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THEORY OF ECONOMIC POLICY BY YOUNG KAWAKAMI

—IN RELATION TO THE CONTROVERSY OVER
TAXATION OF IMPORTED RICE—*

By Eiji OHNO**

I Prologue

Hajime Kawakami's first paper of economics was "Rai Sanyo's economic theory as expressed in his *Shinsaku Shohon*"¹⁾ and, indicating his profound sympathy towards Rai Sanyo's ruralistic thought as expressed in his words, "Farmers and weaver-women are the roots of the state and samurai (warriors), merchants and craftsmen, the leaves of the state." And Kawakami published a series of remarkably pioneering writings such as "A Comment on economic theories of Tokugawa period,"²⁾ "Theories on finance by scholars before Meiji Restoration"³⁾ and "Grain policy of Tokugawa government"⁴⁾. Furthermore, in his "*Nihon Noseigaku*" (*Studies in Japanese Agricultural Policy*), Kawakami, while criticizing the ruralism of Tokiyoshi Yokoi and Inazo Nitobe by calling them

* This paper was published in the special issue (Nov./Dec. 1979) of "*Keizai Ronso*" (*The Economic Review*) commemorating the centenary of the birth of Hajime Kawakami. The paper was completed on October 19, 1979, on the eve of the centenary of Kawakami's birth but I have added, as Notes, the volume numbers and page of the *Kawakami Hajime Zenshu* (*Complete Works of Hajime Kawakami*) which was published in January 1982 and thereafter by Iwanami Shoten, Publishers.

** Professor, Faculty of Economics, Kyoto University.

- 1) "*Kokka Gakkai Zasshi*" (*The Journal of the Association of Political and Social Sciences*), Vol. 16, No. 187, Sept. 1902; *Complete Works of Hajime Kawakami* (hereinafter referred to simply as *Complete Works*), 1.
- 2) *Ibid.*, Vol. 17, No. 191, Jan. 1903; *Complete Works*, 1.
- 3) "*Zeimu Gyosei*" (*Taxation Administration*), Vol. 3, No. 2, June 1903; *Complete Works*, 1.
- 4) "*Kokka Gakkai Zasshi*", Vol. 18, Nos. 204, 206 and 208, Feb., Apr. & June 1904; *Complete Works*, 1.

'the principles of placing high value on agriculture simply from force of habit', gave unstinted praise to the achievements of the two scholars, saying, "We cannot but highly commend Drs. Yokoi and Nitobe for their works which not only cover the science of agriculture in its entirety but also extends over all the branches of sciences concerning the so-called social phenomena including politics, economy and law."⁵⁾

However, what separated Kawakami's theory on conservation of agriculture from the ruralism advocated after Meiji Restoration was Kawakami's shrewd understanding of the reality. Kawakami, already in his student years, had the understanding of the fact that Japan was in the midst of an *industrial revolution*⁶⁾. In the paper he wrote in 1903, "Changes in the economic world toward the end of the 19th century (Part 3)", he said, after touching upon the general trend of the world history in which the social-ist movements arose at the end of the 19th century when the 'downfall of the middle-class society' and 'spreading of the gap between the poor and the rich' came increasingly to the front as a result of spreading of the effects of the British Industrial Revolution to countries in Europe and America, "When we review the conditions in our country occasionally while reading the modern economic history of Europe and America, *we cannot but get the impression as if we were watching a drama while keeping our eye on its script*"⁷⁾, "*Because we were fortunate enough to make progress later than other countries, we can learn much from their histories and thereby avoid the need of making useless attempts.* And that is why we particularly feel the need of studying modern economic history."⁸⁾ Thus, Kawakami,

5) *Nihon Noseigaku (Studies in Japanese Agricultural Policy)*, Dobunkan-Publishers, Feb. 1906, p. 117; *Complete Works*, Continuation-1, p. 117.

6) "Review—Schools in the industrial world (No. 29)", in: *Yomiuri Shimbun (Newspaper)* on Nov. 29, 1906; *Complete Works*, 3, p. 363. The fact that Kawakami, in this review, stressed the importance of a *integrated* grasp of various spheres including economic, social, political and legal fields is worthy of attention. He says, "In the modern era, the course of academic studies in this country has tended to attach importance, or rather too much importance, to the so-called division of labor. Of course, in recent years, some of the scholars have indeed come to take note of this evil trend and have come to value *connection-harmony-unification-integration* rather than *distinction-separation-independence-analysis*. However, regrettably, this method of study has not yet come to attract as wide an attention of the academic world as has been hoped for. In view of such a trend, we cannot but highly admire and evaluate the presence of the two doctors in the world of agricultural studies." Even though this review has been published under a pseudonym of 'Kurozokin' (black-hooded person), it was pointed out in the *Kawakami Hajime Hakase Bunkenshi (Literatures on Dr. H. Kawakami)* edited and written by Keitaro Amano (*Nihon Hyoron-sha*, 1956, p. 109), that the review was written by Kawakami himself.

7) "An message to the students of Yamaguchi Higher School and Yamaguchi Middle School", in: *Bohcho Shimbun (Newspaper)*, No. 21, Apr. 3, 1900; *Complete Works*, 1, p. 43.

8) "*Meigi*", Vol. 4, No. 5, May 1903, p. 19; *Complete Works*, 1, p. 188.

9) *Ibid.*, p. 24; *Complete Works*, 1, p. 191. Such idea of Kawakami's to find advantages in backwardness—a similar idea is found in what Isoo Abe wrote in his "A treatise on socialism (No. 14)" *Niroku Shimpō (Newspaper)* of Mar. 26, 1903—reminds us of the viewpoint of what Gerschenkron calls "advantages of backwardness" (cf. Alexander Gerschenkron, *Economic Backwardness in Historical Perspective*, Cambridge, Massachusetts 1962, pp. 46, 51). According to Bendix, this viewpoint of "advantages of backwardness" was not developed by Leon Trotzki for the first time as is often considered but its analysis had been attempted by Leibniz in the 17th century in connection with Russia's 'modernization' under the rule of Peter the Great (vgl. Reinhard Bendix, *Modernisierung*

based on the idea that *backwardness can conversely be turned to advantages*, tried to *predict* the changes in Japan's economy of the future by observing the changes in economy and in economic policies of the countries in Europe and America at the end of the 19th century and attempted to establish an economic policy to cope with the forthcoming changes in Japan's economy.

Meanwhile, about the general trend of the world toward the end of the 19th century, Kawakami took a general view and said, "As for industrial products, all the civilized countries of the world have now become self-producing and self-consuming nations. As a result, these countries have come to see the need of finding a suitable market for their surplus industrial products. Thus began the so-called principle of rivalry over markets and this, indeed, is the new mercantilism."¹⁰ Considering the need to reduce the costs of industrial production, Kawakami proposed the *theory on the conservation of agriculture* so that Japan may be able to survive the battles for markets in the age of new mercantilism. He further said, "If we were to summarize the general trend of the economic policies in the world in recent years, we would say that the nations of the world are aiming at establishing at least a self-producing and self-consuming economy as far as the industrial and agricultural products are concerned. At this juncture, we must say that it is most stupid for a nation to be engrossed only in promoting commerce and industry, neglecting the *agriculture which should be the foundation of nation's economy*."¹¹

Needless to say, here, among the *economic, social, political and military reasons* which Kawakami gave as the reasons why he advocated the need of conserving agriculture, his reference was made only to the *economic reason*. As regards Kawakami's theory on the conservation of agriculture, the results of many studies have been published, such as Takeo Sakurai who regarded Kawakami's "*Nihon Sonno Ron*" (*Value-the-agriculture theory of Japan*) (1905) as 'one of the representative literatures on ruralism of those times.'^{12,13} And above all, Yoshihiko Uchida's question-raising was unique and fresh when he outrightly took up the relation between the economic aspect and non-economic aspects of Kawakami's theory on conservation of agriculture and criticized the

in internationaler Perspektive, in: Wolfgang Zapf (Hg.), *Theorie des sozialen Wandels*, NWB 31, Königstein 1979, S. 505, 512) In any case, we may say that in Japan's history of social science, the idea that 'backwardness can be changed to advantages' was quite unique.

10) "The general trend of the world persuaded the need of encouraging agriculture", "*Kohnokai Kaiho*" (*Agricultural Study Gazette*), No. 60, Oct. 1903, p. 6; *Complete Works*, 1, p. 234.

11) *Ibid.*, p. 7; *Complete Works*, 1, p. 235.

12) Takeo Sakurai, *Nihon Nohonshugi* (*Ruralism of Japan*), Hakuyosha, 1935, p. 229.

13) Etsuji Sumiya, *Shisoshi-teki ni mitaru Kawakami Hajime Hakase—'Bimbo Monogatari' izen* (*Dr. H. Kawakami as seen from the Viewpoint of History of Thoughts—Before his 'Story of Poverty'*), Baba Shoten, 1949; Do, *Nihon Keizai Gakushi* (*Japanese History of Economics*), Mineruva Shobo, 1958, pp. 325-396; Motoyuki Koike et al., "Theory on agricultural economy—Development of peasantry-theory under the Japanese capitalism", in: *Nihon ni okeru Keizaigaku no 100 Nen* (*100 Year of Economics in Japan*), Vol. 2, edited by Economic Society of Keio University, Nihon Hyoron Shinsha, 1959, pp. 156-174; Yoshihiko Uchida, "Hajime Kawakami at the end of Meiji Era", in: *Nihon Shihonshugi no Shomondai* (*Problems of Japanese Capitalism*), edited by Moritaro Yamada, Miraisha, 1960, pp. 163-200 [re-recorded in: Y. Uchida, *Nihon Shihonshugi no Shiso-zo* (*Images of Thoughts in Japanese Capitalism*),

popular views which, Uchida said, 'totally buried Kawakami in the ruralism of Japan'.¹⁴⁾

What I intend to do in this paper is, instead of taking up Kawakami's theory on conservation of agriculture itself as the subject of study, to shed a beam of light on the economic-policy theory of Kawakami's in his younger days by clarifying the viewpoint he took with regard to the protective import customs for agriculture as a means of achieving the conservation of agriculture, or, to put it concretely, the question of imposition of customs on imported rice, the question that became one of the important economic-policy issues after the Russo-Japanese War (1904-1905).

II Question of Taxation of Imported Rice and Hajime Kawakami

When we say 'taxation of imported rice' here, we are referring to the import customs imposed on rice at the rate of 15% ad valorem as from July 1, 1905, during the Russo-Japanese War, following the enforcement of the Special Emergency Tax Act. Even though this Special Emergency Tax was 'to be abolished at the end of the year following the year when peace is restored' this special emergency tax was turned into a permanent tax in 1906 and the import customs on rice, too, was incorporated into the tariff law as from October 1 of the same year, with the customs rate having been fixed, as specific customs, at 64 sen per 100 kin (60 kg).¹⁵⁾ As the preparations progressed for the revision of treaty in 1911, the controversy over such taxation of imported rice as mentioned above began to revive from around 1907. At the 2nd conference of the

Iwanami Shoten, 1967, pp. 155-202]; Do, "Bourgeois rationalism in the history of economic thoughts in Meiji Era", in: *Keizai Shutaisei Koza (Series on Economic Independence)*, Vol. 7, edited by Hiromi Arisawa et al., Chuo Koron Sha, 1960, pp. 104-116; Hyoue Ohuchi, "Hajime Kawakami as an economist", in: *Kawakami Hajime Kenkyu (Studies on H. Kawakami)*, edited by Hiroshi Suekawa, Chikuma Shobo, 1965, pp. 135-156 [re-recorded in: *Ohuchi Hyoue Chosaku-shu (Collection of H. Ohuchi's Works)*, Vol. 11, Iwanami Shoten, 1975, pp. 375-402]; Kazuhiko Sumiya, "Hajime Kawakami and Kunio Yanagida", in: H. Suekawa (ed.), *op. cit.*, pp. 157-179 [re-recorded in: K. Sumiya, *Kawakami Hajime no Shiso (Thoughts of H. Kawakami)*, Miraisha, 1969, pp. 19-64]; Isao Denda, *Kindai Nihon Nosei Shiso no Kenkyu (Studies in the Thoughts of Agricultural Policy in Modern Japan)*, Miraisha, 1969, pp. 140-154; *Kawakami Hajime Shu (Collection of H. Kawakami's Works)*, edited by Y. Uchida, Chikuma Shobo, 1977, pp. 523-563; Masanao Kano, *Kindai Seishin no Dourei (Courses of Development of Modern Spirit)*, Kashinsha, 1977, pp. 231-258; Commentary by Sadao Ishiwatari on *Kawakami Hajime 'Nihon Sonno Ron' · 'Nihon Noseigaku'. Meiji Taisho Noseikeizai Meicho-shu*, 6 (H. Kawakami's 'Value-the-agriculture Theory of Japan' and 'Studies in Agricultural Policy'. *Collection of Outstanding Works on Agricultural Policy and Agricultural Economy of Meiji and Taisho Era*, Vol. 6), Nosan Gyoson Bunka Kyokai, 1977, pp. 4-22; Tsutomu Ohuchi, "Fascism and ruralism", in: *Nachisu Keizai to Nyudiru (Nazi Economy and New Deal)*, edited by Tokyo University's Social Science Research Institute, Todai Shuppan-kai, 1979, pp. 215-248.

14) Y. Uchida, *Nihon Shihonshugi no Shiso-zo*, p. 161.

15) cf., Eijiro Honjo, "Adjustment of price of rice in Meiji Era", in: do, *Keizaishi-ko (A Study of Economic History)*, Naigai Shuppan, 1921. p. 199; Keizo Mochida, "Process of establishment of food policy (1)" in: "*Nogyo Sohgo Kenkyu*" (*Comprehensive Studies of Agriculture*), Vol. 8, No. 2, 1954, p. 208; *Kindai Nihon Boekishi (History of Trade in Modern Japan)* edited by Kiyoshi Matsui, Vol. 2, Yuhikaku, 1961, p. 279; Kaichiro Ohishi, "Establishment of capitalism", in: Iwanami lecture series, *Nihon Rekishi (History of Japan)* Vol. 17, 1976, p. 109.

Social Policy Society held in 1908, the 'customs problem as seen from the viewpoint of social policies' was taken up as a common theme and the problem of taxation of imported rice represented one of the main issues to be discussed under this theme.

(A) In the "*Nihon Sonno Ron*", which Kawakami wrote during the New Year's holidays in 1904 prior to the introduction of the above-mentioned taxation of imported rice, too, the theory on the conservation of agriculture was upheld, advocating the ideal of ensuring compatible progress and establishment of all three of agriculture, industry and commerce, under the viewpoing of *attaching importance to the domestic market*. Kawakami wrote as follows: "The demand of 1 yen at home should be considered more important than the demand of 2 yen from overseas. Yet, how come that the people of this country are so fascinated by the demand from overseas, not caring about the demand at home? When we look at the so-called capitalists in Japan, we note that they are all absorbed in expanding the markets overseas by gruding payment of wages, exploiting their fellow countrymen and thereby reducing the production costs of the industrial goods they manufacture."¹⁶ Yet, Kawakami firmly rejected the imposition of import customs to protect agriculture as a means of achieving the above-mentioned ideal, saying, "It is not our intention to build up *an impregnable wall of tariff* in order to prevent the invasion of foreign enemies. We rather insist that the *agriculture within the country should be improved and advanced* in order to compete favorably with those enemies. We are not trying to eliminate competition from other countries in order to *conserve our agriculture*. We are, instead, insisting that *the entire system of agriculture* should be improved in order to win in the competition."¹⁷

Thus, it is evident that Kawakami's theory on conservation of agriculture aimed at the *improvement and advancement of agricultural productivity*. In June 1905, when the import customs on rice was about to be enforced, Kawakami argued under the theme, "Merits and demerits of protective import customs on agricultural products".

"The rise in rice-cultivation in countries overseas and the recent development of transportation means throughout the world have very much endangered the position of rice-cultivation as the nucleus of Japan's agriculture.....At this juncture, we are faced by a problem of great importance; whether the Japanese people should follow the precedent of the British and *sacrifice the nation's own agriculture* or should build up *an impregnable wall of protective import customs* so as to shut out the import of foreign crops and *thereby endeavor to conserve the agriculture in the country*."¹⁸ So saying Kawakami, based on his recognition of the reality that Japan was about to confront a situation comparable to the structural change that occurred to the grain markets in Europe at the end of the 19th century,¹⁹ made known his *position that he admits the protective import customs temporarily tentative basis under exceptional conditions* so that the farmers may be

16) *Nihon Sonno Ron*, 1905, p. 38; *Complete Works*, 2, p. 234.

17) *Ibid.*, p. 114; *Complete Works*, 2, p. 263.

18) "Merits and demerits of protective import customs on agricultural products (Pt. 1)", in: "*Zeimu Gyosei*", Vol. 5, No. 6, June 1905, p. 5; *Complete Works*, 2, p. 380.

19) cf., Eiji Ohno, *Doitsu Kin'yushihon Seiritsushi Ron (A Study on the Genesis of German Finance Capital)*, Yuhikaku, 1956, p. 144.

able to adapt themselves to the sudden change of international environment and improve their operations. He further said, "Although we cannot say offhand whether import customs is advantageous or not, *it is our belief that, under certain exceptional circumstances, there is the need of imposing import customs in order to prevent the large number of domestic producers from being subjected to an abrupt change....* We believe that it is by no means an appropriate policy to let the farmers suffer an abrupt blow without being given time to improve their husbandry."²⁰⁾

What Kawakami writes in the section concerning 'merits and demerits of import-customs policy' in Chapter 4 of his "*Nihon Noseigaku*", entitled 'Theory on agricultural policy', is almost identical to the above-mentioned text.²¹⁾

In an article which Kawakami contributed to the "*Nihon Nogyo Zasshi*" (*Japan Agricultural Magazine*), a periodical newly published on Sept. 5, 1905 when the so-called Hibiya Incendiary Affair broke out following the signing of the Russo-Japanese Peace Treaty, Kawakami writes that the spreading of economic knowledge and that of political knowledge among the farmers are 'two of the most urgent measures that need to be taken in the world of agriculture'. In the article, however, a considerable change in tone is perceived.

In this article, Kawakami writes, "*Whether or not to adopt the import customs is a question on which the farmers should contend even by incurring heavy expenditure in doing so*" and also, "*The problem of import customs is a major question over which the farmers' class and the commercial & industrial classes should contend with each other*". And Kawakami finally came to argue as follows: "At this juncture, I cannot but hope that the farmers of Japan will, instead of just waiting to be tossed about by the destiny, *take necessary steps to carve out their own future*. And should I be fortunate enough to see our farmers endeavor to take such measures, then, I would like to somehow commit myself to the political movement which has hitherto been completely neglected and, by so doing, wish to *exert some influence on the direction of the policy of the Japanese Empire*."²²⁾

Here Kawakami, in order for the farmers to win the continuation of the import customs on rice, is recommending the farmers, following the precedent of the movement of the Farmers' League (Bund der Landwirte) of Germany²³⁾ which has been the largest pressure group in that country, *should organize a pressure group and intervene in the government's policy decision*. It seems to me that this League was understood by Kawakami simply as one representing the interest of the farmers, instead of being discerned as having the function of responding to the interest of the big landowners in East Elbe. In any case, Kawakami stressed that 'the policy of the Japanese Empire had fallen

20) "Merits and demerits of protective import customs on agricultural products (Pt. 2)", in: "*Zeimu Gyosei*", Vol. 5, No. 11, Nov. 1905, p. 14; *Complete Works*, 2, p. 382.

21) cf., *Nihon Noseigaku*, p. 527; *Complete Works*, Continuation-1, p. 353. In the book from the library of Kawakami's, an instruction is given to delete the entire text of "Chapter 5: True value of import customs policy" (*Ibid.*, p. 531; *Complete Works*, Continuation-1, p. 355).

22) "Two urgent needs of the hour in the world of agriculture" in: "*Nihon Nogyo Zasshi*" (*Japan Agricultural Magazine*) Vol. 1, No. 1, Sept. 1905, p. 10; *Complete Works*, 2, p. 416.

23) cf., E. Ohno, *op. cit.*, p. 170.

into the evil of attaching excessive importance to commerce and industry for many years and consequently had vastly hindered the trend of development of agriculture'²⁴⁾ and expressed his expectations that political and economic knowledge will be spread among the farmer in order that such an economic policy of the government may be converted. He also expected that the farmers would *carry on and expand organized movement coming up from the bottom* so as to achieve objectives in their own interest.

In making this contention, Kawakami clearly distinguished the 'question of academic theory' from the 'question of interest'. The "question of whether or not to retain the import customs" was, for the farmers, not the question of academic theory but the one of interest. He had an insight into the fact that the import customs are 'never to have their continuation or otherwise determined in actual politics by a theory but, instead, are to have it determined by the degree of force'.²⁵⁾ Furthermore, Kawakami believed it necessary to completely alter the conditions prevailing in Japan; whereas the farmers of the countries in Europe and America were carrying on organized movements to promote their own interests and to become a 'superior class', the 'farmers of Japan are very weak-hearted' and are trying to depend on benevolent policy applied on them from above, thinking of the state as an ultra-hierarchical ruling organ. "At the recent general meeting of the national association of farming, I noticed that all they were doing was to make recommendations. All they were doing, in fact, was to ask the government to do such and such a thing for them, thinking, as in the past, that the government was something transcending the people, or a kind of impartial god."²⁷⁾ So writing, Kawakami emphasized that political and economic education was urgently needed in order to make the farmers of Japan change their attitudes.

(B) In this way, the continuation of taxation on imported rice or otherwise was at last pushed out on the front as the issue of the day. To Kawakami, it looked that the argument for total abolition of taxation on imported rice was gaining ground.²⁸⁾ Following the "*Tokyo Nichinichi Shimbun* (newspaper)" which in its editorial on Nov. 1 pointed out the 'urgent need of totally abolishing the import customs on rice', such major dailies as the "*Mainichi Shimbun*", "*Jiji Shimpō*", "*Dempo Shimbun*" and "*Chugai Shogyo Shimpō*" in their editorials in early November, and, among the 'opinions of leading personalities' published in the *Mainichi*, all such personalities as Viscount Watanabe, Count Ohkuma, Dr. Fukuda, Dr. Amano, Baron Ohshima, Baron Maejima, Bachelor of Laws Kawazu, Kohtaro Noritake, Baron Shibusawa and Dr. Takano, unanimously insisted on total abolition of this import customs. Thus, the argument for total abolition of the import customs was regarded as the 'public opinion prevailing among the so-called intellectuals in Japan'.²⁹⁾

24) "Two urgent needs of the hour in the world of agriculture", p. 11; *Complete Works*, 2, p. 417.

25) "On the question of import customs on rice", in: "*Nihon Nogyo Zasshi*" Vol. 1, No. 4, Dec. 1905, p. 62; *Complete Works*, 2, p. 439.

26) *Ibid.*, p. 62; *Complete Works*, 2, p. 439.

27) *Ibid.*, p. 63; *Complete Works*, 2, p. 439.

28) "On the taxation of imported rice", in: *Yomiuri Shimbun*, Dec. 2, 1905; *Complete Works*, 2, p. 435.

29) *Ibid.*

It was under such circumstances as outlined above that Tokiyoshi Yokoi, in the November 28–29 issues of “*Yomiuri Shimbun*”, published his view ‘On the results that can be brought about by the import customs on rice (Part 1 and Part 2)’ and argued as follows: “The price of rice no longer has any substantial influence on the prices of other commodities or on the wages. Also, as for the outcome of imposition of import customs, it is not so simple as to enable us to conclude that the import customs immediately gives as much influence on the price of rice. Hence, I do not feel the need of either abolishing or suspending the import customs because of the poor crop of today”.³⁰⁾ Kawakami, too, in a article published in “*Yomiuri Shimbun*” on Dec. 2 entitled “On the taxation of imported rice” pointed out that there was an important error in the ‘*theoretical principles*’ which was considered as the grounds for total-abolition theory and said, “I would like to comment a little on the opinions of other people, following the lead of Mr. Tokiyoshi Yokoi.”³¹⁾

Kawakami, first of all, contended that, even if the price of rice may go up as a result of taxation of imported rice, he could not support either theoretically or positively the theory that the price would rise *by as much as the increase in the amount of taxation*. This was a refutation against Viscount Watanabe. Secondly, in regard to the view by Kohtaro Noritake and Iwasaburo Takano who said, “If the price of rice goes up, the waves would also go up and if the wages go up, then the production costs in the industries also would go up. As a result, the manufacturing industry would decline and this would lead to the decline of commerce as well”, Kawakami pointed out the various factors other than the rice that are essential to the workers’ lives and the factors of materials and machines which are necessary for manufacturing management, and contended that the rise in the price of rice would not necessarily cause the rise in wages, that the rise in wages would also not necessarily cause the rise in manufacturing production costs and that, on the whole, the prices are not controlled by the production cost alone. Thirdly, as against the assertion that the import customs on rice should be abolished because it gives evil effects on the various strata of consumers in the country, Kawakami commented that there, in fact, was no tax whatever that gave benefits to the people. Fourthly, in connection with his contention about taxation, he asserted that the real problem, rather, was to be found in the mutual relations among the people’s shares of various kinds of tax burdens. He said: “One who comments on the good or evil of a tax should make an elaborate study of *the relations of that tax with all other taxes*. Yet, all the advocates of total abolition (of import customs on rice) have forgotten this point. That is why their theories are so weak.” Here, Kawakami sets the total-abolition theory on taxation of imported rice against the *total-abolition theory on land tax*. This issue would have later been taken up again in his controversy with the “*Tokyo Keizai Zasshi*” (*Tokyo Economic Magazine*). Lastly, or fifthly, with regard to the theory denying the need of protecting agriculture, Kawakami says that this theory is a roundabout theory which does not deserve attention, since it is an attempt

30) *Yomiuri Shimbun*, Nov. 29, 1905.

31) *Yomiuri Shimbun*, Dec. 2, 1905; *Complete Works*, 2, p. 435.

to judge the good or evil of the far-reaching national policy by simply considering the monetary merit or demerit. And he also pointed out the contradiction in the theory of those who, while commenting on the adverse effects of the taxation of imported rice, insisted that the imposition of a mere 10–20% of import customs would have no effect of a protective policy.

Thus, Kawakami criticized the disputants who advocated the theory of totally abolishing the taxation of imported rice. However, at the same time, he separated the 'question of theory and principles' from the 'questions to be interpreted according to the knowledge based on the results of actual surveys' and concluded the statement of his view by saying, "I simply pointed out the weakness of the *theoretical grounds* on which the advocates of total-abolition theory based their assertions. When it comes to the question of *whether or not this particular tax should be retained*, I don't think it's a question I should dare attempt to answer, as I am not well versed in the actual economic conditions prevailing in Japan at the present moment."³²⁾ In other words, what Kawakami really wanted to do here was to insist that he was merely attempting to make a *theoretical and positive* examination of the grounds of argument on the total-abolition theory and that, therefore, he would like to reserve a *decision on the choice of actual policy means* concerning *whether or not this particular tax should be continued*.

With regard to the opinions expressed by Yokoi and Kawakami as quoted above, Tokuzo Fukuda, first of all in the Dec. 3 issue of "*Yomiuri Shimbun*", published an article on "Dr. Yokoi as an advocate to abolish the import customs on rice" and said, "As Dr. Yokoi concluded, 'things are not so simple as to enable us to say that the imposition of import customs would give a proportionate effect on the price of rice'". He then went on to say, "If that is so, wouldn't it be a waste of labor to insist on the need of import customs whose effect on the protection of agriculture is so vague and so uncertain? It is indeed totally contradictory for him to insist on the adoption of a method whose effect or outcome is unpredictable whereas there are a good many methods to protect agriculture, the methods whose effects are much more certain and evident."³³⁾ And further in an article published on Dec. 5 in "*Yomiuri Shimbun*", Fukuda commented on the five points raised by Kawakami as mentioned above, under the title of "On reading Mr. Hajime Kawakami's views".

As regards Kawakami's 1st point at issue, viz., the assertion that the price of rice does not rise *by as much as the amount of import customs*, Fukuda acknowledged it and, at the same time, emphasized the fact that the prices of grains in a country that imposes import customs on them are always much higher than those in a country that does not impose such import customs. As to the 2nd point at issue, Fukuda said, "The price of rice and the amount of wages do not rise or fall in parallel. Or rather, in Europe, the country with the lowest *price of wheat* is Britain and the country where the *wages* are the highest in Europe is also Britain. And Russia is a country whose *price of wheat* is the highest and also is a country whose *wages* are the lowest." So saying

32) *Ibid.*; *Complete Works*, 2, pp. 435–437.

33) *Yomiuri Shimbun*, Dec. 3, 1905.

Fukuda, while endorsing the view of Kawakami's on the one hand, pointed out, on the other, the difference between the levels of industrial development of Britain that adopted free-trade policy and Russia that imposed high protective import customs, and theorized, through a comparative study of the two countries, that it was the difference in the productive power that brought about the differences between the two countries in the living standards of the workers and their social status. Through such reasoning, Fukuda suggested that Japan should learn lessons from Britain that abolished the import customs on grains. Thirdly, Fukuda insisted that the import customs on rice should be abolished because it gave '*particularly severe pains*' on the people and, as to Kawakami's remark expressing doubt 'if there was any kind of tax that was beneficial to the people', Fukuda wrote sarcastically that Kawakami dealt a really heavy blow to the 'stupid theory' of the advocates for taxation of imported rice who 'insisted that the import customs was a tax that should promote the interest of the people'. As to the 4th point at issue, Fukuda writes that those insisting on total abolition of taxation of imported rice are 'making an elaborate study of the *relations of the import customs on rice with the entire national economy* in an effort to assert on *the import customs being an evil tax*', whereas those supporting the continuation of the import customs on rice are 'arguing by merely referring to the interest of the farmers who are a part of the people or, rather, to that of agriculturists selling the rice they produced in the market, those who are only a part of the farmers in this country', and thus refutes by insiting that 'therefore the import customs on rice is harmful to the entire people (*including the farmers*) who are the consumers of rice'.

That, in fact, was where Fukuda's main point was to be noted and it seems that there we can notice the effect on him of the theory on taxation of imported grains by Brentano.³⁴⁾ It seems that it was in relation to this point that Yokoi rejected Fukuda's assertion as being a straightforward application of Brentano dogma to Japan. Countering Fukuda, Yokoi first of all stressed the differences between Germany and Japan and said: "Both the advocates and the opposers of the taxation of imported rice should take note. The situation prevailing in *Germany* at that time when, of late, arguments were going on vigorously about the pros and cons of the question of increasing the import customs on grains and the situation in *Japan* are *totally different in all respects* as seen from *agricultural, social, economical or financial* points of view. Therefore, *it is wrong to argue by straightforwardly applying the points at issue in that country to Japan.*" After so commenting, he went on to say; "While pointing out *the futility of being engaged in the controversy which is a mere fault-finding*, I want to say that, *as for the approval or otherwise of what is proposed by Dr. Fukuda as the 'principles', I am not brave enough to approve such dogmatic principles as are advocated by the Brentano school...*"³⁵⁾

As to the final 5th point at issue, Fukuda writes that while Kawakami states, "We

34) Vgl. Lujo Brentano, *Die deutsche Getreidezölle*, Stuttgart 1911, S.26f. E. Ohno, *op. cit.*, p. 149f.

35) Tokiyoshi Yokoi, "On the effects to be given by the import customs on rice (again)" (Pt. 1) *Yomiuri Shimbun*, Dec. 25, 1905. The (Pt. 2) was published on 26th and (Pt. 3, the final part), on 28th in *Yomiuri Shimbun*.

do not assert that customs policy is the only policy to protect agriculture but that, rather, customs policy falls short of being important as a means of protecting agriculture", those who advocate imposition of import customs on rice are obstructing the 'sound development of national economy by asserting extremely roundabout theory in the hope of acquiring monetary *Liebesgabe* (in the sense more acute than in Germany)' by means of such import customs. So saying, Fukuda attacks Kawakami for insisting that what the supporters of taxation of imported rice are asserting is a 'roundabout theory that attempts at deciding on the far-reaching national policy merely on the basis of monetary loss or gain.'

After so commenting, Fukuda concluded his assertion by stating, "I believe and keenly hope that the esteemed Bachelor of Laws (Kawakami) would come down, not in the too distant future, from the height of *good-intentioned neutrality* and become a central figure among those advocating the abolition of import customs on rice."³⁶⁾

In an article entitled "In response to Dr. Fukuda" written in the Dec. 8 issue of "*Yomiuri Shimbun*", Kawakami said, "I recently made a discovery of what may be called a *truly great truth* and am currently preparing for the publication of this discovery, discarding all the worldly matters. For this reason, I am not inclined to argue with you about *the trifle problem*. Yet, I am herein writing a few words as a matter of courtesy, since I so deeply admire your enthusiasm directed to the problem." So writing, Kawakami touched upon a few points at issue but no new development was seen in his remark made in the paper.

In this case, too, Kawakami merely pursued the 'question of theory and principles' and said, "Whether my assertion would provide a weapon to the advocate of continuation of import customs on rice or to those advocating abolition of the import customs was not on my mind from the very beginning." Also, he said that the reason he pointed out only the 'stupid theory' of those advocating total abolition and did not point out the 'roundabout theory' of those advocating continuation of taxation of imported rice was, "Only because the ongoing trend is that, while those advocating total abolition are so many in number, those insisting on continuation of the import customs on rice are at a low ebb and, moreover, among those large number of advocates of total abolition, I have noticed that there are even those with poor understanding of the question who have been making pitiful efforts to keep up with others, despite the flimsiness of their knowledge."³⁷⁾

In any case, it is evident that Kawakami was taking a position that may be commented on as neutral in favor of the advocates of continuation of import customs on rice. However, the question of taxation of imported rice had already become a trifle matter for Kawakami. To Kawakami, who earnestly pursued 'eternal life' and who was endeavoring to acquire 'everlasting truth', the pursuit of truth in 'ever-changing' economics began to appear as something discolored and unattractive. It was around that time when Kawakami was encountering the 'moment of doubt about the true

36) *Yomiuri Shimbun*, Dec. 5, 1905.

37) *Yomiuri Shimbun*, Dec. 8, 1905; *Complete Works*, 2, p. 446f.

meaning of life'³⁸⁾ that he was strongly moved by the religious thoughts as expressed in Shoshin Ito's "Selfless Love" and old Tolstoy's "*My Religion*". Giving up all the teaching posts he had held, including the position of a lecturer at the practical course of the agricultural department of Tokyo Imperial University and posts at such other schools as Gakushuin, Senshu Gakko, and Taiwan Kyokai Semmon Gakko, he made up his mind to join the life at 'Mugaen', a dormitory set up by a group of followers advocating selflessness. About this decision he made, an article entitled "Why I am stopping writing this series" was published by Kawakami in the 36th letter that appeared on the December 10 issue of the '*Shakaishugi Hyoron*' (*Socialism Review*) in which he had been writing a series of articles under a pseudonym of 'Senzan Bansuiro Shujin'. (C) In an article entitled "A freewheeling review (a Hajime Kawakami memoir)" published in the issue of June 19, 1922, "*Yomiuri Shimbun*", he writes, "It was about a year and a half that I worked as a Journalist at the Yomiuri. I think I jointed the firm on Jan. 1, 1906 and resigned it at the end of March 1907."³⁹⁾

Until the end of February 1906, Kawakami had continued his life at Mugaen dormitory for about 60 days⁴⁰⁾ but came to reject as an evil theory the 'Selfless-love' cult which he had earlier believed in as the 'absolute truth' and returned to his life as an economic-news journalist at "*Yomiuri Shimbun*" and as a researcher of economics.

By then, as a result of the promulgation of an Act revising the special emergency law on March 2, 1906, the import customs on rice had been changed into a permanent tax, following the deletion of the clause that had set the date of expiry of the law which had originally been fixed as the end of the year following the year in which peace was restored. Thus, this question of import customs on rice was no longer an urgent point at issue of the moment. So, there was no reason for Kawakami to take up this question straightforwardly. Yet, in the "Review—the schools in the industrial world" which was serialized in "*Yomiuri Shimbun*" under the pseudonym of 'Kurozukin' (a black-hooded person) in 33 parts from Sept. 19 to Dec. 6, Kawakami attempted an overall criticism of what he dubbed the 'stupid theory of laissez-faire policy', the 'stupid theory of free trade' and the 'stupid theory overstressing the importance of commerce and industry'. Since in these articles Kawakami was seen touching a bit on the question of protective import customs for agriculture, I would now like to refer a little solely to those points.

According to Kawakami, the 'principle of establishing the nation on the basis of free trade, the commerce and the industry' was holding away over the world of criticism. In fact, Kawakami said, 'almost all of the newspaper and magazine journalists in Japan', including those at the two major economic journals, '*Tokyo Keizai Zasshi*' (*Tokyo Economic Magazine*) and '*Toyo Keizai Shimpō*' (*Oriental Economic Magazine*), believed in this principle. The only exceptions, he said, were a handful of university professors

38) "My confession and my conviction" (written in June 1906), *Complete Works*, 3, p. 446f.

39) *Yomiuri Shimbun 100 Nen-shi* (*A 100-year History of the Yomiuri*), 1976, re-recorded this article in p. 227.

40) cf., Souichi Sakuta, *Jidai no Hito—Kawakami Hajime* (*The Personality of the Day—H. Kawakami*), Kaiken-sha, 1949, p. 27.

who had studied in Germany and the bureaucrats who had been influenced by those scholars. Kawakami wrote, "Conspicuous among such people were Mr. Noburu Kanai who was among the first to advocate the *principle of social policy* and to object to the extreme principle of laissez-faire and Mr. Kuranosuke Matsuzaki who constantly advocated promoting agriculture, industry and commerce in parallel and objected to the extreme principle advocating establishment of the nation on the basis of commerce and industry.....but all of these theories of the 'German' school were confined to the circles within the universities or government offices and were not introduced widely to the world. This is most regrettable."⁴¹⁾

As seen above, under the influence of the 'theory of the old British school', as Kawakami writes, "in Japan, under the pretext of promoting the development of commerce and industry, the idea of *imposing import customs on agricultural products which are to be the materials for the industry or food for the people was always severely objected to.*" As a result of the 'overflow' of the free-trade principle and the principle overstressing the importance of commerce and industry, the farmers in this country were overwhelmed by the import of low-priced foreign agricultural products and were at the same time forced to bear the greater part of the government expenditure (a one-third plus of the tax revenue) under the name of land tax. Seeing this situation, Kawakami wrote, "Can the farmers' class, which is about to account for the greatest majority of the entire nation, afford to eternally overlook the overflowing of this principle?"⁴²⁾ That, in fact, was Kawakami's basic perception of the problem.

The first point that deserves attention is that, in this particular review, a very high evaluation was given to the opinions of Kuranosuke Matsuzaki by Kawakami⁴³⁾ even though the latter, as he writes in his *Jijoden (Autobiography)*, was not so favorably impressed by the former. That was possibly because what Matsuzaki advocated was in line with Kawakami's theory on the conservation of agriculture in which he upholds the ideal of promoting the agriculture, industry and commerce in parallel. Kawakami even went so far as to write, "I secretly hold him in high esteem." Kawakami, introducing Matsuzaki as the person who 'always advocated the need of *promoting agriculture, industry and commerce in parallel*', pointed out that 'the *domestic market* should never be made light of', and went on to state as follows. "We are not saying that the agriculture should be developed at the sacrifice of the interest of commerce and industry. We are only criticizing the folly of sacrificing the interest of agriculture just in order to develop commerce and industry' —These are the words which represent the quintessence of the great work of List and which Dr. Matsuzaki has been repeating every year in his lectures at the university. It is, however, a great pity that, despite such efforts being made by Dr. Matsuzaki, the theory has not yet come to be acknowledged widely by the people of this country."⁴⁴⁾

41) "Review—the schools in the industrial world (3)", in: *Yomiuri Shimbun*, Sept. 21, 1906; *Complete Works*, 3, p. 308f.

42) *Ibid.*

43) *Jijoden (Autobiography)* (5), Iwanami Bunko, 1976, p. 86.

44) "Review—the schools in the industrial world (29)", in: *Yomiuri Shimbun*, Nov. 29, 1906; *Complete*

As mentioned above, Kawakami's evaluation of Matsuzaki was made in connection with List's economic-policy theory. However, it cannot be overlooked that Kawakami had grasped List's economic-policy theory as one that was put into practice by Bismarck. For example, in this particular review, Kawakami wrote, "In those days, Friedrich List wrote a book by severely criticizing the economic policy of Germany (this book was translated into Japanese by Mr. Shigeru Furusawa) but unfortunately at that time his theory was not accepted by the people and consequently he died in disappointment. But lo and behold, after his death, hasn't the prosperity of Imperial Germany been brought into reality as a result of his assertions having been made effective use of in establishing the nation's economic policy?"⁴⁵⁾

Also in an article he wrote later on, entitled "What we should learn from Germany", too, Kawakami asserted as follows: "Even though the British-style principle of free trade had penetrated since the earlier days into the minds of the people of this country (Germany) and had become deep-rooted there, one among the scholars that objected to the public opinion of that time and enthusiastically advocated the need of protective trade was Friedrich List. And the person who immediately applied this to the actual government policy was none other than Chancellor Bismarck. It was, in fact, on May 2, 1879 that 'he declared in the Imperial Diet (Reichstag) that abstract theory does not move me even a little and said that in the age I live, I would only form my opinion on the basis of my own experience' and, rejecting all the oppositions coming from all corners of the country, resolutely established the basis of the principle of protective trade."⁴⁶⁾

It was, indeed, on May 2, 1879 that the first reading of the draft of the proposed tariff law for solidarity protectionism covering both the agricultural and industrial sectors, known as the alliance of "Corn and Iron" was held in the Imperial Diet of Germany.⁴⁷⁾ And since Kawakami found the realization of List's policy theory in the turnabout of Bismarck's economic policy, List is apparently overlapped with Bismarck in the mental scene of Kawakami's.⁴⁸⁾

Works, 3, p. 346f. cf. *Nihon Noseigaku*, p. 164; *Complete Works*, Continuation-4, p. 122.

45) *Ibid.* The 'translation into Japanese by Shigeru Furusawa' in parentheses is unknown. But in pages 11-17 of the Part 1 of *Ri-shi Keizai Ron (Economic Theory of Mr. List)*, translated into Japanese by Sadamasu Ohshima (3rd edition, Minyu Sha, 1905 [1st edition, 1859]), an article on List appears with a signature of Shigeru Furusawa. So, the mention of Furusawa's name in the parentheses above may have been referring to this article.

46) "*Nihon Keizai Shinshi*" (*New Economic Magazine of Japan*) Vol. 3, No. 6, June 1908, p. 6f; *Complete Works*, 4, p. 334f.

47) cf., E. Ohno, *op. cit.*, p. 150-152.

48) As Noboru Kobayashi points out, List in his "Das nationale System der Politischen Oekonomie" insists on free trade for agriculture and 'the new rules that List had established were that, with regard to industry, the protective policy should always be taken only for these people who are endeavoring to rise to the stage of agriculture/industry or agriculture/industry/commerce and, for the agriculture, the free-trade policy should always be adopted.' (*Collection of Works of Noboru Kobayashi on the History of Economics*, VI, "Studies on F. List (1)" published by Miraisha, 1978, p. 136) Also, List's criticism against the theory on protection of agriculture directed to Britain underwent a change in the face of the development of things after his 'Das nationale System der Politischen

Another point that deserves attention in Kawakami's "Review—the schools in the industrial world" is that, while his theory on the conservation of agriculture is one that asserts a parallel promotion of agriculture, industry and commerce, it is pointed out that the '*kinds of agriculture to be conserved and the means by which the conservation is conducted*' on the whole 'depend on place and time' and therefore are not necessarily the same everywhere and that his theory on the conservation of agriculture should not be regarded as it is as '*a theory on the conservation of rice-cultivation*' or '*a theory supporting taxation of imported rice*'.⁴⁹⁾

III Hajime Kawakami and "Tokyo Keizai Zasshi"

On April 13, 1907, at the spring meeting of Teikenkai (group) held in Fujimiken (restaurant), Kotaro Noritake, editor-in-chief of the "*Tokyo Keizai Zasshi*" (*Tokyo Economic Magazine*), spoke as follows. "While *free trade* is based on the spirit to make friends with other nations, *protective trade* is born from the spirit to find an enemy in other nations. Therefore, it seems that there is hardly any possibility of this protective trade as becoming one leading to the truth. Meanwhile, with the year set for the revision of the commercial treaty in 1911 fast approaching, this particular problem has increasingly loomed up before us as one of practical necessity. *We are very happy indeed that Bachelor of Laws Kawakami has recently inaugurated a conservative economic magazine called "Nihon Keizai Shinshi" because this means that we are going to have a good rival.* And I believe this problem of Japan's trade policy will increasingly become one that needs to be studied with zeal....⁵⁰⁾

Oekonomie' published. Kobayashi says, "List, until the end of his life, never made a positive assertion on the protection of agriculture but, still, no criticism against this was after all never voiced." (H. Kobayashi, *op. cit.*, p. 351). Furthermore, List knew almost nothing about the actual conditions of the Junker management east of the Elbe and his thoughts *on the whole* are said to have been never accepted by Germany under the rule of Bismarck. (N. Kobayashi's *Collection of Works* VII, "Studies on F. List (2)" 1978, p. 26). Even from the results of studies on List as mentioned above, it seems to be clear that the image of List held by Kawakami somehow overlapped with that of Bismarck he held. Of course, despite such confusions in Kawakami's perception of List as outlined above, it would be possible to discover some *Listist approach* in the structure of Kawakami's productivity-oriented aspect.

- 49) "Review—the schools in the industrial world (No. 33)", in: *Yomiuri Shimbun* on Dec. 6, 1906, and *Complete Works*, 3, p. 372, Kawakami contended that industrial policies should be set up according to the trend where "all the industries advance from 'coarse' to 'elaborate' and from 'necessity-oriented' to 'luxury-oriented'", and proposed that the farmers should always pay attention to the choice of crops to be grown and endeavor to produce such 'luxury-oriented agricultural products' as flowers, fruits and vegetables side by side with the sericulture. In this connection, he criticized the conditions prevailing in the country by saying, "The farmers of Japan have been adhering to the old customs and manners and, confining their production to such daily necessities as rice and wheat etc., have not a bit tried to devise measures matching the general trend of times." ("Try to promote luxury-oriented agriculture", *Yomiuri Shimbun*, Nov. 26, 1906; *Complete Works*, 3, p. 433f.)
- 50) "*Tokyo Keizai Zasshi*" No. 1385, Apr. 27, 1907, p. 34; cf., Shiro Sugihara, *Seiou Keizaigaku to Kindai Nihon* (*Western Europe's Economics and Modern Japan*), Miraisha, 1972, p. 126; S. Sugihara & Tomoyoshi Ikkai, *Kawakami Hajime*, Shin-Hyoron, 1979, p. 110.

The "*Nihon Keizai Shinshi*", to which Noritake referred, was inaugurated on April 3, 1907 with Kawakami as the publisher and, concurrently, editor.⁵¹⁾ In the inaugural issue of this magazine, Kawakami wrote an article entitled, "Revision of taxation of imported rice (the meaninglessness of the argument against it)" and started the controversy with the "*Tokyo Keizai Zasshi*" (*Tokyo Economic Magazine*; hereinafter to be called simply as "*Tokyo Keizai*"). Although in the "Literatures on Dr. Hajime Kawakami" edited and written by Keitaro Amano, Kawakami's controversy with the editors of the "*Tokyo Keizai*" has been classified into the controversy on "taxation of imported rice" and that on the "decreasing number of owner-farmers", but in my paper here, I would like to give this controversy an overall name of 'controversy on taxation of imported rice' including the controversies between Yokoi, Kawakami and Fukuda which I mentioned earlier in this paper.

(A) First, let us take a look into the controversy over the rate of taxation of the imported rice. Kawakami adds, "Even though the proposal to revise the taxation of imported rice has already been rejected by the parliament, this question is not one that faces us only at the present moment. So, although belatedly, I have decided to say a word about it here."⁵²⁾ This revision proposal, which had been presented by M.P. Shun Morimoto and 4 others, was designed for the following revisions of the rates of import customs on hulled and unhulled rices: whereas a specific customs of 64 sen per 100 kin (=60 kg) had been supposed to be imposed on both the unpolished and the polished rice since Oct. 1, 1906, the revision proposed was to leave the rate of 64 sen per 100 kin unchanged for the unpolished and the hulled rices but to raise the rate to one yen per 100 kin for the polished rice.⁵³⁾

The objective of presenting such a revision proposal that distinguishes the taxation rate on the unpolished rice from that on the polished one can be understood from a

51) In Kawakami's scrapbook (called 'Yabun Hicho' in and after 1898) owned by Fukio Hamura, there is an entry made by Kawakami which reads as follows: "The magazine '*Nihon Keizai Shinshi*' was launched under the auspices of Mr. Shigeru Furusawa, a member of the House of Peers, and with funds provided through the good offices of Marquis Inoue by the Bank of Japan, Mitsui and Mitsubishi. Mr. Kuranosuke Matsuzaki, who was my teacher, joined in the arrangement to establish the magazine and I as the editor-in-chief took care of the practical matters." However, as Mr. Sugihara also points out (in his *Kawakami Hajime*, *op. cit.*, pp. 110-111), according to Kawakami's letter of Feb. 25, 1907 to his parents, the funds of 10,000 yen was provided by the Mitsui family, who offered 6,000 yen, and the Bank of Japan and the Yokohama Specie Bank, each contributing 2,000 yen out of its secret funds. Those who acted as intermediaries were Kaoru Inoue and Shigeru Furusawa, and Kuranosuke Matsuzaki and Susumu Kawazu supervised the magazine publication and Kawakami took charge of all the clerical matters and editing work. Itsuro Sakisaka, in his essay "Tamizo Kushida" (*Chuo Koron* magazine, June issue, 1931) and re-recorded in: I. Sakisaka, *Dokusho wa Yorokobi* (*Pleasure of Reading books*, Shinchosha, 1977, p. 195) writes about his conjecture that the funds were probably drawn from Taro Katsura by Matsuzaki. In any case, I am not directly trying to judge the position of the magazine, "*Nihon Keizai Shinshi*" or that of Kawakami from the sources of funds for the launching of the magazine as mentioned above.

52) "Revision of taxation of imported rice", in: "*Nihon Keizai Shinshi*" Vol. 1, No. 1, Apr. 3, 1907, p. 6; *Complete Works*, 4, p. 3.

53) "*Tokyo Keizai Zasshi*" Vol. 55, No. 1378, Mar. 9, 1907, p. 8.

remark made by Manager Hideyo Noguchi of the Tokyo Seimai (rice refining) Co., Ltd. According to Noguchi's words, whereas the ratio of imports of the polished and the unpolished rices was about 7-3 before the enforcement of the act imposing import customs on rice, the import of the unpolished rice fell to zero after the import customs came to be imposed at the same rate on both the unpolished and the polished rices, because of the fact that the taxation rate rose substantially owing to the loss in weight caused by the refining of the unpolished rice. The idea of proposing different rates of import customs on the unpolished and the polished rice, said Noguchi, was that, if the import of unpolished rice could be promoted by the proposed differential rates of taxation, the refining of the imported unpolished rice would be done in Japan and this would not only enable the refinery to obtain the rice bran but would also bring forth income from the refining work.⁵⁴⁾

The "*Tokyo Keizai*", which had been advocating total abolition of taxation of imported rice, had been criticizing the revision proposal that is designed to promote import of unpolished rice, as follows. The disadvantages of importing unpolished rice are: (1) Because of inadequate drying, the rotten rice of about 10% would be found on arrival in Japan owing to the heat in transit, (2) As a result of refining, a loss in weight would occur, about 15-20% in the case of Rangoon rice and about 20-25% in the case of Saigon rice, (3) The Japanese importers would be obliged to pay the freight also for the rice bran or the hulls whose weight account for 15-25% of the total amount imported. In addition to such disadvantages as mentioned above, since the local margin for the polished and the unpolished rice at the place of production is not more than 11-12%, *the import into Japan of unpolished rice is virtually impossible and in reality only the polished rice is imported. So, if the import customs on the polished rice were to be raised to one yen per 100 kin, this would be tantamount to imposing a heavy 23% tax on the imported rice in general.* The "*Tokyo Keizai*" also said that 'if there was the need of distinguishing the unpolished rice from the polished, the import tariff on polished rice should be left unchanged at 64 sen per 100 kin and reduce that on the unpolished rice and the hulled rice to below that level, but such an idea is only a makeshift, and therefore the import customs on rice should be totally abolished.' Thus the "*Tokyo Keizai*", on the grounds that the import customs on rice was causing the price increase of not only the imported rice but also of the home-produced rice and that the rise in rice price was causing the rise in wages, was asserting that 'the soaring price of rice would in-

54) Hideyo Noguchi (talk) on "Prospect of rice price and import customs on rice", in: "*Tokyo Keizai Zasshi*" Vol. 55, No. 1386, May 4, 1907, p. 18. Since 1900, Japan had changed from the exporter of rice to importer of rice and since around the time of the Russo-Japanese War (1904-05), was importing some 2-5 million koku (1 koku=approx. 180 liters) of rice every year. (K. Mochida, *op. cit.*, p. 203). According to the results of a survey conducted by the Ministry of Agriculture & Commerce on the conditions of rice-exporting countries, it was necessary for the government to set a difference in the tariff rate of 1 yen 20 sen 1 rin per 100 kin of polished rice as against 64 sen per 100 kin of unpolished rice in order to induce the import of unpolished rice instead of polished rice (Susumu Kawazu, "On the revision of import customs on rice" (part 2), in: "*Nihon Keizai Shinshi*", Vol. 5, No. 2, Apr. 18, 1904, p. 9).

evitably lead to the destruction of the manufacturing industry'.⁵⁵⁾

Meanwhile, Kawakami attempted the following refutation against the arguments objecting to the revision of taxation of imported rice. (1) While most of those raising objections were trying to maintain a nominal equality in the rate of import customs on the unpolished and the polished rice, Kawakami starts out from the general theory of principles that he 'believes that the import customs on the processed goods should be set higher than that on unprocessed goods.' And saying that, since the unpolished rice would lose weight as a result of refining, it is only natural for the polished rice as processed goods should be imposed an import customs higher in rate than the unpolished rice as raw material even if efforts should be made to equalize the sharing of import customs, he supported the proposal to set up a difference in the taxation rate between the unpolished and the polished rices. (2) In response to the people objecting to the proposed revision on the grounds that the proposed revision would only profit the rice-refiners and the farmers, Kawakami stressed that the *interest of the farmers who account for a large percentage of the nation*, if not that of the rice-refiners, cannot be made light of. And (3) in answer to those opposing on the grounds that the proposed revision will result in a rise of the rice price and in the growing of the people's burden into an enormous amount, he refuted, "The domestic price of rice will inevitably rise *by the amount of the import customs imposed and all the people would apparently be buying and eating the higher-priced rice*. It is, indeed, the empty theory that brings a damage to the common sense of the people."

As mentioned above, Kawakami aimed at the realization of the *protection of farmers* through the imposition of import customs on rice and through the revision of that system. Above all, he objected to the theory advocating the total abolition of import customs on rice as asserted by the "*Tokyo Keizai*" and argued, "While I had thought that none of the supporters of free trade would object to the imposition of import tariff if its amount were not more than the amount of national tax borne by the home-produced goods, I was surprised to find such strange kind of disputants in this country who, *while insisting on the increase of land tax, tried to totally abolish the import customs on foreign rice*. If they really believed it so important to supply low-priced food for the workers, why is it that they do not go a step forward and advocate the *total abolition of land tax*?"⁵⁶⁾

Thus, Kawakami criticized the "*Tokyo Keizai*" as insisting on total abolition of import customs and, *at the same time*, on the increased collection of land tax, and so the controversy spread from one over the question of whether the *taxation of imported rice* should be continued or not and that of whether the amount should be reduced or increased to the question of whether the *land tax* should be continued or not and whether the amount should be reduced or increased.

(B) Of course, it is not my intention here to consider the exchanging of words between Kawakami and the "*Tokyo Keizai*" in accordance with the development of con-

55) "The evil tax that leads to destruction of manufacturing industry", in: "*Tokyo Keizai*", Vol. 55, No. 1379, Mar. 16, 1907, p. 6f.

56) "*Nihon Keizai Shinshi*", Vol. 1, No. 1, pp. 4-6. *Complet Works*, 4, p. 2f.

troversty between the two. However, I should like to touch only upon the main points at issue concerning the questions of land tax, which have been pushed out front in connection with the question of taxation of imported rice.

(1) The "*Tokyo Keizai*" criticized Kawakami that he was regarding the taxation of imported rice in the same light with the land tax and focused its refutation on this point. The "*Tokyo Keizai*", on the one hand, pointed out that the *import customs on foreign rice, an indirect tax*, because of the fact that it is borne exclusively by the consumers, *caused the price of rice to soar*, increased the burden of the many rice-eaters and at the same time increased the profit of a handful of landowners.⁵⁷⁾ And so saying, the magazine asserted that, because the benefit of the import customs did not spread to the '*farmers, or the tenants*', it could not be expected to help the agriculture to improve or advances.⁵⁸⁾ On the other hand, the "*Tokyo Keizai*" contended that *the land tax was a direct tax* and was borne exclusively by the landowners and therefore it had *no effect on the price of rice*. So, the magazine maintained, the question of whether to continue or abolish the land tax or whether to reduce or raise it had almost no *direct relation* with the rise or fall of the price of rice and the price of rice was determined according to the supply and demand of rice.⁵⁹⁾ So asserting, the "*Tokyo Keizai*" counter-attacked that it was an 'outrageous error' on Kawakami's part to have regarded the taxation of imported rice and the land tax in the same light and, furthermore, stated as follows its viewpoint aimed at securing the export markets by dint of low rice price and low wages, based on free trade. "No matter whether the food is produced at home or is imported from abroad, how much benefit would there be if the prices were high? What benefit would the soaring of the price of rice give to the *people other than landowners*? If the price of rice soars, other things like the wages, too, would soar inevitably. If the wages were to soar, how can one expect to develop the industry and make it prosper?"⁶⁰⁾

(2) In his controversy with the "*Tokyo Keizai*", Kawakami first of all argued that an assertion based on such terminology as that the land tax was a direct tax without shifting-to while import customs are an indirect tax that can be shifted to was 'a desk-top game of scholars and had nothing to do with the reality' and contended, "If the land owners were strong and the tenants were weak, the amount of land tax collected from

57) "In response to Bachelor of Laws Kawakami", in: "*Tokyo Keizai*", Vol. 55, No. 1383, Apr. 13, 1907, p. 6f.

58) "A word to Bachelor of Laws Kawakami", in: "*Tokyo Keizai*" No. 1389, May 25, 1907.

59) "In response to Bachelor of Laws Kawakami", in: "*Tokyo Keizai*" No. 1383, p. 6f.

60) "Once again, in response to Bachelor of Laws Kawakami", in: "*Tokyo Keizai*" No. 1387, May 11, 1907, p. 8. Incidentally, Hyoe Ohuchi, referring to the explanation given by the government about the reason concerning its proposal on the taxation of imported rice at the time when the bill for the special emergency taxation act was presented to the parliament in 1905, pointed out that 'the explanation made minimal reference to the *landowner protecting nature* of the proposed import customs' and, at the same time, made an interesting statement, "Moreover, in Japan at that time, there was neither Cobden nor Bright and the voices seeking "cheap food" and "high wage" were not high enough.' *Zaiseigaku Taikou (The Outlines of Science of Finance)*, Part 2, in: *Collection of Hyoe Ohuchi's Works*, Vol. 1, 1907, p. 597f.

the former would mercilessly push up the amount of rent collectible from the latter, while if the producers of rice were strong and the consumers were weak, then, the amount of land tax paid by the landowners would eventually be shifted to the rice-eaters, too." So arguing, Kawakami stressed the need of considering not only *the direct but also the indirect relations* between the continuation or otherwise of the land tax and whether the amount of tax should be light or heavy on the one part and the price level of rice on the other. What Kawakami meant to assert here was that, although he was not insisting that the effect of import customs and that of land tax on the price of rice were of the same level, it was not only the import customs that was shifted so as to cause the price of rice to soar but the land tax also would in some cases be shifted. Therefore, Kawakami said, if the land tax were to be abolished totally, then, the land-cultivation would begin gaining momentum and the production would increase, thereby affecting the price of rice as well. So, he said, such *indirect relationship* should be given attention to.⁶¹⁾

In response to such argument by Kawakami, while asserting that the amount of *tenant rent* (lease-rent) depended on *the outcome of competitions*, "*Tokyo Keizai*" contended, "Since there would be various reasons such as the *custom*, the *friendship* or the *relationship between the acreage and the cultivators of the land*, I would concede that there would be cases where the *landowners shifts the land tax on to the lessees of their land*. However, it is the tenant rent the landowners collected from the tenants that pays the land tax. It is therefore quite impossible for the landowners to add the amount of the land tax to the price of rice so as to shift it to the consumers. This is because the price of rice is determined by the relations between the demand and supply of it and never by the amount of the cost of production." So arguing, "*Tokyo Keizai*" refuted that the *indirect outcome* of the decision on the continuation or otherwise of land tax or on the level of its amount should not be argued as the effects of land tax and said that the problem existed in the fact that there was '*almost no direct relation*' between the change in the land tax and the rise or fall of the price of rice.⁶²⁾

Kawakami asserted, "The argument that 'the land tax is unrelated with either the *tenant rent* or the *price of grains*' is a mere 'desk-top theory' and that 'in order to rectify the evils of this type of empty theory would be to *vastly restrict the range of scholars' studies both with respect to time and location*. To put it more bluntly, what must be done is to *positively promote the historical and factual studies about the actual conditions prevailing in Japan* and thereby to establish a 'Japanese economics'."⁶³⁾ And so asserting, he dwelt upon the need of studying the real condition of Japan which is restricted both historically and specifically, so as to make the economics settle itself in the soil of Japan, instead of adhering to the existing academic theories and advocating empty desk-top theories just

61) "Some questions for the journalists at the Tokyo Keizai Zasshi", in: "*Nihon Keizai Shinshi*", Vol. 1, No. 3, May 3, 1907, pp. 4-5; *Complete Works*, 4, p. 34.

62) "Once again, in response to Bachelor of Laws Kawakami", in: "*Tokyo Keizai*", Vol. 55, No. 1387, May 11, 1907, p. 8.

63) "The theory on the needlessness of economists, and comments on this theory" (Part 2), in: "*Nihon Keizai Shinshi*", Vol. 1, No. 5, June 3, 1907, p. 21f.; *Complete Works*, 4, p. 52.

like the "*Tokyo Keizai*" has been doing.

At the same time, Kawakami wrote, "You said that *all land taxes are something that are paid out of the tenant rent that landowners receive from the tenants. This was the biggest of all the defects* of the editorials that your company has been publishing over the years, but...". He then went on to criticize that *the farmers' interest*, especially the *interest of owner-farmers* had been overlooked by the "*Tokyo Keizai*" and said that, even though there indeed was the sad reality that *more than half of the Japanese agriculturists were tenants*, there also existed the owner-farmers, that is, 'the landowners who do not collect tenant rents', and that 'the fact that these landowners, too, were paying the land tax should not be forgotten'.⁶⁴⁾

Moreover, Kawakami writes, "If what you refer to as tenant rent were the so-called 'rent' as born out of fancy of Ricardo and his school, then, well, I would have nothing more to say."⁶⁵⁾ For Kawakami, Ricardo's theory on differential rent and the law of diminishing returns which underlies his theory are 'abstract or hypothetical theories' or 'something advocated long ago by some of the scholars with poor brains', which are applicable only under particular conditions.⁶⁷⁾ So stating, Kawakami criticizes that it would never be possible for anyone to understand the tenant rent effective between the landowners and tenants in passing Japan by merely attempting at a straightforward application of such a dogma as mentioned above.

(3) As mentioned above, the "*Tokyo Keizai*" was advocating the total abolition of taxation of imported rice based on the theory that the taxation of imported rice would cause the price of rice to soar and, while increasing the profit of the landowners, on the one hand, would make the wages to soar and would thereby invite the increase in industrial production costs and obstruct the export of industrial products. As against such a position taken by the "*Tokyo Keizai*", Kawakami asserted that there was no need to worry about the soaring of the price of rice, saying, "Should the import customs on rice be totally abolished following your assertion, the inevitable result would be the downfall of our country's agriculture. And this is a truly catastrophic event for the far-reaching national policy. For that reason, *under the present conditions and trend, I am absolutely opposed to the total abolition of the import customs on foreign rice.*"⁶⁸⁾ So contending, Kawakami said that there was no need of worrying about the rising of the price of rice.⁶⁹⁾

Rather than in his 'Final response to the "*Tokyo Keizai*"'⁷⁰⁾ Kawakami's assertion

64) "In response to the journalists of the Tokyo Keizai Zasshi", in: the "*Nihon Keizai Shinshi*", Vol. 1, No. 5, p. 7.; *Complete Works*, 4, p. 58.

65) *Ibid.*

66) *Nihon Sonno Ron*, p. 61; *Complete Works*, 2, p. 242.

67) "Review—Schools of the industrial world (No. 31)", in: *Yomiuri Shimbum*, Dec. 2, 1906; *Complete Works*, 3, p. 368.

68) "In response to the journalists of the Tokyo Keizai Zasshi", p. 7; *Complete Works*, 4, p. 58.

69) "The levels of grain prices, and the rise or fall of a nation (In response to the journalists of the Tokyo Keizai Zasshi)", in: "*Nihon Keizai Shinshi*", Vol. 1, No. 7, July 3, 1907, pp. 20–23. *Complete Works*, 4, pp. 70–74.

70) "*Nihon Keizai Shinshi*", Vol. 1, No. 9, Aug. 3, 1907, pp. 16–19; *Complete Works*, 4, pp. 84–88.

is expressed in a more comprehensive form in his outstanding article written after the controversy between him and the "*Tokyo Keizai*" was temporarily suspended. The intention of this article, in the author's words, was: "To clarify the reason why the theory advocating the total abolition of the import customs on rice is wrong by commenting on why it is not necessary to worry about the rise in the price of rice and, at the same time, to refer also to the policy to promote increase in the supply of rice or to reduce the consumers' purchase price of rice".⁷¹⁾

The reasons why Kawakami asserted that 'here was no need to be concerned about the soaring of the price of rice' were as follows.

First, according to the Western statistics, of the living expenses of the lower social stratum, the bread accounts for only about 10% and therefore it is only natural that in Japan, where only the comparatively well-to-do families or above are actually living on rice, the 'poorest people' do not consume rice at all but mostly live on such coarser types of grains as wheat or barley, millet or the barn-yard grass. Moreover, because of the fact that 'self-producing, self-sufficing economic life' is generally run by the farmers' class which include the largest number of poor people in Japan, the soaring of price of rice does not affect the life of the 'lower social stratum' as is generally imagined.

Second, compared with the soaring of price of rice and that of prices of daily necessities other than rice, the rise in the wages is by far the sharper and therefore the theory that 'the soaring of the price of rice invites the hardships of the workers' is a mere unnecessary worry. Besides, it is contradictory that the people advocating free trade, while insisting on the need of supplying cheap food to the workers, do not hope for a rise in the amount of wages.

Third, 'the rise in the price of rice brings forth the rise in the amount of wages which, in turn, pushes up the costs of industrial production, and therefore the rise in the price of rice hinders the development of industries.' That was what the "*Tokyo Keizai*" had asserted. As against this "*Tokyo Keizai*" theory, Kawakami stressed anew that the living expenses of workers were not affected by the price of rice alone but the point that deserves attention here is, rather, that Kawakami pointed out that '*the total abolition of the taxation of imported rice would reduce the profit of Japan's agriculture and, as a result, the farmers' purchasing power would be weakened, and this inevitably provides the major and direct cause of hindrance to the industrial development in this country*'.⁷²⁾ Kawakami stresses that 'since the farmers account for as many as 60% of the total population, *the force of the farmers' purchasing power in the domestic market is a matter that cannot be made light of*' and that '*for the rise or fall of the industries of a country, this condition of the domestic market is of the highest importance*'. So pointing out, Kawakami criticizes that those who propose to prevent the soaring of price of rice by abolishing the taxation of imported rice and actually overlooking the fact that 'the fall in the price of rice will cause *the farmers, who are the best customers of industrial products, to lose their purchasing power*'.⁷³⁾ In the course of his controversy with the "*Tokyo Keizai*", it seems that

71) "*Nihon Keizai Shinshi*", Vol. 1, No. 11, Sept. 3, 1907, pp. 14-27; *Complete Works*, 4, pp. 89-109.

72) *Ibid.*, p. 20; *Complete Works*, 4, p. 99.

73) *Ibid.*, p. 20f.; *Complete Works*, 4, p. 99f.

the domestic agriculture, *for the first time in history*, was pushed out in front by this article by Kawakami, not only just as the suppliers of farm products or the suppliers of the materials for industry or the materials for the people's daily lives but also as the *consumers of industrial products or as the formulators of the domestic market for the industries*.

Fourth, in response to those who propose to invite a fall in the price of rice by total abolition of the import customs on rice in order to reduce the huge profit gained by the landowners following the soaring of the price of rice, Kawakami, touching upon the actual condition of income and expenditure of the medium-size and small landowners or the owner-farmers, pointed out that their actual condition of living is something to be pitied.

Fifth, saying that the soaring of the price of rice is something that merely accompanies the trend of the soaring of general commodity prices, Kawakami gave some facts that prove that the rise in the price of rice is rather slower than the general trend of rise in commodity prices, and refuted by questioning if there was actually any need of stopping only the rise in price of rice.

Sixth, Kawakami points out that the rise in the price of rice cannot be attributed only to the *taxation of imported rice*. It cannot be overlooked, says Kawakami, that the causes of the rise in the price of rice should be found, besides in *the rise in the price of imported rice*, in *the increase in the demand for rice*, that is, the increase in the consumption of rice as a result of the improvement made in the living standards.⁷⁴⁾

Thus, enumerating such reasons as outlined above, Kawakami commented that 'there was no need of worrying about the rise in the price of rice' and thereby rejected the theory proposing total abolition of import customs on rice advocated by the "*Tokyo Keizai*" and others.

(C) Reporting on their research tour of the Tohoku (northeastern) Region, the journalists of the "*Tokyo Keizai*" pointed out such conditions prevailing there as that the big landowners have made an enormous profit *out of the soaring price of rice* and have been abruptly pushing ahead the *buying up of land*, that, as a result, the number of *owner-farmers* has further decreased and that there has been no end to the trend of increase in the acreage of tenancy land. The "*Tokyo Keizai*" then published an editorial⁷⁵⁾

74) *Ibid.*, pp. 21-24; *Complete Works*, 4, pp. 99-105.

75) "Outcome of the soaring of rice price", in: "*Tokyo Keizai*", Vol. 56, No. 1415, Nov. 23, 1907, pp. 4-6. Incidentally, according to Masanori Nakamura, the disintegration of the farmers' class became evident from the "Agricultural Affairs Survey Table" of 1888 and the "Agricultural Affairs Statistics" of 1908. But, Nakamura said, it was pointed out first by Moritaro Yamada that (with reference to the disintegration of the farmers' class) 'tended for the middle stratum to decrease gradually and the upper and the lower strata to increase gradually' and that this view was succeeded by Hayao Wataya and Tsutomu Ohuchi who advocated the theory of "the disintegration to the two extremes". Nakamura, however, went on to comment that what actually took place was that 'rather than "disintegration of the two extremes" but the basic confrontation= basic structure consisting of the overwhelming *predominance* of the big land-ownership and the overwhelming *inferiority* of the agricultural *management* by petty farmers was established at this stage on a nationwide scale.' (*Kindai Nihon Jinushiseishi Kenkyu* (A Study on the History of the Landowning System in Modern Japan, Todai Shuppan Kai, 1979, pp. 133, 136). In this, Nakamura points out as follows: "The deterioration

proposing that the government should immediately abolish the taxation of imported rice, the system that has invited such deplorable conditions as were found by the research tour. It was, in fact, this editorial that triggered a new controversy between the "*Tokyo Keizai*" and Kawakami over the relations between the taxation of imported rice and the trend of decrease in the number of owner-farmers.

Kawakami was the same in his understanding of the question as the "*Tokyo Keizai*" in that both of the two were concerned over the gradual decrease in the number of owner-farmers and gradual increase in that of tenant farmers. Still, Kawakami took the position that it was completely wrong for the "*Tokyo Keizai*" to advocate the need of abolishing the import customs on rice in order to halt this trend. Comparing with the current condition in Germany, he contended that, in Germany, the import customs were imposed on agricultural products just like in Japan but that, unlike in Japan, the number of tenant farmers had been decreasing gradually and that of owner-farmers increasing gradually. This, says Kawakami, is because, in Germany, 'the government policy of protecting the small farmers has been implemented considerably enthusiastically'. He also pointed out that the *reason why the number of owner-farmers had been decreasing* in Japan was *not the over-protection of the farmers but the extremely inadequate protection of the farmers*.⁷⁶⁾ It is not clear as to what sort of current condition he was referring to when he talked about the trend in Germany of the gradual increase of owner-farmers in number. But, apart from this point, Kawakami asserted that, with regard to the measures to prevent further buying up of land by the big landowners, the first step that needed to be taken was to reduce the burden of the small farmers in their payment of interest on loans by supplying them with ample funds through such financing systems as the agricultural & industrial banks and credit associations, rather than attempting to weaken the financial position of big landowners, as suggested by the "*Tokyo Keizai*", by inducing the fall in the price of rice through the abolition of taxation of imported rice.⁷⁷⁾

In response to such assertions by Kawakami as mentioned above, the "*Tokyo Keizai*" kept on repeating its pet theory, as quoted below, and insisted that, in order to prevent buying up of land by big landowners, the most essential measure to be taken was to put a stop to the artificial rise in the price of rice by abolishing the taxation of imported rice and pressed Kawakami to come up with a better idea 'if he had any to replace the Tokyo Keizai's'. The Tokyo Keizai's 'pet opinion' was: "(the soaring of the price of rice having occurred as a result mainly of the *taxation of imported rice and excessive issuing of paper money*, there currently are hardly any *tenant farmers* who do not

of the managements by farmers in those days was caused by the gradual increase of artificial or chemical fertilizers following the development of capitalism and the hitting of the limit by the 'wage' portion in agricultural costs. The deterioration was also a result of the increase in the tax burden in the wake of the Sino-Japanese and the Russo-Japanese Wars." (Nakamura, *op. cit.*, p. 137)

76) "Cause of the decrease in number of owner-farmers (with reference to the opinion of the Tokyo Keizai Zasshi journalists), in: "*Nihon Keizai Shinshi*", Vol. 2, No. 5, Dec. 3, 1907; *Complete Works*, 4, p. 198.

77) *Ibid.*, p. 7f.; *Complete Works*, 4, p. 198f.

buy rice. There even are a large number of owner-farmers who narrowly do not need to buy rice. In fact, those who are selling rice are generally confined to *big landowners*. Therefore, the *soaring of the price of rice is profiting the big landowners and is not only not profiting the small landowners or tenants* but has been causing the latter to suffer in their daily lives because of the soaring of the prices of rice and other commodities. And such smaller landowners and tenants have increasingly seeking help from the big landowners. Even so, as mentioned above, the big landowners, who are engaged in usurer as business, are turning a deaf ear to such pleas and are keeping on buying up the land with added zeal."⁷⁸⁾

With regard to such 'measures to prevent the buying up of land' proposed by the "*Tokyo Keizai*", Kawakami commented that it was a laughable superstition and asserted that the main cause of the 'buying up of land' can be found in the fact that 'the plight of small farmers is attributable to the short supply of agricultural funds and the exorbitance of interest on such funds'. So writing, Kawakami, concludes that the best measure, as sought by the Tokyo Keizai journalists, *to conserve the small farmers* would be nothing less than the organizing of an industrial cooperative.⁷⁹⁾

Such controversy between Kawakami and the "*Tokyo Keizai*" was soon brought to a close in the form of a natural extinction when Kawakami, who accepted the post of a lecturer at the law school of the Kyoto Imperial University on Aug. 24, 1908, moved his residence from Tokyo to Kyoto in September and, at the same time, handed over his job as the publisher/editor of the "*Nihon Keizai Shinshi*" to Hachiro Nagano as from the Vol. 4, No. 2 (the Oct. 18, 1908 issue).

IV. Epilogue

On December 21, 1908, the 2nd Conference of Social Policy Society was held at the auditorium of the Tokyo Higher Commercial School (present Hitotsubashi University). It was in the 2nd-day session of this Conference that Kawakami gave a lecture entitled "Taxation of imported rice as the policy to protect agriculture" which revealed a dramatic turnabout in Kawakami's tone of argument concerning the subject. While continuing to uphold his theory on conservation of agriculture, he *once again clearly* denied the effectiveness of taxation of imported rice as the policy means to achieve that purpose.

In the first part of his lecture, Kawakami compared the situation in Japan with that in Britain, and touched upon the reason why it was necessary for Japan in particular to protect the agriculture. Then, in the second part of the lecture, he concluded that the taxation of imported rice gave 'no effect whatever' as a means of protecting agriculture. First, he said that Tokiyoshi Yokoi was wrong when he (Yokoi) asserted

78) "On reading the review concerning the outcome of the soaring of the price of rice", in: "*Tokyo Keizai*", Vol. 56, No. 1417, Dec. 7, 1907, p. 7f.

79) "A response to the Tokyo Keizai Zasshi concerning the measures it has proposed to prevent the decrease in number of owner-farmers", in: "*Nihon Keizai Shinshi*" Vol. 2, No. 6, Dec. 18, 1907, p. 13f.; *Complete Works*, 4, p. 204f.

that the 'taxation of imported rice would not lead to the soaring of price of domestically-produced rice'. "If so," contended Kawakami, "it would be unnecessary for Yokoi as a representative of farmers to advocate the theory calling for retention of taxation of imported rice, since the imported customs collected would become the revenue for the government but would not have the effect of protecting the farmers." Second, when the price of domestic rice soars as a result of the taxation of imported rice, it is evident, said Kawakami, that the farmers who are selling rice would be benefited. Kawakami argued that since 'practicing of charity on the farmer class with money from the Treasury' would only 'promote idleness of the people receiving such charity',⁸⁰⁾ this 'would not be an appropriate measure to promote Japan's agriculture'.⁸¹⁾

From Kawakami's point of view, the problem was that, in order to promote the improvement of Japan's agriculture, it was advisable for the educated people to be invited to work in the farm villages and to '*radically reorganize the agricultural system*' in such a way as to facilitate the activities of such people full of vitality who are invited to the farm villages.⁸²⁾ So, Kawakami concluded that 'for protection of agriculture, the taxation of imported rice' was a means that was definitely 'harmful and useless'.⁸³⁾

However, in the third part of his lecture, Kawakami commented on the question of whether the current taxation of imported rice should be continued or not and, if continued, what the level of taxation should be. And he went on to argue that, if the taxation of imported rice *were to be introduced now*, he would definitely object to the idea and that, *if an increase in the rate of taxation* of imported rice were being proposed, he would definitely oppose it even if he 'once supported the draft amendment to differentiate the taxation rate on the unpolished rice from that on the polished rice and to raise the rate on the latter. However, as to the idea of *abolishing the current* taxation of imported rice, too, Kawakami asserted that he would '*at the same time* oppose strongly'.⁸⁴⁾

According to Kawakami, the taxation of imported rice was '*an evil tax*' and it was wrong to introduce such an 'evil tax' at all. But, he said, if this system were to be abolished abruptly a few years after introduction after the circumstances have changed, this would be 'making troubles unnecessarily' and would be 'dealing a heavy blow spiritually to the general trend of the world of agriculture'. "For these reasons," Kawakami concluded his lecture by asking, "please entrust to our group *for a while* this 'taxation of imported rice' as a symbol of protection of agriculture."⁸⁵⁾

In any case, the reason why such a turnabout as mentioned above had occurred in Kawakami's viewpoint was, as Kawakami himself pointed out, that he had the misgivings that 'under the present circumstances', '*there might be a danger of an extreme*

80) *Kanzei Mondai to Shakai Seisaku (Customs Problem and Social Policy)*, edited by the Social Policy Society, Dobunkan, 1909, p. 228; *Complete Works*, 4, p. 492.

81) *Ibid.*, p. 229; *Complete Works*, 4, p. 492.

82) *Ibid.*, p. 230; *Complete Works*, 4, p. 492.

83) *Ibid.*, p. 232; *Complete Works*, 4, p. 493.

84) *Ibid.*, p. 233; *Complete Works*, 4, p. 495.

85) *Ibid.*, pp. 233-235; *Complete Works*, 4, pp. 495-497.

type of protective trade being brought into reality'.⁸⁶⁾ When the time comes for the tariff to be revised, explained Kawakami, the government, out of its financial needs and under the pretext of protection of industry, would be agreeing to the increase in import customs or to the introduction of new customs. On the other hand, said Kawakami, 'those engaged in commerce or industry as well as the agriculturists would no doubt be rising everywhere to actively seek government protection to their own business'⁸⁷⁾ There-

86) *Ibid.*, p. 217; *Complete Works*, 4, p. 484.

87) *Ibid.*, p. 217; *Complete Works*, 4, p. 485. Here, Kawakami is worried over the possible danger of an extreme type of protective customs being pushed ahead by the combined force of the "commercialists, industrialists and agriculturists in the private sector", but it is not evident as to what concrete 'combined force' he had in mind. However, Kawakami in the past used to protect the farmers' interest and, based on the standpoint of seeking the development of commerce and industry with the prosperity of agriculture as the foundation, he advocated protectionism and criticized the "principle of establishing a nation on the basis of free trade and active engagement in commerce and industry". In doing so, Kawakami continued to keep his eye on the protective-customs policy, especially the confrontation of interests between the commercialists/industrialists and agriculturists over the question of taxation of imported rice. But now, he has come to pay attention to the aspect of the linking of interests of the two. Saying that he 'thinks the protection of *farmers of today* and the promoting of the *agriculture of our country* are, in a sense, two separate problems,' Kawakami commented: "The farmers of today would no doubt find their purse grown somewhat heavier or see profit being gained even a little, if the price of rice went up. However, through such a process, the farmers are most likely to become increasingly idle. This would mean that a further delay in improvement and progress would occur to the agriculture which is already suffering from delay in development. So, if the very agriculture were to be viewed as the central subject, I think the point mentioned above needs to be considered thoroughly." So stating (in "*Kanzei Mondai to Shakai Seisaku*", p. 229, *Complete Works*, 4, p. 492), Kawakami attempted to criticize, from such productivity-oriented point of view as mentioned above, the commercialists/industrialists and agriculturists in their alliance promoting an 'extreme type of protective trade'.

When he used the word "agriculturists", what Kawakami always had in mind was, as is clear from his foregoing arguments, the peasantry; the big land owners were more or less pushed away into the background. But when Kawakami turned his critical eye upon the alliance of the commercialists/industrialists and agriculturists, it seemed that, *objectively*, Kawakami's criticism could have had the meaning as one directed to the danger to be brought forth by the formation of a solidarity protectionism in cooperation with the Japanese bourgeois-land owners.

As one of the examples often cited to show such trend of the Japanese bourgeoisie, there is the speech given at the 2nd Convention of the Social Policy Society on the import customs on grains by Tsuneaki Sakawa. In Kawakami's book, *Nihon Noseigaku*, Sakawa is regarded as one of the people representing the advocates of "Value-the-agriculture principles, observed more or less by force of habit" after the Meiji Restoration (*Kanzei Mondai to Shakai Seisaku*, p. 126; *Complete Works*, Continuation-1, p. 99). But Sakawa, not only just advocating a ruralist-type theory proposing protective customs on rice, after leaving the post of Director of Agricultural Bureau of the Ministry of Agriculture and Commerce to become the president of Dai-Nihon Seito (sugar refining) Co., but also came to advocate, as pointed out also by Motoyuki Koike et al., the need of 'protecting agriculture from the viewpoint of a capitalist' as a result of his 'having additionally gained the understanding, by his having put himself on the standpoint of a Bourgeoisie, of the fact that the peasants were the ones that formed the foundation of low wages' (Koike et al., *op. cit.*, p. 166). In other words, according to Sakawa's words, the development of Japanese commerce and industry was supported by the low costs of production but that was due, first, to the fact that, in Japan, the small-scale manufacturing used to be carried on as a side-business of farmers' operations. The second reason was that the wage was low as it used to be paid to the workers coming from farm villages as

one for the single persons, as was expressed in the following passage in his speech: "Since each worker was a member of a family who had come to join the particular manufacturing business, it was enough for each worker if he or she were paid a wage sufficient to support the individual's life" (*Kanzei Mondai to Shakai Seisaku*, p. 109). From such a point of view as mentioned above, Sakawa asserted the need of the protective customs on imported rice in order to solidify the 'foundation of agriculture' as the 'driving power' for the development of Japan's commerce and industry (*Ibid.*, p. 110).

In other words, as against the viewpoint, as taken by the "*Tokyo Keizai*", proposing the abolition of taxation of imported rice and attempting to secure the export market by means of low price of rice and low wages, Sakawa proposed to retain the taxation of imported rice and pushed out in front his standpoint of keeping intact the sources of low wages of Japan, namely, the 'side-business of farmers' operations and the 'wages paid to workers as single persons'.

If we were to have a look at the history of studies made in this field, we note that Kazuro Umezu is found to have placed the words of Sakawa's immediately in the same category as 'the logics of monopolistic capital' and have written that 'the logic of monopolistic capital straightforwardly expresses the protection of farm villages as the sources of low wages' (K. Matsui (ed.), *op. cit.*, p. 284). This point has been more clearly explained by Kiyoshi Inoue as a confrontation of interests over the problem of taxation of imported rice by the bigger bourgeoisie (monopolistic capitalists of Zaibatsu, the giant financial clique) and the medium-sized and small bourgeoisie (the industrial capitalists). Inoue, after pointing out the fact that the big bourgeoisie of those days defended the landowning system as a matter that guaranteed the low wages for the workers and one that constituted the citadel of the social order, said as follows: "For example, in 1911, the nations' external autonomy on the question of import tariffs was restored completely and the protection of domestic industries was put to a start in full scale. At that time, there was a fierce dispute over pros and cons of imposition of import customs on rice. On the whole, the industrial capitalists desired low price of rice as one of the conditions for low wages and opposed the import customs on rice, while the monopolistic capitalists of Zaibatsu supported the taxation of imported rice that the landowners' class strongly demanded and helped in the realization of that import customs on rice." (*Nihon Teikokushugi no Keisei* (*Formation of the Japanese Imperialism*), Iwanami Shoten, 1968, p. 348).

Under the circumstances as mentioned above, if the viewpoint such as the one taken by Sakawa of advocating 'protection of agriculture from the standpoint of the capitalists' in an effort to keep the sources of low wages of Japan could be regarded as the one that responded to the interest of the big bourgeoisie (monopolistic capital of Zaibatsu), the viewpoint such as the one taken by the "*Tokyo Keizai*" would have to be regarded as one that pointed directly to the low price of rice and low wages and which was in line with the interest of the medium-sized or small bourgeoisie (industrial capitals).

As against the above, Kawakami, who defended the farmers' interest and took the position of seeking development of industrial capitals that had their roots in the domestic market supported by the farmers' purchasing power, advocated the choice of the path towards modernization, a position opposite to the one taken by the "*Tokyo Keizai*". However, as soon as Kawakami realized that the policy of protectionism which he had defended by writing in "*Nihon Keizai Shinshi*" had the danger, as a result of alliance of the commercialists/industrialists and the agriculturists, of going too far prior to the revision of the treaty, he abruptly changed his position and revealed his standpoint of denying the principles of the taxation of imported rice as a means of bringing the conservation of agriculture into reality. Objectively, such a position taken by Kawakami may perhaps be interpreted to mean that he maintained a critical attitude also toward the formation of a solidarity bloc comprising the big bourgeoisie and landowners.

When we grasp the situation in the way as outlined above, it would be necessary for us to touch upon the point of how we should understand the 'commentary' that Kawakami published at the end of the 1920s on the collection of Teiken's (Ukichi Taguchi's) *Complete Works*, the 'commentary' that had often been taken up as a problem that needed to be studied. In this 'commentary' Kawakami said: "The shift of the Japanese society in Meiji era into capitalism was brought about not as a result of internal development but was due, not in small measure, to the external stimulus from the capitalism of Europe and America. Similarly, the economics of Japan was largely an importation from foreign countries and I believe the social background of the es-

establishment of economics were perhaps to be found more in foreign countries than in Japan. As for myself, in the late thirties of Meiji era (at the beginning of the 20th century), I was involved in the launching of the magazine, "*Nihon Keizai Shinshi*" to compete against the "*Tokyo Keizai Zasshi*" supervised by Dr. Teiken Taguchi and conducted the editing of the magazine for some time. It seems to me that this magazine represented the interest of the Japanese bourgeoisie in those days more." (*Teiken Taguchi Ukichi Zenshu* (Complete Works of 'Teiken' U. Taguchi), Vol. 3, Commentary, 1928, p. 9. *Complete Works*, 16, p. 153f.)

The first problem here is that Kawakami, with regard to the assertions made in the "*Tokyo Keizai*", was pointing out that those assertions were so abstract that they had no 'social ground' in the reality of Japan, the point that Kawakami was repeatedly criticizing at the time of the controversy. Sugihara, too, points out that, while Ukichi Taguchi's "*Tokyo Keizai*" until around the Sino-Japanese War (1894-95) was able 'to represent the interest of the newly-rising commercial and industrial class that has emerged in the private sector under competition against the privileged big capitals', the 'imaginary nature of its thought' came to be thrust forth after that. (*Seiou Keizaigaku to Kindai Nihon*, pp. 142-143.) Needless to say the main issue in this paper (by Ohno) is Kohtaro Noritake's "*Tokyo Keizai*" but, in order to clarify the nature of this magazine, it will be necessary to make a more in-depth study. Incidentally, Kazuhiko Sumiya judges the Tokyo Keizai's theory proposing establishment of the nation on the basis of commerce and industry as one 'that forms a "resonance board" for the Zaibatsu-type capital pattern and the condition of material and ideal interests' ("Images of thoughts of Japanese bourgeoisie in its formation period", in: *Kindai Nihon Keizaishiso-shi* (History of Economic Thoughts in Modern Japan) (Part I) edited by Cho and Sumiya, Yuhikaku 1969, p. 186). As far as is seen through the controversy over taxation of imported rice, it seems that the standpoint of "*Tokyo Keizai*" cannot be grasped as a matter in line with the interest of "Zaibatsu monopolistic capitals". However, depending on how Sumiya's term of "Zaibatsu-type capital pattern" is used, a summary may be considered to have been made of the pattern in which the pre-modern capital transforms into industrial capital. By the way, Kawakami says that, rather than the "*Tokyo Keizai*" that advocated free trade, the "*Nihon Keizai Shinshi*" that asserted protectionism represents the interest of the 'Japanese bourgeoisie of those times' more. But it would be a problem as to what sort of image Kawakami had in mind when he spoke of 'Japanese bourgeoisie of those times'. Needless to say, the problem here is the interpretation Kawakami made of the controversy conducted by himself in his days at the end of the 1920s at the beginning of the 20th century. Meanwhile, Kawakami deepened his understanding of the landowning system and tenant rent of Japan (for example, see his "Capitalization of Japan's farm villages", in: "*Warera*" (We) Vol. 5, No. 4, Apr. 1923, p. 29; *Complete Works*, 13, p. 401) and also indicated his viewpoint by writing that Marx's theory of capitalist land rent 'cannot possibly be applied to the tenant rent of Japan today' (*Marukusu-shugi Keizaigaku* [Marxist Economics], Ueno Shoten, 1928, p. 22; *Complete Works*, 15, p. 51). In contrast to this, Kawakami's understanding of the characteristics of the Japanese bourgeoisie is not clearly indicated, although it is evident that, toward the end of the 1920s, Kawakami had in mind such groups as Mitsui and Mitsubishi as the bearers of the development of state-parasitic, Zaibatsu-type capitalism, when he referred to 'Japanese bourgeoisie' (*Ibid.*, No. 2, p. 214; *Complete Works*, 15, p. 43, 127). So, it seems that Kawakami had grasped the 'Japanese bourgeoisie of those times' (i.e., at the beginning of the 20th century) 'as something that would follow such a path of development and therefore evaluated the protectionism of the "*Nihon Keizai Shinshi*" as one that represented the interest of the 'Japanese bourgeoisie' in a more realistic way.

Between such an evaluation as introduced above and that of this (Ohno's) paper, for example, concerning the standpoint of Kawakami in his earlier days when he engaged himself in the controversies, with "*Nihon Keizai Shinshi*" as his base, against the "*Tokyo Keizai*", there are some discrepancies. But about this point, shouldn't we consider it as being due to the shift in Kawakami's viewpoint that can be perceived in the process of his change from Kawakami in his younger days to Kawakami as a Marxist? The task that remains to be undertaken, the author believes, will be to trace the dramatic changes that occurred to the thoughts of Kawakami, who had thrown away the viewpoint he had held when he wrote such works as *Shakai-shugi Hyoron* (Socialism Review) and *Bimbo Monogatari* (Story of Poverty) and had gone so far as to confess, "Such a past of mine is nothing but a

fore, he warned, there was a great danger of *extreme type of protection* being conducted under such pressure from both the government and the private sector. Yet, Kawakami said, the National Diet (parliament), which stood 'in between' the government and the private sector, was not a "forum of just arguments" in true sense of the word. These, in fact, were the sense of crisis and that of responsibility for the current trend of times that existed at the root of Kawakami's assertion. In this case, the point that required special attention was the deepening of Kawakami's perception of reality. Until then, Kawakami used to criticize the government policy 'attaching excessive importance to commerce and industry' and had been emphasizing the confrontation between the *commercialists/industrialists* and the *agriculturists* over the protective customs, upholding the protection of farmers' interest as the keynote. But now Kawakami has come to suspect that the two would be uniting and collaborating to promote a dangerous and excessive type of protection. In bringing forth such a turnabout in Kawakami's viewpoint, what gave not a little influence on him was his association with Kaiichi Toda. In fact, Kawakami himself writes that 'he owed much to Dr. Toda for the content of this lecture of mine'⁸⁸⁾, revealing Kawakami's intellectual sincerity. As for the main content of "Toda's opinion", it would be quite right in thinking that his opinion is summarized in the lecture Toda gave in October 1908 at the meeting room of Kyoto Bank, entitled "My opinions on customs and revision of the treaty".⁸⁹⁾

At any rate, even if Kawakami may have been maintaining his assertion to promote the three—agriculture, industry and commerce—in parallel, the 'theory adhered to for many many years',⁹⁰⁾ the question of customs to protect the agriculture was no longer a subject of interest for him. For Kawakami, the subject of gravest concern was the old-fashioned 'primitiveness' of Japan's method of producing rice, a 'scene one would find in the history of ancient economy'.⁹¹⁾ So, the problem that Kawakami raised as one to be solved *with the utmost urgency* was to change the implemental production method to the large-scale mechanical production method for rice and thereby achieve a structural reform of agricultural productivity. Thus, Kawakami, instead of confining himself to continuing to assert the need of 'radically improving the rice-

shame for me of today." (*Daini Bimbo Monogatari* [Story of Poverty—No. 2]), Kaizosha, 1930, p. 237. *Complete Works*, 18, p. 60).

88) *Kanzei Mondai to Shakai Seisaku*, p. 237; *Complete Works*, 4, p. 498.

89) Kaiichi Toda, "Opinions on the proposed revision of treaty", in: "*Nihon Keizai Shinshi*" Vol. 4, No. 10, Feb. 18, 1909, pp. 19–24. Here, of Toda's lectures consisting of 12 chapters, only up to the 3rd chapter is included. The entire series of his lectures appears in Toda's *Nihon no Keizai* (Economy of Japan), Hakubunkan 1911, Chapter 15, "Opinions on tariff and proposed revision of the treaty", pp. 398–476. Particularly, his statements made in Section 4, "Danger involved in the protectionist theories of our country" and thereafter are related with the present subject. As for the works commenting on the influence of Toda to Kawakami, there is Hirobumi Iuchi's "Kaiichi Toda's theory on Japanese industry", in: "*Shakai Keizai Shigaku*" (*The Socio-Economic History*), Vol. 44, No. 1, 1978, pp. 73–89.

90) "Sufficient food and sufficient arms are the foundation of people's trust in the government", in: "*Chuo Koron*" (magazine), Vol. 26, No. 5, Apr. 1911, p. 40. *Complete Works*, 5, p. 366.

91) *Jisei no Hen* (*Changing Times*), the Yomiuri newspaper, 1911; *Complete Works*, 5, p. 150.

production operations' at home,⁹²⁾ came to insist that Japan should 'go out into the world' 'in search of arable land far and wide' because Japan was hindered by its 'natural and geographical conditions' in its effort to apply the large-scale mechanical production method to rice cultivation.⁹³⁾ It was, in fact, in this sense that Kawakami wrote, "Thus the author, who had been an advocate of the closed-country-type agriculture, has now become one advocating imperialistic-type agriculture."⁹⁴⁾

What Kawakami strongly desired was that 'for the sake of Japan's economy, especially for this country's agriculture, great discoveries and inventions would occur one after the other so that a total transformation would be brought about as soon as possible to this industry (agriculture) which is unique to our country'. And what he was apprehensive about was that '*thoughts and policies that give excessive importance to solidarity and unification* tended to kill at the stage of budding all the inventions and discoveries that all meant new and unusual'. The reason for such assertions by Kawakami was, "*The thoughts in freedom are a mother of creativity*".⁹⁵⁾

92) *Ibid.*, p. 289. *Complete Works*, 5, p. 173.

93) "Improvement of rice-cultivating methods and development of the Japanese race", in: "*Chuo Koron*" Vol. 26, No. 9, Sept. 1911, p. 120; *Complete Works*, 5, p. 390.

94) *Jisei no Hen*, p. 290; *Complete Works*, 5, p. 173.

95) "Improvement of rice-cultivating methods and development of the Japanese race", p. 122; *Complete Works*, 5, p. 392.