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# DEVELOPMENT OF ECONOMIC POLICY IN THE CLOSING DAYS OF THE TOKUGAWA PERIOD

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## I. PREFACE

The writer of this article, who took a general view of the economic policy during the Tokugawa Period in an article<sup>1)</sup> written for this periodical, published afterward two other articles<sup>2)</sup> relating to the encouraging policy of native products adopted by the Bakufu (the Tokugawa Shogunate) and the clans and to the monopoly policy adopted by many clans, both of which are very interesting in connection with the development of currency economy in that period. In the present article, the writer proposes to deal with the development of the feudalistic economic policy into the modern national economic policy in the closing days of the Period. The article inquires into such questions as these: In what form did the germ of the economic policy of the early Meiji Era appear in the closing days of the Tokugawa Period? What relation was there between the new tendency and the peculiar feudalistic economic policy? And, in what direction did the economic views develop in connection with the actual circumstances above mentioned?

The most important circumstances which were responsi-

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1) An Outline of Economic Policy in the Tokugawa Period. (Vol. XV, No. 4.)

2) The Encouragement of *Kokusen* or Native Products in the Tokugawa Period. (Vol. XVI, No. 2.)

Clan Monopoly Policy in the Tokugawa Period. (Vol. XVII, No. 1.)

blé for the development both of the economic policy and the economic views were, first, domestic conditions such as the progress of currency economy and the development of nation-wide economy; secondly, the penetration of Occidental capitalist economy. Although the last mentioned may be cited as the basic motive power for the development, historically such a development was inevitable. In other words, just as the feudalistic economy in the Tokugawa Period, through the medium of the influence of Occidental capitalism, made its development for the modern national economy after the Meiji Restoration, the feudalistic economic policy had, through the same influence, undergone a change in the same direction.

In the following, I shall present to the reader, certain facts related to the above mentioned development of economic policy and economic views.

## II. DEVELOPMENT OF ECONOMIC POLICY

(a) Industrial Policy. No one hesitates to mention, as the most important factor of the new economic policies in the closing days of the Tokugawa Period, the efforts of the Bakufu as well as several influential clans in the transplantation of western-style industries within their jurisdiction. As early as the 13th year of Tempo (1843), Takashima Shūhan (高島秋帆), hearing the news of China's defeat in her "Opium War" at the hand of Britain, first instigated the importance of the western-style industries, particularly in strengthening Japan's military system and weapons. Thenceforth the necessity of the transplantation of western-style industries was so keenly felt that the Bakufu came to establish its own cannon manufacturing plant at Yushima, Yedo, in the 2nd year of Kaei (1850), and established Nagasaki Iron-Foundry in the 2nd year of Ansei (1855), followed by two other foundries in Yokosuka and Yokohama, establishment of which had started in the 1st year of Genji (1864). These foundries were to undertake the manufacture and the

repair of military weapons and ships.

As for the same effort of the clans, the Saga clan first commenced the casting of cannon in the 3rd year of Kōkwa (1846), and later, the enterprise so developed as to be able to build steam ships and to manufacture steam boilers for ships, etc. The Kagoshima clan had not only built its own iron-foundry for military weapons and ships, but also come to manufacture glass-wares, China-wares, and even farming implements. It was this clan which first imported from England a set of cotton-spinning machinery and started its operation in the 3rd year of Keiō (1867). The Mito, Yamaguchi, and Kōchi clans followed suit, particularly for manufacturing their military weapons and ships.

These above mentioned are well known facts, and they are concisely explained by Dr. Prof. Honjō in his valuable work.<sup>3)</sup> It seems needless, therefore, to dwell much on these points, but some additional aspects may be mentioned here to verify the transition, from the feudalistic economic policy to a wider policy of national scope and character.

In the first place, due to the fact that the establishment of western-style industries was motivated primarily for military purposes, it was carried out almost exclusively by the Bakufu and the clan government. This fact shows that the operation of the industries was not only a successor of the encouraging policy of native products during the Tokugawa Period, but also a forerunner of the national industrial policy in the early Meiji Era. The encouraging policy was, for the Bakufu as well as for the clans, an important measure to maintain their own existence. For the achievement of the purpose, they had to bend special effort to attain self-sufficiency, and the same effort could be found in their operation of western-style industries. This attitude must be compared with that of Chinese Government which, having been defeated in her "Opium War," had come to realize that the modern industrial arts were by far superior to hers,

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3) The Social and Economic History of Japan, 1935. pp. 301-304

and depended exclusively upon imports for her military weapons.

One of the most important features of the industrial promotion policy in the early Meiji Era was in the establishment of several government model factories. This model feature was already seen in the western-style industries, particularly of the Bakufu; for example, when the Bakufu was presented with a steamship, called Soem Bing, from the Dutch Crown, it re-christened the ship "Kankō Maru," and used it as a training ship for navigation and for ship-building. It is recorded that of 198 *samurai* who participated in that training, 129 were clansmen who were despatched from various clans. Without saying of the Nagasaki Iron-Foundry, the establishment of which was motivated by the training above mentioned, the Yokosuka and Yokohama Iron-Foundries had also, among other purposes, the purpose of general training of students. Indeed, such was not necessarily a new attitude for the Bakufu; that is, the Bakufu had already adopted the same course in its promotion of sugar, silk and other native industries throughout the country. The important point to be noted here is its development for the course adopted by the Meiji Government.

Secondly, we find in the operation of western-style industries the development of the ideal of "enrichment of national wealth and strengthening military power," which already existed in the encouraging policy of domestic production. Probably it is needless to say about strengthening military power, but a word may be said about the enrichment of national wealth.

The main object of the cotton-spinning work of the Kagoshima clan was to reap profit from the sale of its textile products. This was amply expressed when, in the 4th year of Ansei, Shimazu Nariakira (the lord of the clan) declared, at Shūseikwan—a general institute for operating and studying western-style industries—, that any military weapons beyond the sufficient number for the defence of the clan might be sold to China and to other clans within

our county, and the profit thus obtained should be applied to defray the expenses of the institute. Seiren-kata of the Saga clan, a similar institute as Shūseikwan, was also expected to obtain military expenses.

Thus, from the economic point of view as well, we are able to look to the adoption of western-style industries for the encouraging policy of domestic production. Moreover, in the respect that the production, though chiefly of military implements, was vigorously carried out on the basis of modern industrial arts, we can find the germ of the industrial promotion policy of the new Meiji Government, which bent all its effort to expand national productive power upon the same basis.

Thirdly, it must be noticed that the ideal of enrichment of national wealth and strengthening military power was much elevated, particularly from the former provincial views to the nation-wide scope. As it was still the time of feudalism, it goes without saying that the western-style industries were undertaken from the standpoint of each feudal lord. However, as was above mentioned, those of the Bakufu aimed at general training, and those of the clans were not necessarily carried out solely for self-interest. For example, the Saga clan, which purchased all kinds of ship-building machinery at an enormous cost from the Dutch, for the purpose of carrying out the ship-building industry on a large scale, came to realize that to build a large battleship was too gigantic a task for a local clan to undertake, and offered the whole machinery to the Bakufu with the desire that the task might be done as a national undertaking. As a matter of fact, the major portion of this machinery constituted the main part of the Yokohama Iron-Foundry.

The same clan had been manufacturing cannons and steam-boilers for the Bakufu. The Kagoshima clan had also offered the first battleship which it had built, and built thence several battleships to the order of the Bakufu. Truly, it was largely through the advice of Shimazu Nariakira of Kagoshima that the Bakufu lifted the ban heretofore existing

on the clans building large ships; and the intention of his advice was, it is said, in the desire to build a consolidated, strong national navy consisting of many clans' battleships.

To take another example, the practice of industrial art among the clans was almost free. For example, the Kagoshima clan was, in building its reflective oven, given a pattern from the Saga clan: to install a similar implement in the Mito clan, men from several clans, namely Kagoshima, Nambu and Miharu, rendered their aid. There are many instances as such. All these go to show that the feudal leaders, by sharing their secrets and skill with each other, gradually came to create a strong and consolidated national defence rather than a mere independence of their local clans.

(b) Commercial and Foreign Trade Policy. One most important commercial policy during the closing days of the Tokugawa Period was in the attempt, repeatedly made by the Shogunate, to establish the *sanbutsu-kaisho* (産物會所)<sup>4)</sup>. Throughout these attempts, it is discovered that the Shogunate designed to replenish the depleted coffers. Moreover, in the plans of the *sanbutsu-kaisho* formed during the Man-en and the Bunkyū eras, when our country was already opened to foreign trade, it was projected that the Bakufu should actively venture to trade with China. Further, throughout the plans after the Man-en era, there was a distinct effort on the part of the Bakufu to bring down the general price of commodities. Although the object of the plans thus underwent some changes according to the condition of the time, it is essential to note that the Bakufu, through the establishment of the *sanbutsu-kaisho*, sought to regulate the circulation of commodities all over the country and to deprive the *chōnin* class of its influence. In other words, the Bakufu itself attempted to adopt the same policy as the clan monopoly policy, and that in a nation-wide scope.

In the *sanbutsu-kaisho* of the clans, as I have formerly explained, not only were wealthy commoners employed as

4) Prof. Honjo, *ibid.*, p. 134.

important constituent members but also wholesale dealers and retailers were utilized as distributors of domain products. In the project of the *sanbutsu-kaisho* by the Bakufu, true the Bakufu attempted to exercise certain exclusive commercial rights, but never at the expense of the merchants. In fact, even in the project during the Keiō era, in which the withdrawal of commercial rights from merchants was advocated most plainly, wholesale dealers were to be employed as lower officials and wealthier commoners were to be given opportunity of making their investment on the capital of the *sanbutsu-kaisho*. We can find from this point, too, that the Bakufu planned to adopt a policy resembling the clan monopoly policy.

Another noteworthy feature of the project, as previously mentioned, is its ideal to attain national enrichment and military power. In connection with the project of the 2nd year of Ansei, it was stated: "In time of emergency, the expansion of the country could not be expected, unless necessary emergency measures be adopted." By "emergency measure" we mean the project itself. Further, in the project of the following year, the profit expected from the project was to be applied toward providing certain cultural and military equipment and also toward the promotion of industry and the development of Hokkaidō; whereas, in the project during the Man-en era, there was a plan to open an active trade with China and to expand our national navy.

In short, the project of establishing the *sanbutsu-kaisho* was an effort to enlarge similar organs of the clans to a national scope, which were dominated by a monopolistic tint, although it should be remembered that the monopoly in a strict sense was not the leading motive on the part of the Bakufu's project. It is noted, from this point, that the feudalistic economic policy had come to its new vent of progress. It is also worthy of note that the Bakufu intended, in contrast to the exclusionist policy, to venture actively in foreign trade and to attain national enrichment and military power, in contrast to the traditional passive attitude of main-



taining the feudalistic social order. It must be acknowledged, however, that the project carried still a feudalistic feature in that it denied the free activities of the merchant class. This point may be elucidated later.

In the time when our country had already opened its doors to foreign trade under the "Treaty of Amity and Commerce" concluded in the 5th year of Ansei (1858), some advanced officials of the Bakufu entertained the idea of more positive development of foreign trade, rather than to wait for incoming ships from foreign lands. As result, in the 1st year of Bunkyū (1861), a merchant-ship "Kameda Maru" was sent to Primorskaya under the guidance of Hakodate Bugyō (Minister of Affairs of Hokkaidō)—the ship called at the port of Nikolaevsk at the mouth of Amur River—, and in the following years, the "Senzai Maru" and the "Kenjun Maru," the one following on the heels of the other, were despatched to Shanghai by the Bakufu itself. These ships were charged with a mission both to venture our export commodities and to bring back valuable information concerning the conditions of foreign markets.<sup>5)</sup>

Such attitude of the Bakufu toward foreign trade is very noticeable as a forerunner of the foreign trade policy in the early Meiji Era. The more noteworthy is the fact that all the dealings with the commodities on board were trusted with the merchants who accompanied the officials of the Bakufu. Thus the despatch of merchant ships was done with the idea of setting a model.

Many clans such as Saga, Kagoshima, Kōchi, Fukui and others also eagerly engaged in foreign trade, though it was a trade carried on at Nagasaki waiting for incoming ships from foreign countries. Especially the Kagoshima clan, which had a special permission from the Bakufu to trade with the Loochoo Islands, had established its *kokusan-kaisho* (native products board) in Osaka and at Takada (Yamato), and

5) see Prof. Honjo; Japan's Overseas Trade in the Closing Days of the Tokugawa Shogunate. (Vol. XIV, No. 2. of this periodical.)

made an attempt to export to England raw cotton raised in the Yamato district. The clan also attempted to develop its foreign trade by establishing a business firm under a joint partnership with certain Frenchmen. By this time, local merchants had come to deal actively with foreign merchants who had come to live in the concession districts in our treaty ports.

With what attitude did the Bakufu meet this new situation? The first was to regulate export. For instance, it promulgated, in the first year of Man-en (1860), an act known as "Gohjin Kaihin Rei" (五品廻品令), providing that the five kinds of specified commodities—grain, oil, wax, day goods, and silk—should be first forwarded to Edo before being sent to Yokohama for export. Further, in the 3rd year of Bunkyū (1861), a limitation was placed on the number of export merchants in order to restrain the export amount of necessary commodities. The reason for those measures above mentioned was obvious: with the opening of the new foreign market, our production could not keep pace with the demand both of foreign and domestic market; as a result, the price of various commodities rose and both *samurai* and commoners alike came to feel the strain in their livelihood. The Bakufu had to cope with the situation lest social unrest should occur.

Simultaneously with the limitation on exports, the Bakufu recognized certain freedom of merchants in their trade activities. In the 6th year of Ansei (1859), the following year of the "Treaty of Amity and Commerce" was concluded, the Bakufu issued a notice: "Any merchants may freely deal, in Kanagawa (Yokohama), Nagasaki, and Hakodate, with foreign merchants. Not only may the merchants sell foreign goods, but the general consumer may also freely buy foreign goods at foreigners' shops in the ports above mentioned." Later, in the 2nd year of Keiō (1866), the Bakufu issued another notice: "Any merchants may freely, as has been said in the former notice, deal with foreign merchants. Any feudal lords may also freely send their

domain products to the open ports and engage in the trade with foreigners." Under the latter ordinance the feudal lords were also recognized officially to engage freely in the foreign trade, whereas prior to that time a special permission was required for any lords to deal in that trade.

The reason why the Bakufu thus, in the early stage, restrained the trade activity of the lords was, first, to avoid any disruption of the trade control, and secondly, to prevent undue growth in wealth and power of the clans. The considerable measure of freedom given to the merchant class from the beginning was not motivated by the deference to this class but, probably, for the purpose of maintaining Bakufu's controlling power of the foreign trade. It can be inferred, however, that, if we put this attitude of the Bakufu to the merchant class with the similar attitude shown in the project of establishing the *sanbutsu-kaisho* and in the trade to Nikolaevsk and Shanghai, the Bakufu had come to realize that the actual handling of trade was primarily in the sphere of the merchant. It was unthinkable utterly to suppress the activities of the merchant at such times as when their economic power was showing considerable increase since our country had been opened to the foreign trade. Moreover, with the gradual importation of liberal economic idealism, the leading statesmen and scholars had come to feel that the direct participation of the government in commerce and trade was rather harmful to the development of national economic power. Consequently the Meiji Government firmly prohibited the clans and prefectures to engage in the foreign trade.

(c) Shipping Policy. Largely for military reasons, the Bakufu lifted, in the 6th year of Ka-ei (1853), its ban in building large ships by the clans. Further, in the 1st year of Bunkyo (1861), it permitted merchants, even farmers, who heretofore were not allowed to choose their professions, to build, buy, and use large ships, and at the same time, adopted a measure to foster sea-men. This is one of the expressions on the part of the Bakufu to promote shipping trade. And

we are able to give some other examples to show such an attitude on the part of the Bakufu: the Bakufu employed the "Kankō Maru" as a training ship for navigation and ship-building, as has been before mentioned; in the trial-trade to Primorskaya and Shanghai, large ships of western-style were used, which were built by the Bakufu itself or purchased from a foreign country; the Bakufu inaugurated an interport steamship route between Edo and Osaka in the 3rd year of Keiō (1867). These shipping policies were not only inherited but expanded by the new Meiji Government and the foundation was thus laid for the modern shipping trade of Japan.

(d) Company Enterprise Policy. Among the projects of establishing the *sanbutsu-kaisho*, that of the 1st year of Keiō was intended to take pattern from the Occidental system of corporation, and was to be organized on the joint capital of the Bakufu and the people. Unfortunately this project was not fully realized. But, in the 3rd year of Keiō, the Bakufu persuaded several rich Osaka merchants to organize a company called *shōsha* (商社) in order to meet the cost of construction of concessions in Hyōgo (Kōbe) and in Osaka and to provide certain trade facilities. The *shōsha* existed only a few months, and, though it was of Occidental pattern, it was, in a sense, an extension of *sanbutsu-kaisho* of the clans, and was, at the same time, a forerunner of company enterprise after the Restoration.

In other words, the Meiji Government, feeling the necessity of introducing the form of company enterprise in every department of industry in order to counter-act the western capitalism, urged the rich people to establish Kawase-kaisha (exchange companies), Tsūshō-kaisha (trading companies), and Kaisō-kaisha (a shipping company), as well as exerted itself to propagate the idea of company enterprise by means of issuing several leaflets. Such a policy to foster company enterprise among the people had, indeed, had its forerunner in the *shōsha* during the Keiō era.

## III. DEVELOPMENT OF ECONOMIC VIEWS

Along with the rapid changes in the domestic economic conditions, and together with the increasing contact with the Western nations, the economic policies were obliged to cope with the changing conditions in every respect; in a word, the feudalistic economic policy as a whole developed more and more to a wider national economic policy. The ideal of attaining national enrichment and military power, which had lurked behind the ideal of maintaining feudalistic socio-political structure, appeared rapidly on the surface, and it was broadened from the feudalistic point of view to that of a wider national standpoint with foreign countries as its contrast. Under the banner of this ideal, the system of economic policy, in which the agricultural production had been considered the backbone, changed its center of gravity to commercial and industrial production. Along with this transition, a word may be said of the development of the views on economic policy.

First to be mentioned is "kaibutsu shisō" (開物思想) or the ideal of "material promotion." Satō Nobuhiro (佐藤信淵), one of the most eminent scholars during the Tokugawa Period, defines the terminology thus: "By 'material promotion' is meant that all grains and fruits and other products of a nation should be so developed as to bring about the wealth within the nation," and states further, "It is the divine mission of a ruler to bring about the security of livelihood to the people and to maintain peace and order in a country."

However, throughout almost the whole Tokugawa Period, such an opinion was confined to the agricultural production center or, at most, the rural industrial production. Moreover, such an opinion was outweighed by the views on commercial policy, and consequently pursued rather a negative path.

However, in the closing days of the Period, there appeared some diputants, like Kanda Takahira (神田孝平) and

Sakuma Zōzan (佐久間象山), whose opinion was to lay special stress upon the manufacturing industrial production. For example, Sakuma Zōzan was of the opinion that the power of industrial production should necessarily be expanded in order to attain national enrichment by means of prosperous foreign trade, and, as a means to this end, he maintained that many idle people, priests, and others should be mobilized and trained in Western art and technique of production.

It is needless to say that most leaders in the western-style industries in those days entertained similar views. Among them was Ōshima Takatō (大島高任) of the Nambu clan, who, in a proposal to his lord relating to the promotion of industries, maintained the necessity to modernize iron and salt industries, and explained minutely the technique of the industries. Ishikawa Seiryō (石河正龍) of the Kagoshima clan, who was largely responsible for the promotion of the cotton-spinning industry of the clan, was still another, and he states as follows: "To enrich the national wealth and to strengthen military power is the common utterance throughout the world. It is a well known fact that Occidentals are superior to Asiatics in the accumulation of national wealth and in strengthening military power. Chiefly depending upon scientific machinery, foreigners are accumulating their wealth, and the machinery is becoming more and more elaborate and the mechanical production is prospering day by day. Indeed, it is said that it depends chiefly on the mechanical industries that England has come to dominate the entire world."

These views, though they resulted from the influence of mechanical civilization from the West, are considered also as the result of the development of "kaibutsu shisō" as above mentioned; and, needless to say, they were the forerunners of the views on the industrial promotion policy of the post-Meiji Restoration period.

Next to be mentioned are the views to build up the nation through the channel of trade and commerce, and to give freedom of commercial activities to the merchant class.

The former was eloquently expressed by Honda Toshiaki (本多利明) when he said in the Kansei era, "Foreign trade is like war, because it is a means to reduce the strength of rival countries with one another." Later in the Bunkyū era, Kanda Takahira maintained that Japan should build up the country through trade and commerce, from the viewpoint that: "To endeavour to build a country through trade and commerce is to bring prosperity to the country, but to attempt to do so through agriculture is to invite poverty to the nation." Sakuma Zōzan insisted also upon active foreign trade for the prosperity of our country. Further, Ōshima Takatō stated the undependability of land economy; helplessness of mere thrift to the public finance; and concluded that the country should turn to commerce and manufacturing industry to bring about national prosperity. Very noteworthy is the fact that, in order to attain this end, he claimed that the existence of wealthy merchants and the freedom of their commercial activities should necessarily be admitted.

Similar views were expressed by Yokoi Shōnan (横井小楠), Kanda Takahira, and several others. It should be noted that such advanced views were fearlessly expounded at the time when the oppression of the merchant class and the feudal control of commercial rights were still prevailingly expressed, and that the views had developed from those of feudalistic features to that of a national one. To this was added the more liberal economic views and ideals of the West, and thus shaped the development of the post-Meiji Restoration period.

The last to be mentioned is the fact that the most of these views were based on a national viewpoint. This attitude was held, from considerably early days, among those who promoted the idea of foreign trade as well as overseas expansion; for example, Honda Toshiaki dealt with the problem of foreign trade from this viewpoint. And Satō Nobuhiro exclaimed at the very outset of his book, entitled "Kondō Hisaku" (混同秘策), "The Great Empire of Japan was formed at the beginning of the great earth, and is

therefore the foundation of all the nations of the world," but in order to expand overseas, he continued, it is first necessary to administer the internal affairs of Japan herself. According to his suggestion for internal administration, such items as "feudal domain" and "feudal lord" are made to appear trifling things to deal with. Setting aside, for a moment, such idealism, we can not help but recognize such ideas as those of Kanda Takahira and Sakuma Zōzan, whose views upon national enrichment have already mentioned, as expounded from a national viewpoint.

As I have so far discussed, the views on "material promotion" as well as on "trade and industry," which appeared in the closing days of the Tokugawa Period, all had their beginning in the views on the feudalistic economic policy, but subsequently had developed even to deny that feudalistic tint. In other words, we can trace its development from the feudalistic economic views to that wider nationalistic economic views. The system of economic views thus newly constituted played not only a part as a background for the development of the economic policy itself, but also became one of the leading factors in the further development of the latter. That is to say, although they had their feudalistic restriction at the time when the feudal system was still in existence, they were destined to play very important roles in the economic development of Japan after the Restoration.

#### IV. CONCLUSION

As has been already mentioned, the economic policies together with the economic views of the latter Tokugawa Period had come to show a new direction of development. As a central executive organ of the economic policy, the Bakufu's position became very important, while the character of the local lords gradually changed from their carrying out an independent provincial policy to that of sharing a part, with the Bakufu, of the national program against foreign



powers.

There was, however, certain limitation in the development so long as the Bakufu, as well as local lords, continued their status quo, for there existed still an intention to maintain the feudalistic socio-political structure. In fact, this limitation may be pointed out from the following circumstances: in spite of the development of the economic policy both the Bakufu and the clans increased their financial straits rather than became wealthy; apparent lack of real unity in the economic policies constantly gave foreign powers advantage of the situation; because of the desire to maintain the feudal system, it was found almost impossible to bring about positive co-operation of the entire people.

Thus, for the real development of the economic policy, there requested a change in the political structure and an advancement of economic organization from the feudalistic to the national one. Herein lies one economic historical significance of the Meiji Restoration, of which the chief political content was the accomplishment of modern national unity, and through which the feudalistic economic structure under the Tokugawa Shogunate was elevated to the modern national economy. Thus, as soon as the Restoration period passed, the economic policy, which had already come to show a new direction of development in the closing days of the Tokugawa Period, assumed, as a strong and unified national economic policy, a place of effective aid toward the economic development of modern Japan.