

Kyoto University

Economic Review

MEMOIRS OF
THE DEPARTMENT OF ECONOMICS
IN
THE IMPERIAL UNIVERSITY OF KYOTO

VOLUME XVI
1941

PUBLISHED BY THE DEPARTMENT
OF ECONOMICS IN
THE IMPERIAL UNIVERSITY OF KYOTO

THE ENCOURAGEMENT OF *KOKUSAN* (國產) OR NATIVE PRODUCTS IN THE TOKUGAWA PERIOD

By YASUZO HORIE

In an article in a previous Number of the *Economic Review*, I reviewed the economic policy of the Tokugawa Period. In connection with this subject, the monopolistic attitude towards native products is of special interest in its relation to the development of currency economy. By way of introduction to the study of this subject, I propose to deal, in the present article, with the policy of encouraging native production adopted both by the Bakufu (Tokugawa Shogunate) and by the various clans.

1. THE MEANING OF THE TERM NATIVE PRODUCTS AND THE ENCOURAGEMENT OF NATIVE PRODUCTION

The Tokugawa Period was an age of centralized feudalism in which all the *han* (clans) were mutually independent, hence the encouragement of native production in this age had two aspects, the encouragement of native production within the limits of each clan and the encouragement of production with the improvement of the country's foreign trade in view. In either case, however, the direct object of this policy was to prevent the entry of goods either from other clans or countries while exporting native products positively.

Let me first review the "encouragement of domestic production" as it bore on the country's trade with other countries. Foreign trade in those days was practically unilateral; being almost exclusively an import trade with no export feature to speak of. But the output of marine products such as *iriko* (dried sea-slug), *hoshi-awabi* (dried sea-ears) and shark's fins (collectively called *tawara-mono*) and *konbu*

(Japanese tangles), dried cuttle-fish, *keikanso*, and isinglass (collectively called *shoshiki*), which were exported to cover part of the payments for imports, was encouraged as constituting important domestic products. In the closing days of the Tokugawa Shogunate, the increased production of wax, lacquer and tea was also encouraged in order to facilitate the export of these commodities to Holland and other countries.

Whereas the production of the above-mentioned commodities was encouraged with a view to increasing exports, the production of many other commodities was encouraged with the direct object of preventing imports. In view of the fact that there was a body of opinion in those days which even went so far as to urge the total abolition of foreign trade in order to check the outflow of gold and silver which resulted from the excess of imports over exports, it is little wonder that earnest efforts were made to reduce imports as far as possible or to produce in this country the goods which were then being imported. The cultivation of medicinal herbs was first attempted. Seeds were imported from foreign countries and after experimental plantings had been carried out by the Bakufu, seeds produced domestically were distributed widely throughout the country. Ginseng was first planted at Nikko experimentally in the Kyōho era and the seeds were distributed to many provinces, with the result that large quantities of ginseng were produced in Shimosuke, Mutsu, Dewa, Shinano, Echigo and Idzumo in and after the Meiwa era until it even became possible to export them. Sugar was the next commodity to receive attention. Yoshimune, the Eighth *Shogun*, imported sugar-cane seedlings from the Luchus in the 12th year of Kyōho (1727) and employed an expert cultivator to plant them in the gardens of his mansions at Hama and Fukiage. From the juice of sugar-cane thus raised raw sugar was manufactured. Afterwards, Sugar-cane seedlings were distributed all over the country and their cultivation was encouraged. To the Kii clan especially, the Bakufu advanced a loan in the form of

a sugar manufacturing fund, in the Kwansei era. There was subsequently a steady growth in the sugar manufacturing industry of the warm provinces. It is a well-known fact a sugar of good quality called *wasanbon* was produced in Sanuki province.

The production of raw silk was also encouraged, originally with the object of preventing imports from China. In the third year of Shōtoku (1713), for instance, the Bakufu ordered the silk textile manufacturers at *Nishijin* to use domestic silk yarn, and, at the same time, issued instructions to all provinces to endeavour to promote the sericultural and silk-reeling industries. After the middle of the Tokugawa Period, sericulture made such remarkable progress that raw silk not inferior to imported yarns in quality was produced. Not only were excellent silk textiles made with these materials, but domestic raw silk figured as a staple article for export when the country was opened to foreign intercourse in the Ansei era. A few remarks may here be added regarding woollen textiles. Woollen textiles in use in those days were mostly imported. Although their use was forbidden on the ground that they were luxuries, they were nevertheless imported in large quantities. During the Bunkwa era, the Bakufu imported a number of sheep from China and bred them in the Sugamo nurseries for medicinal plants. At the same time, a woollen cloth weaving enterprise was launched in a weaving hall in the compounds of the Hama nurseries for medicinal plants. These steps were taken for the purpose of checking the import of woollen fabrics. Later, in the Bunsei era, the Kagoshima clan took to sheep-breeding and interested itself in the manufacture of woollen cloth. It is also on record that in the first year of Ansei, the *bugyo* (magistrate) of Hakodate started sheep-breeding with the Bakufu's permission.

These are instances of the encouragement of domestic products with a bearing on foreign trade, and the Bakufu must be credited with these measures. In the meantime, most clans adopted the policy of encouraging the produc-

tion of native goods with a view to improving their finances as they were then pursuing an independent financial and economic life. Needless to say, in many cases, the measures taken by the various clans in this regard were in harmony with the policy of the Shogunate, as witness the encouragement given by them to the manufacture of *tawara-mono*, ginseng, raw silk and sugar; but the fact remains that the prime object of the measures they took was the maintenance and strengthening of the foundations of their own economic independence. The provincial products whose output was encouraged by the various clans are too numerous to recount. They covered a very wide range, from items of clothing materials such as cotton, hemp and silk textiles and raw silk, provisions such as sugar, salt, oranges and tobacco, and necessities including such items as paper, wax, matting, porcelain, lacquer-ware and Japanese umbrellas down to such things as indigo, iron and horses. The direct object of the encouragement of local provincial products was to prevent the purchase or sale of such goods from one clan to another. As extreme examples of this effort to prevent the purchase of goods from other clans, we may cite the cultivation of indigo which was encouraged by the Sendai clan, notwithstanding the fact that the soil in this area is unsuited to its cultivation. Similarly the manufacture of cotton textiles was encouraged in Etchu and Akita, where cotton plants do not thrive, by the importation of raw cotton. Regarding the policy of encouraging production with a view to the sale of goods to other clans, it may be said that practically all provincial products were encouraged with this end in view. This can easily be seen from the fact that the practice prevailed in those days of advertising goods in the market as the special products of such and such a clan.

Kokusan literally means the products of the country but the term was not always used in the same sense. Some times it was used to designate the products of Japan as distinguished from the products of foreign countries, while it was sometimes applied to provincial or local products.

In whatever connection, however, the term *kokusan* was always used to distinguish the articles to which it was applied from those of other countries or clans. It was precisely for this reason that the encouragement of *kokusan* was adopted as the policy of the Bakufu and the various clans.

As I have already mentioned, the direct object of the encouragement of domestic or native production was to prevent imports and to increase exports, and consequently increased production was the keynote of this policy. Its ulterior aim was nevertheless the strengthening of the economic basis of the Bakufu and the clans with a view to maintaining the political and social system of feudalism while increasing the wealth and strength of the country as a whole and of the clans in particular. Accordingly, the encouragement of domestic production formed part of the financial policy or was at least inseparably related to it. The reason for the Bakufu's pursuit of this policy of encouraging domestic production may be stated in the following manner. The outflow of gold and silver on account of the adverse balance of trade caused a shortage of the materials required for the coinage of currency, and this tended to accentuate the financial problems and to induce a rise in the price of commodities, thereby imperilling the foundations upon which the Bakufu maintained itself. This state of affairs caused the Bakufu to encourage domestic production and to restrict trade with foreign countries with considerable energy. It is, of course, undeniable that the Bakufu's encouragement of domestic production had, for one of its objects, the attainment of self-sufficiency in Japanese economy, but it was in the closing days of the Tokugawa Shogunate when Japan got into closer contact with foreign countries that this particular object was pushed to the forefront. Generally speaking, the security of the Bakufu's position was the main consideration in evolving and pursuing this policy.

As regards the various clans, their policy of encouraging local provincial production had for its main aim the mainte-

nance and strengthening of their own financial and economic independence. The *Sankin-kotai* system (under which feudal lords had to stay in Yedo by turns in the *Shogun's* service) and other matters involved all clans in disbursements outside of their own clan areas which had to be met in a metallic currency which they had not the right to mint. These items of expenditure constituted an important direct cause of their financial problems. In order to improve their financial position, therefore, they encouraged provincial production with the double object of preventing the inflow of commodities from outside in order to check the local outflow of specie while at the same time obtaining specie by selling their native products outside their own provinces. It was for this reason that the various clans evinced greater energy than the Bakufu did into the encouragement of domestic production. Whereas the Bakufu confined itself to measures befitting the Central Government such as ordering all clans to encourage domestic production or setting up model equipment by way of example, the various clans carried out their policies vigorously in a manner best suited to their peculiar conditions, while co-operating in general in the execution of the Bakufu's policy.

It should not be considered, however, that this policy was pursued with a sole eye to the promotion of the interests of the subject of the policy, and in utter disregard of the interests of the producers or farmers. Due care was taken by the authorities concerned to reward the producers by providing them with new industries which they could follow in addition to their regular agricultural pursuits or by aiding them to utilize to better advantage waste or unoccupied lands unfit for the cultivation of rice. This is clear from many written instructions issued in those days with reference to the encouragement of domestic production. Nor is it difficult to infer this from the economic outlook prevalent in those days—an outlook which attached special importance to the ideal of benevolent administration. This object was nevertheless secondary, so to speak, as was indeed

inevitable in view of the social and economic structures prevailing at the time. The prime object was, after all, to maintain or strengthen the feudalistic political and social system.

Reference may here be made to the fact that the emphasis of this policy changed with the lapse of time. The production of lacquer in the Aidzu clan, paper in the Hagi clan, lacquer, mulberry, paper mulberry and tea in the Kōchi clan, paper and silk yarn in the Fukuoka clan, silk in the Kanazawa clan and raw silk in most North-Eastern clans was encouraged from the beginning of the Takugawa Period. In the Aidzu clan, the object of the policy was to collect, in the shape of a tax, a portion of the fruit of the lacquer, the cultivation of which was forced upon clansmen. Similarly the policy adopted by the Hagi clan, aimed to collect the land tax from the paper manufactured in the Yamashiro district where a rice crop could not be grown. At the beginning of the Tokugawa Period when these commodities had only a limited market, the clans used to purchase their stocks of these commodities from the producers. This fact deserves attention as being symptomatic of the transition from the policy of encouraging local domestic production based on land economy to one based on currency economy. The Bakufu encouraged the production of raw silk in and after the Jōkyō and Genroku eras but a fact that is worthy of special mention is the policy of Yoshimune, the Eighth *Shogun*, who evinced great interest in the development of industry and encouraged the production of ginseng and sugar with the avowed object of checking the import of such commodities. The example set by the *Shogun* found many followers in the various clans and a remarkable increase in the production of local products resulted. It may at the same time be said that the encouragement of domestic production was an imperative necessity at the time, for, not only were the Bakufu and clans in financial straits due to the luxurious standards of the preceding Genroku era but the outflow of gold and silver in the channels of foreign

trade was for the first time claiming serious attention.

With the development of domestic production, the tendency steadily grew for clan governments to participate in the process of distribution with a view to sharing in the profits accruing from commercial transactions or by monopolizing such profits. At the same time there persisted the practice of collecting part of produce in lieu of imposing toll with a view to improving the financial position of the Bakufu and the clans. This indicates that the currency economy having gradually developed had come to figure more pronouncedly in the background of this policy. At the same time, the interposition of the merchant class in this field began and a close connection soon developed between the encouragement of domestic production and commercial capital.

2. MEASURES TAKEN TO ENCOURAGE PRODUCTION

In the present chapter, I shall describe the measures taken to encourage domestic production. As already stated, the prime aim of this policy was to increase production, and in order to attain this end, the needs of the process of production and the process of distribution could not be ignored. Hence it was usual for various clans to establish suitable organs concerned with the encouragement of domestic production for the purpose of promoting it while at the same time facilitating the sale of the commodities produced. It was also necessary to provide the funds required for the execution of the policy.

(1) Stimulating the process of production. To begin with, technical guidance was given. I have already mentioned that the Bakufu set an example in the manufacture of sugar by importing sugar-cane seedlings and engaging an expert cultivator of sugar plants. The Bakufu's example was followed by many clans. In some clans, books treating of methods of cultivation were even distributed among the growers. Secondly, seeds and seedlings were supplied and

productive funds or foodstuffs were granted to producers. As an instance, the Bakufu supplied sugar-cane seedlings and ginseng seeds and the Aidzu clan supplied young mulberry shoots to planters, free of charge. There were many cases of this kind. Other cases could also be cited where the funds needed for the purchase of raw materials and productive instruments and other productive funds required for the cultivation of land were supplied or where money was lent at low rates of interest or without interest at all. So far as the supply of foodstuffs is concerned, in the Hagi clan, for instance, rice was supplied to the manufacturers of paper in the Yamashiro district, and it is likely that the same method was widely adopted to encourage production in the districts where rice was not grown. Thirdly, taxes were remitted in many cases for the benefit of the producers of specific products. Many clans also adopted the method of rewarding efficient producers.

Fourthly, compulsion was also used to secure production. Compulsion was more or less behind the encouragement of production through the remission of taxes, and the element of compulsion was clearly in evidence in the method adopted by the Fukuoka clan in encouraging the cultivation of mulberry trees. This clan ordered farmers to plant mulberry trees, promising in return exemption from the duty of boon-work. If, however, farmers failed to plant the stipulated number of mulberry trees, boon-work was imposed on them. In some cases, production was forced on people without any compensatory condition such as the remission of taxes. The compulsory plantation of lacquer-trees in the Aidzu clan, the forced cultivation of mulberry, tea, and paper mulberry trees in the Kōchi clan and the planting of sugar-canes in Kagoshima clan are cases in point. In the Kagoshima clan, each farmer of Oshima island, a sugar producing centre, was ordered to plant sugar on a tract of land allotted to him. Generally speaking, compulsion was present in most cases though it did not always take such a definite form.

All or most of the methods described above were adopted in combination in most cases, and by this means only could the end in view be achieved.

(2) Encouragement given by providing distribution facilities. Inasmuch as products are commodities to a grater or lesser degree, steps must be taken to ensure their smooth distribution. That is to say, markets must be opened and secured for them so that their production may not be impeded. As early as the Keichō era the Aidzu clan had a system by which the clan government purchased all the wax which producers still held after they had paid part of their produce in tax. The clan government thus constituted itself the market for such produce. The Hagi clan adopted the same plan with regard to the paper produced in its area.

Markets for clan products were of two kinds—the market within the fief and the market outside of it. It is hardly necessary to say that measures were taken by each clan to assure the market within the fief for the local products, and to this end the importation of competitive commodities from other fiefs was either restricted or banned. Besides assuring the market within the fief for the native products, as a means of seeking self-sufficiency, each clan endeavoured to develop production by opening and securing markets outside its own province. One method adopted for the purpose, which deserves special mention, was the provision of equipment for facilitating the shipment of the native products. In the Wakayama clan, for instance, an office was established where farmers could get money in exchange for oranges of their own production. Similar methods were adopted by many clans in the shipment of their products out of their fiefs—by the Nagoya and the Himeji clans in regard to cotton, by the Takamatsu clan in regard to sugar and by the Tottori clan in respect of ironware, to note a few examples out of many. In conjunction with this method, *Kurayashiki* and other kindred institutions established in Osaka, Edo, Kyōto and other cities were utilized for the same purpose. The Tokushima clan, even nominated in many

places wholesalers for indigo-balls in an endeavour to secure or develop markets for the commodity.

As native products were more and more put on the market, standardization of their quality became necessary, and a strict inspection of manufactured goods was accordingly enforced. The main object of the inspection of manufactured goods was to maintain the market, though it also served the purpose of collecting toll. Such a step was necessary because, as manufactures of similar articles flowed into the Osaka, Edo, Kyōto and other markets from many provinces, any deterioration in the quality of the goods immediately affected the demand for and the prices of such articles, with the natural result that production was bound to receive a setback. Thus, when encouraging the output of native products, all clans took special care to produce articles of good quality.

There were certain factors responsible for this participation of clan governments in the process of distribution. One was that producers who were mostly farmers were ignorant of market conditions. Another was that clan governments desired to recover, either in the form of manufactured goods or in the income from sale, the funds which they invested in a variety of ways in the enterprise of encouraging production. A third factor was that they gradually conceived the idea of sharing in or monopolizing the profits accruing from the sale of such goods. With the lapse of time, their participation in the process of distribution became more active until at last it assumed the form of a complete monopoly of native products. This shows that clan governments came to attach greater importance to the acquisition of specie than to the attainment of self-sufficiency, in trying to maintain or strengthen their financial and economic independence.

(3) Organs set up for encouraging domestic production. It was usual for each clan to establish special organs for the encouragement of provincial production in carrying out the above-mentioned measures. These organs were called

by different names in different clans. They were called the *kamikata yakusho* (paper office), the *hazekata yakusho* (wax-tree office), the *ro-za* (wax exchange), the *ai-za* (indigo exchange), the *wata kaisho* (cotton board) and the *sato kaisho* (sugar board), according to the kinds of articles which they handled. In some other cases, such institutions were called the *kokusan kaisho* (domestic products board) or the *sanbutsu kaisho* (products board). These offices attended to all matters relative to the production and distribution of provincial products. They were very different in nature from present-day administrative offices, and among them were many which were monopoly organs for native products.

(4) Domestic production encouragement funds. Needless to say, large funds were required for encouraging the production and distribution of native products. Then, how could the clans whose object of encouraging domestic production was to relieve their own financial difficulties provide the requisite funds? In some cases, they put up the necessary funds by dint of strict economy, and in some other cases they used the revenue from the tax collected from the land which, as a result of the re-survey, was found to be in excess of the registered acreage. There were also cases where they borrowed money from the Bakufu. What is of special significance is that clan notes were issued for the purpose. The issue of notes by clans in the Tokugawa Period was almost exclusively for the purpose of relieving their financial straits, but it was sometimes for the specific purpose of raising the funds required for encouraging native production. The clan notes issued for this purpose were, in most cases, either lent as productive funds or used in payment for the cost of native products purchased by clan governments. Accordingly, this note issue was closely related to the monopoly of native products and especially the monopoly of the goods put on the market outside the clan provinces.

The practice was also widespread of obtaining the necessary funds from merchants. A notable example of this is seen in the encouragement of the paper manufacturing

industry by the Obi clan. This clan borrowed money from Aburaya Zenbei, an Osaka exchange merchant, in the 12th year of Kwansei and with this money encouraged the cultivation of paper mulberry trees. The clan government purchased all the dried bark of these trees, employed workers at regular wages to manufacture paper and the paper thus manufactured was sent to Osaka, where its sale was left in the sole hands of Zenbei. Out of the proceeds of its sale the clan government paid its debt to this Osaka merchant. The policy which the Obi clan thus adopted embodied at once the encouragement of domestic production and the monopoly of products. In a sense, the clan acted as an agent for merchants seeking investments. We find a parallel case in the Fukuoka clan which obtained funds from Hida and Osaka merchants in carrying on the wax manufacturing industry.

So far, I have described the measures adopted by various clans in encouraging domestic production. It must here be noted, however, that it was not always possible for the Bakufu and clans—the latter especially—to carry out these measures unaided. It is true that officials of clan governments were, in many cases, in charge of the business of encouraging domestic production, but merchants interposed very frequently in the process of distribution. For instance, the *mikankata kaisho* (orange board) of the Wakayama clan and the *kokonnyaku kaisho* (board of powdered devil's tongue) of the Mito clan were composed entirely of merchants. In the case of organs of the same kind in other clans also, actual business was handled by merchants, the task of the officials of clan governments being confined to supervision. As to the issue of clan notes, their successful issue depended on the credit of merchants. Needless to say, the accommodation of funds by merchants was the most glaring case of the interposition of the merchant class. In short, as the encouragement of domestic production which was originally based on land economy developed into one based on currency economy, collaboration with the money power of merchants

became a matter of imperative necessity. We can clearly see in the policy of encouraging domestic production collaboration with two aspects—efforts to maintain the feudal structure with the aid of the money power of the merchant class and the efforts to accumulate commercial capital with the aid of the feudalistic political influence.

3. LIMITS TO THE ENCOURAGEMENT OF DOMESTIC PRODUCTION

The policy of encouraging domestic production in the Tokugawa Period was productive of many good results. It is easy to cite many examples to show that it did much to relieve the financial straits. The production of special products of various kinds increased in many provinces. In the sphere of foreign trade, the development of domestic production not only put an end to the importation of ginseng, raw silk and sugar, which Japan had been importing up to the middle phase of the Period, but it even enabled the country to export them. Again, the cotton industry, which had been almost unknown in Japan up to the beginning of the Period, sprang up and made such rapid progress that the cotton cloth became soon clothing material for daily wear. It is, of course, possible to think that even if there had been no official encouragement, industry in this country would have developed in consequence of the advent of peace, the elevation of the standards of living, the progress of commerce and the country's pursuit of the exclusionist policy, but it is undeniable that the policy of encouraging production which the Bakufu and the clans pursued with a view to maintaining their own existence made a valuable contribution to the industrial development of the country.

However, there were limits to the encouragement of domestic production. The factors which set these limits were as follows:—

First, the land available was limited. As I have mentioned before, it was mostly agricultural crops and com-

modities made from agricultural produce which were encouraged. Now, as the rice economy ruled in those days, it was not only impracticable but legally impossible to sacrifice the rice crop for the cultivation of other specific agricultural crops. As a matter of fact, raw cotton was the only agricultural crop which could be grown without any restriction. As regards all other crops, their cultivation was allowed only on the land unfit for the cultivation of rice or on waste or unoccupied lands. The utilization of river banks, *aze* (low dykes separating one rice field from another) and even residential land was encouraged for the cultivation of such crops. The planting of paper mulberry trees in the Yamashiro district of the Hagi clan and the cultivation of *konnyakudama* (roots of the devil's tongue) in the Honai district of the Mito clan are examples of how the cultivation of specific agricultural crops were encouraged in the districts unfit for the rice crop so as to stabilize the livelihood of the farmers in such districts and to increase tax revenues. There were, nevertheless, cases where rice fields were converted into sugar-cane plantations in spite of the official prohibition, but such cases were, after all, few and far between. In and after the Tempō era, both the Bakufu and the clans even adopted the policy of suppressing the cultivation of sugar-canes for fear of decrease of the rice field.

Secondly, there were market limitations. Trade at Nagasaki, the only port open to foreign trade in the days when the Bakufu pursued the exclusionist policy, was passive and, moreover, it was subject to increasing restrictions. Consequently, though there were exports of *tawaramono* and other goods, their market abroad was very limited and negligible. Next, the fact that all clans tried to maintain their own financial and economic independence operated to restrict the market. It is true that *tenryo* (domains under the *Shogun's* direct control) formed free markets and that such domains contained big cities like Edo, Osaka and Kyoto, and it is also true that the *tenryo* were the chief contributory factor in the development of provincial economy into nation-

wide economy, but all clans were then at great pains to attain self-sufficiency in their desire to maintain their financial and economic independence. For instance, the cotton industry was encouraged even in Akita and Etchu districts where raw cotton was not produced, and in the Sendai clan, where the climate is cold, the cultivation of indigo was enforced. In the North-Eastern districts where lacquer trees thrived well, wax was made out of lacquer fruit, while in Kwansai and Kyushu it was made from the fruit of *haze* (wax-trees). Thus, there was hardly any district which could not supply the necessities of life, that is, the same kinds of goods were produced everywhere in the country. Inasmuch as the main aim of all clans in encouraging native production was to acquire specie by selling their products in the markets outside their own provinces, it is easy to see that there were limits to the expansion of production for market reasons. The law of the survival of the fittest operated in the central market, of course, and the gradual decline of the paper manufacturing industry of the Hagi clan after the middle phase of the Tokugawa Period is illustrative of this fact. In spite of this adverse circumstance, however, the Hagi clan continued its policy of encouraging the paper manufacturing industry, a fact which incidentally shows that the limits to productive expansion from the above-mentioned cause remained to the end of the Bakufu regime.

Thirdly, political order or compulsion was applied in making farmers and artisans engage in the work of production. Official orders or compulsion might not prove a restraining influence, if producers were promised a reasonable margin of profit. Instances are by no means wanting where both feudal lords and producers alike derived benefits from the encouragement of production, but the situation is bound to become adverse when profits dwindle and producers come to feel it keenly. That such a situation came about can be inferred from the fact that many clans thought fit to provide penalties to prevent the smuggling of their native products. It shows that clan governments brought pressure to bear on

producers either in order to increase their profits or to maintain the market in spite of the inferiority of their own conditions of production to those of other competitive clans. Thus, clan governments had to make constant efforts to urge farmers to increase production, and this constituted another factor of limitation.

Fourthly, both producers and merchants became so accustomed to the protection of or collaboration with the powers that they lost their spirit of enterprise. This was especially so with producers who simply engaged in the work of production by order or under compulsion. That they lacked spirit of enterprise and initiative is obvious from the fact that industry was rendered helpless for a time following the collapse of the old system at the Meiji Restoration or that it took to promiscuous manufacture of goods of inferior quality. In short, the loss of initiative on the part of producers, coupled with the fact that natural science was still in an undeveloped state and that the market was small, reduced the opportunities for introducing novel devices or new forms of production into industry.

To sum up, the policy pursued in the Tokugawa Period for the encouragement of domestic production carried limitations in itself, because the ultimate object of the Bakufu and the clans was to maintain their existence on the basis of land economy. Owing to these restrictions, the beneficial effect which this policy produced on the finance of clans could not be expected without limit.

4. THE BAKUFU'S RELATION TO THE CLANS OVER THE ENCOURAGEMENT OF DOMESTIC PRODUCTION

I have so far discussed the subject on the assumption that the attitude of the Bakufu and that of the clans towards the encouragement of domestic production was practically the same. The only difference to which I have referred was that whereas the Bakufu encouraged domestic production

with foreign trade relations chiefly in view, the clans, while objectively sharing in the execution of the Bakufu's policy so conceived, encouraged native production particularly with a view to maintaining their own financial and economic independence. This point of difference is of importance in grasping the historical significance of the encouragement of domestic production during the Tokugawa Period, for it may justly be said that the Bakufu's policy of encouraging domestic production, which bore the character of a national economic policy, was the precursor of the like policy followed by the Meiji Government. The question is whether the kind of policy which was adopted by the clans in encouraging their provincial production was welcomed by the Bakufu or, if not welcomed, was connived at as inevitable in the circumstances.

So far from welcoming the growth of the influence of the clans, the Bakufu took special care to curtail it. It is, indeed, a well-known fact that with this end in view the Bakufu introduced the system of *Sankin-kotai*, transferred feudal lords to other fiefs occasionally on one pretext or another or ordered them to aid in the work of repairing the Palace and the Edo Castle or undertake costly riparian works. It is therefore quite conceivable that the Bakufu would not welcome the policy adopted by the various clans, provided it contributed to the increase of the economic power of the clans. The restrictions or an embargo which the Bakufu imposed on the sale of provincial piece-goods in the Edo, Kyoto and Osaka markets for the purpose of protecting the *Nishijin* brocade weaving industry might be regarded as one manifestation of its dislike for the growth of provincial industry. Some scholars go so far as to argue that the permission which the Bakufu gave to merchants in *tenryo* only to handle raw silk and its grant of a monopoly of silkworm eggs to these merchants as well as the above-mentioned production of the *Nishijin* brocade weaving industry illustrate the Bakufu's policy to reduce all clans to the status of virtual colonies for *tenryo*.

This contention cannot easily be accepted, however, as the above-mentioned restrictions on the sale of provincial piecegoods were applied only to the quantities in excess of the volume formerly put on the market and as, even where the ban was imposed on their sale, its removal could be obtained if the goods were stored in the *Kurayashiki* of the feudal lords concerned. So far as my knowledge goes, there was no evidence establishing the fact that the Bakufu took steps to suppress the development of native production. The case was rather the opposite. As already mentioned, the Bakufu accommodated funds to the Wakayama clan for the encouragement of the manufacture of sugar and it also encouraged the cultivation of ginseng in the Matsue clan and even extended protection to the wax monopoly of the Aidzu clan.

There were, generally speaking, two reasons for the rather favourable attitude adopted by the Bakufu towards the encouragement of native production by the clans. One was its desire to check the import of foreign goods. Ginseng was, for instance, very important for medicinal purposes. As to sugar and raw silk, although they were in those days banned as luxuries, their import could not be stopped effectively in the face of a steady rise in the standards of living among the people and it was deemed necessary to supplant imported raw silk by home-made silk and imported sugar by home-made sugar. Thus, the Bakufu could not but encourage or welcome the production of such commodities in the clans.

The other reason was the need for checking the rise in prices. The price policy of the Bakufu was to maintain the price of rice at a proper level and to keep down the prices of other commodities as far as possible. The production of rape-seed oil was also encouraged in all districts. It is fair to conclude, therefore, that the production of all necessities of life, apart from luxuries such as raw silk, silk goods and sugar, was welcomed by the Bakufu as helpful to the price policy.

In short, although it is possible that the Bakufu regarded with some misgiving the increase of the wealth of the clans in consequence of the development of local production, this misgiving was so outweighed by the necessity of checking the outflow of gold and silver resulting from the unfavourable balance of trade and of relieving the Bakufu and the *samurai* class of the financial difficulty which was being accentuated by the rise of commodities that it could not but countenance the development of domestic production. Moreover, it was not necessarily to the Bakufu's advantage that the clans should be in dire financial straits.

5. CONCLUSION

In the previous chapters I have outlined the policy of the encouragement of domestic production during the Tokugawa Period. This policy was enforced by the Bakufu and the clans which depended on land economy for their existence with the object of breaking the *impasse* which land economy reached in consequence of the development of currency economy. Financially, it succeeded to a certain extent. It also did much to develop industry and to transform provincial economy into nation-wide economy. But as the policy itself was feudalistic in nature, it necessarily had its limitations. Thus, the Bakufu and the clans failed to bring the land economy into harmony with the currency economy, while, on the other hand, the merchant class was unable to accumulate commercial capital freely. The inconsistencies which this policy itself contained were overcome when the feudal system was abolished and the country was opened to foreign intercourse by the Meiji Government, and then the encouragement of domestic production based on feudal economy gave way to the encouragement of domestic production based on national economy.