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VIEWS IN THE TAXATION ON COMMERCE IN
THE CLOSING DAYS OF TOKUGAWA AGE

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1. TAXATION IN THE TOKUGAWA AGE

In the Tokugawa Age, rice was not only the main source of the financial strength of the Bakufu (Shogunate) and all *Han* (feudal clans) but the dominant factor on which the general economic conditions of the nation depended. In those days, the size of fiefs was expressed by the amount of rice produced in the domains concerned and the stipends for *samurai*, from *daimyo* downwards, were expressed in so much *koku* of rice. Taxes were paid in rice and people's incomes were, in the majority of cases, denoted by the amount of rice which they owned. It is for this reason that the Tokugawa days were called the age of rice economy (*kome-dsukai no keizai*). That the rice economy ruled and that rice constituted the basis of finance and economy show that the land tax was the most important source of revenue for the Bakufu and all feudal lords.

The taxation system in the Tokugawa Age lacked unity

and consistency. Different periods had different tax systems, nor were the systems enforced by the Bakufu and feudal lords in the same manner. Moreover, each Han had its own tax system. It was also noticeable that the systems in force in the Kwanto and Kwansai districts were at variance. Even in the same district, the manner of operating the same system differed under the rule of different *daikan* (local deputies). Roughly divided, however, taxes were of three kinds, namely, *denso* 田租 (land tax), *komononari* 小物成 and *kayaku* 課役.

Denso was the most important of all taxes. It was said that generally 50% of the yield was paid as tax. But the fact of the matter was that the tax was much heavier than it was normally represented to be. There were two methods of imposition, *jomenho* 定免法 (by which the tax was imposed according to fixed rates) and *kemiho* 檢見法 (by which the tax was levied on the basis of the results of inspection of the actual state of crops). Besides this principal *denso* tax, surtaxes were imposed in the shapes of *kuchimai* 口米, *kuchiei* 口永 and *kammai* 欠米. The revenue from *kuchimai* and *kuchiei* went to cover the cost of stationery and other miscellaneous expenses involved in the collection of the tax, while *kammai* was designed to make up a deficit or a decline in the revenue from the principal *denso* tax.

Komononari, or small *mononari*, was a kind of miscellaneous tax. It was so called because *nengu* 年貢 (tax) was sometimes called *mononari*. It was also called *konengu* or small *nengu* as against the *nengu* (tax) on land. This was an impost on forests, waste lands, rivers, seas, etc. Its kinds or rates were not definitely fixed. Among the *komononari* levies was what was called *ukiyaku* 浮役. This levy was either imposed over a certain fixed number of years, or at different rates from year to year, or it was collected temporarily to meet the needs of the moment. It was a tax which was not entered in village registers.

Kayaku was also of various kinds. This was an impost which people paid in money or in rice in lieu of the services

they were otherwise called upon to offer as coolies. Under what was called the *sukego* 助郷 system, farmers were often actually employed as coolies.

Besides the above, there was *goyokin*, or money temporarily requisitioned. Although it was a levy chiefly imposed on merchants, there were cases where it was also collected from farmers and other classes of people.

As will be clear from the above description of the tax system, *denso* or the land tax was the most important of all taxes, and it was borne by the agricultural class. Statesmen of those days held that it was the proper duty of the agricultural class to cultivate land and support the *samurai* class by paying taxes in rice. Their idea of merchants, on the other hand, was that they were quite useless people. Whereas *samurai* were either descendants of people who had rendered meritorious services or people who rendered services themselves, merchants were capable of no such valuable services. Nor did they toil or moil, as farmers did, in order to produce the necessaries of life for the benefit of the State and the people. Their only concern was, these statesmen maintained, to make profits so as to lead an easy and luxurious life. Worse still, they did positive harm by engendering extravagant habits among the people by selling costly and rare articles. As they were allowed to carry on their business, this notwithstanding, it was but proper that they should do something to requite the great favours which they received from the State, it was contended. From this point of view, the imposts of *myoga* 買加 and *unjo* 運上 (a sort of monetary contribution) were collected from merchants. The authorities of the day, however, did not give much thought to the question of levying regular taxes on the commercial class.

Such being the case, the burden of taxation in those days fell mostly on the agricultural class. My own inquiry into the incidence of taxation in regard to the regular revenue of the 13th year of Tempo (1842) revealed that the *samurai* class bore 12 per cent. of the total burden of taxation, the

agricultural class 84 per cent. and the commercial class only four per cent. It is, of course, possible that the burden on the commercial class was much heavier than the above figure shows, if *goyokin* 御用金 (money requisitioned) and other temporary imposts on merchants were added up, but the fact remains that the bulk of the burden was borne by the agricultural class.

2. *CHONIN* AND THE BURDEN OF TAXATION

As already stated, finance and economy were based on rice in the Tokugawa Age and as the population of the country had to be supported with the rice produced at home, rice was held in special regard in those days. As this valuable commodity was produced by farmers, agriculture was, needless to say, highly valued as part and parcel of the State. Most scholars of the day regarded agriculture as the basic occupation and industry and commerce as of secondary importance. They were of the opinion that it was good government to regard and develop the basic occupation and hold the growth of secondary occupations in check. Notwithstanding this general regard for agriculture, farmers led a miserable life. Their freedom of action was ruthlessly restricted and their existence was so wretched that it appeared as though they were toiling and moiling simply for the purpose of paying taxes.

After the middle period of the Tokugawa Age, commerce and industry witnessed a remarkable development, the currency came into wide circulation and urban districts made a marked growth, with the result that the commercial class gradually rose in influence. With the progress of the currency economy as against the land economy which had formerly been predominant, a new economic power developed, besides the agricultural economic power. Due to these far-reaching economic changes, it became impossible for the *samurai* class to maintain its livelihood under the old economic system. The agricultural class also found itself unable

to support the *samurai* class as it used to, under the changed economic situation. Unable to withstand the vigorous growth of the new economic power, the *samurai* class was obliged to submit to its sway and seek the financial aid of the *chonin* class. There were even cases where *samurai* thought fit to follow commercial pursuits or turn merchants themselves. On the other hand, the *chonin* class gained dominant social influence by dint of its money power. The result was that the commercial influence rose above the *samurai* class and that it even made an incursion into the agricultural sphere. This situation was depicted by the author of the *Chiridzuka-dan* when he wrote: "Whereas the *samurai* class is decreed to rule and the commercial class to be ruled, it appears that the latter has now gained the position of rulers."

As *unjo* and *myoga* were levies on the business of *chonin* or merchants, they partook, in some measure the nature of a business tax, insofar as the form was concerned, but, as already noted, they were, in their nature, contributions made by merchants voluntarily by way of requiting the favours which they received from the State; they were not taxes imposed by the Bakufu in the exercise of its authority. The same was the case with *goyokin*, as can easily be gathered from the following citations. In the *Yabureya no Tsudzukuri-banashi*, the author says: "There have been cases of late where vassals of various feudal lords have caused losses to merchants without any qualm of conscience or even defrauded them. This is a very deplorable state of affairs. Besides, the frequent imposition of *goyokin* on merchants and farmers is regrettable as it is tantamount to seeking alms from those below and it reflects discredit on the feudal lords concerned. Even if people may voluntarily offer *goyokin* by way of repaying the blessings of their country, it is proper that the money should be paid back with interest at a low rate." Again, the *goyokin* decree issued in July of the 14th year of Tempo (1843) says: "After all, it is by their own exertions, not through outside help, that mer-

chants amass enormous wealth or make large profits at a sitting, but they ought to be thankful for the very easy life they are leading. Whereas *samurai*, who are given their present position and fiefs because of the services rendered by their ancestors at the risk of their lives in battle, have their time fully taken up by their official duties, military service, etc., merchants have no public services to render and yet derive the full benefit of the tranquillity which has prevailed in the country for over two hundred years, being enabled to live an easy and secured life. The *goyokin* for which the present decree provides is for enabling them to do their share in aiding the benevolent rule of the present régime. If they render special services in this enlightened age and leave their family names officially recorded in perpetuity, their descendants will feel pride and make redoubled efforts to cultivate steady habits and refrain from extravagant and indolent ways, with the result that their families will go on prospering. Such is the purport of this decree and all concerned must understand it and abide by the orders given without complaint."

As the *chonin* class secured money power with the development of the currency economy and the *samurai* class became more and more impoverished, various theories began to be advanced in favour of the recovery by the *samurai* class of commercial rights from the *chonin* class, in support of the requisitioning of wealth from merchants and for the imposition of a tax on commerce.

3. VIEWS ADVANCED IN FAVOUR OF THE RECOVERY OF COMMERCIAL RIGHTS AND THE REQUISITION OF WEALTH

(1) Recovery of commercial rights. As already noted, after the middle period of the Tokugawa Age, money power supplanted military power as the dominant influence, with the result that both the *samurai* class and the agrarian people had to bow before the money power of the *chonin*

class. In view of this situation, the need was felt for the *samurai* class to engage in commercial activities in order to deprive the *chonin* class of its influence, so that it might regain the controlling influence. Dazai Shuntai, one of the advocates of such a course, directed attention to the affluence of the feudal lords who adopted the monopoly system in their fiefs, in support of his theory. Toyama Kagetaka, in his book entitled *Rikenron*, published in the fifth year of Kwansei (1795), says: "If the *samurai*, high and low, and the people generally are to be enriched, money power must not be allowed to pass into the hands of the commercial class." He denounced the practice of merchants to monopolise interests by lending money to feudal lords and other *samurai* and urged that private loans by merchants to *samurai* should be strictly forbidden, suggesting that the Bakufu should accommodate funds at low rates of interest instead to those in financial straits. He further stressed the need of forbidding merchants to lend money to farmers in distress, insisting that the Government should undertake the relief of these poor farmers by supplying them with cheap money. In this way, he took the line that the loan business should be taken over by the Government. Similar opinions found more numerous expressions towards the close of the Tokugawa Age. In *shubeiken josho* (memorial urging the monopoly of rice), submitted to the Bakufu in the third year of Keio (1867), the memorialist, after denouncing the unscrupulous practices of rice merchants, contended that it was very inimical to State interests to leave the power of controlling the price of rice in the hands of merchants and urged that the Bakufu should establish full control over rice and initiate a rice monopoly system. We also find the same idea strongly expressed in many documents setting forth plans for the establishment of *sanbutsu kaisho* 産物會所 (boards of products). For instance, in a written statement of views issued by *roju* (Cabinet Ministers of the Shogunate) in the second year of Ansei (1855), we find the following passages: "Big commercial families in Edo as well as rich merchants

in Osaka have hitherto amassed enormous wealth, while feudal lords and most *samurai* have been looking to them for financial aid. This has caused these merchants to realize excessive gains. The present situation is, indeed, such that debtor feudal lords and others are, in effect, discharging their public duties merely for the benefit of their creditor merchants. The fundamental cause for the general impoverishment of the *samurai* class is to be sought in the fact that the profits from native products are monopolised by merchants, instead of the ruling classes deriving benefit therefrom. If this deplorable state of affairs is fundamentally reformed, it is to be hoped that the *samurai* class will be able to restore the influence which it has lost to the commercial class." In the written reply setting forth his view, the *jisha bugyo* (commissioner of shrines and temples) says: "Unless merchants are deprived of their money power, the object of the official notice in question (referring to the policy for enriching the country and strengthening national defences) will not be attained." In memorials and representations subsequently submitted, the same point of view was often set forth. In short, many urged that commercial rights should be restored to the *samurai* class or that the Bakufu should take over the control of the prices of commodities, which then rested with merchants. As to how to deprive merchants of their power, many held the view that *sanbutsu kaisho* should be established to recover commercial rights, thereby dispossessing merchants of the monopoly of interests which they had enjoyed. To give one instance, in the course of written reply which was submitted in the first year of Manyen, the *kanjo bugyo* mentions: "Things have changed and the power of fixing prices now rests with merchants. As this state of affairs is far from proper, it is advisable that the proposal for the establishment of the *kaisho* should be earnestly taken up."

(2) Requisition of wealth. The idea had long been existent that the rich should be made to contribute part of

their wealth in order that the Bakufu, feudal lords and the *samurai* class generally might be relieved of their financial difficulty. For instance, this idea was enunciated in the *Tamakushige Beppon* by Motoori-Norinaga, written in the seventh year of Temmei (1787), the *Yumenoshiro* by Yamakata-Banto, which was published in the third year of Bunsei (1820) and the *joshō* (memorial) of Uesaki-Kuhachiro dated the August of the second year of Kyōwa (1802), and it appears to have witnessed a further development in the closing days of the Tokugawa Shogunate, especially because the national finance was thrown into confusion by the defrayal of heavy defence and other expenditures. The advisability of making levies on the rich in order to relieve this financial difficulty was often stressed in the memorials submitted to the Bakufu in those days. To give a few examples, in his memorial of July of the sixth years of Kaei (1853). Okawa-Shosuke says: "It is advisable that the Bakufu should order all rich people...priests, merchants, farmers etc. ... throughout the country, whose wealth exceeds 10,000 *ryo*, to contribute ten per cent. of their wealth, since a levy of this extent is not likely to deal a severe blow to them. On a rough estimate, the Bakufu will be able to collect, by this means, some seven or eight million *ryo*. Inasmuch as Buddhist priests are people of no use in the emergency situation, they ought to do something to repay the favours which they have received from the State in the days of tranquillity."

The memorial of the Lord of the Fukui Han, dated August 7th, after dwelling on political, defensive and other necessary measures to be taken to meet the situation at home and abroad, says: "In carrying out these measures, the Bakufu will be involved in the expenditure of tens of millions of *ryo*, but it may be assumed that the authorities have emergency reserve funds on which it can draw to meet such outlays. It may nevertheless be suggested that, in the present instance, the Bakufu should make rich Osaka merchants, who, benefiting by the tranquillity which has prevailed

for upwards of two hundred years, have amassed enormous wealth by carrying on prosperous business, levying high rates of interest on their money, contribute part of their accumulated wealth according to the amount of their property towards the funds necessary for the execution of these measures." In his memorial of the same month, Nakata-Akitada also urged the course of collecting the necessary war fund from rich people and Buddhist temples, saying: "If the necessary funds are not otherwise forthcoming, it is well for the Bakufu to order rich people in Edo, Kyoto, Osaka and other places and various Buddhist temples to donate one half of the property which they have accumulated for years." Advocating, in this way, the collection from the rich of 50 per cent. of their wealth, he concludes: "No-one will criticize this step as unjust."

The order issued by the *machi bugyo* (magistrate) of Osaka in November of the same year to the local merchants to contribute money to the Government says in part: "All classes of people have their respective functions to perform. In time of national emergency, farmers offer their labour and suffer both physical and mental strain, but merchants are not called upon to take any part in defence matters. They follow their avocations quietly, bask fully in the benefit of tranquillity, and live an easy and peaceful life. Such being the case, it is only proper that they should always be mindful of repaying the great favours which they thus receive from the State. At least, they ought to be ready to contribute money to cover part of the State expenditure. In view, especially, of the prevailing national situation, it is their bounden duty to serve the State as best they can. ... Japan faces a very serious crisis at the present time and it is incumbent on all people, high and low, to be firmly united and co-operate closely in order to tide over the present crisis. To this end, all classes of people, *samurai*, farmers and merchants, must do their utmost in their respective ways to repay their indebtedness to the State."

4. VIEWS IN FAVOUR OF TAXING COMMERCE

As already noted, in the Tokugawa Age the tax was imposed on farmers, who paid it in rice. Merchants were exempt from taxation, though *unjo* and *myoga* were collected from them. *Goyokin* was also levied on merchants now and then, but this impost was, in its essential nature, the money borrowed by the Bakufu; it was not a tax. In the closing days of the Tokugawa Shogunate, however, views found expression in favour of taxing commerce.

In a memorial submitted by Mukōyama-Gendayu in July of the sixth year of Kaei (1853), the memorialist stated his view against the collection of a tax on commerce, but the fact that he submitted such a view shows in itself that the authorities had been directing attention to the question of taxing commerce, apart from the collection of *unjo* and *myoga*.

In the record of the conversations held by Inoue-Shinano-no-Kami and Iwase-Higo-no-Kami with Harris, the then American Consul-General, on December 12th and 26th of the fourth year of Ansei (1857), reference is made to questions asked about tax revenue estimates and the tax law. Although these questions were about imposts relative to trade, such as the tonnage due and import and export duties, it is conceivable that these Bakufu officials learned, through Harris' explanation of the tax law, that trade or commercial transactions were taxable, besides land.

In a representation made by a certain person, presumably about March of the first year of Keio (1865), it is mentioned: "Although I understand that the measure cannot be carried out because of the present financial difficulty, it will be easy to provide the wherewithal, if a commercial tax is inaugurated. Besides, this tax will not only relieve the present financial difficulty but will enable the Bakufu to provide the country with sufficient defences. Indeed, if the country is to be made rich and strong, it is necessary to create the commercial tax. As a matter of fact, Western countries collect this

tax in order to increase their national strength." Although he did not indicate in detail how the commercial tax should be imposed, he was emphatic in his support of the creation of such a tax. It is said that a plan was afoot about the first year of Keio (1865) to inaugurate a business tax and also a tax on the Dojima rice market but that this scheme did not materialize.

In the third year of Keio (1867), in which Yoshinobu, the last Shogun, effected the reform of the Bakufu administration, earnest efforts were made to renovate all branches of administration. As I mentioned in a previous article, Léon Roches, the then French Minister, made valuable suggestions in connection with this administrative reform, and it is noticeable that the question of taxing commerce came up for consideration on that occasion also. As I dealt fully with Léon Roches' recommendations in a previous article, I shall refrain from recapitulating them here.* In brief, he recommended the imposition of taxes on houses, land, commerce, *saké*, tobacco, raw silk, tea and shipping. He also suggested that *hatamoto* (direct retainers of the Shogun) should be made to contribute one-tenth of their incomes for a period of three years. That is to say, he recommended that the financial basis of the Bakufu should be strengthened through the collection of direct and indirect taxes on the Western pattern.

The plan for the reorganization of the administrative machinery of the Bakufu was drawn up largely on the basis of Léon Roches' recommendations. That part of the plan which concerned with the taxation of commerce, etc. was as follows:—

1. Merchants to be properly classified and the total proceeds of their annual transactions be taxed at the rate of two per cent.

Farmers who deal in articles to be treated similarly.

* Cf. Léon Roches and Administrative Reform in the Closing Years of the Tokugawa Régime, this Review, vol. x, no. 1,

The gravity of the national situation to be impressed on both farmers and merchants in inaugurating these levies.

2. A two per cent. land tax to be imposed, after due inquiry into the amount of profits realized, on the estates of shrines and temples and other estates hitherto exempted from taxation by the special grace of the Shogun.

This reform plan is very limited in scope compared with the recommendations actually made by Léon Roches, but it clearly shows that, in view of the French Minister's recommendations, the Bakufu studied the question of taxation and conceived the idea of imposing a business tax on merchants and a land tax on shrines, temples, etc. This plandid not materialize after all, but the fact that such a scheme was actually drawn up is worthy of special note.

5. CONCLUSION

Due to economic and social change in the Tokugawa Age, as witness the transition from the land economy to the currency economy, the impoverishment of the *samurai* and agrarian classes and the rise of the *chonin* class, it became impossible to maintain finance and the tax system by sole reliance on the land tax, and consequently attempts were made to relieve the situation by taxing *chonin*, the new economic influence. With this end in view, opinions were advanced by many either in favour of the recovery of commercial rights by the *samurai* class, in favour of the requisition of money from the rich or in support of the taxation of commerce. These opinions were not put into practice, however, except that the *goyokin* system was enforced and a monopoly policy was adopted by various Hans.

In the *Nōshō Kenkoku Ben*, published about the Genji or Keio era (1864—1867), Kanda-Takahira, the author, says: "When, in ancient times, there was neither money nor the commercial class, the country experienced no financial difficulty. As the currency economy grew, however, it became evident that a country prospered if it was based on commerce

but that it declined if based on agriculture. The wealth or poverty of the country thus hinges on whether it is based on commerce or agriculture. There are three advantages attendant on the establishment of a country on the basis of commerce, while three disadvantages attend its establishment on the basis of agriculture." Proceeding, he says: "If a country is based on agriculture, the tax has to be levied on farmers, but then farmers will find it not paying to cultivate lands unless they are very fertile. Consequently, fields become waste and the price of products goes up higher and higher every day. This leads to the decline of commerce and industry as well as agriculture, with the consequent decline of the country. This is one of the disadvantages of basing the country on agriculture..... As tranquillity continues, administrative business increases in volume and expenditure expands in consequence. As the ever-increasing expenditure must be met with tax revenues which have their limits, it is only natural that an impasse should be reached. In such circumstances, all people, high and low, are reduced to straits, notwithstanding the fact that they are neither extravagant nor idle in their habits. This is another disadvantage attending the establishment of the country on the basis of agriculture." In this way, he pointed out the difficulty of maintaining the financial and tax systems in sole reliance on the land tax.

In the Tokugawa Age, *unjo* and *myoga*, which were imposts on *chonin*, constituted only a fraction of miscellaneous taxes. Towards the end of the Shogunate days, a plan was afoot to tax commerce, but it did not materialize. Even after the Meiji Restoration, the business tax was levied (after the eighth year of Meiji) merely as a local tax collected by prefectures. It was not until the 29th year of Meiji (1896), that is, the year following the termination of the Sino-Japanese War, that the business tax was converted into a national tax. On the contrary, the land tax held the most important position in Japanese taxation in the Meiji era as well as in the Tokugawa Age.

In short, although the opinions advanced in the closing days of the Tokugawa Shogunate in favour of the taxation of commerce failed to bring any concrete results, it is noteworthy that such opinions found many supporters in those days as pertinent in meeting the changed economic situation. Changes in economic ideas were also discernible in the views which found expression in support of the revision of the fundamental traditional rules, the opening of the country in pursuit of a progressive policy, the development of trade and the adoption of the merits of foreign systems to make up for the shortcomings of the Japanese system. That a marked change came over Japanese economic ideas in and after the middle period of the Tokugawa Age...in the closing days of the Age especially...is worthy of special note.