic acid gas is put to be translated from Dutch books and installed a gas room next to a bath-room in a tea-house at Iso, while a gas pipe was led into a stone lantern in the garden, and the gas lit at night. Tokugawa Nariaki, Lord of Mito, not only made guns, rifles and ammunition, with reveberatories (in April of the 1st year of Ansei) but built a warship at a shipbuilding yard which he established at Ishikawajima (work began in the sixth year of Kaei and finished in the 3rd year of Ansei). In the year of Ansei, the Shogunate started work on an iron-foundry at Akunoura, Urakami-mura, Hizen province, and the work was completed in the 1st year of Bunkyu (1861) in charge of a Dutchman. In the 3rd year of Bunkyu (1863), the government laid another plan to build a dockyard at Tategami, Urakami-mura (which was later abandoned) and in the 1st year of Genji (1864), it was decided to build a big dockyard at Yokosuka-mura, Sagami province. In connection with this plan, the Shogunate sent Shibata Hyuga-no-kami, *gaikoku bugyo* (a high commissioner in charge of foreign affairs) to France and engaged a French expert and others, work being started in March of the 2nd year of Keio (1866). In November of the same year, the establishment of a branch of the Iron-works at Yokohama Hon-mura, Musashi province, was decided upon.

Thus, the Shogunate and the Saga, Kagoshima and Mito clans took the lead in introducing Western industries. Although this importation was, of course, merely by way of experiment, it shows that the fact was then recognised by far-sighted men that the full development of industry was impossible under the handicraft industrial system, and that it was imperative that new industries should be created by improving the industrial system through the utilisation of machines. They proceeded to translate their convictions into actual deeds. Here, also, a new policy widely different from the old one was being framed.

5.

It may fairly be said that, generally speaking, commerce and industry in the Tokugawa period were under individual management. It is true that besides enterprises under private or individual management, there were works under the direct management of the Shogunate or Government works, and clan works or undertakings under the management of the clans and those monopolised by clans, but all these were individual enterprises in nature; they hardly deserved the name of joint enterprises. Again, although there existed bodies of merchants and industrialists known as *za* (座) or *kabunakama* (株仲間), they were supervising organisations, and their existence does not show that magagements of the business were operated by organised bodies of men. In such circumstances, it must be admitted that enterprises were, generally speaking, individual; yet were there some which were under the management of what may be called family organisations, a system which was somewhat different from individual management. For instance, the Mitsui Gumi, the Ono Gumi, and the Shimada Gumi were organised by members and relatives of the same families for the transaction of various kinds of business in many places.

The following description* gives an idea of how these organisations were formed:—

"Hachiroemon became so rich that he opened branches of his shop not only in the three big cities (Yedo, Osaka and Kyoto) but in many prosperous castle-towns in the country, and at these shops many kinds of articles besides piece goods were sold. His brothers formed six branch families,

* "*The Origin of the Mitsui Family*" in the "*Yedo Kaishi.*" Vol. I, no. 5.

but the property of both the head and the branch offices was made the common possession of all these families, which shared in losses as well as profits in equal proportions. Owing to this arrangement, they neither made excessive gains nor suffered heavy losses, so that there was no fear of any of these families going bankrupt. Nor did the clerks in their employ belong to any particular families. There were six head clerks in Yedo, and these men were in charge of the shops at Suruga-cho and other places. Although they did not take part in the daily shop transactions, they had to attend the meetings which were held six times a month. At these meetings the leading clerks were called together and matters relating to the trade were discussed. Again, the principals of the six Mitsui families were made to serve in their shops with the clerks from their childhood in order to learn the trade. To these six families were allowed certain fixed sums of money every year to meet the expenditure on clothing, food and daily necessaries, and they were strictly forbidden to waste money in excess of these sums. Such being the case, even the seniors of the six families were not in a position to have all things their own way. If any of them refused to observe the family regulations, he was immediately forced into retirement and his name was struck off the list of the families. Hachiroemon was the Supreme Head of these six families, and the others had their proper place assigned to them. If Hachiroemon either retired from active life or died, Hachirobei, who was next in order of seniority, succeeded to the name of Hachiroemon as the head of the Mitsui family, and Saburosuke who was next to Hachirobei in rank was promoted to the rank held by Hachirobei with his name changed also, and so forth. Regardless of the distance of blood-relationship, Hachiroemon of the time was always regarded as the supreme head of the six families, and the status of the heads of the other families was accordingly fixed. In this way, the same intimacy as exists among true brothers was kept up among them. It is said that it was due to these admirable family regulations that the six families have never showed signs of decline in their fortunes during the last century of their existence."

In the 3rd year of Keio (1867), a form of joint enterprise developed. In that year, although the great sum of about eight or nine hundred thousand *ryo*, was required for completing the works of the foreign Settlements in Kobe and Osaka and for providing trading facilities, the Shogunate authorities found it difficult to put up the money by means of *goyôkin*, or compulsory levies collected from *chônin*. Then the Shogunate caused the Osaka *chônin* to establish a company on a joint-stock basis. In a memorial submitted by the *kanjo bugyo* (a financial Minister of the Shogunate) and other officials of the Government in power at the time occurs the passage: "It is absolutely impossible to make the trade prosperous and advance the interests of the State, unless business is conducted in accordance with the company system." From this it is clear that the company formed by Osaka *chônin* by order of the Tokugawa régime was an attempt to copy the company system of the West. It is said that the plan to establish a company was mooted among the officials of the Shogunate about the 1st year of Keio, and Oguri Kozuke-no-suke, who, in the suite of the Japanese Envoy, visited the United States in the 1st year of Manyen and imported new financial and economic knowledge into this country, was a foremost advocate of the plan. Fukuzawa Yukichi dealt with the company system in the "*Seiyo Jijo*" (西洋事情 Things Western), a book published in the 2nd year of Keio, and in the "*Shonan Iko*" (小楠遺稿), a posthmous work by Yokoi Shonan which was published in the 2nd year of Keio and the "*Keizai Shogaku*" (經濟小學 Elementary Economics) by Kanda Kohei also, reference was made to this system. Thus, the merits of the company system and the need of its introduction into Japan were recognised and urged by scholars. The wealthy men in Osaka had, however, no experience of foreign trade, nor had they any knowledge of the company system. It was, therefore, only under complusion that they acquiesced, much against their will, in the formation of the company. At any rate, it is a fact worthy of special mention that a company was actually organised in the 3rd year of Keio (1867) on the basis of a joint-stock partnership, a kind of association which had never existed before. Although it was formed on the model of Western organisations of the kind, it was, of course, a very imperfect institution as compared with companies such as we have to-day—joint-stock companies in particular. It was nevertheless a very advanced idea on the part of those who, not contented with the old system of business management, introduced the company system ruling in Western countries with a view to a more effective execution of business in this country, and it must be regarded as a very important new industrial policy.

6.

The Tokugawa Shogunate was in straitened financial circumstances during the greater part of its existence, being prosperous only in its earlier period, and in its closing days its financial distress became very acute. The occurrence of foreign complications towards the end of the Shogunate entailed on it new outlays in the way of coast defences, the construction of forts and shipyards and the purchase of warships, resulting in the increase of the annual expenditure.

Since the Horeki era (1758–1763) the Shogunate often levied *goyôkin* (money requisitioned) besides the regular taxes (which were paid in rice) in an attempt to make good deficits in its treasury. Before the Tempo era (1830–1843), the *goyôkin* was levied chiefly for the purpose of forcing up the price of rice and advancing money to various clans, but after the Kaei era (1848–1853), it was mainly for the purpose of meeting the expenses involved in coast defences and in the settlement of foreign problems and for providing the the war fund required for the campaign against the Choshu clan. This change of object throws a side-light on the changes of the times.

The Shogunate also had frequent recourse to recoinage to relieve the financial straits to which it was reduced. It is obvious that the profits accruing from recoinage went to help the Shogunate financially, and, indeed, all schemes of of recoinage in those days, with the single exception of the one in the Shotoku era, were prompted by the desire to realise these profits. The new gold coins minted in the 1st year of Manyen (1860) weighed about 8 *bu* and 8 *rin* a piece, of which only 5 *bu* was gold. As compared with one-*ryo* gold coins minted in the Keicho era (1596–1611), which contained 4 *momme* of gold, therefore, their actual value was reduced to one-eighth. Unlike many past cases, however, the object of issue in this case was to remove the difficulties arising out of the difference in relative value between Japanese and foreign gold and silver. This fact shows that the intercourse with foreign countries had created a new object in regard to coinage also.

The Shogunate patched up its finance by constant recourse to recoinage, as already noted, but it was thanks to this makeshift policy that it could for long refrain from the issue of paper money, to which device many clans had to resort. In its closing days, however, the Shogunate was obliged to depart from this traditional policy of avoiding the issue of paper money. The practice of raising money from *chônin* by means of *goyôkin* was followed in the closing days as well, but frequent appeals to this practice in a short space of time rendered it quite ineffective in raising the requisite money. Moreover, as *goyôkin* levied in the past had, in most cases, been treated as if they had been donations, there was a natural reluctance on the part of the *chônin* concerned to meet the Shogunate overtures. The fact that *goyôkin* was levied in the 1st and 2nd year of Keio in succession, coupled with the waning influence of the Shogunate in consequence of difficult problems confronting it at home and abroad, made it all the more difficult for the Shogunate to raise large sums by means of *goyôkin*. Unable to gather the requisite money by this means, it at last conceived the idea of issuing paper money for the first time since its establishment.

In the 3rd year of Keio (1867), the Shogunate made the *Ginza* in Yedo issue notes of the seven denominations of 100 *ryo*, 50 *ryo*, 25 *ryo*, 10 *ryo*, 5 *ryo* and one *ryo*, to be convertible within three years after issue by Mitsui Hachiroemon, purveyor to the Shogunate, and these notes were put into circulation in Yedo, Yokohama, or the Kanto provinces. With regard to the opening of the port of Hyogo, it caused rich merchants in Osaka, Hyogo and other places to establish a company with their joint contributions for the issue of convertible notes of the six denominations of 100 *ryo*, 50 *ryo*, 10 *ryo*, one *ryo*, two *bu* and one *bu*, to the maximum amount of 1,000,000 *ryo*. These were put into circulation in Osaka, Kyoto and near provinces on November 1st, and the payment of taxes in these notes were allowed. This device was adopted because it was difficult to raise large funds from rich merchants by traditional means. While making them put up the requisite money on the one hand, the Shogunate tried to obviate any loss through the circulation of this money in notes, on the other hand. Owing to a lack of confidence in the notes among the general public, however, many holders of notes applied for conversion with the result that the rich had to provide the funds doubly. Be the matter what it may, the issue of paper money by the Shogunate was a new departure from its traditional policy.

7.

I have so far described the new economic and financial policy of the Shogunate, and now I will make some reference to a big change that took place in political matters, that is, the reform of the *sankin kotai* (参覲交代) system. The peculiar feudal system of the Tokugawa period and 250 years of tranquillity during this period are, of course, traceable to the various lines of policy pursued by the Shogunate, but they are most largely due to the *sankin kotai* system This system was inseparably associated with the Shogunate. Tokugawa Yoshimune, the 8th Shogun, effected some reform of this system and inaugurated the *agemai* (上ケ米) system, but his underlying motive in carrying out this reform was rather to save the Shogunate from its financial difficulty. About nine years afterwards, the *agemai* system was abolished and the *sankin kotai* system was revived. Indeed, it was amply proved that in order to keep 300 feudal lords under effectual control it was very important for the Shogunate to maintain this system and that this traditional system always called for strict enforcement for the security of the Shogunate, and yet in the 2nd year of Bunkyu, the Shogunate was forced by the prevailing state of things to revise this system. The influence of the Shogunate declined towards its end, while many feudal lords had gradually become so impoverished that they attempted to shake off the yoke of the system which entailed heavy outlays on them. Not only was the strict enforcement of the system rendered impossible but the complicated foreign relations, which called for strong national defences and armaments and for a perfect unity of the nation to meet foreign aggression, made the *sankin kotai* system, which had for its sole object the control of the feudal lords by the Shogunate, inappropriate to the needs of the times. In such circumstances, the *sankin kotai* system, under which feudal lords were made to go up to Yedo every other year to stay there in the Shogun's service, was abolished in favour of a new system, which enjoined on them visits to Yedo once in three years to stay there in the Shogun's service for 100 days. It is self-evident that this change of the system played a very important part in accelerating the collapse of the Tokugawa Shogunate. The change of the *sankin kotai* system was as much against the traditional policy of the Tokugawa Shogunate as the opening of the country to foreign intercourse was against the traditional policy of seclusion, and it is hardly necessary to say that it was a remarkable departure from the beaten track.

Among the luminaries of the day were some who were convinced that the feudal system under which many clans were formed in the country was no longer feasible and that it was necessary to introduce a new *gunken* (郡縣) (prefectural) system so that the whole country might be made one united body to deal effectually with other countries. This fact is evidenced by the following narrative in the "*Kaikoku Kigen*" (開國起原 How the Country was Opened):—*

"In October of the year before last (the 1st year of Genji) I got a reprimand and had since been living in retirement, when in May (of the 2nd year of Keio) I received unexpected orders from the Minister of the Shogunate to visit the castle. I was much puzzled, but as I could not very well disobey the order, I repaired to the castle. At the interview with the Minister, I was told that the Shogun, who was in Osaka at the time, had ordered my speedy visit to Osaka. I respectfully answered that I would willingly comply. Then, the Minister told me that the situation in the Kyoto-Osaka district was very serious and that I should therefore leave for the place of the Shogun's sojourn without delay. My summons to the castle amazed all the eminent officials who had an antipathy to me. Oguri Kozuke-no-suke and two other officials took me to another room for secret conference. They said that on my arrival in Osaka I would surely be consulted by the Shogun on important State matters. The situation was very critical, and it was expected that on the arrival of a certain amount of gold and a few warships, which the Shogunate had ordered from France, a compaign against the Choshu clan would be launched. A punitive force might also be sent against the Satsuma clan, if occasion demanded. After these clans had been subjugated, there would be no powerful clans left to interfere with the policy of the Shogunate. Following up

* "*The Complete Works of Kaishu*" (海舟全集) Vol. II, p. 559.

the advantags thus gained, steps would be taken to reduce the fiefs of all feudal lords so as to facilitate the introduction of the prefectural system. This plan which was kept strictly secret, they said, was all but decided upon. They took it for granted that I would agree to this policy and asked me to urge on the Shogun and his high officials in Osaka the necessity of adopting this policy. I knew that it would be a waste of time and energy to argue the point with them, and so I refrained from any expression of my view, confining myself to listening to their views. On my arrival in Osaka, I waited on Itakura Iga-no-kami, when he asked my opinion on the views of the high officials in Yedo. In reply, I said that in view of the commencement of foreign intercourse, it was quite necessary for the prefectural system to be introduced, but that it was inadvisable for the Shogunate to try to reduce the fiefs of the feudal lords for the sake of its own security and to dictate to the country with supreme political power in its hands. If this grand work was to be achieved for the advance of the true interests of the State, it was necessary for the Shogunate to be ready to curtail its own powers and put men of great wisdom and talent in high offices so that it might escape all charges of insincerity. Such an attitude would certainly be approved not only by the gods but by the spirit of the founder of the Tokugawa Shogunate. The Shogunate must have faith in what it was doing, instead of hating and chastising the Satsuma or the Choshu clan. If the Shogunate shaped its course in such a way, I would be ready to do all I could to promote the end in view. What the authorities were urging at present was very irrelevant, nor would their theory be practicable. If their policy were to be adopted, the Shogunate would provoke nation-wide resentment to the serious detriment of its own interests. I asked him to lay this view of mine before the Shogun."

Although the plan to introduce a new prefectural system was not adopted, it is a very momentous thing that the expression of such an opinion should have been made in that feudal period.

8.

The policy of opening the country to foreign intercourse, which was adopted in the Ansei era (1854–1859) was, to all appearances, rather forced upon the Shogunate than otherwise. The Shogunate knew that the rejection of the overtures of the United States for the opening of trade relations meant war, and that there was a very slender prospect of Japan's victory in war. In the circumstances prevailing at the time, the course pursued was probably the only alternative available. The opening of intercourse with foreign countries was a strong incentive to the Shogunate, which could no longer adhere to its old ways or indulge in fancied security. It had to pay much attention to the reform of politics and make special endeavours to introduce the new civilisation of the West so that Japan might keep abreast of the world. The appointment of men of talent to high Government offices, the grant of the liberty of petition, the establishment of iron-works, the casting of guns, the lifting of the embargo on the building of big ships, the purchase and construction of warships and the promotion of trade and commerce were carried out in such circumstances, and it was also due to the same incentive that the new economic policy to which I have already referred was framed.

In the 1st year of Manyen (1860), the Tokugawa Shogunate dispatched a mission to the United States to exchange Notes on the Ansei treaty. Although this was the natural outcome of the conclusion of the treaty, it was nevertheless an unprecedented course of action with the Shogunate which had strictly prohibited the visit of Japanese to foreign countries since the adoption of the seclusion policy. Niimi Buzen-no-kami led the mission as chief Envoy, with Murakami Awaji-no-kami as assistant Envoy and Oguri Kozuke-no-suke as *metsuke* (superviser). The Envoy's suite included Hirose Hoan, a doctor hailing from Kai province, and Fukuzawa Yukichi, a young *samurai* of the Nakatsu clan. They stayed in America for several months, during which time they closely inspected the civilised conditions there, and came home with a good stock of new knowledge which was not shared by others at home in those days. Oguri Kozuke-no-suke brought home as souvenirs globes, new machines, etc., by way, it is said, of arousing interest among the Japanese people in the study of conditions abroad.

In the 1st year of Bunkyu (1861) and in the 3rd year of the same era also, Envoys were dispatched to Europe. In the 1st year of Keio (1865), Shibata Hyuga-no-kami and others were sent to France and England in connection with new schemes to establish shipyards and iron-works, and in the following year a mission was sent to Russia. Again, in the 3rd year of Keio, an Envoy was dispatched to France on the occasion of the opening of an International Exhibition there. Besides these missions, the Choshu and the Satsuma clans as well as the Shogunate sent young men abroad for study. These students learned much through their personal observation of the Western civilisation and on their return home strove to impart new knowledge to the public. Some of them, who were subsequently appointed to high posts, endeavoured to administer financial and economic matters by the application of their new knowledge. It is conceivable that these men of new knowledge played an important part in the framing and execution of the new economic policy in the closing days of the Tokugawa Shogunate, to which reference has already been made.

9.

After the Restoration, Japan's economics underwent a very remarkable development. Contrary to the seclusion policy of the Tokugawa Shogunate, the country was thrown open to foreign intercourse and foreign trade prospered, though the first opening of the country to foreign trade and intercourse took place towards the end of the Tokugawa régime, as already noted.

The civilisation of the Meiji era was, in a sense, a mechanical civilisation. In the first ten years, the Meiji Government pursued a policy of direct interference in industry. It imported Western industry into Japan and established model factories of various kinds in order to set examples for the public to follow. Thus, by the importation of new machines and the dissemination of new technical art, the foundations of the new industry of Meiji were laid. As already mentioned, however, the need of mechanical industry was recognised by the Shogunate and some advanced clans towards the end of that régime and attempts were then made to import new machines.

The Meiji era was also characterised by the vigorous growth of company enterprises. It is undeniable that the industrial development after the Restoration owed much to the company system. All important enterprises forming the arteries of national economy were operated according to this system. Nor can it be denied that it was largely through the encouragement of the Meiji Government that this system was widely adopted. At the beginning of the Meiji era, the Tsusho Kaisha (通商會社 the Trading Company) and the Kawase Kaisha (爲替會社 the Exchange Company) were established and the Kokuritsu Ginko (the National Bank) was organised in the 5th year of Meiji, after which the growth of the company system was rapid. The need of company enterprise was, however, already recognised in the closing days of the Shogunate, when a company, though a very imperfect one, was established. Such being the case, it may fairly be said that the company system in Japan germinated before the Meiji era.

The Meiji Government also resorted to the practice of levying *goyôkin* at the time of the Restoration in order to make up a deficit in the war and administrative funds, as it could not otherwise find the requisite money. This device of raising funds was soon found unworkable, and the Government next took to the issue of paper money to meet the urgent needs of the time. Indeed, the issue of inconvertible notes, which took place at frequent intervals, and their adjustment occupied a large share of the attention of the authorities in the first half of the Meiji era. The issue of paper money, as I have already mentioned, was reserted to by many clans under the Tokugawa Shogunate, and the Shogunate itself had recourse to it in the 3rd year of Keio (1867).

As regards the political organisation, whereas the feudal system operated in the Tokugawa period, the prefectural system was adopted in the Meiji era. Even in the Tokugama period, however, it became so difficult to maintain the feudal system towards its end that the *sankin kotai* system had to be revised, and the introduction of the prefectural system was seriously considered by men of advanced ideas, as already noted. Had the policy advocated by Oguri Kozuke-no-suke and other Shogunate officials been adopted at the time, the prefectural system might have been introduced under the Tokugawa Government, just as the Satsuma-Choshu Government was formed in the new Meiji régime.

It is noteworthy that various lines of economic policy pursued after the Restoration—in the first ten years of Meiji in particular—were in contemplation or actually carried out to some extent in the closing days of the Shogunate.

10.

As I have already explained, after the middle part of the Tokugawa period, the *chônin* class gained much influence, and money economy developed, with the result that the foundations of the feudal system, which depended on land economy for its existence, was shaken. It was not, however, the *chônin* class that overthrew the feudal society and ushered in the modern capitalistic society. The Meiji Government was formed by low-class *samurai*, who supplanted the upper-class *samurai* in the place of authority, and the capitalistic society came into being under their rule. This revolutionary change was, in part, due to the political and economic awakening of the *chônin* class, but the actual work of changing the political régime was effected by a section of low-class *samurai*, because the occasion for the political change was aforted by complications with foreign countries and the royalists' movement for the overthrow of the Tokugawa Shogunate. These low-class *samurai* had been dissatisfied with the feudal system as they could hope neither to live in comfort nor to give play to their talents under it, and when the opportunity for creating a new order of society, for which they had been on the alert, finally presented itself, they enthusiastically grasped it and succeeded in establishing a new régime, in place of the old feudal system, to the exclusion of upper-class *samurai*. In the field of economics, the new Government adopted such measures as were in conformity with the progress of the times, striving simultaneously at the same time to introduce the material civilisation of the West. Such a policy was possible, because the currency economy had already made some progress, the new economic policy had been enforced since the closing days of the Shogunate, as already described, and the Shogunate had thus already prepared the way for a new orientation of policy. This is the reason why the capitalistic society after the Restoration was brought into existence not by the *chônin* class but chiefly by the low-class *samurai* who came into power on the downfall of the Shogunate.

Thus, political power actually remained with the *samurai* class, in spite of the change of régime from the Tokugawa Shogunate to the Meiji Government. What occurred was merely the transfer of power from the upper class *samurai* to the lower class *samurai*. The economic development after the Restoration also embodies nothing but the gradual growth of the seed sown in the closing days of the Shogunate, as will be clear from my explanation of the economic changes in those days. In other words, it is a mistake to think that all the important economic policies adopted after the Restoration were unknown before that time. The facts which I have so far enumerated will be helpful in the study of the true nature of the Meiji Restoration.

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