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NATIONAL UNIFICATION AND LAND REFORM IN THE MODERNIZATION PROCESS OF JAPAN (2)

—*HAIHAN CHIKEN, CHITSUROKU SHOBUN AND
CHISO KAISEI AT THE TIME OF THE MEIJI ISHIN*—

By NAKAMURA, Satoru*

IV Disintegration of the Shōgunate *Han* Feudal-lord System—*Chitsuroku Shobun*

The Shōgunate *han* feudal-lord system was dismantled as far as feudalistic landownership (power of tax collection and judicial and administrative rule) by the Shōgunate and *han* was concerned during the process of *Taisei hōkan*¹⁾ and *Haihan chiken*²⁾. On the other hand, the lower class lordship, which had already lost its independence and had been converted to *hōroku*³⁾ (*karoku*) of the retainers in the early modern era (Edo Period — 1600–1867), was terminated by means of *karoku shobun*⁴⁾. The Shōgunate *han* feudal-lord system originally had a far greater number of retainers than the European feudalistic system, but the number of retainers further increased during the period of the *Boshin* Civil War and they took on the character of mercenaries rather than the original retainers. As the payment of *karoku* occupied more than half of the financial expenditures of a *han* (about 70%, if the salary of the *hanshu*⁵⁾ himself is included), treatment of *karoku* was a significant problem and of the most critical interest to the retainers and to the *samurai* class in general.

Dissolution of the Shōgun's Retainer Group

The Shōgun's retainer group was the first to be dissolved among the various groups of feudal retainers. The number of retainers of the Shōgun was estimated at the end of the Shōgunate period to be 5,200~5,300 *hatamoto*⁶⁾ (among them about 2,200 *chigyōtori*⁷⁾) and about 17,000 *gokenin*⁸⁾. According to the report by surrendered *Bakufu*⁹⁾ presented to *Daisōtokufu*¹⁰⁾ in June 1868, the amount of these retainers' *karoku* was:

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- 1) The return of national control by the Shōgun to the *Tennō* (Emperor) (November, 1867).
- 2) The reform in which the fiefs of *daimyō* were ultimately confiscated as a step toward building a state with a centralized government (August, 1871).
- 3) Salaries for the retainers.
- 4) Abolition of *karoku*.
- 5) A great feudal lord, *daimyō*, who governed a *han*.
- 6) The Shōgun's retainers who had higher and middle ranks.
- 7) Those who were given fiefs by the Shōgun, that is, feudatory.
- 8) Lower ranked retainers of the Shōgun, who were given allowances in rice or cash salaries.
- 9) The central government of Shōgun.
- 10) An executive organ of the new Meiji Government located in Edo.

income from fiefs 3,060,000 *koku*¹¹⁾; allowances in rice 421,000 *koku*; and cash salaries 402,000 *ryō*.

These retainers can be classified into the following 4 groups according to the mode of dissolution of their status: (1) those who took action on the side of the new Meiji Government from early on (before the Ueno Battle of July 4, 1868); (2) those who submitted to the new Government after the Ueno Battle, that is, after the time when *Bakufu* troops were driven away from Edo and the prospect of victory of the new Government was established; (3) those who became retainers of Shizuoka *han* when the previous Shōgunate became a *daimyō* of Shizuoka *han* (700,000 *koku*); and (4) those who gave up the status of *samurai* and became farmers or merchants.

Many of the first group were high-ranked *hatamoto* who had their fiefs in the western part of Japan and who submitted to the new Meiji Government to secure their fiefs, which had been taken away early on and placed under the control of the new Government. Although a fairly large portion of high-ranking *hatamoto* was included in this group, their total number was 340, which was only a small portion of *hatamoto* as a whole. They were permitted to rule over their own fiefs in July 1868 (even after that time, a few high-ranked *hatamoto* were allowed to continue the traditional lordship over their fiefs, but in these cases the fiefs were reduced to 2/3 or a half of the original ones) and given the status of *chūgetaiu jōshi*. In reality however, their traditional lordship as such was not approved and the previous fiefs were incorporated into *fu ken*¹²⁾, with only their right of tax collection being preserved (in fact, taxes were collected by the *fu ken* and delivered to them). Since they were not feudal lords having fiefs of 10,000 *koku* or more (during the Edo Period, the lordship of a large feudal lord who had a fief of 10,000 *koku* or more was recognized as a *han* and its governing power was considerably independent from the *Bakufu*), their lordship could not become a *fu ken han*—a local administrative organization of the new Meiji Government but rather was incorporated into the organization. Therefore, their debts were not recognized as public debts but rather were regarded as private debts to be borne by the individual concerned, and paper currency issued within their territories was not taken over by the new Government. At last, in January 1870, they were finally deprived of the right of tax collection and instead they began being given *karoku* in an amount representing a reduction of 85% on average relative to their previous tax income. In December 1870, their status of *chūgetaiu jōshi* was abolished and they were classified as *shizoku*¹³⁾.

The number of retainers in the second group was 5,779 in January, 1870, and they were naturally treated more harshly than those in the first group. Their fiefs were all incorporated into *fu ken* and curtailed substantially in September 1868 (for example, the rate of the curtailment was 90% for fiefs of 5,000 *koku*, 70% for those of 500 *koku*

11) During the Edo Period the scales of fiefs and lands owned by farmers were shown not by areas but by the amounts of rice crops: 1 *koku* was about 5 bushels.

12) Regional administrative organizations under the central government.

13) With *Hanseki hokan* in July 1869, the relation of lord and vassal of the previous *samurai* class in *han* was abolished, and the *samurai* class was given the status of *shizoku*.

and 60% for those of 100 *koku*: the curtailment was not enforced in the case of fiefs of not more than 40 *koku*). In January 1870, moreover, these curtailed *karoku* were reduced again, and thus the total rate of the curtailment amounted to 97% in the case of the highest rate, which was applied to fiefs of 10,000 *koku*. As a result, the *karoku* of the members of this group were almost equalized at an average 15 *koku* in rice per member, which was the living standard of a lower social class at that time.

The number of retainers of the third group was earlier expected to be about 5,000, but increased due to the appearance of immigrants without *karoku* to Shizuoka. A reform of *karoku* was forced upon the retainers in December 1869. According to the reform, the curtailment rate of *karoku* was still greater than that for the members of the second group: retainers who had fiefs of 3,000 *koku* or more were given 18 *koku* in rice (the curtailment rate was 99.5~98.3%); retainers who had fiefs of 500 *koku* were given 10.8 *koku* in rice (the curtailment rate was 94%); those who had fiefs of 100 *koku* were given 9 *koku* in rice (the curtailment rate was about 70%); and only the retainers who had former *karoku* of 20 *pyō* or less in rice (1 *pyō* equals 0.35 *koku*) were given 7.2 *koku* in rice which meant no reduction or rather a slight increase. At the end of 1871, the total number of retainers in this group was 13,666 and their total salaries in rice amounted to 148,698 *koku* or 10.9 *koku* per capita. With this amount of *karoku* alone, it was difficult to sustain the minimum living standards of a family.

Those of fourth group were those who gave up the status of *samurai* and to whom no *karoku* was paid at all. Their number seems to have been about 5,000.

In addition to the above-mentioned direct retainers of the Shōgunate, there were numerous indirect retainers (retainers of *hatamoto* and *gokenin*) who were all classified as farmers or merchants and were given salaries in rice only for a short time which represented substantial reductions relative to their previous *karoku*.

In less than 2 years, by January 1870, the *karoku* of the retainers of the Shōgun as a whole were reduced to 1/5 or less of the original amount (the reduction rate was 82% according to a trial calculation), that is, a disposition nearly tantamount to abolition of *karoku* without compensation was already completed by that time.

Reforms of *Karoku* Systems in *Han*

In compliance with “*Shomu henkaku*” (July, 1869), “*Han sei*” (October, 1870) and other orders and regulations issued by the central government, reforms of *karoku* systems were carried out in many *han*. These reforms were considerably different according to the actual conditions of the *han*. Generally speaking, however, in accordance with the directions of the new Meiji Government contained in the order of “*Shomu hen kaku*” which set the income of *han shu* (*han's* lord) at 1/10 of the financial revenue of the *han* and reduced the *karoku* of the retainers of the *han* accordingly, many *han* curtailed the *karoku* of high-ranking *samurai* to 10% of the original amount, and the lower was the status of the retainers, the lower was the curtailment rate. Thus, in general, a rather low rate of curtailment or no curtailment at all was applied to the *karoku* of the lowest layer of the retainers, and some *hans* even increased the *karoku* of the lower class of

samurai.

It must be noted that the setting of the *karoku* of *han shu* at 10% of the financial revenue of *han* and the curtailment of the *karoku* of the higher layer of *samurai* (including also the middle layer in some *hans*) to the level of 10% of the original amount had completely a different meaning. In the later period of the early modern age (Edo Period), there was a tendency to separate the household of the *han shu* from the finances of the *han*, and in many *hans*, household expenses of the *han shu* had likely been reduced to a level of less than 10% of the *han's* revenue due to financial difficulties at the end of the Shōgunate. Therefore, after *Hanseki hōkan*¹⁴⁾ the personal income of the *han shu* generally did not decrease and in fact increased in many cases. In other words, the *han shu* class was treated advantageously in terms of *karoku* payment in exchange for *Hanseki hōkan*, but the *karoku* of the higher and middle layers of *samurai* was curtailed severely on the plea of following the determination of the *han shu's karoku* by the central government.

This constituted a significant factor which caused a great difference between the amount of public loan bonds received by previous *han shu* and that received by former retainers when *karoku* were finally abolished in 1876 in exchange for *kinroku* bonds, and brought about the difference in their destiny—former *han shu* generally became rentiers or capitalists, but many of the previous retainers fell to the lower classes or became wage earners. *Hans* which had been hostile to the *Tennō's* army and some other small *hans* were forced to curtail the *karoku* of retainers more severely and their living standard was almost equalized. Nagaoka *han*, Sendai *han* and others could not maintain the *karoku* system due to financial difficulties and only delivered rice to the retainers to enable them to sustain a minimum living standard. Especially after the enactment of "Hansei", increasingly more *hans* equalized the *karoku* of retainers.

Moreover, there were *hans* which not only curtailed the *karoku* but also tried to completely abolish or dissolve them. One such method was to change *samurai* to farmers, which was planned or implemented in 68 *hans*. In many such cases financial support was given to *samurai* to become farmers. However, in a situation in which farmers' landownership had already become widespread, it was impossible to go against this trend and make *shizoku* (*samurai*) landowners. Therefore, they were forced to cultivate new lands or to buy lands owned by farmers based on the recognition of the farmers' landownership, but as the latter ownership had already been firmly established and the purchase of land at low prices was impossible, the conditions for *shizoku* to become farmers were quite unfavorable. Many of them were frustrated in the course of their efforts and even the few who succeeded could not become landowners and were forced to become peasants (especially poor peasants).

Another method of abolishing *karoku* was the *rokuken* method¹⁵⁾, which was implemented in 5 *hans* (Kōchi (Tosa), Hikone, Fukui (Echizen), Yamaguchi (Chōshū) and Yonezawa). In this method the amount of *rokuken* was fixed for each retainer

14) The return of fiefs to the *Tennō* (the Emperor) (July, 1869).

15) A method which *karoku* converted to a kind of security which could be bought and sold.

on the basis of their curtailed *karoku* and the buying and selling of *rokuken* was permitted. In Kōchi, Yamaguchi and Hikone *hans rokuken* were gradually redeemed by purchasing them with the financial resource obtained by the curtailment of *karoku*, and they became the prototype of *Chitsuroku shobun* by the central government after *Haihan chicken*.

As the result of the above-mentioned reforms of the *karoku* systems, the amount of *karoku* paid at the time of *Haihan chicken* was reduced to 4,920,000 *oku*, which was a reduction of 38% in comparison with that before the Meiji Revolution according to a survey by the central government. In particular, the *karoku* of *shizoku* excluding that of the former *han shu* were curtailed severely by the rate of 44%, which was close to a reduction by one-half. Such a rate of *karoku* curtailment was greater than that done by the central government after *Haihan chicken*. Thus, it can be said that a major part of the Shogunate *han* feudal-lord system had already been dissolved in terms of the *karoku* disposition before *Haihan chicken*.

Disposition of *Hansai*¹⁶⁾ and *Hansatsu*¹⁷⁾

The debts of *hans* which were to be taken over by the central government after *Haihan chicken* were enormous and quite varied with respect to borrowing conditions, and it took much time to investigate them. Moreover, the Ministry of Finance tried to reduce the amount taken over by the Government as much as possible due to financial difficulties. Therefore, it was not until the enactment of the Act on New and Old Public Loans on March 25, 1873 that the policy of disposition of these debts was decided.

The policy of disposition was as follows:

For a *han*¹⁸⁾ which resisted the new Meiji Government and was once overthrown but was afterward forgiven, or a *han* which was newly recognized as an independent *han* by the new Government because its lord, although a retainer of a *han shu*, had a fief of 10,000 *oku* or more, only debts incurred after the time when they were recognized as *hans* were regarded as *hansai* (debts incurred before that time were regarded as private loans). Under the pretext that the *Bakufu* (the central government of the Shōgun) had issued *Kienrei*¹⁹⁾ in 1843, debts before that time were revoked (an extended interpretation of *Kienrei*), and debts reported to the Government after the prescribed dead line and those certificates which had been lost were not accepted as objects of the disposition. Debts, especially private debts, of the *Bakufu* were not taken over by the new Government. Thus, the conditions of the disposition were severe enough.

On the other hand, the Government tacitly permitted *hans* to repay loans from farmers which were made in the form of advanced payments of taxes and which amounted to over 3,680,000 yen in 202 *hans* because armed rebellions by the farmers demand-

16) Liabilities of *han* (feudal domain).

17) Paper money issued by *han*, almost all of which were convertible notes.

18) A major feudal lord who possessed a fief that yielded more than 10,000 *oku* in rice (1 *oku* is about 5 bushels). There were some 250 to 300 *daimyō* throughout the country.

19) The *Bakufu* permitted to revoke part of debts for *hatamoto*.

ing the repayment might arise if the loans were not repaid. Foreign loans of 4,000,000 yen were treated separately and were repaid in cash after negotiation (the amount actually repaid by the Government was 3,450,000 yen).

For the debts of *hans* taken over by the central government (excluding the amount repaid in cash), public bonds were delivered to the creditors of 11,220,000 yen in loans during 1844~1867 (old debts) and to creditors of 12,820,000 yen in loans from 1868 to *Haihan chicken* (August, 1871) (new debts). The public bonds given in exchange for the former loans were Old Public Bonds which were passive bonds redeemable in 50 years and those delivered in exchange for the latter loans were New Public Bonds which were 4 percent bonds redeemable in 25 years with 3 years of deferment. Out of domestic loans totalling 74,130,000 yen, loans of 39,260,000 yen were entirely repealed.

As the Old and New Public Bonds were unfavorable in their conditions, their market prices became significantly lower than their par values. For example, according to the assessment by Yasuda Shōten (later Yasuda Zaibatsu) in January 1875, the market price of the Old Public Bonds was 16% of the par value and that of the New Public Bonds was 54% of the par value. Thus, it can be said that on average, about 80% of the total loan for *hans* were in fact repealed. Moreover, since about 90% of the Old and New Public Bonds were actually delivered in 1873-1874, more than 2 years later than *Haihan chicken* and the remaining 10% was delivered even later, creditors were severely damaged and in particular, big moneylenders in Ōsaka specializing in loans to *han* went into bankruptcy one after another.

These money lenders had been adversely affected since the end of the Shōgunate by forced loans or contributions to *Bakufu*, payment of *Kaikei motodatekin* to the new Meiji Government, abolition of *Ginme*²⁰⁾ in 1868 and other actions by the Government, and now received an additional blow by the policy repealing *hans*' debts. After the middle of the early modern age (around 1750), however, repeal of *hans*' debts, deferment of repayment, switchover of old debts to loans redeemable in many years and other actions by *hans* had increased gradually and had become widespread by the end of the Shōgunate. This was due, among other things, to the financial difficulties of *hans* but also to the fact that the financial functions of *Santo*²¹⁾ (especially Ōsaka) had been reduced and the dependence of *hans* to money lenders in *Santo* had been increasingly decreased. In view of these facts, the policy of repealing *hans*' debts by the new Meiji Government cannot necessarily be said to have been a reformative one.

The total of domestic and foreign loans of about 78,000,000 yen corresponded to more than 2 years of *han* revenue, an especially large amount of debt was generated during the 4 years from 1868 to 1871. This situation has traditionally been evaluated

20) In the early modern age (Edo Period), a monetary system based on silver coins prevailed in the western part of Japan and a credit system with a silver coin standard was highly developed on Ōsaka. In 1868, however, the monetary system based on silver coins was abolished by the new Government and the money lending business in Ōsaka panicked seriously.

21) The 3 major cities with the largest populations: Edo (present day Tōkyō), Ōsaka and Kyōto. All of them were under the direct administration of the Shōgunate government. The populations were 1,000,000 in Edo and about 400,000 each in Ōsaka and Kyōto.

as having been a crisis of *han* finances. This is correct, but general conditions were already similar at the end of the Shōgunate.

For example, the amount of *hansai* before 1843 including interest was 15,750,000 yen, the current value of which as of 1870-1871 amounted to 79,430,000 yen obtained by multiplying 15,750,000 yen by the price increase rate of 504% between 1843 and the average of 1870 and 1871 (based on the gold currency). This conversion is done using the exchange rate, 100 *me* in silver=1 yen in gold²²⁾. If the conversion is conducted with the exchange rate, 60 *me* in silver=1 *ryō* (1 *ryō* equals 1 yen) in gold, which was the actual exchange rate as of the 1830's~1840's, the current value of *hansai* would amount to 132,380,000 yen. This means that *hansai* as of 1843 reached an amount equal to a full 1.7 times that at the time of *Haihan chicken*, if it is assumed that no repayments were done after 1844. Since the middle of the early modern age, *han* finances could not be maintained without depending upon borrowings from money lenders in *Santo*. If we put it the other way around, however, *hans* could maintain their finances by depending on the money lenders. When *hans* could not depend on the money lenders, their finances collapsed completely. This change was directed by the new Meiji Government, since it ordered *hans* to repay *hansai* by the promulgation of "*Hansei*" in 1870.

If *hansai* did not increase substantially, how could *hans* maintain their finances? This was done by the issuance of *hansatsu*²³⁾. The amount of *hansatsu* issued at the time of *Haihan chicken* had reached a rather high level of 47,000,000 to 90,000,000 yen or more (the amount differs according to estimation method). As the amount of *hansatsu* (*ginsatsu* only—*hansatsu* at that time was almost entirely paper money of silver currency ((*ginsatsu*))) according to a survey by the *Bakufu* in 1842, was 87,000 *gan* in silver=1,450,000 *ryō* in gold, although the estimate seems to be substantially lower than the actual issuance, it can surely be said, nevertheless, that a major part of *hansatsu* as of the time of *Haihan chicken* was that issued after 1843. That is to say, it seems that the financial means which supported the expansion of *han* finances after 1843 was *hansatsu* rather than *hansai*.

It was the process of growth of a *han* into a nation that enabled the regular issuance of *hansatsu* after 1840's, and the general circulation of *hansatsu* at the end of the Shōgunate was a condition that enabled the issuance of *kinsatsu*²⁴⁾ by the new Meiji Government. The Government ordered *hans* to withdraw *hansatsu* from circulation by "*Hansei*", which was in this context a decisive means of destroying the *han* system.

Hansatsu were exchanged at the current price at the time of *Haihan chicken* for government notes (*kinsatsu* and others) and the exchanged amount was 22,910,000 yen (ex-

22) In 1871 the new Meiji Government employed a modern monetary system following the example of the monetary system in the U.S.A. The system was formally a gold standard and 1 yen equalled 1 dollar, but in fact it was a plural standard of gold and silver. Moreover, inconvertible paper money such as *kinsatsu* circulated.

23) Paper money issued by a *han*.

24) Inconvertible paper money of gold currency issued by the new Meiji Government in 1868 due to financial difficulties.

cluding 880,000 yen and more redeemed by the Government), which represented a rather large reduction in value. Thus, the Government could mitigate its obligation at the sacrifice of owners of *hansatsu*. Anyway, the new Meiji Government took over the debts of *hans* as public loans, as it recognized *hans* to be an administrative organization, but it did not take over any of the debts of retainer and *dōjō*²⁵⁾, regarding them to be private loans. In this respect as well, retainers were treated unfavorably in comparison with former *hanshu* (*daimyō*).

Thus, the new Meiji Government, in succeeding the governments of the former *hans*, took over only a rather small portion of their debts: out of *hansai* of 78,000,000 yen and *hansatsu* of 47,000,000 yen to 90,000,000 yen and more, for a total of 125,000,000 ~170,000,000 yen, it took over new and old public loans of 23,000,000 yen, *hansatsu* of 22,000,000 yen and foreign loans of 3,600,000 yen, for a total of 48,000,000 yen, which would be reduced to 32,000,000 yen if the new and old public loans are assessed at the market price. That is, the amount taken over was only 19~25% of the total debts.

On the other hand, the assets inherited by the new Government from former *Bakufu* and *hans* were cash and sales income of various properties of 19,000,000 yen, and other assets in kind such as mines, shipyards, factories, mints and others. Under these circumstances, it cannot be said that the dissolution of the former government system was conciliatory or that the new Meiji Government undertook a heavy burden, the dissolution was actually tantamount to one without any compensation.

Chitsuroku Shobun

The new Meiji Government considered from the beginning of its establishment that the abolition of *karoku* was unavoidable, and before *Haihan chicken*, the Ministry of Finance had examined several concrete measures for this purpose, among which the measure of *Chitsuroku shobun* using the *rokuken* method had been the most promising. Before *Haihan chicken*, however, the new Government had not yet established a centralized government system and accordingly could not enforce *Chitsuroku shobun*. In August 1871, with the enforcement of *Haihan chicken*, the conditions for realizing *Chitsuroku shobun* were set up and a rough agreement for it was drawn up among leaders of the new Government during the short period from August to December of that year before the major leaders of the Government started travelling in America and Europe for the purpose of observing actual conditions there and making preparations for the revision of treaties.

After that, the major leaders left the country, and the "caretaker government" (the government in power during the period from December 1871 to September 1873 when the governmental mission was travelling in America and Europe) immediately proceeded to the planning of *Chitsuroku shobun*. The Ministry of Finance drew up a plan to raise foreign capital of 30,000,000 yen and to use 10,000,000 yen for the redemption fund of *karoku* and 20,000,000 yen for the fund to develop industries. This

25) High-ranking aristocrats of traditional lineage, who were close to the *Tennō* (the Emperor), but who were weak in political power and had small fiefs.

plan was approved tentatively by *Sei-in*²⁶⁾ in the first of March 1872. This was a drastic measure to dissolve *karoku*, the details of which were as follows:

(1) *karoku* of *kazoku*²⁷⁾ were to be classified into 225 ranks from 60,000 to 160 *koku* and to be curtailed by 95~40% (about 75% on average); *karoku* of *shizoku*²⁸⁾ were to be classified into 198 ranks from 1,000 *koku* or more to 1.5 *koku* and to be curtailed by 50~17% (1/3 as a whole) (thus, if *kazoku* and *shizoku* are considered collectively, *karoku* were to be reduced from 4,630,000 to 2,700,000 *koku* and the rate of reduction was expected to become as high as 41.7%); and in exchange for the 6-year amount of the remaining *karoku*, 10 percent *rokukens* were to be delivered;

(2) the financial resources to redeem *rokuken* were to be obtained from the foreign loan of 10,000,000 yen and the resource which were to arise from the *karoku* curtailment; and the redemption was expected to be completed in 9 years; and

(3) the entire foreign loan of 30,000,000 yen was to be repaid within 5 years after the above-mentioned 9-year period.

Saigō Takamori who were the top-ranking *sangi*²⁹⁾ agreed enthusiastically to this plan, and Yoshida Kiyonari, Vice-Minister of Finance, was sent to the U.S. and Britain for the purpose of raising the foreign loan. Yoshida thought that *karoku* ought to be forfeited without any compensation and that giving 2/3 of it after curtailing 1/3 constituted generous treatment.

As this plan was too radical, Iwakura Tomomi and Kido Takayoshi, who were in the U.S., felt discontented with it and had misgivings about it and opposing opinions arose even within the caretaker government, resulting in the suspension of the plan. After that, in summer 1872, the Ministry of Finance made somewhat more moderate plans such as: a plan to change *karoku* to *kinroku* (salaries in money), reduce it by 1/15 each year and abolish it entirely after 15 years and a plan to issue 10 percent *kinken* (money bond) in exchange for 8-year *karoku* and to stop the payment of *karoku*. But these plans were not realized.

When the governmental mission to America and Europe returned to Japan during the end of May to September 1873, the *seikan*³⁰⁾ dispute had developed into a decisive conflict and a political change arose in which Saigō Takamori, Itagaki Taisuke, Etō

26) The highest organ of the new Meiji Government.

27) At the time of *Hanseki hōkan* in 1869, the title of *kazoku* as a status of aristocrats was given to *daimyō* (*hanshu*) and *kuge* who had been aristocrats of the *Tennō's* government (*Chōtei*) since the ancient age and who had a high status but little political and economic power during the Edo Period.

28) At the time of *Hanseki hōkan* the relation of superordination and subordination between *daimyō* and the retainers was abolished, and the retainers were given the title of *shizoku*.

29) An office occupied by the top leaders of the new Meiji Government and the top-ranking *sangi* corresponded to the prime minister.

30) In 1872 when the governmental mission was in America and Europe, among the leaders of the caretaker government an opinion became prevalent to invade Korea by mobilizing the *shizoku* class which was discontented with the modernization reforms. But, after that, Iwakura, Ōkubo, Kido and other leaders returned from abroad and because they opposed the *seikan* opinion by insisting on giving priority to domestic reforms, the governmental decision to invade Korea was withdrawn in October 1873.

Shinpei and other pro-*seikan sangis* resigned en masse from their offices. A period of political vacuum continued until the end of the year. Therefore, although a proposal of *Chitsuroku shobun* was submitted to *Sei-in* at the end of the year, only a tentative plan was decided by *Sei-in* due to the unstable political conditions. The tentative plan was as follows: (1) a *karoku* purchase system was to apply to those who were paid less than 100 *koku* of *karoku* and *shōten roku*;³¹⁾ and among them those who wished to apply for the *karoku* purchase were to be paid hereditary *karoku* for 6 years or non-hereditary *karoku* for 4 years and payments were to be stopped after that; and (2) a progressive tax (from the highest rate of 35% to the lowest one of 0.2%) was to be imposed on *karoku* for the purpose of assigning the revenue to expenditures of the army, and the payment of *karoku* was to be curtailed by about 10% on average by this tax.

The *karoku* purchase system was extended in November 1874 to those who were paid *karoku* of 100 *koku* or more, and the resources for the purchase were obtained by a foreign loan of 10,000,000 yen raised in London by Yoshida Kiyonari and by the issuance of *Chitsuroku* Bonds (the issued amount was 16,640,000 yen). The *Chitsuroku* Bonds were scheduled to be deferred for 2 years and after that to be redeemed for 7 years. The number of those who wished to apply for the *karoku* purchase was about 95,000 and the total amount of their *karoku* was 1,080,000 *koku* which was 6,100,000 yen in money. With this *karoku* purchase, the number of those who were paid *karoku* was reduced by 1/3 and the payments by 1/4. The combined impact of the purchase system and the progressive taxation of *karoku* was to curtail the payment of *karoku* by 35% on average. Although the purpose of the *karoku* purchase system was originally in *shizoku jusan*,³²⁾ as many *shizoku* were needy, they immediately spent the entire income from the purchase system for their living costs and most of them at once fell into difficult living conditions. Therefore, the system was stopped in July 1875.

As a result of the *Ōsaka* Meeting³³⁾ in February 1875, Kido and Itagaki returned to the Government and took key offices of the administration together with Ōkubo. Thus, the political situation was stabilized and the subjective conditions were prepared to dissolve *karoku* once and for all. At first, in September of that year, as a preliminary step to the abolition of *karoku*, the Government changed the payment method of *karoku* from payment in rice to that in cash, which was intended not only to cope with the change from a goods basis to a money basis of governmental revenue in accordance with *Chiso kaisei*³⁴⁾ (land-tax revision) and other reforms but also to mitigate substan-

31) This was given to those who had achieved great exploits in the *Boshin* Civil War or those who had rendered distinguished services during the Meiji Revolution.

32) An economic policy of the Government in the early years of Meiji which was intended to change *shizoku* who fell into difficulties in living due to modernization reforms to farmers, merchants and industrialists. But many of the measures based on the policy were unsuccessful.

33) As many of the leaders of the new Meiji Government opposed the policies of the Government and resigned from office in 1873 and 1874, the Government fell into a condition of political isolation. In order to break the deadlock, Ōkubo who was in the center of the Government, met in Ōsaka with Kido and Itagaki, who were out of office, and a compromise was reached among them.

34) A modernization reform of the systems of landownership and land taxation. With this reform land taxes which had been paid almost entirely in kind in the past were made to be paid entirely in money.

tially the increase of the burden on the Government due to the increase in rice prices. In the same month, the Ministry of Finance presented a proposal for *karoku* disposition to *Sei-in*. The examination of the proposal was prolonged due to the opposition by Kido to its harsh elements (especially, the treatment of the middle and higher class *shizoku* and *kazoku*), details there of were revised somewhat (conditions for those who were paid *kinroku* of 60,000 yen or more were improved somewhat and conditions for the lower class of *shizoku* were reduced somewhat), and at last, on August 5, 1876, the Act on Issuance of *Kinroku* Public Bonds was enacted, although the enforcement of the Act was delayed by a year (it was enforced in 1877).

The principal idea of the Act was as follows: as the relation between feudal lords and retainers was dissolved with *Taisei hōkan* (November, 1867), the grounds for paying *karoku* was entirely eliminated and *karoku* had to be abolished immediately, although some conditions had prevented the abolition; now expenditures for *karoku* amounted to about 1/3 of governmental revenue, which made it difficult financially to implement various modernization policies, and therefore the abolition of *karoku* should be carried out by issuing public bonds in exchange therefor; and moreover, the issuance of public bonds would mitigate the present tightness of money due to depressed economic conditions. There can be found no consideration for relieving *karoku* recipients (the former feudal ruling classes) from the downfall, but can be seen a strong intention to use the issuance of public bonds as a lever for promoting modernization policies. Thus, the payment of *karoku* was finally terminated by delivering *Kinroku* Public Bonds corresponding to the amount of *kinroku* for 5 to 14 years to 310,000 persons of *kazoku* and *shizoku* status (see Table 1).

Table 1. Actual conditions of the *chitsuroku* (*karoku*) disposition by the classes of *kazoku* and *shizoku*

Amount of <i>kinroku</i>	Kinds of public bonds		Ratio of interest to former income B	Number of persons to whom public bonds were issued	Total amount of issued public bonds	Average per person
	Interest	Years A				
1,000 yen and more	5 percent	5.00-7.50	% 34-44	Persons 519 (0.2)%	Yen 31,413,586 (18.0)	Yen 60,527
100 yen and more	6 percent	7.75-11.00	46-74	15,377 (4.9)	25,038,957 (14.3)	1,628
10 yen and more	7 percent	11.50-14.00	88-98	262,317 (83.7)	108,838,013 (62.3)	415
Exchange- able <i>kinroku</i> C	10 percent	10.00		35,304 (11.3)	9,347,657 (5.4)	265
Total				313,517 (100)	174,638,215 (100)	557

"Years A" means the number of years multiplied by the amount of *kinroku* to calculate the amount of a public bond.

"Ratio B" means the ratio of interest to the net income of *kinroku* after the deduction

of *kinroku* tax. Out of exchangeable *kinroku* C 92% was occupied by Kagoshima-ken, which corresponded to 64% of *Kinroku* Public Bonds issued by the prefectural government.

Results of *Chitsuroku shobun*

If we compare the income from *karoku* with the interest on delivered public bonds, the income was reduced by 65% at the maximum and by 56% even at the minimum in the case of those given 5 percent public bonds, most of whom were farmer *hanshu* (feudal lords). The smaller the rate of the income reduction, the lower was the position of the groups of *shizoku*. However, the average delivered amount of public bonds per person to those given 7 percent bonds almost all of whom were low-class *shizoku* was 415 yen and its interest income per year was only 29 yen 5 sen which was equal to 8 sen per day, and even in the case of the highest layer of the low-class *shizoku*, the interest income per year was 77 yen which was equal to 21 sen per day. This interest income was lower than the daily wage of 24 sen of a navvy at that time. As the living expenses per year of people in the lower social class at that time was 25 yen per person and about 100~120 yen per family, all of the low class *shizoku* (95% of those who were given public bonds) could not maintain even the lowest living standard with only the income from interest. The remaining 6% (those who were high and middle class *shizoku*) were given public bonds of 1,628 yen per person and the interest income was 97 yen per year, with which they could barely maintain the living standard of the lowest class people. Merely 519 persons—only 0.2% of those given public bonds, who received 5 percent bonds, could maintain the living standard of the higher social class with the income from interest. In particular, the upper class of them who received public bonds of more than 100,000 yen, could not only pay living expenses with the interest income, but could also become big money-lending capitalists by making investments using the received public bonds. In fact, they constituted the top income group in society throughout the Meiji era together with big capitalists including Zaibatsu capitalists. However, those who belonged to this class were only 67 persons—only a small part of the former *hanshu* (*daimyō*) class (roughly speaking, *hanshu* who had a fief of 100,000 *koku* or more).

In total, the interest of *Kinroku* Public Bonds in 1877 was 11,520,000 yen, which was reduced by 6,190,000 yen or 35% in comparison with the amount of *karoku* payments of 17,610,000 yen in 1876. How, then, would be the comparison with *karoku* before the Meiji Revolution? Although conditions are so complicated that a precise comparison is not possible, we will show the results of a survey performed by the Government in what follows (*karoku* were converted to amounts in money using the average market price of rice used to pay taxes in rice during 1872, 1873 and 1874 when *karoku* were changed to *kinroku*):

(1) The total amount of *karoku* before the Meiji Revolution was, if we take the amount as of 1869 when the *karoku* of *hanshu* was determined to be 10% of *han's* revenue, 34,620,000 yen;

(2) This was reduced to 22,650,000 yen at the time of *Haihan chiken* in 1871 (including *shōtenroku* of 1,180,000 yen newly given by the Government);

(3) The interest of *Kinroku* Public Bonds in 1879 was 11,610,000 yen; this amount will be increased to 14,480,000 yen by adding the interest of 2,870,000 yen (8%) to the total of cash and *Chitsuroku* Bonds of 35,890,000 yen given by the *Karoku* purchase system; and

(4) The ratio of the final amount in (3) to that before the Revolution in (1) becomes 41.8%, which will be further lowered if the rise of prices after 1872~1874 is taken into consideration; for example, the ratio for 1878 will become 35%.

The *karoku* disposition by the new Meiji Government was formally a redemption with compensation, but it was in fact close to cancellation without compensation as more than 60% of *karoku* was repealed substantially.

Since there was a need to prevent the downfall of the price of public bonds due to the issuance of a huge amount of bonds (174,000,000 yen or close to 3 times the working budget of the Government at that time), to give incentives to the economy which was facing a depression since 1874, and to cope with the demand for money for industrial development, which was increasing rapidly at that time, The National Bank Act was revised in August 1876 at the same time as the enactment of the Act on Issuance of *Kinroku* Public Bonds. According to the revision of the National Bank Act, a national bank was permitted to deposit with the Government public bonds of 4 percent or more corresponding to 80% of its capital, issue bank notes in the same amount as the above-mentioned deposited amount and hold governmental notes corresponding to the remaining 20% of capital as reserves for conversion of bank notes. Thus, the conditions for establishing national banks were remarkably mitigated and the way for converting *Kinroku* Public Bonds into banking capital was opened.

However, as the delivery of *Kinroku* Public Bonds was delayed until June 1878 and mortgaging of *Kinroku* Public Bonds was at first inhibited in order to prevent a rapid downfall of those who were given the bonds and to prevent speculation with the bonds, 39 national banks, of which 12 were established in 1876 and 27 in 1877, excluding the No. 15 National Bank, started their business by depositing with the Government New Public Bonds, *Chitsuroku* Public Bonds and *Kigyō* Public Bonds,³⁵⁾ all of which could be bought and sold, and their founders were commercial capitalists and moneylenders but not *kazoku* and *shizoku*. From 1878, the establishment of national banks with *Kinroku* Public Bonds began to increase rapidly, and their establishment was stopped in December 1879 when the number of established banks reached the expected number with the establishment of the Kyōto No. 153 National Bank.

With respect to the national banks, there has prevailed a view in the past that they were set up mainly by *kazoku* and *shizoku*, based on the transformation of *kazoku* and *shizoku* into capitalists. In fact, however, less than 10% of *shizoku* could become stockholders of national banks, and the par value of *Kinroku* Public Bonds 47,260,000

35) The bonds of a public loan for modernization of industry, which was raised in 1878 in the amount of 10,000,000 yen.

yen deposited with the Government by national banks was only 27% of the total issued amount of *Kinroku* Public Bonds. Moreover, of the amount of the deposited *Kinroku* Public Bonds, 29,070,000 yen was 5 percent bonds of the No. 15 National Bank established by *kazoku*, and only 12% of the amount of bonds received by *shizoku* was converted to the capital of national banks. The proportion of stocks of national banks held by *shizoku*, decreased from 31% (at the end of 1880) to 23% (at the end of 1885), and that of stocks held by *heimin* (general citizens) increased to the contrary (from 26% to 35%). In many cases, key positions in the management of national banks were occupied by commercial merchants and moneylenders, and even in those banks where *shizoku* took the initiative in the early stage following establishment, actual control was in many cases gradually transferred to merchants and moneylenders.

If we look at the details of the business of national banks, we will find that in 1886 the funds of merchants occupied 49.0% of fixed deposits and 63.2% of current deposits, while the funds of *shizoku* occupied 21.4% and 6.7% respectively and those of *kazoku* occupied only 3.8% and 4.3% respectively. In terms of the use of money, 55.9% of the balance of loans was for merchants (12.1% for *shizoku* and only 7.6% for *kazoku*) and 70.0% of the balance of overdrafts was also for merchants (the next was 17.0% for companies). In short, national banks were banks by commercial capital and for commercial capital, concentrating in commercial finance, and those who used *Kinroku* bonds in the banking business were these merchants. Of course, a part of the *shizoku* class participated in the banking business, but they occupied only subsidiary positions.

An exception was the No. 15 National Bank which had a huge scale and which was established by concentrating all the forces of *kazoku* and by receiving special benefits from the Government with the help of Iwakura who feared the downfall of *kazoku* (*shizoku* and *heimin* were excluded entirely from participation). The capital of the bank was 17,820,000 yen and the amount of bank notes issued was 16,660,000 yen, with which it lent 15,000,000 yen to the Ministry of Finance and 600,000 yen to the Ministry of Imperial Household. It was a unique entity which did not conduct any general banking business and which was a property protection organization of *kazoku* rather than a bank. It rendered dividends of 10~12% a year on shares with the income from interest on public bonds and government loans.

How, then did those of the *shizoku* class spend their life in later years? Some of them became officials of central and local governments, teachers in public schools, soldiers and policemen, but these were only a small part of the *shizoku* class. Although the Government took measures for giving benefits to *shizoku*, almost all of them fell into needy circumstances, especially after the inflation following the *Seinan War*³⁶⁾ caused a downfall of bond prices and even greater difficulties in the life of the *shizoku*. Thus,

36) Saigō Takamori suffered a defeat in the dispute of *Seikan* (invasion to Korea) within the new Meiji Government and returned to his native place, Kagoshima in 1873. A *shizoku* group of former Satsuma *han* which was discontented with the modernization reforms supported Saigō and raised a rebellion against the Government. This was the *Seinan War* which was the greatest rebellion against the Government in the early years of Meiji, and it took 8 months and cost a large amount of military expenses for the Government to suppress the rebellion.

a greater part of *Kinroku* bonds given to *shizoku* went out of their possession within only several years.

The above-mentioned situation is illustrated in Table 2, which covers 31% of the issued amount of *Kinroku* Public Bonds. According to the table, in 1882~1883 the amount of the bonds possessed by *shizoku* was reduced to only 17.8% of the issued amount of the bonds and, in particular, to less than 10% in economically advanced areas such as Ōsaka and its suburbs and in the Tōhoku district (Where there were many *hans* which opposed the *Tenno's* army). Moreover, many of the bonds possessed by *shizoku* were mortgaged. Thus, a greater part of the *shizoku* class became wanderers, the needy in towns and cities, and wage earners.

Finally, we will refer briefly to the legal aspects of the dissolution of the feudal ruling classes. With *Hanseki hōkan* in July 1869, former *hanshu* became *kazoku* and their retainers became *shizoku* ("All of those from relatives of *hanshu* to lower class *samurai* were given the status of *shizoku*."), but it was difficult to abolish at once the strata of status among the retainers of *hanshu*. In "*Hansei*" enacted in October 1870, however, the status of the retainers was simplified into 2 strata, *shizoku* and *sotsu*, and in March 1872, the status of *sotsu* was abolished. Moreover, in October 1871, the inhibition of marriage between the different social status of *kazoku*, *shizoku* and *heimin* with each other was withdrawn, and in January 1872, *kazoku* and *shizoku* who were not government officials were permitted to take up the occupation of a farmer, industrialist or merchant, and thus the status of *kazoku* and *shizoku* ceased being an occupational status. Further, with the promulgation of the Conscription Act in January 1873, the monopoly of naval and military affairs by *kazoku* and *shizoku* was completely abolished, and in March 1876 *shizoku* were prohibited from carrying a sword.

Table 2. Ratio of the *Kinroku* bonds possessed by *shizoku* to the originally issued amount of the *Kinroku* bonds (in 1882~1883)

Ratio	<i>Fu</i> and <i>Ken</i>
Less than 10%	Ōsaka · Sakai · Hyōgo (Settsu area) 6.7, Iwate 7.9, Akita 9.2
10~15%	Tottori 10.4, Fukuoka 13.7
15~20%	Tochigi 15.8, Hiroshima 17.2
20~25%	Ishikawa 20.0
25~30%	Okayama 25.0, Shizuoka 27.1, Wakayama 27.6, Kyōto 27.7, Nagano 27.7
30~35%	
35~40%	Aichi 38.0
Average	17.8

On the other hand, with the *karoku* purchase system instituted in December 1873, *karoku* payments were separated from the status of *shizoku*, and with the enactment of the Act on Issuance of *Kinroku* Public Bonds in August 1876, *shizoku* were completely deprived of the right to receive *karoku*. In November 1872, the judicial treatment of *kazoku*, *shizoku* and *heimin* was equalized, and the punishment to deprive former *samurai*

of the status of *shizoku* and lower him to *heimin*, which had barely remained in new laws enacted by the new Meiji Government, was finally abolished with the enactment of the Criminal Law in July, 1880. Thus, the social status system of the former ruling classes was almost completely dissolved and *shizoku* became only social inheritance (but its influence as an inheritance remained until much later). With respect to *kazoku*, however, efforts were made to make it a privileged class with the *Kazoku* Act in 1884, in order to cope with the development of the Movement for freedom and democratic rights³⁷⁾ and prepare for the inauguration of the Diet.

V Modern Land Reform—Land-Tax Revision (*Chiso Kaisei*)

Formation of Land Reform Plan

Although the new Meiji Government enforced a fairly drastic dissolution of the Shogunate *han*—feudal lordship system, which had already shown signs of decline, it took a prudent attitude toward the land-tax revision. This is because farmers' landownership and the landowners' land-possession, which had been formed by purchasing lands from farmers, were already established and because the land-tax revision was directly concerned with the interests of these landowners. From the start of the new Meiji Government, however, it had the intention of implementing a land reform, and it was in fact impossible for the Government to establish its foundations without such a reform.

Therefore, the Government began to draw up a plan for revising the imposition method of land tax throughout the country in August 1870 and it announced in February 1871 a policy of employing a modern land-tax system following the example of Europe and America. After *Haihan chiken* the Ministry of Finance proceeded to prepare for implementation of the policy. According to the plan of October 1871, signed by both the Minister of Finance Ōkubo Toshimichi and by the Vice-minister Inoue Kaoru, details of the preparation were as follows: ① liberalization of the cultivation of land; ② liberalization of the buying and selling of land; ③ liberalization of the export and import of rice and wheat; ④ surveys of land area; ⑤ approval of the right of landownership of farmers and landowners and issuance of certificates of landownership to them; ⑥ imposition of land taxes in proportion to the exchange prices of land; and ⑦ surveys of land prices.

In accordance with this plan, the prohibition of exports of rice and wheat was withdrawn in September 1871, cultivation of land was liberalized in October of the same year, and buying and selling of land were liberalized in March 1872. At the same time, in October 1871, Ōkubo and Inoue presented to *Sei-in* a proposal which was aimed at enacting a law to liberalize transaction of land and levy land taxes in proportion to land prices. However, the Government assumed a cautious attitude to

37) A political movement from the latter half of the 1870's to the first half of 1880's which resisted the Government by requiring democratic political systems,

avoid immediate enactment of new systems of land and land taxes.

In March 1872, a law was promulgated according to which *chiken*' (a land-bill) was to be issued to the buyer in a land trade. The system of land-bills had been initiated in the settlement of Yokohama which was an open port, where the Ministry of Finance issued land-bills in December 1872, according to the opinion of the governor of Kanagawa-ken. This issuance was enforced to meet the needs in accordance with the opening of the port.

In this context, the land-bill system is the result of the integration of the Japanese economy into world capitalism. On the other hand, however, it was a successor of the *koken* system which was in existence since the early modern age (Edo Period). In the early modern age, a kind of certificate of landownership called *koken* (different names were employed in different places) had been used in the trade of lands, and at the end of the Shogunate, this system not only prevailed as a practice in the private sector but also sometimes was approved officially by the feudal lords. This practice prevailed to some extent throughout the country, but was especially developed in the *santo* and other cities.

Therefore, the new Meiji Government proceeded to enforce the *chiken* (land-bill) system in towns and cities in the beginning. But the land-tax system based on the land-bill system was different from that in the early modern age in that land taxes were imposed at the same rate of 1% of the price of lands irrespective of whether the land was owned by a merchant, *shizoku* or a temple (this tax rate was increased to 3% in August 1875, in accordance with the Land-Tax Revision). Then, the Government extended the land-bill system to agricultural villages, and *chiken* (land-bills) were issued there at the time of land trades. Further, in August 1872, the Government decided to issue land-bills not only to land bought and sold but also to traditionally owned lands, and ordered local governors to complete their issuance by the end of November of that year. At the same time, in the tax office of the Ministry of Finance was set up the Bureau for Revision which was in charge of the reform of taxation systems.

Keeping pace with this, in December 1871, the Act on the Administration of *Ken* was enacted and new local governors were appointed, in principle from those who did not come from the former *han* concerned after the former *chihanji*³⁸⁾ had resigned from the office. Based on these adjustments, in September~November, 1872, a draft of the *Koken* Tax Act, which replaced the traditional *koken* system, was prepared.

The Ministry of Finance unofficially informed *fu-ken* of this draft and asked them to present their opinions. Then, local governors agreed to the principles of the draft but questioned the market price of lands which was employed as the basis to issue *chiken* (land-bills) for the reason that the prevailing market price in the private economy was based on the entirely unreasonable traditional land taxes and it was not a proper base for the new land-tax system. Instead, according to the opinions of local governors, the price of lands should be determined based on the calculation of profit from land using

38) The governors of local governments appointed in principle from the relevant former *hanshu* in the period between *Hanseki hōkan* in July 1869 and *Haihan chiken* in August 1871.

one of the following methods: to calculate the profit of a lot by neglecting entirely the traditional land tax; or to determine the profit of a lot by putting together the land tax and profit (opinions from Gunma, Hamamatsu, Hamada, Okayama, Kokura and Fukuoka *ken*); or, after making a survey of the farm rent which constituted the basis for land trade, to regard the farm rent to be the total of the land tax and profit after deducting the production cost (opinions from Yamagata, Gifu, Hōjō and Kokura *ken*).

That is to say, the Government recognized land possession by farmers and landowners in the issuance of *chiken* (land-bills) but employed traditional land prices based on land taxes of the feudal-lord system. In this context, the draft of the Ministry of Finance recognized the dual land possession systems as they were which existed at the end of the Shōgunate—the land possession system of the Shōgunate *han* feudal-lord system and that of farmers' landownership. But local governors insisted that the landownership of the Shōgunate *han* feudal-lord system should be denied completely and a new land-tax system be established on the basis of farmers' landownership. This does not mean that local governors were radical but that their opinions reflected the actual situation in which the Shōgunate *han* feudal-lord system had already been dissolved and it was impossible for the new Meiji Government to continue the system. On the other hand, however, as farmers' landownership was a customary practice in the private sector, there was no official land-register. Therefore, it was necessary to officially investigate land areas, confirm ownership of lands and make a survey on harvests and production costs (or farm rents), but these actions were analogous to *kenchi*³⁹⁾ might quite possibly have aroused the suspicion of farmers (*kenchi* was in many cases a means of increased imposition of land taxes), and was impossible to implement if farmers resisted, since the power of the new Meiji Government was still weak at that time.

Under these circumstances, the actual land-tax system generally maintained traditional elements even after *Haihan chiken* by making only partial modifications when specifying conditions for a land-tax revision. Accordingly, the land-tax system could not adjust to actual conditions in different regions and it became difficult to maintain the system in the face of pressure from farmers. When an effort was made to determine the actual productivity of land by means of *kemi* (a field survey of crops in the relevant year) by a newly appointed local governor who did not know the actual circumstances in that region, some reduction of tax revenue often resulted. Therefore, the revenue from land taxes began to decrease rapidly after *Haihan chiken* (see Table 3).

Table 3. Decrease of the revenue of land taxes (1871~1874)

1871	1,255 ten thousands <i>koku</i>	— ten thousands <i>koku</i>
2	1,214	— 41
3	1,124	—131
4	1,075	—180

39) Surveys of land areas, crop yields, and payers of land taxes conducted by feudal lords in the early modern age (Edo Period).

At last, on January 20, 1873, the Government permitted *fu-ken* to present requirements for the revision of taxation as it could not repress them, and thus the requirements from local governors rushed into the Ministry of Finance one after another. Local governors themselves had come to the point where they could no longer suppress the demands for the revision of taxation by farmers. In order to cope with these conditions, on January 31, 1873, the Ministry of Finance noticed *fu-ken* that a conference of local governors would be held in April of that year. After that the Ministry completed preparations for the conference including the collection of reports on conditions in localities from local governors and information on taxation laws in Europe and America, and the conference was held from April 12 for about a month. All of the local governors agreed to the *Chicken* tax act and moreover the predominant majority of them insisted on its immediate enforcement. Thus, the proposal of the Land-tax Revision Act was decided on May 12 of that year, and after the approval of *Sei-in*, the Act was promulgated on July 28.

Details of the Land-tax Revision Act (*Chiso Kaisei* Act)

As mentioned above the Land-tax Revision Act was decided hastily without the completion of sufficient preparation because of pressure from farmers for the abolition of the traditional land-tax system and mitigation of land taxes, and therefore many problems arose in the process of its enforcement. There were also other reasons for such a sudden enactment of the act: the time of enactment coincided with the period of treaty revisions, and the new Meiji Government sought to revise domestic taxation acts in connection with its intention to revise unequal treaties and enhance customs tariffs for the protection of domestic industries and the increase of tax revenue; and the enactment was done as one of the radical, somewhat idealistic policies of the caretaker government.

The important items of the Land-tax Revision Act were as follows: (1) The traditional land-tax system was to be abolished, land surveys (investigations into *jioshi jōryō* and crops, production costs, etc.) were to be conducted, prices of lands were to be determined and *chiken* (land-bills) were to be delivered to proprietors; (2) immediately after the completion of the above-mentioned activities, a land tax in cash at the fixed rate of 3/100 was to be levied on owners of land; and (3) the land tax was to be reduced to the rate of 1/100 in the future in accordance with the increase of commodity taxes. The key points of the Act were to establish modern land-tax and land systems at once throughout the country and to obtain revenue from land taxes in the same amount as that of the former land taxes in kind in the near future.

As the new land tax was of the same level as the former land tax, there has prevailed in the past a predominant opinion that the new land tax is only a transformation of the feudal land-rent (conversion from a land rent in kind to that in cash), or only a half-feudal tribute (essentially a feudal tribute). This opinion should be denied on the basis of the following reasons: (1) the new land-tax system was a fundamental reform of the land possession system which denied thoroughly the traditional landownership of the

Shōgunate *han* feudal-lord system and legally and officially recognized farmers' landownership; (2) being based on such a fundamental reform, the new land-tax system was a modern profit-tax system to levy taxes on the price of land; (3) the new land-tax, in terms of the level of the amount, recognized officially the surplus of farmers which had been realized at the end of the Shōgunate; and (4) the new Meiji Government which imposed the tax was the national power enforcing capitalistic policies strongly, and the revenue from the land tax was to be used for the purposes of the Government.

On the other hand, however, the new land-tax system was clearly contrary to the strong demands for tax reduction by farmers, and therefore the Government was forced to promise future reductions in the tax in order to mitigate the discontent of farmers and to make the land-tax revision successful. But the heavy land tax was a burden for realizing capitalism. If Japan as a late-developing country which was incorporated dependently into the world capitalistic system could not find another significant source of revenue other than the land tax, it was impossible for the Government to realize its commitment to tax reduction to farmers, irrespective of its subjective intention. The interests of farmers should be abandoned if they conflict with the interests of the bourgeoisie. In 1884 when the Land-tax Revision Act was abolished and instead the Land Tax Act was enacted, the provision to reduce the rate of the land tax to 1/100 of the price of land in the future was eliminated.

Process of the Enforcement of the Land-Tax Revision (*Chiso Kaisai*) and the Fight for Tax Reduction by Farmers

Since in the Land-tax Revision a legal land-price system was employed the actual exchange price of lands based on the traditional land tax was abandoned, it became necessary to conduct *jioshijōryō* and survey of crops. To avoid the opposition of farmers, the Government employed the method of entrusting all the investigations to farmers and of having government officials inspect the results of the investigations. *Jioshijōryō*, which means the confirmation of landowners and surveys of land area, was carried out by farmers fairly positively and the results there of were considerably precise, since it was a survey method based on the already established farmers' landownership.

However, the crop survey following *jioshijōryō* did not go smoothly. The price of a lot was determined as follows: at first, the profit of the land was calculated by deducting the cost of seeds and manure (production costs) and land tax and local taxes from the price of crops; and then the profit was converted to capital (land price) by dividing it by the interest rate. The formulas which were employed by local governors as a standard are shown in the following table.

Examples of inspection

First rule (for self-owned land)

X(land price) =

$$\frac{P(\text{crop yield} \times \text{rice price}) - 0.15(\text{cost of seeds and manure}) - \left\{ \frac{3X}{100}(\text{land tax}) + \frac{X}{100}(\text{local tax}) \right\}}{0.06 \text{ (interest rate)}}$$

Second rule (for tenant land)

$X(\text{land price}) =$

$$\frac{0.68P(\text{farm rent}) - \left\{ \frac{3X}{100}(\text{land tax}) + \frac{X}{100}(\text{local tax}) \right\}}{0.04 (\text{interest rate})}$$

As the cost of seeds and manure (production costs), the rates of interest, land tax and local tax were substantially fixed, if the crop yield and the price of rice were determined, the price of the land would be obtained automatically, and as the amount of land tax would be determined by the land price, the crop yield and the price of rice were the key points.

Since at the beginning of the Land-tax Revision the Government tried to resort to voluntary actions by farmers and moreover since political conditions at that time were quite unstable due to the *Seikan* dispute and other circumstances, the Revision did not progress so noticeably. By December 1874, 36 *fu-kens* began the revision but among them only Yamaguchi and Miyagi *ken* and Sakai-*ken* Takayasu-*gun* completed it. Moreover, in view of the process of its implementation, it came to be expected that the revenue of the new land tax would decrease by as much as 5,900,000 yen (16%) relative to that of the former land tax.

Having been driven into a corner, the Government proceeded to make a strong rebound. First, in March 1875, after the Ōsaka Meeting, the Office of Land-tax Revision was established in order to integrate the administration of Land-tax Revision which had been divided between the Ministries of Finance and Internal Affairs. In May of the same year the Minister of Internal Affairs Ōkubo Toshimichi was appointed the President of the Office of Land-tax Revision and the Minister of Finance Ōkuma Shigenobu was designated as the minister in charge of the office, and the organizational structure was set up for sending officials from the Office to different localities for guidance and supervision in order to enforce the revision at once throughout the country.

On the other hand, the Government enacted in July of the same year the detailed regulations of the Land-tax Revision Act to determine targets of crops by the Government and to force them on localities, instead of the previous method in which the Government entrusted crop surveys to farmers and officials inspected the results of surveys based on the reports by farmers. The new method was to determine the average crop yield per 10 ares of *fu-ken* and crop classes at the level of *guns*, villages and blocks of lands; and according to this classification, to assign the amounts of crop from top to lower levels (*fu-ken*→*guns*→towns and villages→blocks of lands). In August of the same year, the end of the following year (1876) was decided upon as the deadline for the completion of the land-tax revision. At the same time, the enforcement provisions, which were moderate initially, were intensified, and in October of the same year, a law was enacted by which the harsh *kemi* (a field survey of crops) regulations were implemented whereby a land tax of 50% of the crop was levied after a *kemi* when the relevant government agency regarded the price of the land to be improper. As the traditional severe *kemi* regulations became applicable to a much greater land area than the former

land area after the enforcement of *jioshijōryō*, land taxes would have become quite heavy if the regulations were actually applied. Thus, the fear of enforcement of the regulations would constitute a strong pressure on farmers. Further, in May 1876, a law which was easier for the Government to apply was enacted by which, if a landowner did not agree to the assessment of crop, the Government could determine the price of the land in proportion to the lands which were located in the neighbourhood and had similar conditions.

Such enforcement of the land-tax revision resulted in increasingly strong resistance from farmers. Thus, the number of riots by farmers against the land-tax revision increased from 2 in 1874 to 10 and 19 in 1875 and 1876 respectively. A radical increase was seen starting in approximately October 1875. The peak of the riots occurred at the end of 1876, and from the end of November to the beginning of December of that year riots occurred in Makabe and Naka *guns* (countries) of Ibaragi-*ken* (1,116 participants were punished in the riot of Naka). Then, from the 19th to the 23rd of December an unprecedentedly large-scale riot spread over the 4 *ken* of Mie, Aichi, Gifu and Sakai (57,000 persons were punished). In October of the same year, riots by *shizoku* had been instigated in Kumamoto, Akizuki and Hagi, and the crisis of a rebellion by Kagoshima *shizoku* threatened to raise.

The Government, having been driven into a corner, suddenly decided on a tax reduction on the initiative of Ōkubo and promulgated the reduction on January 3 of the next year (1877). By this action of the Government, the land tax was reduced from 3/100 to 2.5/100 of the land price and the local tax imposed on lands was lowered from 1/3 to 1/5 of the land tax. It was a drastic tax-reduction of 25% in terms of the land tax and local tax taken together. One of its background factors was that the *karoku* disposition had been finally decided with the enactment of the Act on Issuance of *Kinroku* Public Bonds in August 1876 and the financial burden of *karoku* payment was expected to be mitigated.

Among the groups antagonistic to the Government, the Government made a concession to farmers and landowners and neglected the *shizoku*. On January 30, 1877, less than one month after the enactment of the land-tax reduction, Kagoshima *shizoku* instigated a rebellion by having Saigo Takamori as their head and after that the *Seinan* War ensued for 8 months. After the victory of the Government in the War, the land-tax revision progressed comparatively smoothly, and the number of *fu-ken* which completed the revision amounted to 14 in 1876, 7 in 1877, 10 in 1878, 7 in 1879 and 5 in 1880. Therefore, the land-tax revision of arable lands was completed, and the Land-tax Revision Office was closed in June 1881.

Results of the Land-tax Revision

Now, we will make a comparison of the results of the Land-tax Revision with the conditions before it in what follows. The area of arable and residential land increased from 3,260,000 hectares before the revision to 4,840,000 hectares after it, which was a remarkable increase of 48.7% (but if a comparison of the new area of 4,520,000 hectares

excluding *ken* where the farm area was not clear and the farm area of 3,070,000 hectares excluding wild lands which had been arable land previously is made, the rate of increase becomes 47.2%). The amount of crops increased from the former *kokudaka* (crop amount) of 32,220,000 *koku* to the crop of rice after the Land-tax Revision (crops of soybeans, barley and wheat in the fields and housing lands were included by converting them to that of rice) of 44,250,000 *koku*, which was an increase of 37.3% (but if a comparison of the new crop amount with the former *kokudaka* of about 29,500,000 *koku* excluding crops from wild lands is made, the increase rate becomes 50.6%).

It goes without saying that the former land-area and former *kokudaka* were the values in the landownership of the Shōgunate *han* feudallord system and the new land-area and amount of crops were the values surveyed and determined in the Land-tax Revision. It can be said that the latter in principle depended upon and recognized the farmers' landownership system which had been institutionalized among farmers in the early modern age (Edo Period). Among these new values, the new land-area has become the basis of arable land areas for a long time after that (even today), but this was not true of the rice crop yield because although it was much closer to the actual value than the former *kokudaka* it was not as close to the actual value as the new land-area was.

As mentioned above, in the Land-tax Revision the rice crop yield was the most important factor in determining the price of land. In order to set the price of land at the level where the revenue from the new land-tax would be approximately the same as that from the old land-tax, the Government, as in the first rule of shown in the above table (the first rule was applied in almost all cases of the land-price calculation), recognized the costs of seeds and manure (production costs) to be only 15% of the value of the crop and employed an interest rate of 6%, which was far lower than the socially recognized interest rate. The remaining most important factor was the rice crop yield, with respect to which farmers resisted the Government violently. Therefore, although the Government enforced the method of classifying ranks of crop for different levels of localities as mentioned above, the amount of rice crop yield determined finally was fairly lower than the possible actual value.

The extent of the reduction in crop productivity cannot be determined precisely but seems to have been about 30% (the reduction rate relative to the actual value seems generally to have been small for paddy fields and great for other types of fields). Therefore, as the reduction in productivity offset to some extent the low rates of the costs of seeds and manure and of interest, the legal price of lands determined in the Land-tax Revision does not seem to have been a high price very distant from the actual value. (An opinion has been prevalent in the past which argues that the Government enforced a high land-price much higher than the actual value in order to secure the same level of revenue from the land tax as that of the former land tax, but this opinion is not correct.)

Next, let us examine the amount of the land tax. It is difficult to discuss the amount, since prices, especially the price of rice varied conspicuously at the end of

the Shōgunate and in the early years of Meiji. According to the "Report of the Land-tax Revision" by the Ministry of Finance, the revenue of the revised land-tax of 49,460,000 yen decreased by 2,900,000 yen (5.5%) in comparison with the 3-year average revenue of the tax before the revision (1872~1874), which was actually collected by the Government (52,360,000 yen). The revenue from the revised land-tax was based on a tax rate of 3/100 of the price of land, but the rate was reduced to 2.5/100 in 1877 and the revenue became 41,210,000 yen, which represented a decrease of 11,140,000 yen (21.3%) relative to the average revenue before the revision. As the land tax was paid almost entirely in cash since 1872, this comparison is approximately that of the amounts actually paid by farmers.

If we compare the amounts of the tax revenue by converting them to quantities of rice, taking into account the variation in prices, the revenue of the revised land-tax becomes 11,810,000 *koku* (1 *koku* equals about 5 bushels), which means an increase of 440,000 *koku* (3.9%) in comparison with the 3-year average revenue of the land tax before the revision (11,370,000 *koku*), while the revenue of the new tax was reduced to 9,840,000 *koku* in 1877, which represented a decrease of 1,960,000 *koku* (17.3%) relative to the level before the revision.

As discussed above, the revenue of the revised land-tax was approximately the same as that of the previous land-tax when the tax rate was 3/100, but the period during which this rate applied was only one or two years for almost all *fu-ken* (there were some *ken* where this rate was not applied at all), and the final value of the revenue (since 1877) represented a considerable reduction compared with that before the revision. The factor most responsible for this situation was the pressure of rioting farmers who opposed high land prices and high land taxes (it has been said that "Farmers gained a tax-reduction from 3% to 2.5% with the spears of their riots"). The Government was affected severely by this tax reduction and its capitalistic policies from above (especially the investments of governmental funds) since 1877 were restricted greatly for this reason. The revenue of the farmer land-tax before the Revision seems to have been lower than that before the opening of ports at the end of the Shōgunate, and therefore the revenue of the revised land-tax would mean still further decrease in comparison with the tax revenue at the end of the Shōgunate.

Thus, the traditional systems of landownership and land tax were completely abolished and the modern systems of landownership and land tax were created. These modern systems meant the recognition of farmers' landownership, which had already become established nationwide as a customary practice in the private economy in the period of the early modern age (Ado Period), and further meant the nationalization and integration of the farmers' landownership system in a more thoroughly modern form under the conditions of the independent inclusion of the Japanese economy into world capitalism. There were some cases where the modern form did not correspond with the economic reality (especially, in the underdeveloped areas), and in these cases, the modern form became a condition for rapidly modernizing the economic reality.

The establishment of the modern systems of landownership and land tax through

the Land-tax Revision played the role of a huge lever for the original accumulation of capital. The exploitation of farmers by the heavy land tax in cash advanced disintegration of the farmer class. In this context, an important point is the fact that the amount of the land tax was fixed. The fixation of the land tax, combined with the drastic fluctuation of prices at that time, caused a substantial mitigation of the burden of the land tax during the price-rising (prosperous) period, but a substantial increase in the burden of the tax during the price-falling (depressed) period, which amplified business fluctuations and conspicuously intensified their effects on farmers. At that time, business fluctuations in Japan had already been incorporated into the business cycles of world capitalism, and it can be said in this context that the Land-tax Revision performed the function of promoting the dependent, late-developing original accumulation of capital in Japan. The period of *Matsukata* Deflation⁴⁰⁾ was typical in this sense.

On the other hand, the enactment of the Act relating to the Mortgaging and Pawning of Land and the Act relating to the Mortgaging of Movable and Immovable Properties and to Loans of Money and Crops in 1874 set up the conditions for strongly protecting mortgage credit on land and contributed to the activation of land finance. At the same time, other processes were progressing such as: the rapid development of the goods economy in farm villages; the advancement of commercial capital in farm villages and the exploitation of farmers; and the development of the parasitic landowner system and increases in farm rents. Thus, the capitalistic economy expand to the farm villages, and farmers were to become incorporated into it incidentally.

40) In 1881 Matsukata Masayoshi took office of Minister of Finance. He adopted a drastic policy of tax increases and retrenchment of finance to overcome financial deficits arising from the inflation since 1877 and as a countermeasure against substantial excesses of exports. Accordingly, the Japanese economy fell into depression and the depression was further intensified and prolonged the effects of the world crisis.