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THE ECONOMIC SIGNIFICANCE OF THE MEIJI RESTORATION.

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1. PREFACE.

The Meiji Restoration is often compared with the French Revolution and the Glorious Revolution of England, but it is not necessarily pertinent to compare them without due discrimination between their characteristics, for whereas the Meiji Restoration denotes a reform by which Japan was transformed from a feudal State into a modern unified State, the French Revolution and the Glorious Revolution were democratic revolutions directed against the absolutism or despotism of "modern-State" Rulers. But it would be wrong to think that the unification of the State achieved by the Meiji Restoration was the same as that which prevailed in England and France prior to the Revolutions referred to, for the Meiji Restoration partook largely of the character of a democratic revolution also. Needless to say, the development of the currency and commodity economy is a social and economic requisite for the advancement of a State from feudalism to the stage of national unification on modern lines, and there must be an even higher degree of development in that economy for a democratic revolution to be achieved. In the pre-Restoration days, the land economy was rendered so ineffectual by the progress of the currency economy that the conditions then prevailing were ripe for a democratic revolution. As, moreover, the country's contact with advanced capitalistic countries, which had already been revolutionized democratically, was one important contributory cause of the Restoration movement, the Meiji Restoration was bound to have elements of a democratic revolution in it.

It is hardly necessary to say that the formation of a modern State based on national unification was an important factor in the growth of the modern capitalistic economy. That is to say, with the establishment of a modern state, the home market was expanded through the abolition of domestic customs and feudal systems on the one hand and through the inflow of large quantities of gold and silver on the other; while the overseas market was opened by the acquiring of colonies. Moreover, under the protection and encouragement of the modern State, the accumulation of enormous capital was made possible by the colonial trade, the development of such a degree of productivity as would be able to meet the needs of both home and overseas markets was achieved, and the development of company enterprise was attained. It is also undeniable that the consummation of a democratic revolution paved the way for the progress of the capitalistic economy. No matter what the form such a revolution might take in any country, it could not fail to accelerate the progress of capitalism. In the Meiji Restoration, revolutions of these two different descriptions were carried out simultaneously and conjointly. In the case of foreign counterparts, one, two or even three centuries intervened between the two revolutions of the above descriptions, and what was left of feudalism was disposed of in this intervening period. In the case of Japan, however, there was hardly any intervening period between the two movements. Herein lies one prominent feature both of the Meiji Restoration and of the process by which Japanese capitalism was brought into being.

2. THE GROWTH OF THE TENDENCY FOR THE STATE TO BECOME UNIFIED.

Because of the country's geographical environment, it is very difficult to determine how long ago it was that a tendency for national unification began to develop in Japan, but without tracing it too far back, it is possible to say that

such a tendency was evident in the Tokugawa period. The Tokugawa period was the one in which full development of the feudal system was witnessed, but it was also a period that marked the degeneration of that system. The very fact that the feudal system, the essential characteristic of which is decentralization, was so operated by the Tokugawa Shogunate as to secure the centralization of power was one striking evidence of its transmutation. Thanks to this centralization of power, peace was brought to the whole country, and the development of the commodity and currency economy, which was irreconcilable with the land economy on which the feudal system was founded, was stimulated. The Shogunate retained its power by bestowing lands on the various feudal lords and by giving them control over their lands and over the people who lived on them; but, with a few exceptions, what the Shogun's retainers and the vassals of feudal lords received as fiefs was not land but rice, which was, in turn, received as taxes by the Shogun and the feudal lords. This shows that, the *samurai* class, which was the ruling class in feudal days, was devoid of control over land and men and held a position analogous to that of salaried men or bureaucrats. We have here further marked evidence of the transformation of the feudal system, and in this change in the character of the system is discernible the gradual development of factors conducive to the establishment of a modern State.

As another factor working for the unification of the country may be mentioned the nation-wide circulation of commodities. The development of this circulation of commodities is attributable to the tranquillity which, as above mentioned, prevailed in the country in consequence of the centralization of power effected by the Tokugawa Shogunate. It was also an outcome of the nation-wide unification of currency under the centralized authority. Nor was this all. Although a Tokugawa Shogun was, in a sense, nothing but a big feudal lord, his feud covered districts, such as Edo, Osaka and Nagasaki, which played an important part in

the development of the commodity economy, and, moreover, these were all free markets. Unlike the feud of the Shogunate, those of local lords were located, as a rule, in some particular districts only, and these lords tried to carry on their economy on a self-sufficing basis in their respective feuds, as far as circumstances permitted. For example, they either adopted the policy of encouraging provincial production or they controlled the incoming or outgoing of commodities by setting up guard-houses on the borders of their fiefs. The policy of the feudal lords was not, however, the same as the exclusionist policy adopted by the Shogunate, for the object of their policies was to reduce the quantity of goods imported into, and to increase that exported from, their provinces, as far as possible. The existence of free markets, as above mentioned, was a prerequisite for this line of policy, and, indeed, the circulation of commodities was bound to become nation-wide in spite of the self-sufficing policy of the feudal lords. I call this state of economy nation-wide economy, instead of terming it national economy, because whereas national economy means a collective economy in which the will of the State is directly linked to the economy of individuals, the economy in the Tokugawa period was not yet developed as to have attained such a stage, and, moreover, while the concept of national economy presupposes international economy, the economy in the Tokugawa period was an exclusionist economy. At any rate, the development of this nation-wide economy, closely combined with the centralized feudal system, brought the Tokugawa period very near to the realization of the unification of the State on modern lines. It furnished a material basis for the unification of the nation.

The feudal system was destined to crumble down before the advance of the nation-wide commodity and currency economy. The feudal lords resorted to the policy of encouraging provincial production or of monopolising the sale of provincial products in order to keep pace with the advancing currency economy, but these policies served no better pur-

pose than to prolong the existence of the feudal régime to a certain extent, either by curbing the growth of the influence of the commercial class which, parasitic on the feudal system, went on amassing wealth, or by consolidating the basis of their own economic life by entering the commercial world side by side with the commercial class. Foreign capitalism invaded the country at this juncture. It is hardly necessary to say that the incursion of foreign capitalism produced far-reaching effects in all directions, both political and economic, but I am here specifically concerned with the question of how it served to accelerate the unification of the State on modern lines.

One noteworthy fact in the country's foreign relations in the closing days of the Tokugawa Shogunate is that while France supported the Shogunate, Britain aided the clans hostile to the Shogunate. It was due to her confidence in the Shogun's actual power that France lent support to the Shogunate. For instance, it is on record that in the second year of Bunkyū (1866), the French Minister expressed himself against the idea of conducting diplomatic negotiations with the Imperial Court on the ground that the Imperial Court was too ill equipped with material resources to be able to form a new Government. He also interpreted the grant of Imperial sanction for the "Treaty of Amity and Commerce" of Ansei (1858), in the first year of Keiō (1865) as converting the Shogunate from the violator of the national law into its defender, and he was evidently confident of the maintenance of power by the Shogunate. Even after the surrender of the reins of government to the Emperor by the Shogunate and the defeat of its forces in the battle of Tabata and Fushimi, the French Minister advised the Shogunate to hold out, promising to supply it with the necessary arms and war funds. On the other hand, Britain, foreseeing the ultimate downfall of the Tokugawa régime, fixed upon the Imperial Court as the party with which to conduct diplomatic negotiations, and helped the clans which were contriving to compass, looking to the authority of the

Imperial Court, the downfall of the Shogunate. Various causes may be assigned to this difference of attitude between France and Britain, but the main cause was, no doubt, the different forecasts which they made of the future course of Japanese political rights.

In spite of this difference of attitude, both countries were at one in their desire for the unification of power, and both strove to bring it about. France endeavoured to secure the conversion of the feudal State into a unified modern State under the Shogunate, while Britain hoped for the realization of a unified modern State under the rule of the Imperial Court.* Their underlying motives were alike in that they both sought to promote their own economic interests through the national unification of Japan. It may thus be said that not only did the development of Japanese

* Urging on Ikeda Chikugo no Kami (who went to Paris in the first year of Genji [1864] as an Envoy charged with the mission of negotiating for the closing of Japanese ports to foreign trade), the necessity for the unification of the country on the basis of the centralization of power, the authorities of the French Government said: "Conditions in France four or five hundred year ago were analogous to those now prevailig in Japan. Just as there are at the present time 260 feudal lords in Japan, so France had in those days numerous lords, big and little, to rule the various provinces. As each province had its own laws and regulations, civil commotions were incessant in France. The unification of the country was effected recently by an able Ruler, and order having supplanted chaos, France has attained her present prosperity. If Japan wants to increase her prestige abroad, it is of prime importance that the authority of the feudal lords be curtailed so that power may be centralized in the Shogunate. To this end, the Shogunate should create an efficient army and navy with the help and protection of France. Unless the military powers of feudal lords are reduced by the Shogunate with French military aid, it will be impossible for Japan to enhance her prestige abroad."

It is not clear whether Britain had similar designs, but the fact that she desired the unification of Japan is obvious from the following passages appearing in a report submitted by Mr. Morrison, the then British Consul at Nagasaki, to his Government:—"It seems clear to me that we shall never have satisfactory relations with Japan without going to the Mikado, and forming a revised Treaty (for which we have now ample experience) with him. The present time seems to demand such a measure, and if all the Foreign Powers were to unite for the purpose, it might be that the new epoch so much desired, and once announced in our relations, would at length dawn, and Japan herself be saved by us from the evils of civil war." (M. Paske-Smith, *Western Barbarians in Japan and Formosa in Tokugawa Days, 1603-1868*. p. 164.)

capitalistic economy result from the country's contact with advanced capitalistic countries but that the unification of the country on modern lines was helped forward by the activities of these advanced countries.

3. CONSUMMATION OF THE UNIFICATION OF THE STATE.

The Meiji Restoration was achieved chiefly by *samurai* of the lower grades. As already mentioned, a large proportion of the *samurai* class had no land in their possession, their fiefs consisting merely of the grant of rice. This tended to weaken the feudal ties of combination. Moreover, the rigid observance of class distinctions, coupled with the increase of poverty as a sequel to the development of the currency economy, gradually fostered the spirit of recalcitrance among the lower grades of *samurai*, culminating in the growth of collaboration among those of different clans for the achievement of their common object. Although it cannot be denied that the support given by farmers and *chōnin* (merchants) contributed to the Restoration movement, their support was, on the whole, neither active nor positive. Due to inconsistencies between the currency economy and the land economy, feudal lords were reduced to financial straits, with the result that they taxed the farmers heavily. The farmers who were thus subjected to extortions started movements of opposition, in the form of what may be called peasant revolts, on the one hand, and in the form of population control, on the other. Although the foundations of the feudal system were shaken in these circumstances, the farmers' movements of opposition did not, on a general view, constitute any positive attempt to revolutionize the existing order of things. The same may be said of the *chōnin*, that is, although they reached the point when they no longer meekly obeyed the orders of their feudal lords by reason of their amassed wealth, and while some merchants even attempted secret foreign trade in defiance

of Shogunate orders, they were too powerless and too deficient in self-consciousness to take any active part in the Restoration movement. Generally speaking, it meant the bankruptcy of the commercial class itself to attempt in any way to overthrow the feudal order of society, and, moreover, few merchants possessed any modern knowledge. They did not, therefore, take any active part in the Restoration movement. The fact nevertheless remains that the accumulation of wealth by this commercial class dealt a fatal blow to the economic basis of feudal society. Nor can it be denied that their financial power contributed greatly to the success of the Meiji Restoration. As will be explained later on, these circumstances were accountable in part for the fact that the Meiji Restoration partook of the nature of a democratic revolution.

The Meiji Restoration was bound to come sooner or later, and the invasion on the part of foreign capitalism decisively accelerated its advent. Reverence for the Emperor and the expulsion of foreigners was the most prominent slogan in the Restoration movement, but the immediate object of the movement was to overthrow the Shogunate, and the expulsion of foreigners was merely exploited as ways and means to achieve this end. The fact that the Shogunate opened the way for intercourse with foreigners, who were looked down upon by the Japanese of the period as beastly creatures, did much to win popular support for the cry for the expulsion of foreigners, while the abnormal rise in the prices of commodities, which followed the opening of the country to foreign trade, gave impetus to the anti-foreign movement. The reformists who saw that the Shogunate was gradually losing public confidence in such circumstances took up the expulsion of foreigners as their favourite slogan, and by adroitly associating it with the doctrine of reverence for the Emperor, carried on their movement vigorously. It may be asked whether the slogan of reverence for the Emperor was, like that of the expulsion of foreigners, adopted by them as a mere expedient for attaining the end

of overthrowing the Shogunate. The answer to this question must be in the negative. For those in the movement knew well that the Imperial Court had always been the highest authority in Japan and that the Emperor was an absolute being who could not be exploited either as the object of any movement or as a means by which to attain any object.** However, it may be claimed that there was a certain prerequisite for the fact that the thought of reverence for the Emperor, which was fostered by the study of Japanese history, developed into a doctrine and was taken up as an important slogan in the Restoration movement, and this prerequisite was that the Shogunate was gradually becoming discredited. It was for this reason that the doctrine of reverence for the Emperor was much in vogue in the later days of the Tokugawa Shogunate and that it became closely linked to the demand for the expulsion of foreigners.

In short, the Meiji Restoration was chiefly achieved by *samurai* of the lower grades, looking to the authority of the Imperial Court. But it took several years more before Japan could be converted into a modern State by combining this authority with the political power which was held by the Shogunate. That is to say, this conversion process was effected, generally speaking, in the years from October 9th of the third year of Keiō (1867), when the memorable Order of Restoration was issued, to July 14th of the fourth year of Meiji (1871), when the clans were abolished in favour of prefectures.

** This fact was clearly grasped even by some foreigners in those days. For instance, Léon Roches, the French Minister at the time, observed, when the Imperial sanction was given for the "Treaty of Amity and Commerce" of Ansei, that although he had never doubted the importance of the Imperial sanction for the treaty, he hardly imagined that it was so important as it proved to be. He said that he realised that the influence of the Emperor, which was supposed to have declined because actual power had been in the Shogun's hands for the past few hundred years, was not, as a matter of fact, affected in the least. Just as he was two thousand years before, the Mikado (Emperor) still remained the guardian deity of the country, its main pillar and the centre of politics, in the eyes of the various feudal lords and of the nation. It was generally believed, he said, that without the Mikado, Japan would immediately fall into a state of anarchy.

In March and in April of the first year of Meiji (1868), the *Gokajō no Goseimon* (Imperial Oath comprising five articles) and the *Seitaisho* (Imperial document indicating the form of government) were promulgated respectively, and thus the basic national policy of the new Japan was laid down. The unification of the country on the basis of the centralization of power and the conversion of Japanese politics into a democratic form of government were indicated in these proclamations. The new Government administered State affairs in accordance with this basic national policy. One grave obstacle to its administration of affairs was that, although the Shogunate's feud had already been confiscated by the Government, the various feudal lords, exceeding 260 in number, still maintained their fiefs and kept the people in their respective clans under their direct control. This was a serious bar to the complete restoration of power to the Throne, which was the ideal of the new Government, for what had been restored to the Imperial Court was merely the power of the Shogunate. In order to make Japan wealthier and stronger, so that she might be able to take rank with foreign countries, it was necessary for military power to be concentrated in the Emperor and for the military organisation to be unified. For the accomplishment of these objects, the national revenue had to be increased and the sources of revenue ensured. Needless to say, this could not be done so long as the various clans retained their feudal powers. Thus, one of the most important problems which claimed serious attention after the new Government was established was how to eliminate the feudal form of government.

The solution of this problem was attended with many difficulties. One difficulty arose from the fact that although the leaders of the new Government were generally inspired by the ideal of achieving the unification of the country into a modern State, they themselves were, on the other hand, *samurai* of various clans and received fiefs from their feudal lords. Thus, while their ideal was to secure the restoration

of the rule of land and people to the Emperor, in fact as well as in name, their personal sentiment was rather against a course designed to reduce the authority of their former lords. Another difficulty was that not all feudal lords and their *samurai* understood in full the true aims of the Meiji Restoration; many of them desired the existence of the feudal régime unchanged. In such circumstances, it was difficult to eliminate the feudal form of government all at once, and a half-measure, called the *Hanseki-Hōkan* (the return of the ruling power to the Imperial Court by all feudal lords), had to be taken to begin with. This was how matters stood in June in the second year of Meiji (1869). Although feudal lords all surrendered their feuds to the Imperial Court in this way and these former feudal lords were appointed *Chihanji* or governors who were not much different in their character from prefectural governors, the political organization thus made was as if Japan was a federal state founded upon the clan system. Stated more concretely, the *Chihanji* retained their former sway over their land and people unimpaired; with their former retainers as their subordinate officials, they carried on administration within their former feuds, independently of the Central Government, and directed their efforts chiefly to the development of their own clans. In short, all clans formed independent and separate political districts. In such circumstances, it was absolutely impossible for the Central Government either to secure the sources of national revenue or to centralize political and military power.

Such a state of affairs was far from satisfactory for those who eagerly sought the unification of the State. However, thanks both to the earnest efforts of the Government authorities and to the advance of the times, *Haihan-Chiken* (the abolition of clans and the establishment of prefectures) was carried out on July 14th of the fourth year of Meiji (1871), a course which fairly brought the process of the unification of the State to completion. Upon the execution of *Haihan-Chiken*, the Government authorities were in great trouble

fearing the worst, but, in the end, the Government's object could be attained without bloodshed and feudalism, or the military political system which had prevailed for several hundred years, was abandoned very peacefully. For this there must have been some profound reasons. To state them briefly — on the one hand, the ideal of the complete unification of the State had been understood to some extent by several influential clans and some clans were effecting a reorganization of clan system for this purpose. On the other hand, most clans were in such a condition that their financial poverty could be relieved only by means of *Haihan-Chiken*, that is to say, as the former feudal lords were guaranteed their house holds and as the *Samurai* class was also guaranteed, in the time of *Hanseki-Hōkan*, compensation in the event of the future abolition of the system of granting fiefs, the financial condition of each clan was expected to become better by means of abandoning the clan system. Although there might be many other reasons, at any rate because of the two important reasons above mentioned, *Haihan-Chiken* was effected peacefully and quietly, and Japan, at one stride, almost completed her national unification on modern lines. The whole country was unified under the prefectural system of government, and a governor was appointed to each prefecture. As a result, modern bureaucrats were placed in control of administrative affairs both in the Central and in the local Governments. The system of granting fiefs to the *samurai* was in due course abolished and the new system of recruiting troops from among people of all classes was initiated, which led to the organization of a modern Army. The national revenue which was required for maintaining the Army and the bureaucrats increased in consequence of the passing of the land and the people throughout the whole country under the direct control of the Government. The private currency, or clan notes, which had been in circulation in each clan ceased to pass muster, and the national currency only was put into circulation. As a result of the abolition of the

customs-like institutions which had been established by each clan on its own borders, the nation-wide circulation of commodities was stimulated. In this way, economic control assumed nation-wide proportions, the so-called national economy came into being, and the way for the growth of capitalistic economy was opened.

4. DEMOCRATIC REFORMS.

The modern capitalistic economy takes economic liberalism as its basic principle, and economic liberalism assumes that, given private property and free competition, the happiness of mankind would be brought about automatically if individual economic activity were set free. By democratic reforms I mean such reforms as were effected in the social organization and system in accordance with this principle. Let me now indicate how such reforms were carried out at the time of the Meiji Restoration.

In advanced capitalistic countries, the unification of the State on modern lines did not necessarily imply the achievement of a complete democratic revolution. Although, as already mentioned, it made a valuable contribution towards the growth of the capitalistic economy, the principle on which a modern State was founded was totalitarianism, which followed the lines of economic policy adopted by medieval cities. The form of government in which it was objectified was autocracy or absolutism. In France, for instance, the guild system, instead of being abolished, was extended in scope to a national scale in consequence of the unification of the State, so that commerce and industry were controlled by the State through the operation of this system. It was at the time of the Great Revolution that this system was abolished. The human *ego*, which had been gradually awakening against the absolute sacerdotal authority in the Medieval Age, realized itself by establishing a modern State, and again the individualistic *ego*, thus awakened, either rapidly or slowly, has converted an autocratic modern State into a

democratic one.

Taking the case of Japan, the fact that, in the case of *Hanseki-Hōkan*, a section of influential people, taking it as their ideal to establish a federal political system based on clan government, tried to keep intact the political and economic powers of the former feudal lords in the provinces, shows that a democratic revolution does not necessarily attend the unification of the State on modern lines. As another instance illustrating this truth, the economic policy pursued by *Shōhōshi* (a bureau of the Meiji Government which took charge of the economic policy between April of the first year of Meiji and March of the following year) may be mentioned. The economic policy pursued by this bureau was to accommodate the nation with funds to develop industry, the local governments then buying up and selling the products. By this means, it was intended to eliminate the merchants and usurers, who took all the profit, at the same time advancing the welfare of producers and increasing the revenue of the Central Government. In other words, the bureau aimed at laying the foundations for the development of Japan into a rich and strong country by extending to a nation-wide scale the policy of encouraging provincial production or the clan monopoly system, which was pursued by the various clans in the Tokugawa period.

However, such a policy was found irrelevant to the conditions then prevailing in Japan. At home, the commercial capitalism had already attained a high degree of progress, and especially after the opening of Japanese ports to foreign trade, local merchants made such remarkable headway that commercial capitalists, enjoying the full benefits of free economic activity, were about to attain the position of industrial capitalists. Moreover, as the financial aid given by rich merchants in various districts was one contributory cause of the success of the Meiji Restoration, it was well-nigh impossible for the Meiji Government to do anything effectual in the direction of eliminating or repressing the commercial class. Nor were the country's foreign relations

favourable to the pursuit of such a policy. It was the invasion of foreign capitalism which accelerated the advent of the Meiji Restoration. Although Japan luckily escaped the fate of being converted by the Powers into their colonies, she was denied tariff autonomy and was, moreover, made to grant extraterritoriality to foreign powers. In order to get rid of this abnormal state of affairs, it was necessary for Japan to introduce the systems and the civilization of advanced capitalistic countries. The Powers were democratic countries already, both politically and economically. This accounts for the fact that the political ideas imported into Japan in those days were those of parliamentary government and that the economic ideas introduced were those of individualistic liberalism. As the luminaries who introduced these ideas were at the helm of State, the policy pursued by the new Government was naturally liberal.

In the early years of Meiji, a series of reforms calculated to establish the principles of free competition and the private property system were carried out. Under the category of the recognition of free competition fall the abolition of the system of *Kabunakama* (a guild system authorized by the Shogunate or by the feudal lords) in commerce and industry, in the first year of Meiji (1868), and the recognition of the freedom of occupation for four classes (*samurai*, farmers, craftsmen, and *chōnin*) of people, in the fourth and fifth years of Meiji. By way of confirming the private property system, the embargo on the permanent sales of land was lifted in the fifth year of Meiji, restriction on *Bunchi* (division of land among sons and daughters) were removed in the eighth year, and the value of land was made the standard for assessing the land tax through the revision of the land tax, which was effected between the seventh year and the fourteenth year of Meiji. Besides, the operation of commerce by prefectures or clans, which had been impeding the development of the commercial interests of merchants, was prohibited. Governmental instructions were frequently issued in this connection after June of the second year of Meiji

(1899). In issuing these instructions the Government was prompted by the desire to prevent local authorities from competing with merchants for commercial profits, so that commerce might be left to merchants. It was in pursuit of this policy that the *Shōkaijo* (commercial offices) of the various clans were vetoed.

However, these reforms did not go beyond removing various feudal restrictions detrimental to the development of democratic factors. Although democratic factors were then sufficiently developed to admit of the various reforms referred to, they were not yet strong enough to be able to stand the pressure of foreign capitalism, if left alone. In other words, commercial capital in the Tokugawa period was not so firmly established as to be able to compass its own development, though it was showing signs of developing into industrial capital. In such circumstances, the Government adopted a positive policy to advance or foster democratic factors. Its economic policy was thus intended for the advancement of the interests of the former *chōnin* (merchants) class. The economic policy pursued by the *Shōhōshi*, which, as already explained, aimed primarily at the extension of the commercial rights of the Government, was soon abandoned, being supplanted by a new economic policy initiated by the *Tsūshōshi* (another bureau taking charge of the economic policy which was established in June of the second year of Meiji). While making it clear that the principle of its policy was to extend the commercial rights of merchants, the Government proceeded to establish two kinds of semi-official companies, *Tsūshō-Kaisha* (the trading companies) and *Kawase-Kaisha* (the exchange companies), under the control of *Tsūshōshi*, and further encouraged people to establish their own trading firms under the supervision of these companies. The prime object of the establishment of these companies and firms was to enlarge the scale of private industries through conjoining individual capital so as to expand the private economic power, on the one hand, and to enhance the capacity of Japanese merchants to

compete with foreign merchants, on the other. Intervention in private industries was by no means the fundamental aim it had in view.

The above-mentioned economic policy of *Tsūshōshi*, though an economic policy in name, had to concern itself chiefly with commerce and monetary circulation, in conformity with the economic conditions prevailing in this country at the time. Such a policy hardly sufficed to enable the country to face foreign capitalism successfully, however, while, on the other hand, the Government could not afford to await the natural development of modern industrial capitalism in Japan without doing anything to help it forward. It, therefore, launched a series of measures for industrial development, including the establishment of model factories. These measures were mostly taken during the years following the sixth year of Meiji.

In this way, democratic reforms were carried out and the way was opened for capitalistic economy based on economic liberalism. This does not mean, however, that, because of these reforms, a perfect democratic society was brought about immediately in Japan, for, as already mentioned, the commodity and currency economy was not as yet sufficiently advanced to compel revolutionary changes, and any democratic reform, if desired, had to be carried out through the intermediary of bureaucratic authorities. Again, inasmuch as the democratic revolution took place simultaneously and conjointly with the unification of the State, capitalists had not had the opportunity to undergo sufficient democratic training. Thus, the Meiji Restoration opened the way for the development of the capitalistic economy in Japan, but it took many more years to realize a perfect democratic order of things.

5. CONCLUSION.

In the foregoing chapters, I have discussed the Meiji Restoration in its two phases, namely, the unification of the

State on modern lines and the inauguration of democratic reforms. If the basic principle of the Meiji Restoration was nationalism, it led, politically, to the unification of the State, with the authority of the Imperial Court as the central force, while, socially, it meant democratic reforms. These two were in accord with the condition of Japanese economic society as it then was, and the invasion of foreign capitalism occasioned and stimulated these reforms. The unification of the State into a modern State furnishes the forcing house for the nurture of capitalistic economy, while a democratic revolution serves to ensure its steady development. In this sense, the Meiji Restoration supplied the political and social foundations for the growth and development of Japanese capitalistic economy. Herein lies the economic significance of the Meiji Restoration.

The unification of the country into a modern State was achieved comparatively easily and speedily, but a democratic revolution was not accomplished so easily. It took many years for a perfect democratic society to be realized. This was partly due to the fact that as the unification of the State and a democratic revolution took place simultaneously and conjointly, those responsible for the operation of capitalistic economy had had no opportunity to have democratic training. It was also partly because they lacked both the will and the ability to take the initiative in bringing about a democratic society. In such circumstances, democratic reforms had to be carried out through the intermediary of or by bureaucratic statesmen. The Government adopted the policy of protecting and helping the growth of democratic factors. For this reason, the democratic principle was linked to the principle of unifying the State, and politics developed into something approaching despotic rule, resulting in the formation of the so-called "Clan Government." Dishonest transactions also sometimes took place between the Government and merchants under its special patronage. In short, a state of affairs prejudicial to the realization of a healthy democratic society came into being. This was, indeed,

responsible for the vigorous growth of the movement for the extension of popular rights — a movement which was directed against the “Clan Government.”

The fact that democratic reforms were ordained by the Government and that the formation of a democratic society was not a matter of natural growth — which was inevitable, in view of the fact that the international society into which Japan was suddenly admitted was capitalistic already and that Japan was compelled to become capitalistic herself quickly in order to face foreign capitalism — characterises the process of the growth of Japanese capitalistic economy.