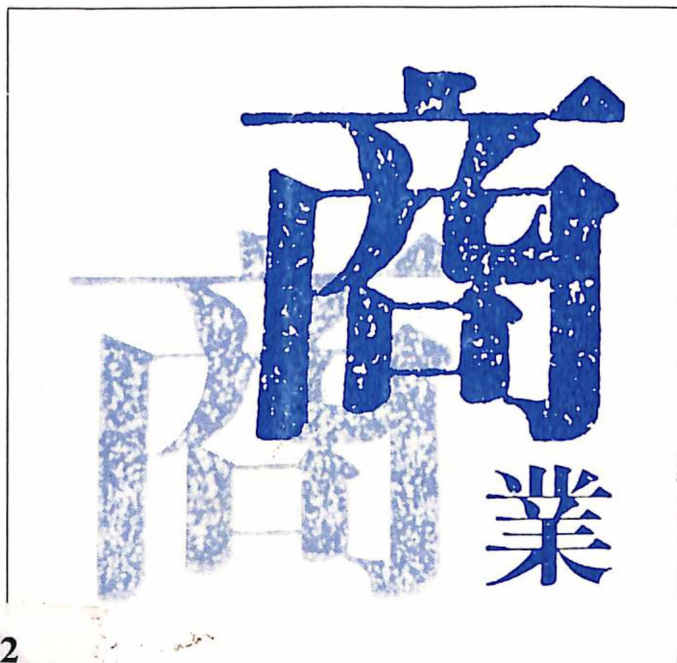


A HISTORY OF PRE-MEIJI COMMERCE IN JAPAN

TOYODA Takeshi

JAPANESE LIFE AND CULTURE SERIES



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KOKUSAI BUNKA SHINKOKAI

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by
TOYODA Takeshi

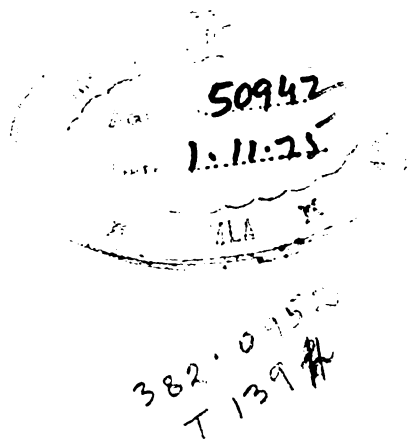
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Publisher's Foreword

It has long been regretted that students and scholars who engage in Japanese studies have to face many difficulties, not only in mastering a difficult language, but also in the matter of the lack of effective assistance by the learned institutions and people of this country. Recognizing this fact, the Kokusai Bunka Shinkokai (Japan Cultural Society), since shortly after its establishment in 1934, has been applying its energies to several programs for providing such facilities for foreign students and friends of Japan.

Initially, the Society made a collection of Western-language books and magazines relating to Japan, which are available for reference at the K.B.S. Library, and published a full catalogue of the items collected during the years 1935-62, *A Classified List of Books in Western Languages Relating to Japan*, which is obtainable from the University of Tokyo Press.

Concurrently, since 1959 the Society has been compiling a series of bibliographies, under the series title: *A Bibliography of Standard Reference Books for Japanese Studies with Descriptive Notes*, listing and describing the more important books written on Japan in Japanese. This is proving another valuable contribution to Japanese studies. Volumes already published cover the following fields: Generalia, Geography and Travel, History and Biography, Religion, History of Thought, Education, Language, Literature, Arts and Crafts, Theatre-Dance-Music, Manners and Customs and Folklore, Law (I) and Economics. In preparation are volumes covering: Politics and Law (II).

Since 1961 the Society has also been publishing a series of books on Japanese life and culture, including the present publication, which give basic guidance in introductory fields of Japanese studies. Out of more than seventeen such published studies, the Society has now selected a number, as listed on the first page of this volume, which have been revised and reissued. More volumes, both revisions and original editions, will appear successively. It is the sincere hope of the Society that this series, as well as its other activities, may prove of value to all who are interested in the study of Japan.

The author of the present work, Mr. TOYODA Takeshi, is presently a professor of Japanese History at Tôhoku University, Sendai. His book, *Japanese Feudal Cities and Medieval Japanese Commerce*, are remarkable contributions to the study of feudal commerce and the social structure of this country. The manuscript was specially prepared for the Society and translated by Mr. Clifford Miyashiro under the guidance of Mr. Toyoda.

Our acknowledgements are due to the author for furnishing the original text and selecting the illustrations; to Mr. Miyashiro for the English translation of the manuscript; and to Mr. Prescott Wintersteen, Jr. for editorial assistance in the final stages.

Two editorial notes: 1) The Hepburn system, with minor modifications, has been followed in romanizing Japanese words. 2) Japanese personal names are given in the Japanese style, family name first.

March, 1969

KOKUSAI BUNKA SHINKOKAI

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CHAPTER I

Commerce in the Early and Ancient Periods

By the term “ancient” we here refer to the period after the Yamato Court was established, the period when a bureaucratic state was formed with political authority controlled by an aristocracy which centered on the emperor. This period may be divided into the stage when the Ritsuryô¹ system was in full political ascendancy and the stage when the government was completely controlled by aristocratic families such as the Fujiwara. Commerce developed within the framework of the Ritsuryô system; in particular, at the eastern and western markets in the capital.

1. *The Emergence of Barter*

Self-sufficiency characterizes primitive economy, but in the process of social evolution, institutionalization of family-groups and rationalization of labor make possible the production of a surplus beyond the needs of each social-group. The ability to produce a surplus, differences in natural distribution of materials and the acceptance of the idea of comparison or of equivalents are the pre-conditions for the emergence of barter. Even in this early form of exchange, however, we can distinguish a stage of random and isolated bartering and a stage in which fixed amounts of products are exchanged in a consistent manner. As a patterned economic activity, commerce may be held to begin at the latter stage.

Although only to a minimal degree and only at random, barter in Japan can probably be said to have started in the age of stone implements.

This can be inferred from the fact that stone materials, clays, and stone implements are frequently discovered in areas which do not have such materials in a natural state. For example, although they are not native to Izu-Ôshima, along with the arrowheads and spear-heads uncarthed there, we find implements made of ebonite and fragments of Chichibuishi (a greenish stone found in the Chichibu area). These were probably imported from Kôzushima in Izu or Wada-tôge in Shinano where they are readily available. Flint stones were also imported into areas where they are not indigenous. The fishing peoples along the coastline and the hunting peoples in the interior each had special products which they probably bartered. When metals came into use and division of labor advanced, bartering no doubt increased. The discovery of coins minted by the Wang Mang regime of the Latter Han Dynasty in Japanese tombs shows that trade with the continent existed.

From a very general standpoint, we may say that barter usually begins among different tribes or among groups within a tribe which have different conditions of livelihood. Further, since it is usual that antagonism exists among different tribes, the first forms of expansion of political dominance consisted of simple attacks and plundering or by exchange of gifts and tribute. It was only when antagonistic relationships ended and peaceful communication was established that barter began. In the initial stages this took the form of "silent trade." Only after much repetition did such exchange become publicly recognized. Such dealings, however were highly precarious. They were constantly subject to fears of loss through exchange or of renegeing on terms of exchange. Hence, in order to insure fairness and peace, exchange came to be conducted before public witnesses. Markets were established from a relatively early period.

In the *Wê-jên chuan* (*Wajinden*) of the *Wei-chih* (*Gishi*)² it is recorded that the people of Tsushima and Iki went by ship to markets of both the Northern and Southern dynasties of China. Of the northern Kyûshû region in Japan proper, it is stated: "In the various 'kingdoms' there are markets where necessary items are traded. The Yamato Court oversees them." From this early source we see that during the third or fourth

century A.D., markets existed in northern Kyûshû and that there existed institutional controls over them.

The etymology of the Japanese term for market, "ichi," has not been clearly ascertained. However, it is evident that in the ancient period the term was used to indicate a place where people met. In the ancient chronicles, Kara-no-ichi in Yamato, established during the reign of Emperor Ôjin, is the earliest. Other early markets cited in the chronicles are the Ega-ichi in Kawachi, the Tsubaki-ichi and the Atokuwa-ichi in Yamato. It is also known that markets developed at political centers and at strategic communication points. The *Fudoki*³ present examples of these, such as the market on the Takahama coastline of Hitachi province.

The early markets were extremely simple. As the "tsubaki" (camellia) in Tsubaki-ichi, "tachibana" (wild orange) in Ega-ichi, and "kuwa" (mulberry) in Atokuwa-ichi indicate, the markets of the ancient period frequently have names of plants or trees attached to them. This probably occurs because people gathered under large trees to barter their possessions. Since "ichi" originally meant places where people gathered, it seems that it also indicated places where people gathered for singing and dancing. Scholars have even asserted that such gatherings were the predecessors of markets.

With advances in social institutions, exchange gradually came to be fixed and customary, and markets developed further. At first, the objects exchanged were grains, weapons, horses and cattle, slaves, but later luxury goods also came to be traded. This arose from a general rise in wants of the people, but in Japan this was especially influenced by the large number of "naturalized people" who settled in the Yamato and Kawachi areas. We see that at the Ega-ichi a person from Korea sold high-quality rice-wine and in the Saimei Chronicle another of Korean ancestry is mentioned as selling bearskins. It is probable that the developed system of markets which then existed in Korea influenced the growth of markets in Japan.

The Yamato Court developed a policy of protecting the markets and established appropriate institutional devices for this. From the Imperial

Edict of the second year of Taika (646), we may infer that previous to that date there existed a "controller of markets" who oversaw markets and important transport routes. He also had the authority to levy market taxes. As in the cases of Miwa-no-ichi and Karu-no-ichi in Yamato, the central government itself occasionally founded new markets. In conjunction with the development of markets, itinerant peddling also came into existence. During the reign of Emperor Jomei (629-641), a person named Hata-no-Ôtsuchi, who dwelled in Yamashiro, went on selling trips to Ise and is reported to have made large profits. It is recorded that during the reign of the Emperor Yûryaku,⁴ a bandit named Ayashi-no-Komaro robbed itinerant peddlers in Harima.

To indicate "prices" in exchange and selling, the terms *atai* and *neuchi* were used; for "commerce" the terms were *aki* and *akinai*. Concerning the etymology of the term *aki*, the following two theories have been proposed: (1) It is derived from the term *aku*, which means to be plentiful or to be sufficient; (2) it is derived from the term *aki*, which means autumn, this because major bartering usually occurred in autumn after crops were harvested.

2. *Commerce in the Capital*

A major feature of the Taika Reform (646) was the abolition of the previous family-based political system; all lands became state-owned, the *be*⁵ were abolished and all persons became subjects of the new regime. A system of assigning plots of land to the subjects was put into practice and on that basis a thoroughly centralized bureaucratic government was established. As part of the policies, improvement and invention of new agricultural equipment, methods of cultivation with the use of fertilizers, and the planting of more varieties of crops were encouraged. There occurred a rise in productivity and a general improvement of economic life. Primarily to satisfy the desires of the courtiers and priests for luxury products, handicrafts also developed rapidly. In particular, in order to facilitate the collection of taxes, silk-weaving was encouraged and silk came to be used as an exchange-medium in collecting the tax⁶. Roads and

post-stations were developed for administrative and military purposes, but they also served to extend commerce over a wider area.

The establishment of a centralized government brought about the building of successive imperial capitals which, as political centers, were modelled on the T'ang imperial cities. In these capitals it was usual that two markets—one in the eastern section of the city, the other in the western section—were established. We see that in Taihō 3 (703), during the reign of the Emperor Temmu (673–686), eastern and western markets existed in Asuka-Fujiwara-kyō, then the capital. Such markets were also established in Heijō-kyō (Nara), and when the capital was moved to Kuni⁷ in Yamashiro in Tempyō 12 (740), the two markets were also re-located there. At that time merchants competed actively to be allowed into the markets of the new capital. The capital was later moved to Nagaoka-kyō (784) and then to Heian-kyō (today's Kyoto) in 794. At these sites, too, eastern and western markets were established.

From the Kanshi-ryō⁸ of the Ritsu-ryō Codes and from other sources we know the following about the market system within the imperial capitals:

(1) A "controller of markets"⁹ regulated the markets. He oversaw the quality, prices and volume of goods sold there.

(2) The markets were opened at noon every day and were closed at sunset by the signal of three beats on a large drum.

(3) Stalls run by men and those operated by women were separated.

On the *ichi-no-kura*, where merchandise was displayed, names of the products were posted. The stalls were called *machi-ya*.

(4) Peaceful trading was strictly maintained in the markets. Even the officers of the Six Guards¹⁰ were forbidden to enter the markets wearing swords.

From the Zeniyō-chō (account-book)¹¹ of the Shakyō-jo (Sutra-copying Office),¹² we attain a general view of the types of items sold in the markets. These were:

Textiles: silk, linen, cotton, thread, hemp.

Foodstuffs: rice, wheat, soy-beans, red-beans, salt, *miso* (bean-paste), *sake*, vegetables, seaweed, fruits.

Miscellaneous: fire-wood, charcoal, medicines, paper, brushes, pottery.

Comparing this with a similar list in the regulations of the Engi-shiki¹³ (circa 907–927), we see that except for weapons, seafoods, horses and cattle, and women's wear, the items are the same. The volume of trading must have reached a considerable figure. In one instance it is recorded that five carts were necessary to transport the coins used at the markets. From this we also infer that there was very little credit dealing; most of the trade was done in cash.

Agricultural products sold in the eastern and western markets, such as rice, vegetables, and fruits were brought in by peasants from nearby areas; sea products, such as fish, salt, and seaweed were brought in by producers in the nearby coastal areas. When the citizens brought their taxes and taxes-in-kind¹⁴ to the capital they no doubt brought products for trading at the markets. Further, the government regularly used the eastern and western markets to dispose of products collected as taxes.

Coins were first minted in Japan during the Wadô period (708–714). At first they were not readily accepted, but the government, by initiating a policy of granting titles and privileges to those who accumulated large amounts of coins¹⁵, actively encouraged their circulation. With the eastern and western markets as nuclei, the officials and bureaucrats succeeded in establishing the use of coins in trading, especially in the Kinai area.

The eastern and western markets at Heian-kyô were better organized than those at Heijô-kyô. Each had specific sites and alternated. The eastern market operated from the first to the fifteenth of each month, and the western market from the sixteenth to the end of the month. Each also had exclusive rights to sale of certain products. The eastern market had fifty-one stalls; the western, thirty-three. It appears that only one product was handled at each stall. The residents of Kyoto—both the courtiers and the common citizens—frequented the markets. There is, for example, the account of the Dainagon Dômyô¹⁶ accompanying his

wife in their carriage to shop at the market. The markets appear to have played a major role in the life of the city. We see that they were also used as sites for public punishment of criminals. From about the mid-Heian period the markets were also visited by Buddhist evangelists such as Kûya (903–972).

Because of the dampness and humidity of the western section, changes in the urban landscape of Heian-kyô led to a gradual concentration of population in the eastern section of the city. In Jôwa 2 (835), in order to aid the development of the western section the government gave exclusive rights to the sale of eighteen items, including brocades, damasks and silks, to the western market. Through this measure, it sought to attract customers to the western section of the city and to prevent movement of residents to other sections. But the policy was vigorously opposed by the “controller of the eastern market,” and proved insufficient. The western section of the capital gradually fell into desolation.

In the eastern section the market came to be more and more complex and disorganized. As early as the Jôgan period (859–876), merchants in the market, claiming to be dependents of high courtier houses, refused to heed the orders of the “controller of the market.” By the twelfth century, with the further development of the city, the market area itself became inadequate. Merchants opened shops in their own residential areas and at other sites outside the market itself. In *Utsubo Monogatari*¹⁷ we find an account of a person named Miharu who was known for his stinginess. He married a woman named Tokumachi, who ran a silk shop at the market. He later is seen to have opened a second shop at their home on Shichi-jô boulevard, while sending Tokumachi to manage the shop in the market. We may take this as an example of the process by which shops came to be established in areas other than the market itself. Of such shops, those clustered in the area along San-jô and Shi-jô boulevards in the upper section of the capital came to form a flourishing shopping area. Lumber merchants began to concentrate along the banks of the Horikawa River and that area gradually came to be a distribution center for lumber.

3. *Commerce in the Rural Areas*

Outside the imperial capital, markets controlled by government officials existed in the capitals of each province. In works such as *Makura no Sôshi*¹⁸ we see that such markets had long existed in Yamato, Kawachi and Settsu. Similar markets also existed in Mino, Mikawa, Ômi and Harima. Provincial markets increased with the proliferation of *shôen* (private estates),¹⁹ with most established at political or economic centers or in front of major temples and shrines. Markets opened near temples and shrines were usually directed toward pilgrims and other worshippers, but agricultural products from the *shôen* also were channelled into these markets. Examples of such markets are those at Daigo and Iwashimizu. In Kôhei 6 (1063), the Uma-no-ichi was established at Iwashimizu and two or three years later the Ne-no-ichi was added. Thenceforth markets were held on days of the horse (*uma*) and rat (*ne*), horse and rat being zodiacal signs used in the Chinese calendar. At Daigo-ji a market held thrice each month was established in Eiji 2 (1142) on the northern bank of the Aeba River. It was later moved to a more westerly area and finally in Ten'yô 2 (1145) to Imazato. Tôdai-ji, located in the southern section of Nara, had a market at Minami-no-shô. In Anzen 2 (1176), the manager of the *shôen* located there purchased ceremonial gifts for the temple at this market and noted that at that time, although sea food could be purchased, there were no damasks or silks in this country market.

In the earlier period, products were simply exchanged by direct producers at such local markets, but with an increase in the production of merchandise and improvements in transportation, specific items, e.g., cloth, rice, and coins became media of exchange. We gain some idea of the conditions of local markets from the story in *Konjaku Monogatari*²⁰ in which a woman from Kôga-gun in Ômi took cloth to the lake-front town of Yabase to buy fish and rice. Generally, such markets were not held on a daily basis. It was more common for them to be held only on festival-days, only several times a year, or on particular days each month.

Examples of markets which were held on designated days each month are the Tatsu-ichi in Yamato and the Ne-uma-ichi at Iwashimizu. As is mentioned above, markets held on the *fiesta*-days of each district, such as the Tori-no-ichi, were related to the calendar or zodiacal series. These seem to have been particularly prevalent during the Heian period. Markets opened regularly thrice monthly came into existence only during the late Heian period. The site of the Daigo market was frequently moved and it is recorded that because of various illegal interferences the Iwashimizu market was not opened on many occasions. There is no doubt that such markets were simple affairs which could easily be organized at convenient places at appropriate times.

During the late Heian period trade was conducted at provincial capitals and county seats, at post-stations along highways and at ports. Other than markets, permanent shops also were opened. The Yodo River became an important transport route after the capital was moved to Kyoto, and it is known that shops, such as those at Yamazaki, were established along its banks.

In the post-Taika period, when exchange of merchandise between the political center and the rural areas became prevalent, peddlers who visited the local markets also became more common. In response to the growth of local industries, we find peddlers forming groups to visit rural areas. We see that twenty horseloads of fish were sent from Echigo to the capital. Merchants who went to purchase mercury in Ise frequently travelled with teams of a hundred or more horses loaded with silk, thread, cotton and rice. These examples indicate that such travelling merchants were relatively well-organized and conducted trade on a large scale. HACHIRÔ Mabito, mentioned in *Shin Sarugaku-ki*, was a leader of such merchants. His trading activities ranged from the north-eastern area to southern Kyûshû.

Yet, in this period, there were only a few who were exclusively engaged in commerce. Most of those who travelled to other provinces as merchants were on the fringes of the then prevalent communally organized social units. They were mainly nonagricultural peoples, such as fishermen, people who dwelled in mountain areas, or itinerant

workers. The coastal peoples were good seafarers who travelled long distances to fish and to sell their catch. The people in the mountain areas brought special products down to the markets in the foothills to exchange for other necessities. Finally, the disintegration of the state-owned land system was accompanied by the appearance of many wandering or homeless people. Some became mountain bandits or mountain-dwellers; other became craftsmen who either settled in the cities or moved from village to village to practice their skills. In sum, we may say that during the Nara and Heian periods most merchants were those who had failed in the direct production of agricultural goods. Further, commercialization of surplus products occurred only within a limited sphere. In this sense, we may say that commerce during these two periods still did not have an adequate basis for large-scale development.

CHAPTER II

Commerce in Kamakura and Muromachi Periods

1. *The Development of Scheduled Markets in the Provinces*

Basis of Development The establishment of the military government of the Kamakura Bakufu²¹ at the end of the twelfth century marks a major turning point in the process of enlarging the political role of the warriors of the *jitô* (land steward) class. It was this group of warriors who formed the foundation of the new military regime. These warriors were local landowners, but there were many among them who had become local managers of *shôen* (manors) or officials in provincial administrative offices (*kokuga*)²². Such positions enabled them to enlarge *de facto* control over local production and transport facilities. As sharp increases in the harvest per *tan*²³ of rice-field indicate, by the mid-thirteenth century there had occurred a noticeable rise in agricultural productivity. The *jitô* class of local landowners channelled surplus rice production into the markets to purchase necessities such as salt, cloth, etc. and luxury items which were produced in the cities. They showed an active interest in commerce and transport and even came to control major rivers, land routes and local markets.

In the farming villages, too, the rise in agricultural productivity was the basis for a rise in the standard of living of the *myôshu-hyakushô*,²⁴ who actually worked the soil. It was in this *myôshu-hyakushô* group that the increased surplus production and rising necessity of commercial items originated. As part of the general phenomenon of rising productivity, craft production within the *shôen* became more complex and a clearer division of labor occurred. Handicraft had been a secondary occupation for the peasantry, but at this stage a portion of the agricultural popula-

tion shifted toward concentrating exclusively on handicraft production. This new group produced articles not only for the landlords, but also supplied goods needed to maintain the new standard of living of the general agricultural population. They began to expand from a simple type of production directed primarily toward satisfying the needs of their landlords to a type of production more closely related to the requirements of the markets.

Circulation of Coins The increase of surplus agricultural products and rise in handicraft production produced changes in methods of trading in the markets. Toward the end of the Heian period, coins from the Sung dynasty in China had been imported and these came to be the major exchange medium in the local markets. Because the supply of coins frequently influenced market-prices, the political authorities sought to regulate their use. For example, the use of coins was prohibited in Bunji 5 (1189) and Kenkyû 3 (1192). The prohibitions, however, were evaded or disregarded and coins continued to be used. In Shôji 2 (1200) when a retainer of the *Kebiishi-no-bettô* (Controller of the Police) traded with a *ji-nin*²⁵ (shrine officer) at the Ôtsu market, he insisted upon receiving payment in coin, and the *ji-nin* was forced to borrow the prohibited coins from another source. This incident may be regarded as indicating the importance of coins in the commerce of this period. The situation being such, the prohibitions lost their effectiveness and finally the use of coins was publicly allowed. In Karoku 2 (1226), cloth as a medium of exchange was prohibited in favor of coins. Thus, from the early thirteenth century coins gradually came to be the common medium of exchange. *Nengu* (annual rents from the *shôen*) also came to be forwarded to estate owners in coin. From the point of convenience in transport, reduction of freight fees and elimination of losses *en route*, payment of annual rents in coin was a major advance.

During the Muromachi period (1333-1392), the *tan-sen*, i.e., levy on *tan* units of rice-field payable in coin, was a major revenue source for the political authorities. During the Sengoku period (1467-1568), the levy came to be assessed annually in autumn on rice paddies and dry-fields.

The fact that the peasantry was able to meet this requirement is evidence that coins were fully utilized in local markets in the provinces.

Markets The sites at which markets were established were generally strategic transport sites, locations where consumers concentrated, and places where trustworthy dealings could be conducted. Among these, temple and shrine precincts or the *monzen-machi* (markets established in front of shrines and temples) afforded a particular climate of safety because of the authority of religious institutions. Such places had a fairly constant population of consumers and also had peak periods when pilgrims gathered. Thus we find a great many examples of markets established in temple or shrine precincts or in nearby areas. Outstanding examples are those at the large temples and shrines at Nara, Uji-Yamada, Tennōji and Hakusan. From the necessity of having to dispose of products collected as *nengu* (annual rents), many markets were also established at *shōen* offices, collection sites of harvests, or transit sites and destination points. Confluences of rivers which were used to transport merchandise, ports, and highway crossroads were, of course, naturally determined sites for large markets. When transport activity shifted from simple shipment of rent-produce to movement of merchandise these sites grew to become true commercial cities.

In the late Heian period, markets, such as those held thrice monthly near the Daigo-ji temple, came to be held regularly on specific days. In historical sources extending up to the late Kamakura period, we find evidence of markets held on calendar days containing the numbers 2, 3, etc. Under such a system the markets in the farming areas would have been thrice monthly affairs. At this stage of economic development the peasantry appear to have been able to maintain their livelihood and to obtain necessities at markets held at such intervals. In contrast, from about the Ōnin-Bunmei periods (c. 1470), markets held six times a month began to appear in areas where trading flourished. By the late medieval period almost all markets in Japan had become part of the "six-day" system, which is comparable to the weekly markets of medieval Europe. Markets were held on a rotating system at five market sites on calendar

days which contained the numbers 1-6, 2-7, 3-8, 4-9, and 5-10, respectively. Hence a market was held regularly at five day intervals at a certain site. Under this system, merchants and the general populace of a certain area were assured that on any day of the month a market was being held at one of the five sites. By the Tenshō period (1573-1591), markets held nine times a month also had been established. In cities with large populations the spaced system of regular markets proved inadequate; in Nara, for example, by the late fourteenth century the northern, southern, and Takama markets were held on a rotational basis to insure that at least one market was open every day. It is recorded that at Edo, from about the late sixteenth century, a daily market was held near the fortress controlled by ÔTA Dōkan (1432-1486).

At the stage when daily markets were held, market stalls began to evolve into permanent retail shops and market-towns became full-fledged cities. During the Edo period such cities became centers of general mercantile activity, while markets and fairs were either subordinated by the cities or overwhelmed and declined. In this sense, we may characterize the Japanese medieval period as a time when market economy flourished, especially through the system of scheduled (regularly spaced) markets.

Market Merchants The local markets were first patronized by peasants or local *shōen* officials who lived within a day's commuting distance, that is, 5 or 6 *ri*. After the thirteenth century specialized merchants gradually came to visit such scheduled markets. In particular, after the "six-day" system was established, merchants took to travelling the five-market loop to visit each market every five days. Along the seacoast and along the coasts of large lakes transport ships came to visit specific ports in a scheduled pattern.

Such merchant-peddlers moved carefully, threading their way between opposing feudal lords, and were also constantly hampered by poor roads and natural disasters. They frequently met with robbers or pirates and were taxed by local officials. They thus came to pay protection fees to lords along their selling routes and also to travel in armed groups. Their movements sometimes seem rather like military expedi-

tions. The *shihon* merchants²⁶ were a group who operated in four markets located along the southern shores of Lake Biwa in Ōmi province. The main purpose for the organization of the group was to send parties on selling trips from Ōmi to the Ise area. In the association by-laws of this group, we see that in Daiei 7 (1527) the unsheathing of swords in their markets was absolutely forbidden. From the necessity of such a regulation we can infer the armed and violent character of medieval merchants who went out on selling trips. The commercial activities of such travelling groups reveals a further aspect of medieval merchants. Such groups bought products in rural areas where prices were low in order to sell at higher prices in the central areas. This simple process is characteristic of Japanese medieval mercantile capital.

When markets became established at definite locales and facilities improved, merchant-peddlers gradually set up permanent bases. During the Kenmu period (1334-36) there already existed in Niimi-no-shô in Bitchû province a market of at least fourteen or fifteen shops. In Ôhara-no-shô, a Kôya-san estate, a market place with about fifteen permanent shops existed during the Ôei period (1394-1427). Markets established near the villas of *ryôshu* (landlords) were sometimes quite large. For example, in Nuta-no-shô in Aki during the Eikyô period (1429-1441), there was an old market on the right bank of the Nuta River and a new market on the left bank. In the old market there were about 300 dwellings and also a pawnbroker (*dosô*); the new market contained about 150 dwellings. Most of the merchants at Nuta owned farm lands near the market which they cultivated themselves or let out to tenants. Here we see a beginning of the separation of farming and commerce, but it should be remembered that during this period commerce and handicraft were still inseparable. Merchants other than peddlers were also handicraftsmen who produced the goods which they sold. It is in a latter period that we see a separation of commerce and handicraft.

Within the medieval markets there were those who walked about hawking their wares and those who owned special places (market seats, *zaseki*) from which to conduct trade. A *zaseki* was a stall or shop which sold one product exclusively. In later periods the term also came to

indicate the right to exclusive sale of the product within the market. Market-fees, such as those collected at Niimi-no-shô in Kemmu 3 (1337), were levied in exchange for such rights. Even when the term itself was not used, the exclusive right of sale of certain items, e.g. woodwork produced by craftsmen in the Himeji area, was a feature common in medieval markets. It is recorded that in Ôei 14 (1407) the southern market in Nara had special shops for over thirty items, e.g., fish, salt, rice, charcoal, silk, etc. The market in front of Tennôji sold products from nearby villages and had nineteen specialty shops. In the market held on calendar days containing the number "8" at Uji-Yamada there were several streets in an easterly to westerly direction which had a number of *za* shops. Among these there were three which handled fish. Here we see, although at only a very small scale, a tendency for shops handling similar products to concentrate in special areas, as is observed in the history of medieval European markets.

Management and Protection of Markets Medieval markets were controlled by the owners of the sites on which they were located. These were religious institutions, *shôen* owners, and various other powerful lords. In order to regulate the markets the owners appointed managers who controlled the merchants and collected market-taxes. Later, as at Matsuyama-hongô in Musashi province, there evolved the so-called "market-code" system in which management of the market was left entirely to the townspeople (market merchants).

Merchants who operated in the markets were required to pay the managers fees (*zasen*) or surtaxes (*ka-jishi*) for the right to keep market-stalls. Income from market-fees reached sizeable amounts and as these tended to increase, landlords actively worked to protect and maintain the markets as sources of income. In the beginning, of course, the "protection" of the market was mainly the intervention of the landlord in market disputes. These were simply attempts at settling specific disagreements in order to prevent disruption of the organization of the market. In time, control became more complex until, in the Sengoku period, what may be called "market laws" were compiled. For example, in markets generally, (1) weapons were forbidden, (2) forced sale or

forced purchases either by physical coercion or social pressure were forbidden, (3) extraction of taxes and fees other than the market-tax was prohibited, (4) confiscation of the assets of debtors was prohibited, and (5) cash dealings were enforced. These all had the purpose of maintaining peace in the markets.

Later, "protection" of the markets took on the added aspect of strengthening the economic base of the markets themselves. In the main, these took the following two forms: (1) A policy of forbidding free merchant activity in a prescribed area surrounding the market (franchise territory); (2) dealings which by-passed the markets were prohibited. For example, by prohibiting "foreign" merchants from purchasing grains directly from peasants in the neighborhood or by prohibiting supplementary purchases while transporting goods to market, monopoly control over certain products was sought.

In order to induce merchants into newly established markets there gradually developed a custom of granting tax exemptions to persons who set up a counter or stall. This practice developed until in some cases all residents in a market-area were exempted from taxes. Further, in order to insure a greater variety of products in the market and to encourage as rapid as possible a turnover of goods, the landlord sometimes gave tax exemptions not only to market residents but also to "foreign merchants." In doing this he, of course, granted them free access to the market. Such a situation, however, occurred only when "protection" of the market had reached an extreme, and in actuality is found only in a limited number of cases.

2. *The Rise of Urban Commerce*

The Growth of Cities The development of markets led to the rise of cities. In the Muromachi period there existed cities established at earlier times such as the political and religious centers of Kyoto and Nara, the political center at Kamakura, and the towns which grew up around shrines such as Uji-Yamada. However, after the Nambokuchô period (when the Imperial House was divided into northern and southern

courts), centers appeared at strategic points along land and water-transport routes and later castle-towns were established by *Sengoku daimyô*. The former began as tax rice collection sites, transit stops, or storage centers for the annual rents from the *shôen*. However, because of the commercialization of the *shôen* rents, they gradually came to be sites for dealings in all types of merchandise. Later they grew to become commercial cities in which market merchants, handicraftsmen, transport workers and laborers dwelled permanently.

After the period of rival courts, local landlords showed a tendency to order their vassals to dwell at specific sites. In particular, such clusters of lord and vassal dwellings were formed near the villas of *shugo-daimyô*. In the subsequent Sengoku period the castle-town of the *daimyô* came to be the hub of domaniaal economy. Examples of these are the castle-town at Odawara, held by the Hôjô family; Yamaguchi, held by the Ôuchi; Sumpu, held by the Imagawa; and Funai, held by the Ôtomo.

The Development of Wholesale Markets The formation of urban markets created a much greater demand for products than that in the regular markets of the agricultural villages. The manner in which products were brought into the city markets evolved from handling simple sundries to specialization in individual products. Commerce shifted from simple dealings among the direct producers to trade by specialized merchants. Because of the great volume of produce handled, wholesale markets for grains, sea products and lumber were established.

(1) *The grain market* The decrease in rent-grain caused by disintegration of the *shôen* landownership structure and the rapid increase in urban dwellers facilitated the evolution of merchants who specialized in the distribution of rice and other grains. There is evidence that in the Eikyô period (1429-40), even in the Shifu-kayochô of Kyoto alone there were more than 120 rice merchants. The rice wholesale markets, located at Sanjô-Muromachi and at the Upper and Lower Shichijô boulevards, were the sources from which these merchants received large volumes of rice brought in from the provinces. The

rice "cooperative" into which the rice merchants were organized controlled these markets.

(2) *The seafoods markets* As the population of Kyoto increased, the salt and salted seafoods which appeared on the tables of Kyoto residents were brought in from sites along the Inland Sea such as Yugesshima, Shiakushima and Mihara. Their distribution center was the market at Yodo where the Kamo, Katsura, and Uji rivers meet.

(3) *Livestock fairs* At Gojô-Muromachi in Kyoto and in front of Gangô-ji in Nara horse auctions were held. During the Sengoku period local lords also held flourishing horse auctions in many areas of the Tôkai and Hokuriku, such as Mikawa, Sagami, Echigo and Musashi. Cattle markets were held in Kyoto and in many of the western provinces. These livestock fairs were held once or twice a year in periods extending over several weeks.

Further Development of Wholesaling and Retail Shops The increase in volume and expansion of area of commercial activity in the fourteenth and fifteenth centuries caused the evolution of some of the scheduled local markets into wholesale markets. The same process caused the evolution of a number of small local merchants into wholesale merchants. These are the *toimaru*²⁷ and *toiya*²⁸. The *toimaru* trace their origin to the *tsuya*²⁹ of the Heian period; in the twelfth century we see early examples located along the Yodo, Katsura, and Kizu rivers. A primitive form appears among the *shôen* officials who, while undertaking managerial duties for *shôen ryôshu*, also specialized in the transport, storage, and sale of harvest grains. By the late Kamakura period, when water-transport became common, the *toimaru* who were located at strategic transport sites began to cut their ties of subordination to overlords to become independent agents specializing in transport and freight handling. During this period, when the ports where the *toiya* were located became flourishing commercial centers, the *toimaru* began to unload and warehouse grain from *shôen* of various districts. The grains were stored to be sold at periods when the demand for grains rose. At the same time, the development of local handicraft industries caused an increased circula-

tion of special local products. The *toimaru* began to transport and sell these special products, until finally they came to specialize more in such products than in the grains collected as land-rents.

We have evidence that *toimaru* existed in some thirty-odd ports during the Muromachi period: along the Yodo River at Yodo and Toba, on the shoreline of Lake Biwa at Sakamoto, Ôtsu, and Imatsu, along the Inland Sea at Sakai, Amagasaki, and Hyôgo, along the Japan Sea coast at Mikuni, Ôhama, Suruga, and Hakata and along the Pacific coastline at Ôminato, Kuwana, and Shinagawa. In inland cities such as Kyoto and Nara, where there existed large consumer populations, there were numerous *toimaru*. Since direct retail sale by "foreign" merchants was generally prohibited in the cities, the *toiya* naturally came to handle transactions for such merchants. In Kyoto, the largest medieval city, special *toiya* for lumber, paper and *obi* were established at an early period. *Toiya* specialized according to the place of origin of products also were established. Further, as in the *sake*-brewing industry, we see a division of commercial activity into large-scale producers and small retail shops which sold directly to consumers.

Toiya which handled long-distance transactions charged, at the least, a one-percent handling fee. But by using a double price-system the balance of their profits was cut down. The *toiya* had strong leverage over "foreign" merchants and thus even came to set prices. Through such methods the *toiya* also increased control over the retail merchants. Further, because of their involvement in long-distance transactions, the *toiya* became involved in handling bills of exchange. Bills of exchange, sometimes called *kaisen*³⁰ or *saifu*,³¹ had gradually come to be used as a convenience in remitting *shôen* rents. With growth in the circulation of merchandise, the bills came to be used widely in commercial transactions. At places such as Nara, Hyôgo and Sakai, professional shops called *kaiya* or *kawase-ya*, which handled such notes exclusively, came to be established.

The growth in complexity of the *toiya* was accompanied by the development of permanent retail shops, which served to correct market defects in the distribution of goods, and which met the daily needs of the

consumer. In Kyoto, retail shops were established as early as the twelfth century at shopping areas such as Sanjō, Shijō and Shichijō. These gradually grew to form a cross-work pattern of east-west, north-south business streets. In Nara, from about the Ōnin period, retail shops gradually came to displace the markets. The salt association there converted from street peddling to selling in shops. The physical appearance of the shops also changed. During the Heian period and later, display shelves had been placed outside the shops and trading conducted in the streets. But from about the Tenshō period in the late sixteenth century, the shelves were removed and the shop interior opened to customers. The now typical shop-curtain (*noren*) also came to be used. Store names, such as Chidori-ya or Ebi-ya, and the use of trade names on products also date from the fourteenth century.

Despite the growing mercantile activity, it should be remembered that a clear separation of producer and merchant still had not occurred to any significant degree during this period. The great majority of merchants were also handicraftsmen who sold their products directly to consumers or to market merchants. It was only gradually that the *toiya* replaced the markets to become intermediaries supplying goods to retail shops in the cities.

3. Merchant Organizations

Origin of the Za The *za* may be considered to be functionally approximate to the *kabu-nakama* of the Edo period and also to the guilds of medieval Europe. The origin of the *za* and their basic characteristics have long been a subject of controversy, but as the result of much scholarly debate the following points have been made clear: (1) The *za* originated in special *zaseki* (market-seats); (2) the market-seat system was established at about the eleventh century; and (3) in subsequent periods the term came to signify the group which occupied such seats. The *za* which appeared in the late Heian period were groups which were under the control of courtiers and religious institutions. They provided miscellaneous labor-services during Buddhist and Shintō religious

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ceremonies. Those serving the courtiers were called *kugo-nin*³², *zôshiki*³³ or *kayo-chô*³⁴; those attached to shrines were called *ji-nin*, and those controlled by Buddhist temples, *yorindo*³⁵. The lineage of the members of such groups can be traced to the slave-like servants and artisans of the ancient period. By the late Heian period they had attained a semi-free status and when not occupied in service to their overlords they engaged in various commercial activities. For example, the *kugo-nin* who provided fish and other sea products to the imperial house were mainly groups of fishing people in the Kinai area who had been placed under the direct control of the court. Other groups of *kugo-nin* provided truck-products and charcoal to the Court.

The *kayo-chô* were groups whose original function was to serve as litter-bearers whenever the emperor ventured outside the palace. The decline of the Ritsu-ryô state made it difficult to maintain payments to these laborers and, to supplement reduced payments, they were granted tax exemptions and engaged in various types of handicraft or professional activities. Within the Imperial bureaucracy, the *kayo-chô* were placed under the jurisdiction of the four Imperial Guards and thus were divided into four *za*. But even within these four *za*, those engaged in handling specific goods were organized into subgroups such as the rice *za*, bamboo-products *za*, etc.

During the early Heian period, slaves (*nushi*, *zôshiki*) who had belonged to religious institutions were freed, but in the status of *ji-nin* they continued to be under the control of temples and shrines. As the prestige of the religious institutions grew, the numbers within this class increased. The *ji-nin* were usually organized into groups according to the districts in which they lived and were held responsible for all the expenses of festivals and other religious rites. Among the earliest known are the *ji-nin* associated with the Kasuga Shrine, who were sesame oil producers living at Fusaka. Similar activity was undertaken by the *ji-nin* at Ôyamazaki, who were associated with the Iwashimizu Hachiman Shrine. Among the *ji-nin*, those who engaged in commercial or craft activities formed special independent sub-groups.

The *ji-nin* who belonged to shrines frequently became the *yorindo* of

temples which had close associations with their shrines. An example is the forestry and lumber workers of Kizu, who became *yorindo* of the Ichijō-in. Other than their own temples and shrines, the *yorindo*, by paying various types of fees, also formed special relationships with *shōen* overlords to receive their protection.

Town-“guilds” and Market-“guilds” The *kugo-nin*, *ji-nin*, and *yorindo* who belonged to the courtiers or religious institutions gradually were organized into special groups, and in the market places of the cities such as Kyoto, Nara and Kamakura, they were allowed to engage in trade. These areas were called *machi-za* (town-*za*) sites.

At Kamakura, where the shogunal offices were located, trading was allowed in seven sites, including Ōmachi, Komachi and Yone-machi. Among these, Komachi, for example, was the fish market, Yone-machi the rice market. In the imperial capital, Kyoto, other than the market area at Shichijō, there appeared a commercial area at Sanjō and Shijō. Along the avenue which connected these (present day Shimmachi), there were shops which handled foodstuffs and clothing. The areas other than these *machi* were called *sato* and in such areas commercial activity was prohibited. Such exclusively commercial districts in Kamakura, Kyoto and Nara were called *machi-za*. They resemble the areas of related businesses called *hsing*³⁶ in the eastern and western markets of the Chinese imperial capitals.

The *za* which were established in special commercial districts and the *za* which were groups associated with special institutions were basically similar in nature. The former were based in specific commercial areas, but as in the case of the silk *za* which served the Gion Shrine, each of the *za* in the commercial districts was in some type of subordinate relationship to a patron (*honjo*). The latter, even if not based in a commercial district, were located near a temple or shrine or in some area related with such institutions. In sum, it may be said that the *za* of the Kamakura period were groups of workers engaged in related crafts, were based in specific sites, and also provided services to a patron.

Proliferation of Za After the thirteenth century, in conjunction with the general economic development of the Kinai area, commercial and

craft guilds in that area showed a marked development. In the Kami-kyô area of Kyoto there appeared a concentration of *za* which had the Court or individual courtiers as patrons. Among these were the *kayo-chô*, controlled by the military bureaus, the *ogi-za*, under the *Mokko-ryô* and the *Ôtoneri* weaving-*za* under the *Takumi-ryô*. In Shimo-kyô there were many *za*, such as the silk *za* and the lumber *za*, which were protected by the Gion Shrine. Within the precincts of the Kitano Shrine there was a *za* which sold malt for making rice-wine and a weavers' *za*.

At Nara, it is recorded that the head of the Daijô-in of Kôfuku-ji controlled a total of sixty *za* of various sizes. The Ichijô-in, which possessed a greater amount of land-holdings, no doubt controlled a larger number of *za*. Classified by products, the Kôfuku-ji controlled a total of eighty types of *za*. In the province of Settsu, at Tennôji there existed a hemp *za*, at Imamiya a fish *za*, at Fukae a straw *za* and in the province of Ômi there existed a fish *za* at Awazu, a paper *za* at Edamura and a salt *za* at Honai. In Ise there was a mercury *za* and in Hakata an oil *za*. From this we see that in the older *monzen-machi* and ports in the provinces *za* had gradually been formed. In the fourteenth and fifteenth centuries, after the period of Nambokuchô, we see a particularly sharp rise in the number of *za*. This may be attributed to the general increase in demand for various products, but the immediate cause of the sharp increase in the number of *za* was the merchants who formed new *za* (*shin-za*) at sites other than the former exclusive "commercial districts." Our attention is drawn particularly to the *za* newly established in the farming villages.

A classification of types of *za* shows that those which handled products imported from outside provinces, such as salt, oil, wheat, fish and rice-wine were most numerous. There also appeared a number of *za* which were the result of the separation of production and sale of a certain product. There were also *za* consisting of maritime transport workers, land transport workers, and *za* for entertainers such as the groups of *biwa-hôshi*,³⁷ *dengaku*³⁸ and *nôgaku*³⁹ actors, etc. *Za* were formed within a great variety of professions.

Functions of the Za The *za*, being under the patronage of politically

influential institutions or lords, provided its members with insurance or "protection" of status privileges. This primarily meant exemption from business taxes, market taxes, *sekisho*-fees,⁴⁰ and the like. The *kugo-nin* and *ji-nin* regarded such tax exemptions as their most important privileges. For mercantile activity, the most advantageous of such exemptions was the right to pass freely through the *sekisho*. The *ji-nin* of Ôyamazaki were able to trade in an area extending from the Inland Sea provinces to the Owari, Mino and Kantô area because of their association with the Iwashimizu Hachiman Shrine. The religious authority of the shrine was widely recognized and the Court and Bakufu readily sided with the Ôyamazaki *ji-nin* to protect their right of free passage through the *sekisho*.

A second and more important function of the *za* was its assertion of rights to monopolistic control over specific professional or mercantile activities. For example, construction workers belonging to a certain temple or shrine monopolistically handled all construction work for that religious institution. In cases where there existed no *za* or holder of construction rights for a specific project, a number of *za* usually formed cooperative work agreements. In commercial activity, monopolistic buying or selling rights to certain products were maintained. In the cases of purchasing rights, control over raw materials rather than secondary products was most common. In such cases members of the *za* travelled to the production site to limit or prohibit sale of the product to "free" merchants. In some cases they concluded special contracts with the *za* which dealt in the raw materials in order to insure their monopoly. Such activity can be seen most clearly in the method of buying sesame used by the *ji-nin* of Ôyamazaki who formed the sesame-oil *za*.

During this period, however, monopoly over sales was most prevalent. The *za* merchants strictly forbade free transport and sales of specific items within their "franchise" areas. When such activity was discovered, the *za* members not only confiscated the merchandise involved, but also filed suits to their patrons to levy heavy punishments on the offenders. In cases where scheduled markets existed within their franchise areas, the *za* forbade activity in the markets by non-*za* members or allowed such

activity only upon payment of fees to the *za*. In the cities, instead of market-seats, a monopoly over sales to retail shops was maintained. In order to prevent entrance of provincial merchants into Kyoto, *za* merchants levied fees, sold their goods only to *za* members, or limited free entry to a specified list of necessary goods.

The existence of *za* handling the same merchandise in neighboring areas usually led to agreements in which the respective areas of activity of each was specified. The division of the *sudare* (bamboo blinds) *za* and *hibachi* (charcoal stoves) *za* in Yamato, for example, into the *Kyô-za* which handled sales in Kyoto and a separate *za* to sell in Nara, probably arose as a result of such an agreement. Further, agreements were also formed among *za* which handled functionally similar articles. More significant, however, are the agreements reached between manufacturing *za* and selling *za*.

Despite agreements, antagonism and rivalry occurred among *za* handling similar products. In order to maintain their special privileges the *za* resorted to various tactics such as emphasizing their historical origins and traditional positions within a certain district or in the handling of specific products. They even took to fabricating permits from the Cloister Court or other government offices. Rivalry occasionally erupted into physical violence. The antagonism between the rice-wine *za* of the eastern section of Kyoto and the malt *za* of the western section often developed into wild *mêlées*.

The "franchise" area of the *za* was sometimes limited to the precincts of a temple or shrine, but usually the area coincided with the sphere of influence of the *za* patron. In the case of powerful *za*, however, fees or gifts were presented to a number of lords, or the multiple protection of the Court and Bakufu was acquired in order to conduct commercial activity over a wide area. The oil merchants of Ôyamazaki have already been cited, but another such *za* was the metal-casting *za* of Tan'nan in Kawachi which had exclusive rights to sale of agricultural tools in an area which covered the Kinai and even the Eastern provinces. Maintenance of rights over large areas was possible because the Kinai area was economically advanced and the *za* located there had monopolistic con-

trol over advanced methods of producing oil, textiles and metal-products.

From about the fourteenth century there appeared merchants in the provinces who challenged the monopolistic rights of the Kinai merchants. Merchants at Konomura in Settsu who were associated with the Sumiyoshi Shrine and those at Sakai began to produce and sell oil. The Ôyamazaki oil merchants' reaction was to attack them and destroy their oil extracting equipment. The *za* for producing metal agricultural equipment in Kawachi-Izumi also was much affected by the appearance of new metal-casting *za* in the northern Kantô area. This new development reached a high-point during the Sengoku period when the individual *daimyô* established protectionist policies for the *za* within their domains. It was at that stage that the provincial *za* attained full independence.

The Structure of the Za Although the term "za" referred to the relationship established by a specific group with courtiers or religious institutions, it also came to signify the group which formed such a relationship. The members of such groups paid fees to the *za* patron and in return received documents certifying their status. Originally the *za* were obligated to provide various services to their patrons, but gradually labor-services were converted to the presentation of products or money. In *za* which provided labor service, the leaders who organized work activity were called *ko-no-kôbe* (elders). But, in general, *za* leaders were simply called *zatô* (master of the *za*) or *sata-nin* (officer). During the Muromachi period, *toiya* came to be selected as *sata-nin* of the *za* and the residence of the *toiya* was commonly used as the site for *za* meetings. It was at such meetings that individual *za* fees were collected. There were many *za* which regularized the decisions reached at such meetings into bylaws or regulations.

As for the size of *za* membership, we know that in the mid-fifteenth century there were more than 120 members in the rice-sellers' *za* which was a part of the *kayo-chô* group controlled by the Court. In the late fourteenth century there were more than sixty Ôyamazaki oil merchants operating in Kyoto alone. There were sixty-four members in the

Gion silk *za*, and at one point the oil *za* at Nara had over fifty members. In general, however, the *za* were composed of about ten members and it is not rare to find *za* with only two or three members.

4. *Trade with other Asian Countries*

Trade with the Sung and Yüan Dynasties of China Japanese relationships with the T'ang court ceased completely after the despatching of envoys (*kentô-shi*) was stopped in Kamyô 6 (894). After the fall of the T'ang in 907, the period of non-communication continued, but in the tenth century, when the Sung dynasty was established (960), merchant ships from China began to visit the Kyûshû ports with increasing regularity. The Sung merchants were at first placed under the jurisdiction of the Dazaifu offices and trade was conducted between government representatives. But with the decline of the Ritsuryô system of government, at ports such as Hakata, Hirado, and Bô-no-tsu, which were only tenuously under the control of Dazai-fu, *shôen* lords, *shôen* managers, and Hakata merchants began to conduct secret and illegal trade with ships from China. By the twelfth century ships from Japan began to visit Korean and Chinese ports. Products such as gold dust were exported from Japan and copper coins and silk textiles were imported.

After the fall of the Sung dynasty (1279), official trade was not opened with the Yüan Court, but Japanese merchant ships continued to visit China. In order to attain funds for maintenance and repair, temples received the approval of the Bakufu to send commercial ships to China. In order to gain funds for building the Tenryû-ji the Ashikaga sent "Tenryûji ships" to China soon after establishing the Muromachi Bakufu.

Establishment of the Ming Trade The upheavals of the period of Northern and Southern Courts (1334-1392) led residents of the Inland Sea and Kyûshû areas to engage in piratical activities. Such activity may be considered to be the secondary effects of a general rise in productivity and the accompanying impulse toward foreign trade in southwestern Japan. From about the end of the twelfth century, powerful local land-owners of the coastal areas in southwestern Japan had begun to raid the

Korean coast to take slaves and rice. When internal strife broke out in the Yüan Court these pirates began to raid the Shantung peninsula. In China they were called *wakô* (Japanese bandits) and their activity was somewhat similar to that of the Vikings of northern Europe. The Japanese pirates gradually expanded their activities to the central and southern coastal areas of China.

Soon after founding the Ming dynasty in 1368, the Emperor T'ai-tsu requested Prince Kanenaga in Kyûshû to control the pirates, and sent envoys with the same request to the Muromachi shogun. Hopeful for profits in trade to augment Bakufu finances, ASHIKAGA Yoshimitsu (1358-1408) asked in return that official trade be re-opened. Behind this request was the strong pressure of the Hakata merchants in Kyûshû. In Ōei 11 (1404) a treaty concerning trade between Japan and China was concluded and commercial ships were despatched. Shogun Yoshimochi (1386-1428) continued the trade policies of his father, Yoshimitsu and the succeeding shogun, Yoshinori (1394-1441), re-assured the trade agreement in Eikyô 6 (1434). Under these agreements, official trading ships were despatched by the Bakufu a total of eleven times, the last in Tembun 16 (1547). As with other neighboring countries of China, the trading missions were conducted in the form of "tribute" missions to the Ming court. The Ryûkyûs were allowed a mission every two years and Korea and Annam both sent one mission every three years, but Japan was allowed only one mission every ten years. According to the Eikyô treaty of 1434, the mission was limited to two ships of about 1000 *koku*.⁴¹ In order to distinguish between official and pirate ships *kangô* (matching seals) were used. It was a generally used method of controlling trade in the Far East during this period. Trade was conducted in the form of diplomatic exchange, with items from the shogun presented as tribute and the products sent by merchants as "accompanying tribute."

The Bakufu gradually lost real control over the Ming trade; of the approximately fifty ships sent to China, only seven were directly controlled by the Bakufu. The remainder were put out under the sponsorship of temples or shrines and local *daimyô* such as the Ôtomo, Ôuchi, Hosokawa and Shimazu. The ships were outfitted by merchants at

Hakata, Moji, Hyôgo, and Sakai. From about the time of the Ônin Wars there appeared a rivalry in foreign trade between the Ôuchi and Hosokawa families, the Ôuchi supporting Hakata merchants and the Hosokawa, the merchants at Sakai. The Sakai merchants were especially aggressive and in Eishô 7 (1510) openly attacked the Hakata merchants at the Chinese port of Ningpo. Having entered a period of decline, the Ming court used this incident as an excuse to close Ningpo to Japanese ships. A few years later trade was revived with control completely in the hands of the Ôuchi family. When the Ôuchi domain fell in Tembun 20 (1551), Japanese trade with China ceased.

Major items exported to Ming China were swords, copper, sulfur, and manufactured articles such as fans, screens, and lacquer-ware. In every official trade mission not less than 30,000 swords were exported. Copper coins were the most important import item. From about the time of the Yüan dynasty, silver came to be the major monetary metal in China, enabling export of copper coins. In Japan there was a lack of confidence in the government and, because minting techniques were still inadequate, copper coins from China were welcomed. Raw silk and silk textiles were also important import articles, with new items such as *kinran* (gold brocade) and *donsu* (heavy brocade) especially sought. Toward the end of the period, high quality raw silk and silk textiles replaced copper coins as the main import items.

Development of Japanese-Korean Trade The decision to return to Korea captives taken by the *wakô* served as the occasion for the opening of formal trade with that country. This occurred at about the same time when trade relations were opened with the Ming Court. Throughout the Muromachi period the powerful lords of southwestern Japan such as the Kyûshû *Tandai* ("viceroys" of Kyûshû), the Sô family of Tsushima and the Ôuchi family of Suô, and the powerful merchants of Hakata frequently sent trade missions to Korea. According to the most reliable Korean source for the period, the *Li-chao Shih-lu*, in the fifteenth century (approximately, the hundred year interval starting from the Ôei period), even from only Satsuma and Ôsumi in southern Kyûshû, more than a hundred trade missions were despatched.

In order to regulate and limit the number of trade ships from Japan, Korea issued "matching-seal documents" (*kangô-fu*) and allowed entry into only three ports. The number of Japanese resident in the three ports gradually increased until in 1466 it was reported that there were more than 1100 Japanese residing in Korea. Later, Korean officials began to place rigid sanctions on the Japanese and finally a "rebellion" occurred among the Japanese residents. For awhile communication between Korea and Tsushima was terminated. In 1512, however, trade relations were reopened, but only with severe restrictions on the part of Korea such as the abolition of the special districts for Japanese residents. Dissatisfaction arose among some of the Japanese traders and, increasingly, "private" trading vessels began to raid the Korean coastal areas.

The most important import item from Korea was cotton. Cotton production had originated in India, Persia and Indo-China and was later introduced to the southeast Asian countries; in the thirteenth century it was brought into southern China. In the early years of the Li dynasty it came to be widely grown in Korea. Hence, great quantities of Korean cotton were imported to Japan. Later, however, China became the main import source. Other than copper and sulfur, Japan, mainly through the activities of the Hakata merchants, trans-shipped sappanwood (dyestuff), paper and ivory from the southeast Asian areas to Korea.

Japanese Trade with the Ryûkyûs and Southeast Asian Areas During this period Hakata was a major trans-shipment port for Far Eastern trade. Many merchants from China and Korea entered the port, but the visits of Ryûkyûan trading ships was most noticeable. The Shimazu family of Satsuma also traded with Ryûkyûan merchants at Bô-no-tsu. There occurred a yearly increase of Japanese ships which visited the Ryûkyûs; they took the products from the more southern areas which had been brought to the Ryûkyûs to be sold in Korea and China. The Korea-Japan-Southeast Asian trade pattern was initiated toward the end of the Kao-li period in Korea. Within this trade pattern the voyages by the Ryûkyûan merchant fleets to southeast Asian areas—Siam, Annam, Sumatra, Java, etc.—are particularly worthy of notice. Using the seasonal winds, they set out for the southern areas every year in August or

September to sell Chinese silks and pottery, and Japanese swords, fans, sulfur, etc. They returned with purchases of special products from the region, such as spices from the East Indian islands. But after the arrival of the Portuguese in Malacca and their gradual northward advance into other areas of east Asia, with the increase in activity of the Hakata merchants, and the establishment of Shimazu suzerainty over the Ryûkyûs, the trade pattern was disrupted and Ryûkyûan merchant fleets decreased in number.

Activities of Japanese Pirates in the Southeast Asian Areas The Ming policy of tribute-trade gradually was restricted because of financial difficulties at the Ming Court. But the increased demand for raw silk and silk textiles in Japan created a desire to maintain and expand the trade with China. The Chinese restrictions led to an increase in dealings between Japanese merchants and Chinese smugglers. In joint expeditions these Chinese and Japanese also began to resume piratical activities. In the social disturbances at the end of the Ming period, piratical activities became common in the area south of the Yang-tze River. The pirates frequently took Japanese adventurers as leaders. Although generally called *wakô*, the official Ming history records that seven out of ten were Chinese.

The Arab monopoly over European-Indian trade had been broken by the Portuguese and the latter advanced to take Malacca. They negotiated with the Chinese at Canton and were allowed to establish a base at Macao. With Macao as a main outpost they began to engage in large scale trading activities. In 1543 a Portuguese ship on its way from Siam to Ningpo encountered a storm and drifted to Tanegashima in Japan's Ôsumi province. In 1570, when the Spanish first occupied Manila, there were twenty Japanese residents in the city and in 1583 it was reported that at a port in northern Luzon 5600 Japanese had constructed a fort and that twelve Japanese ships were anchored there. Using Manila as a base, the Spanish also became more active in Far Eastern trade.

CHAPTER III

Commerce in the Pre-Tokugawa Period

1. The Sengoku Daimyô and Commerce

Formation of "domanially based" Economies Toward the end of the Sengoku period⁴² the various provincial lords began to show an active interest in the economic development of their domains. Centered on the castle-towns and ports, "domanially based" economies were established. The concentration of vassals, merchants, and artisans in the main castle-town where the provincial lord dwelled created a basis for a strong urban-based economy. Further, in order to strengthen political control within their domains, the lords built and maintained roads and established depots at important points. The *daimyô* of the eastern provinces such as the Hôjô, Imagawa, Takeda, Uesugi, and Tokugawa, placed particular emphasis on the relay-depot system. They even established an "express" system for rapid communication.

In order to liberalize trading within their domains, the lords began to remove the *sekisho* (check-points or barriers). The Imagawa, for example, at an early period forbade the collection of toll-fees within Suruga and Tôtômi provinces. On the other hand, they established barriers at the borders of their domains and kept strict control over passage of people and goods into and out of their domains. In periods of hostile relations with neighboring lords they forbade the movement of important products such as rice and salt into the opposing domain. This type of prohibition was usually termed *tsudome*.

Standards of measurement were also unified within each domain. The Takeda, Uesugi and Hôjô, each used their own *masu* (cubic) unit. During the Sengoku period the supply of publicly accepted coins proved

insufficient and a great variety of coins and currencies was privately issued. In order to prevent confusion, the *daimyô* promulgated *sensen-rei*, which established rates of exchange for the various coins and currencies. The opening and development of gold and silver mines during this period, such as the large silver mine in Iwami, increased the supply of monetary metals. Gold and silver came to be used to underwrite military expenses and also began to replace land-grants as military rewards. Because of the existence of rich gold mines in Kôfu, the Takeda were able to mint *hankin* (a type of gold coin) from an early period.

Organization of Commerce. As village organization became more systematic almost all the scheduled markets came to be links in "six-day" market systems. Markets were established in networks which set them two or three *ri* (1 *ri*=2.44 miles) apart. In order to facilitate the conversion of taxes in kind into money and to provide an outlet for the sale of surplus products for peasants, the *sengoku-daimyô* regulated the markets, and sought to insure safety of trade. *Za*, which monopolized the markets also were gradually abolished. The townspeople who dwelled in the market areas had early been exempted from market-taxes, but there now appeared a tendency to allow partial exemptions to merchants from other provinces and domains. In this period, "free" markets, called *raku-ichi*, appeared. In particular when new castle-towns were established this policy was used because of the necessity of attracting merchants and artisans to the new city. As an early example, the Sasaki family in Ômi used this policy in 1549 in the new market in their castle-town of Ishidera. Later, the Imagawa and Hôjô families also designated a number of markets in their domains as *raku-ichi*.

Merchants and artisans, as members of *za*, had previously had their activities protected by temples and shrines or courtiers who were "patrons" of the *za*; but in the local areas they now gradually removed themselves from such controls to become retainers of the *sengoku-daimyô* or the vassals of such *daimyô*. In the castle-towns the *goyô-shônin* (patronized merchants) of the *daimyô* organized many new *za*. In the castle-town of Fuchû in Echizen the merchant house called Tachibanaya organized a medicine *za* and we see another example in Fuchû

of Suruga province, where the Tomono merchant family created a *za* which controlled itinerant merchants. Powerful merchants under special patronage of the domanial lord were called *goyô shônin* and, as *shônin kashira* or *oyakata*, came to control local merchant activity. While providing the lords with daily necessities and military supplies, these merchants also monopolized the trading of almost all major products. They grew to be local powers who had authority to control the regular markets and peddlers within the domain and in times of war supervised the transport of weapons and supplies.

Development of "Free Cities" In most cases the administration of the cities was at first under the direct control of overlords. Officers appointed by the overlords maintained order within the cities and the political participation of the residents was not recognized. However, with increase in commercial and manufacturing activities in the cities there occurred a rise in the citizens' influence. Leadership was primarily undertaken by the wholesale merchants (*toiya*) and pawnbrokers. The overlords came to entrust the collection of taxes to the communal groups (*sô*)⁴³ which the citizens formed.

In Kyoto after the Ōnin Wars, the *Sô* (civil communities) in Kami-kyô and Shimo-kyô became more highly organized and the Kawa-dô and Rokkaku-dô were respectively designated as the sites for *sô* meetings. When some *ikki* (uprisings) occurred, bells at the meeting halls were rung to call the townspeople to gather for defense. In particular, during the Tembun period when an uprising of believers of the Nichiren sect occurred in Kyoto in 1532, wealthy townspeople who belonged to the sect formed an organization which came to control Kyoto for a period of five years. The group even gained control of the taxes and land-rents which normally were presented to the lords of *shôen* (private estates). Such groups may be considered comparable to the communes which appeared in the free cities or city-states of Europe. Because the rights of the lords over commercial areas located near temples and shrines (*monzen-machi*) were relatively weak, self-governing groups appeared at such sites from an early period. In Tembun 1 (1532) powerful townspeople openly opposed Kôfuku-ji in the form of an uprising;

from that year a *sô* was organized which asserted great influence on the administration of Nara. At the *monzen-machi* in Uji-Yamada, the *oshi* who saw to the needs of worshippers were particularly active. With the *oshi* as nuclei, *toshiyori* (groups of elders) were formed. At Uji the group was called Rokugô and at Yamada, Sambô.

Such commune-like groups can be seen more clearly in the port towns where the control of the overlords was even weaker and where many powerful transport wholesalers were located. At Sakai, the entrepôt for the Ming trade, each *machi* (city district) selected an influential resident as representative to the *egô-shû* (city council), which consisted of thirty-six members. In the prolonged disturbances of the Sengoku period, Sakai was able to maintain its independence while surrounded by warring feudal lords. The Jesuit missionaries who visited Sakai during this period recorded that "in the manner of Venice, it is governed by a mayor" and that "it is a state built on a basis of townspeople." In Tembun 15 (1546), Sakai aided the Miyoshi family, which had been defeated in battle by the Hosokawa and Hatakeyama families. But in Eiroku 9 (1566), in opposition to the Miyoshi forces, who had become proud in victory, the city gave refuge to defeated Matsunaga and Hatakeyama troops. And by refusing to furnish funds and war supplies, it forced a ceasefire between the two warring forces. It was strength of this nature that led the city later to refuse even Nobunaga's demands for war funds. In this sense, Sakai may be compared with the city-states which flourished in northern Italy and northern Germany during the thirteenth and fourteenth centuries. However, we should remember that although it was a "free city" it was governed by a council of a few wealthy merchants and did not have a political system in which all the citizens participated.

Although not as powerful as Sakai, in other port towns similar types of councils were organized and similar defensive measures taken. Kuwana, Atsuta, Amagasaki, Ôhama, Hakata and Sakata all have histories of townspeople rising up in opposition to feudal lords. Much influenced by the example of Sakai, some established "councils of thirty-six" to administer and preserve the autonomy of their respective cities.

2. *The Establishment of the Oda and Toyotomi Regimes*

Nobunaga's Entrance into Kyoto During the period when the *sengoku-daimyô* were establishing their domanical economic spheres, trade between the economically advanced Kinai area and the provinces flourished. Centered on Kyoto, Nara, and Sakai there was a marked advance in mercantile economy. It may be said that the general mood toward political unification was encouraged by this condition.

In the fertile Mino-Owari plains, ODA Nobunaga (1534-1582) built a political base and later moved westward to gain control of the grain-producing Ômi plains. He built the castle at Azuchi and from that point began his move toward unification of the country. In order to centralize and strengthen his domain, Nobunaga realized that it was necessary to increase the movement of goods. In Eiroku 11 (1568) he abolished all the *sekisho* (checking stations) within his domain, and maintained this policy after he gained control of Ise, Echizen, Kai and Shinano. The tariff of the *sekisho* had come to be a major revenue source for the courtiers and religious institutions and thus Nobunaga's policies were strongly resisted by them. The seven *sekisho* in Kyoto which he abolished were later revived because of petitions by the courtiers. It would appear that Nobunaga had not firmly decided on a policy of completely abolishing the system of *sekisho*.

Yet, his progressive standpoint is further evidenced by his policy of free trade, i.e., the establishment of *raku-ichi* (free markets). Even in the period when he was based in Kiyosu in Owari, Nobunaga made the local Misono-ichi a free market. In his advance to Kyoto he took as his forward base the province of Gifu. He sought to encourage the prosperity of Gifu by opening it to all merchants and by declaring its main castle-town a "free market." In Tenshō 5 (1577), when he established a new castle-town at Azuchi, Nobunaga promulgated edicts concerning free markets and free guilds (*raku-za*). These later came to be regarded as standards for the establishment of new castle-towns.

During this period, however, free markets were still limited to only specific castle-towns or special areas. Elsewhere monopolistic *za* still existed. After entering Kyoto, Nobunaga immediately confirmed the *za* in the capital. In Tenshō 1 (1573) he recognized the special rights of the Tachibana-ya of Kitanoshō in Echizen province to the control of the medicine *za* and the silk *za*. In Tenshō 4, he further recognized its rights over the oil *za* at Tatebe in Ōmi. Further, the powerful merchant IMAI Sōkyū of Sakai was given the right to collect *za* taxes from the salt *za* and seafoods *za* in the Goka-no-shō of Sakai and also from similar *za* located at the fish market at Yodo. It seems that by such moves Nobunaga sought to transfer control of the *za* from the hands of the courtiers and religious institutions and to use *za* revenues as rewards for his own vassals. According to later records, the oil *za* at Ōyamazaki and the malt *za* at Kitano were abolished during Nobunaga's period of hegemony. The number of *za* abolished by Nobunaga was few, but it is clear that he was able to partially effect a policy of removing *za* from temple and courtier control.

It is recorded that in Eiroku 12 (1569), in order to standardize the *masu* (cubic measurement) which was a basic unit in commercial transactions, Nobunaga abolished the "private" *masu* and made official the *Jūgō-masu*⁴⁴ which was then the measure used in the Kyoto markets. In the same year, in order to regularize dealings in coin, he published an edict which established exchange-rates. The edict specified four types of coins and fixed their exchange-rates. The lords of the civil war period (*sengoku-daimyō*) had also promulgated such edicts, but had allowed other exchange media. Two weeks after the issuance of this edict, however, Nobunaga added an amendment which forbade dealings using rice as a medium of exchange. Further, the amendment ordered that all dealings in imported goods such as threads, medicines, silks, and tea utensils, be conducted in gold or silver. We may infer from this that foreign trade played an important role in stimulating the circulation of gold and silver. Nobunaga also minted *hankin* (gold coins). The powerful Sakai merchant TSUDA Sōkyū records that he saw more than ten thousand *hankin* at Azuchi castle. In confirmation, *hankin* have been excavated at

Azuchi. During Nobunaga's period, however, the supply of gold and silver still was insufficient for a general public minting of coins. After Nobunaga defeated the Yamana to gain control of Tajima, he took direct possession of the Silver mine at Ikuno, but this additional source still was not enough to fulfill the needs for public coinage.

From an early stage in his career Nobunaga clearly recognized the importance of the cities. When the shogun proposed to grant him honorary titles, he asked instead for the right to station deputies in Ôtsu, Kusatsu and Sakai. In the turmoil of the Sengoku period the cities in the Kinai area had evolved into self-governing units and showed tendencies of becoming independent powers. Nobunaga sought to gain control over these cities as bases in his strategy toward national unification. In Eiroku II (1568) he placed an extremely heavy military tax (*yasen*)⁴⁵ on Sakai. When this met strong resistance, he immediately suppressed the resistance and forbade all use of military equipment in the city. Kami-gyô and Amagasaki, which had refused to accept the military rice-tax (*Hyôrômai*)⁴⁶, were attacked and burned. Hirano, which had allied itself with Sakai against Nobunaga, was made a "directly controlled possession." Among the merchants of Kyoto and Sakai, however, there were some who cooperated with Nobunaga and kept him supplied with military necessities. IMAI Sôkyû of Sakai is typical of these; he even began manufacturing firearms for Nobunaga.

Support from the Cities TOYOTOMI Hideyoshi (1536-1598) inherited the political and economic base built by Nobunaga. He first consolidated real power at Hirano in Ômi, but gained unified control only after he built the castle at the mouth of the Yodo River in Osaka. From this base, he controlled the provinces along the Inland Sea. Hideyoshi strengthened the political foundations of his regime by enforcing land-surveys of all "conquered" lands and by establishing "directly controlled possessions" at various sites. The rice production in these "directly controlled possessions" totalled two million *kokû*⁴⁷ and from a nucleus in the Kinai area extended to the Chûbu area and even into Kyûshû. The "directly controlled possessions" were generally areas rich in resources. Our attention is drawn particularly to the fact that they included such important cities as Kyoto,

Osaka, Nara and Ôminato. As a result of his Kyûshû expedition, the foreign-trade ports of Hakata and Nagasaki came under his control. Sakai came within his sphere of influence, and the moat around the city, a symbol of resistance for the townspeople, was filled in. The city was placed under the control of a *bugyô* (official) appointed by Hideyoshi, but its self-governing organization was allowed to play a role in the management of the city.

The powerful merchants of the cities were forced to cooperate in the battles toward unification. At the time of the Kyûshû expedition powerful merchants such as KONISHI Ryûsa⁴⁸ of Sakai were made logistic officials. They gathered supplies for the 300,000 troops and 20,000 horses, which were shipped to Kyûshû. At the time of the Korean expedition, Konishi was again appointed to handle war finances. The fact that Ryûsa's adopted son was KONISHI Yukinaga (?-1600) clearly evidences the role of powerful merchants in Hideyoshi's hegemony. Only after the establishment of the Edo shogunate, when official agencies for transport of government supplies were established and set into full operation, did the role of the merchants lessen.

During the latter years of Hideyoshi's rule, the *daimyô* of the various provinces established rice-warehouses at important ports and began to entrust resident merchants with the sale of domainal rice. Osaka rose in importance as a center for trading rice. Hideyoshi's choice of Osaka as his political base was partially influenced by his determination to control the market handling rice from the provinces. At the stage when his vassal organization and "directly controlled possessions" were not fully systematized, the cooperation of the cities and their merchants was essential. The development of urban mercantile economy had reached a stage in which it served to aid the intensification of the feudal system.

Encouragement of Commerce Security of transport is a necessary aspect in the development of commerce. After gaining political control over the country, Hideyoshi sought to re-establish public safety and placed particular attention on the control of bandits and pirates. He abolished the *sekisho* (checking stations) over a wide area, and in 1582, immediately

after the battle at Yamazaki, abolished the courtier-controlled *sekisho* in Kyoto which Nobunaga had been forced to reinstate. At the time of the Kyûshû expedition Hideyoshi ordered the abolition of all *sekisho* in the Môri domain. The result of his policy of abolition of *sekisho* was a free movement of goods into the markets; prices fell proportionately.

Having removed the *sekisho*, Hideyoshi moved to abolish the *za*. In the three-year period from Tenshō 10 to 13 (1582–85), immediately after he gained political control, Hideyoshi allowed the revival of the oil *za* in Kyoto which Nobunaga had abolished, and also recognized the special rights of the “Group of Twelve *Za*,” i.e., the money-changers, the lumber *za* and others. But in Tenshō 13 (1585), after consolidating political control, he ordered the abolition of all the craft and merchant *za* in Kyoto and completely eliminated the rights to special levies on *za* which the courtiers held. Hideyoshi’s younger brother Hidenaga, after establishing the castle-town at Kôriyama in Yamato in Tenshō 17 (1589), ordered the elimination of *za* and *za* levies in Kôriyama and Nara. Later, he allowed the collection of *za* fees from all *za* except those handling iron, sea products, and salt. However, by that stage, almost all the craftsmen and merchants had separated themselves from control by the Kôfuku-ji temple and very few *za* remained in Nara. From the fact that re-establishment of *za* for necessities such as iron, sea products and salt was not allowed, we see clearly that Hideyoshi’s purpose was to insure an adequate circulation of such major goods. In the provinces, too, as part of the policy which sought the growth of castle-towns (e.g., Kita-no-shō in Echizen, Wakamatsu in Aizu) and the reconstruction of ports (e.g., Hakata), the market *za* and other miscellaneous *za* were abolished. In Tenshō 15 (1587) MAEDA Toshiie (1538–1599) disbanded the vermicelli *za* at Wajima in Noto province to allow complete freedom in trade of that product. By the abolition of *za* the feudal lords sought to transfer control of the merchants and craftsmen from the courtier and temple authorities to their own direct spheres of political control. This policy was, of course, supported by the merchants, who welcomed the freer climate of trade. In the early Edo period the term “*raku-za*” fell into

disuse, but without exception the formation of *za* was prohibited in the cities directly controlled by the Tokugawa. Needless to say, merchants flourished under such policies.

Unified standards of measurements also were enforced over a nation-wide area by Hideyoshi. The *Kyô-masu* measure was made the standard unit in the measurement of yearly rent-grains and in commercial dealings. With markedly increased production of gold, silver, and copper, coins were officially minted for the first time since the *Kôchô jûni-sen*.⁴⁹ At about Tenshō 15-16 (1587-88), the widely respected coin-minter GOTÔ Tokujō was placed in charge of minting *ōban* (large gold coins). These coins were used only in the presentation of "tribute" or in large trade dealings, but somewhat later, in Bunroku 4 (1595), the Tokugawa in Suruga province began minting *koban* (smaller gold pieces). In the same year, YUASA Jōze of Sakai was appointed to supervise the minting of silver coins. As for copper coins, the Chinese Yung-lo coins were still in use. Among the general populace privately minted gold coins continued to be used, but since there were no special prohibitions on issuance of coins and currencies by the *daimyō*, it is probable that profits from minting coins were generally not large.

Along with his policy of encouraging commerce, Hideyoshi showed an uncommon interest in the production of gold and silver. He placed the silver mine at Ikuno in Tajima, the one at Tada in Settsu and others under direct control and confiscated all gold and silver extracted in the various *han* (fiefs). For that purpose he personally appointed officials or representatives to be stationed at the major mines to supervise collection. Late in the Tenshō period (1573-1592), he despatched a vassal as an official to oversee the collection of silver in the Mōri domain, in particular the output from the large mine in Iwami. In Bunroku 2-3 (1593-94) the gold mines at Kesen-gun and Motoyoshi-gun in Ōshū were placed under direct control, and the miners were each given a "production card," to force an increase in the output of gold dust from the mines. This extreme measure led to a rebellion by the three thousand miners stationed there.

It is generally held that the first stage of mercantilism is a period when

precious metals are in great demand. Should that be an adequate criterion, we may say that Japan during the Toyotomi regime had truly reached such a stage.

Interest in Foreign Trade As another focal point in his mercantile policy, Hideyoshi showed a remarkable interest in the control of foreign trade. It is fairly certain that an impetus to the Korean expedition was his desire to revive the *kangô* (officially controlled) trade⁵⁰ with China and Korea. In this period the powerful merchants at Sakai, Hakata and Nagasaki outfitted ships for trade with southeast Asian countries, and there were not a few lords in the southern provinces—the Matsuura, Arima, Shimazu—who actively pursued foreign trade. An important impulse toward Hideyoshi's venture into foreign trade was his placement of Nagasaki under direct control in Tenshō 15 (1587). In the year after the Kyûshû expedition it was reported that a foreign "black ship" had reached the coast of the Shimazu domain. Hideyoshi immediately despatched an officer and purchased all the raw silk that the foreign ship held. We see Hideyoshi's interest in controlling foreign trade in his purchase of all gold brought in by Portuguese ships and in his attempt to purchase all the Luzon pottery brought by a Spanish ship into the port of Nagasaki.

3. *Official Trade and the Closing of the Country*

The foundation of the Edo Bakufu was laid during Ieyasu's period of hegemony, but the actual completion of the system was achieved during Iemitsu's rule, i.e. after the closure of the country. In that sense, before discussing the relationship between the *baku-han* system⁵¹ and the mercantile economy, we shall first comment on the early period of the Bakufu, when foreign trade flourished and official ships (*shuin-sen*) voyaged the seas. It was the intensification of control over such trade that led to the closure of the country.

Official Ships Continuing Hideyoshi's policy of encouraging foreign trade, Ieyasu also maintained an active trade policy. The *daimyô*, Bakufu officials, and powerful merchants of various cities received licenses—

“red-scaled permits”⁵²—which allowed them to send ships to southeast Asia. The main factors which made possible the development of trade with southeast Asia were the prosperity of mercantile industries domestically and the increased desire of the feudal rulers for luxury items such as high-quality silk threads and silk fabrics. The Japanese “venture” ships engaged in foreign trade averaged more than fourteen every year and the people involved reached 80,000. They sailed to some eighteen countries, with the Indo-China area visited most frequently. The volume of goods carried in the Japanese ships and the silver they traded were less than the amount handled by the Dutch ships, but equaled the amounts handled respectively by the Portuguese and Chinese.

Until Keichô 14 (1609), only Portuguese ships visited Japan, but in that year a Dutch ship, and in Keichô 18 (1613) an English ship, arrived. These ships represented national companies each of which established factories at Hirado. In Keichô 15 (1610) a trade agreement was signed with Spain, and increasingly Spaniards arrived aboard Chinese ships. At the time of the siege of Osaka the foreign merchants were greatly welcomed.

The Exclusion Policy Even during this period, however, Bakufu control over foreign trade increased. The importation of raw-silk, the most profitable activity at this time, had been monopolized by Portuguese ships coming from Macao. In Keichô 9 (1604) the Bakufu organized a silk distribution group, consisting of merchants from Sakai, Kyoto, and Nagasaki, which set prices for raw silk brought in by the Portuguese ships and which was authorized to purchase all imported silk. This system was modelled on the “Pangado” system, used by Portuguese merchants in purchasing Chinese silk whereby the Portuguese proposed a price for the entire lot. The system was later extended to include silk brought in by Dutch and Chinese merchants.

In Genna 2 (1616), after the siege of Osaka, together with prohibitions against the evangelizing of Christianity, the privilege of free trading in the Japanese islands was revoked from the Dutch and English. In Kan’ei 1 (1624) Japanese merchants were forbidden to go to Manila, and the trade relationship with Spain was effectively severed. Other than Chinese

ships, all foreign trading was prohibited except in Hirado and Nagasaki. This clearly was an aspect in the policy of strengthening the control of Nagasaki officials over foreign trade. At this time, foreign trade undertaken by the *daimyô* of southern and western Japan, which had gradually been restricted, was completely prohibited.

Merchants with no strong connection with the Bakufu found it more difficult to obtain the "red-sealed permit" allowing foreign ventures. Finally, the permits were issued only to powerful merchants who were favored by the shogun and who dwelled in cities directly controlled by the Bakufu. In Kan'ei 8 (1631) it was decreed that in addition to the red-sealed permits a document (*hôsho*) from the *Rôjû* (Bakufu councillors) was necessary for foreign ventures. Those allowed to undertake foreign trade activities were limited formally to a small group of powerful, semi-official merchants in the directly controlled cities. Representative of these were SUMINOKURA Yoichi and CHAYA Shirojirô of Kyoto, SUEYOSHI Magozaemon and HIRANO Tôjirô of Hirano in Settsu, SUETSUGU Heizô of Nagasaki, and the Englishman William Adams (known in Japan as Miura Anjin).⁵³ In the same year (1631), merchants from Edo and Osaka were allowed into the silk cartel, but at the same time its methods of dealing were made more rigid and formal.

In the southeast Asian countries, too, the sharp increase in official trade with Japan resulted in restrictive measures. There appeared a tendency of promoting trade by national carriers in order to eliminate or lessen the number of Japanese ships. For example, the Portuguese-controlled city of Macao requested that all Japanese ships be banned from visiting Macao, giving as a reason the boisterous activities of Japanese ship crews. In Kan'ei 1 (1624), the Dutch established an outpost on Taiwan, and after the HAMADA Yahei⁵⁴ incident the following year, the Dutch requested that Japanese ships be prohibited from visiting Taiwan. In Siam there occurred the incident involving the poisoning of YAMADA Nagamasa⁵⁵ in Kan'ei 7 (1630) and the burning of the Japanese settlement at Ayucha. Even before the closure of the country, Japanese relations with Siam had been terminated.

The Bakufu, taking into consideration these difficulties with other

countries, promulgated its first "isolation act" in 1633. It forbade all trade ventures to foreign areas except those officially approved by the *Rôjû* (councillors) and forbade the return to Japan of any Japanese who had been abroad for over five years. In Kan'ei 12 (1639) it forbade the arrival of all Portuguese ships, and strictly forbade entrance of Christian missionaries on Dutch or Chinese ships. In 1641 it ordered all Hollanders in Japan to reside on the island of Dejima in the port of Nagasaki. With this last edict, the so-called "closure" policy was completed.

During this period various countries of East Asia, such as China, Korea, Vietnam, the Ryûkyûs, etc. all began to assert stronger control over foreign trade and to prohibit Christianity in order to prevent the advance of despotic European nations. The closure of Japan should be considered in relation to such movements in other Asian locales.

4. *The Establishment of the Bakû-han System and its Relationship with Mercantile Economy*

The closure of the country occurred at about the same time as the establishment of the *Bakû-han* system. Commerce was almost completely cut off from international development and markets were limited to only the domestic area. Yet, because a feudal system at an advanced and extreme level of development—with the shogun in almost the position of a feudal king—was established, and because of the intensification of agricultural methods and the development of household crafts, a mercantile economy flourished to a degree rarely seen in feudal history.

The Centralized System We should first take into account the fact that the Bakufu's directly controlled lands covered an area greater than that held by all the *daimyô*. These were centered in the Kantô and Kinai areas, but were scattered throughout the country. They were said to amount to four million *koku*. The direct possessions were not only vast in size, but the fact that they included important cities, ports, and mines indicates that the Bakufu controlled the nuclei of mercantile circulation.

The Sankin-kôtai System In order to control the various *han*, the Bakufu devised the *sankin-kôtai* system (alternate attendance of vassals).

The *daimyô* and their vassals were made to live semi-permanently in Edo, and on the basis of the resultant large consumer population the mercantile economy of that city rapidly developed. Further, the passage of people and goods between Edo and Osaka increased greatly and modes of transport developed further. In order to underwrite their expenses at Edo, the *daimyô* usually found the rice markets of their castle-towns too small. The greater portion of the rice collected in the *han* came to be sent to the larger markets at Osaka and Edo to be exchanged for merchandise.

Concentration of Warriors in the Cities The social separation of warrior and farmer and the separation of merchant and farmer became more marked, and as a result of the establishment of the *shi-nô-kô-shô* (warrior, farmer, artisan, merchant) rank system, the Bakufu and the *han* shifted from the *ji-kata* (land grant) system to the *hôroku* (rice-wage) system of rewarding vassals. The warriors, who previously had maintained relatively strong ties with local areas, came to dwell permanently in the castle-towns; they were effectively separated from control of actual agricultural production and shifted almost completely to consumer roles. Further, since money prevailed as the medium of exchange, it was necessary for overlords and their vassals to treat their rents and stipends as articles of trade.

The Establishment of the "Townsperson" Status In conjunction with the separation of the military and the peasantry, we should also note the separation of the merchants from the peasantry, i.e., the establishment of the "townsperson" status. In the process of establishing castle-towns, those involved in commercial activities in the farming villages had been forcibly gathered into the castle-towns. With the establishment of the *Baku-han* system, the farmer was forbidden to leave his fields to become a merchant or to sell his labor as a craftsman. Even the peddlers who travelled from village to village gradually were forbidden from selling all but certain prescribed goods.

At this stage, with the cities as a new base, the new townspeople — mainly engaged in mercantile and craft activities—came to participate actively in a feudal mercantile economy. In sum, the mercantile economy

of the period of the establishment of the *Baku-han* system developed on the basis of the commercialization of tax rice and was controlled by feudal overlords or by merchants who were appointed to represent them.

5. *The Growth of Cities and the Development of Transport Facilities*

Rise of Castle-towns The establishment of a centralized feudal system encouraged the development of an overlord controlled mercantile economy. Commercial activity occurred in conjunction with and was aided by the rise of cities, the development of transport facilities and the increased circulation of money. In the early Edo period, in order to foster prosperity within their domains, the various *han* lords protected commerce and handicrafts and encouraged the concentration of population in their castle-towns. Under such policies, castle-towns, ports, post-towns and temple-towns (*monzen-machi*) flourished.

The lords granted greater privileges to castle-towns, which were their military and political bases, than to the other cities. Hence, these castle-towns naturally became centers of domanial economies. They increased to number over three hundred and were located throughout the country. The towns were usually planned so that the residence of their vassals spread out for a mile or so from the castles of the domanial lords. Roads and temples were placed with careful consideration to defense purposes. The homes of the merchants and craftsmen (*machiya*) were rigidly separated from the warrior residences. People engaged in the same profession were gathered into one district and various special privileges were granted to such districts. In general, except for peddlers who went to the farming villages with daily necessities, commerce was prohibited outside the castle-town. The castle-town enjoyed exclusive rights as the only site of trade within its area.

The size of a castle-town varied according to the size of its lord's income (the amount of *koku*). At about the Genroku period (1688-1703), Nagoya and Kanazawa each had populations of more than 60,000, while Kagoshima and Hiroshima each had over 30,000 people. However, the

castle-towns usually had populations ranging from 10,000 to 20,000. From this we can infer the limits of castle-town economy.

Edo, Osaka, Kyoto Among the castle-towns the largest was Edo, the center of the Bakufu. Edo was formerly simply a castle-town which was the base of the local *daimyô*, ÔTA Dôkan (1432-1486). After TOKUGAWA Ieyasu gained control of it in Tenshō 18 (1590), warrior residences were built by Tokugawa vassals and, coordinate with the expansion of Ieyasu's hegemony, the city developed rapidly. In particular, after the *sankin-kôtai* system was established in Kan'ei 12 (1635) the provincial *daimyô* each built large residences where their wives and children dwelled permanently. A large number of *daimyô* vassals also were despatched to live in Edo and local merchants and artisans followed. Many such townspeople came from Mikawa, Ômi and other provinces. In area occupied, the warrior residences covered about sixty percent of the city.

The existence of many small retail shops in the city indicates that it was a consumer center. We infer also that its population included a large number of seasonal workers from nearby farming villages. The population of Edo is not accurately known, but in Kyôhō 9 (1727) it included over 400,000 townspeople. With the estimated 500,000 warriors in residence, it is fairly certain that there were about one million people living in the city. The largest city in Europe, London, at about 1700 had a population estimated at 500,000 to 700,000 people and in 1801 is said to have had a population of about 865,000. In the latter year Paris is attributed a population of about 550,000. Hence, we may say that from the early eighteenth century to the mid-nineteenth century Edo was the largest city in the world.

In contrast, Osaka was the largest commercial city in Japan. Osaka was devastated when Ieyasu attacked it to eliminate Toyotomi supporters, and after the siege no military installations were allowed in the city. As a key site for land and water transport routes, however, it could not be disregarded. The Bakufu encouraged a concentration of merchants in the city and aided its commercial growth. The various *han* established rice warehouses in Osaka and through these sold the tax rice and other local products gathered in the *han*. By the Genroku

period Osaka had surpassed Sakai to become the most prosperous among the major cities. In Genroku 16 (1703) it had a population of about 350,000 and, more notably, was the base for more than 10,000 *toiya* (wholesale houses). As the national center for trading in foodstuffs, it became the center of commerce and finance. In the nineteenth century, however, as a result of the development of the "eastern sea-route" and because of the rise in productivity of nearby agrarian areas, Edo became less dependent on Osaka for foodstuffs and even came to rival it in prosperity.

As the site of the imperial court, Kyoto had many courtiers and priests as residents. It flourished as a city of craftsmen who had proud traditions of manufacturing products for the court. Its population grew to about 350,000.

Ports, Post-stations, etc. As a major port, Sakai had flourished since the late Muromachi period and attained a population of about 69,000. But as a result of the improvement of riparian works along the Yamato River, its value as a port lessened, affecting its market activities. As a port for foreign trade, Nagasaki had a population of about 64,000 during the Genroku period, but since trade did not increase after the Shôtoku period (1711-1715) its population remained stable. Other important ports were Shimonoseki, Tsuruga, Obama, Sakata, Niigata, Aomori, Ishinomaki, Chôshi, Shimoda, Yokkaichi, Hyôgo and Onomichi. As the result of the development of the "western sea-route," Tsuruga and Obama declined, while Shimonoseki, Onomichi, and Hyôgo increased in prosperity. However, in general, there were only twelve or thirteen among these ports with populations numbering over 10,000. The castle-towns maintained their importance as urban and commercial sites. Yet, because trading occurred relatively freely, mercantile activity was far more lively in the ports than in the castle-towns.

Among the important post-stations along the Tôkaidô we may cite Shinagawa, Odawara, Mishima, Numazu, Shimada and Yoshida, and among the major *monzen-machi* there were Nara, Yamada, Nagano and Nikkô. The rise of local manufacturing in the nineteenth century produced new cities which were based on the production and sale of special

products. Yahata in Ômi became a center for the manufacture of mosquito-netting, Takaoka in Etchû province, a center for production of metal-ware, and Kiryû and Ashikaga in the Kantô, centers of silk-weaving.

Advances in Transport Facilities Because of the isolationist policy of the Bakufu, the Edo period saw only negligible activity in foreign trade. Yet, internally, because of the need to move "public-goods" such as the tax rice and because of the increased movement of people created by the *sankin-kôtai* system, there occurred a marked development in communications and freight transport. As a secondary effect, the transport of general merchandise and movement of travellers greatly increased. During this period transport and travel were mainly by horse or human carriers and ships. Despite the increased volume, however, transport and communications as a whole remained under the control of feudal overlords.

In order to maintain the feudal structure, *sekisho* were again erected in many places. In order to pass through them *tegata* (permits) were required. In order to defend Edo and to maintain Bakufu control over the country, the entrance of firearms and departure of women who were "hostages" under the *sankin-kôtai* system were strictly supervised. Checking stations (*sekisho*) were located on the Tôkaidô at Hakone and Imakiri and on the Nakasendô at Fukushima. The various *han* also erected *sekisho* at *han* borders to control entrance and departure from the domains. At rivers and streams such as Tenryû-gawa, Ôi-gawa, and Sakawa-gawa, bridges were not constructed, making necessary ferries or simple fording on foot. There exists a view that bridges were intentionally not constructed because of defense considerations; but it also may be said that because bridge-building techniques were still undeveloped, bridges were frequently destroyed by floods and typhoons. Thus, large bridges were not constructed.

Roads and Post-stations The major national highways were the five routes which began at Nihombashi in Edo: the Tôkaidô, Nakasendô, Nikkô-kaidô, Ôshû-kaidô, and the Kôshû-kaidô. These were maintained by the Bakufu in order to support its centralist political control and were

supervised by the Bakufu's highway commissioner (*Dôchû-bugyô*). Supplementing these major highways were branch roads (*waki-ôkan*) which fed into them, such as the Hokkoku-ji, Chûgoku-ji, Nagasaki-ji, Ise-ji and Mito-kaidô.

At intervals of two or three *ri* (one *ri* equals about 2.44 miles) along the main highways, post-stations were established with facilities for rest and overnight stays for the *daimyô* and lesser warriors. At such sites there were also facilities for rest and the care of human and animal carriers; *toiya* which oversaw the passage of freight; and inns called *hatago* or *kichin-yado* for the general traveller. At these stations freight-horses were rented out for use by the Bakufu and *han* governments. Since the five major highways were used primarily for official transport and travel by Bakufu and *han* officials, the general populace tended to use the lesser roads on which they were less likely to encounter difficulties with warriors. However, there were many limitations to these land routes. Because there were many mountain roads and the roads themselves were narrow, carts or wagons for freight transport were little used outside Edo and Osaka. At every post-station there were bothersome reloadings and payments required by the station-masters. The transport of freight over land routes was indeed accompanied by serious difficulties.

Water-routes The lakes and rivers, although not entirely free of interferences such as *sekisho*, because they enabled transport of much greater volumes than the land-routes, became major transport routes. Among these, the busiest was the Yodo River which connected the Yamato plains with Osaka. Along the Yodo, regularly scheduled ships moved from Fushimi near Kyoto to Osaka. At the beginning of the seventeenth century the Hozu River in Kyoto and the Fuji-gawa and Tenryû-gawa on the Tôkaidô were improved for transport purposes by the rich Kyoto merchant SUMINOKURA Ryô (1554-1614).

The isolationist policy placed serious limitations on foreign trade, but the prohibition on construction of large ships and of long-range navigation also hampered the development of sea-routes. Yet, since they enabled transport of a greater volume of goods and afforded more safety

than the land-routes, the coastal sea-routes came to be used more than the land routes.

Sea traffic was busiest on the Inland Sea. The Inland Sea route had long had a basic traffic of tribute-rice and commercial goods, but it now bustled with activity as *daimyô* from Kyûshû and Shikoku travelled to Edo under the *sankin-kôtai* system. During this period, the Kôpira Shrine in Sanuki province became a national center for a popular religious sect and pilgrims thronged the Inland Sea area. From the Hokuriku area, the route to Osaka initially had been a sea-route to Tsuruga and Obama, whence goods were sent overland to Lake Biwa. But later the western sea-route was developed and a sea route that went around Honshû and passed through the straits of Shimonoseki to enter the Inland Sea came to be used. It had the important function of transporting "castle-rice" (*gojômai*)⁵⁶ from Dewa and other Japan Sea areas to the rice market at Osaka. It was KAWAMURA Zuiken (1618-1700) who developed and organized the western sea-route. He developed a shuttle ship service between Sakata and Shiaki Island in Sanuki, placed pilot ships in the Shimonoseki straits, established a lighthouse at Shima Peninsula. To protect the entire route, he also gained protection and approval from the overlords who controlled coastal areas. On the Pacific coastline, the eastern sea-route was established in the Keichô-Genna period (1596-1623), when Sendai-*han* began shipping rice to Edo. With the same purpose, Tsugaru-*han* began sending out ships, thus establishing a route north of Ishinomaki, the main port of Sendai-*han*. In Meireki 1 (1655), when Akita-*han* began sending out ships from Tsuchizaki, the route was completed. KAWAMURA Zuiken also improved the reliability of the sea-route by establishing a connection from Bôshû (Chiba prefecture) to Shimoda and another from Uraga to Edo.

The sea-route between Osaka and Edo, of course, also flourished. As regularly scheduled ships, the *higaki-kaisen*⁵⁷ and *taru-kaisen*⁵⁸ are well-known. The *higaki* ships were first sent out in Genna 5 (1619) by a Sakai merchant, and after Kan'ei 1 (1624), when the *toiya* in Osaka began to use it to ship cotton, oil, sake, and other goods to Edo, it became a regular

transport service. It received its name from the cross-patterned bamboo lattices erected on deck to prevent cargo from shifting or falling. The *taru* ships were sent out by a merchant in Settsu who, under pressure of competition caused by the *higaki* ships, began to send goods directly to Edo without trans-shipment at Osaka. His cargo was mainly barrels (*taru*) of *sake* from Itami and other barrelled goods, and thus the ships came to be called "*taru*" ships. The ships are recorded as having started operation in the Kambun period (1661-1672). Because of their speed and because their sturdy construction lessened losses at sea, they threatened to outrun the competing *higaki* ships; but an agreement was reached concerning the types of articles which each type of ship would transport and both continued to be used.

The above-described activities laid the foundations for a large scale sea transport system and finally even the Bakufu was moved to lift the prohibition on construction of commercial ships larger than 500 *roku* tonnage capacity.

6. Systematization of Currency and Standards of Measurement

After the battle of Sekigahara,⁵⁹ TOKUGAWA Ieyasu (1542-1616) placed all major mines under the direct control of the Bakufu and came to control almost the entire supply of precious metals which were used for minting coins. Among the pieces minted, the large, gold *ôban* were used mainly by the shogun or among the *daimyô*. The smaller *koban* were first minted under the supervision of GOTÔ Shôzaburô (1837-1897) who was assigned to a minting office located near Tokiwa bridge in Edo. This area came to be called the *kin-za* or gold market. The Gotô family hereditarily held this office. At this time the amount of pure gold in the coins was 63.8 gr., but later, with repeated re-minting, the percentage fell.

A silver-office was established at Fushimi in Keichô 6 (1601). It was later moved to Osaka and a second office also established in Edo. The silver bars (*chôgin*) and small silver pieces (*mameita-gin*) produced by the silver office (*gin-za*) were not in standardized units and, when used, the

silver pieces each had to be weighed. It was only in the Tanuma period (c. 1780) that silver coins were first minted at standards which related them to the gold coins.

The issuance of gold and silver coins in the Keichô period (1596-1614) by the Bakufu was only the first step toward a unified monetary system. During the early Edo period silver coins were still minted for local use in the economically less advanced areas such as Akita-*han* and Kaga-*han*; in general, the Tôhoku, Hokuriku, San'in, and Kyûshû areas. In the *han* controlled by *tozama daimyô*⁶⁰ there were many silver mines and these lords minted an exceptionally large quantity of coins for use within their domains. These, however, were gradually displaced and all private minting ended in the Kambun period (1661-1672) when the *ginza* or silver market in Kaga-*han* was ordered closed by the Bakufu.

Copper coins in use during the early Edo period were the Yung-lo coins earlier imported from the Ming dynasty in China and the miscellaneous copper pieces minted within Japan. The Yung-lo coins were called "good" coins and the native coins, "bad." They were usually exchanged at a rate of about one to four. In Keichô 11 (1606) the Bakufu issued the *Keichô-tsûhō* (copper coins) and during the Genna period the *Genna-tsûhō*. In Keichô 12 (1607) in order to promote the use of the newly issued coins, use of the Yung-lo coins was forbidden. Only domestic coins were allowed to be used and it was ordered that the Bakufu-issued gold, silver, and copper coins be used in conjunction with each other. However, because the amount of copper coins issued in the Keichô and Genna periods was insufficient, the Yung-lo coins continued to be used. Thus, in Kan'ei 13 (1636) *zeni-za* (offices for minting copper coins) were established in Shiba and Asakusa in Edo and at Sakamoto in Ômi. The following year, nine more offices were established and all private minting of copper coins was forbidden. In Kambun 8 (1668) there occurred a massive issuance of *Kan'ei-tsûhō* which more than met the circulation needs of that period. These copper coins came to be used uniformly and the Yung-lo coins disappeared. In later periods, whenever copper coins were minted in Edo, minting sites were also established in provinces. By the Genroku period (1688-1703) the gold, silver, and

copper coins issued by the Bakufu had come to be accepted as a national currency and circulated throughout the country.

A uniform exchange rate was established at 1 gold *ryô*=50 silver *me*=4 copper *kammon*. (Revised in Genroku 13 to 1 gold *ryô*=60 silver *me*=4 copper *kammon*). The Bakufu ordered that taxes be collected according to this exchange rate and also that it be used in commercial transactions. It appears, however, that in dealings among the populace at large the rate was not always maintained.

Private Paper Currency and Han Currency The silver pieces of small amounts which were issued as "*mameita*" silver pieces were inconvenient because they had to be weighed whenever used. Moreover, they had not been issued in quantities sufficient to meet the needs created by commercial growth. To supplement them, merchants began to issue private notes which circulated within the merchant community. These were called *hagaki*, *satsu*, *kitte* or *tegata*. A representative note is the *yamada-hagaki* issued within the autonomous Sambô Council at Yamada in Ise.

Modelled on these, from about the Kambun and Empô periods (1661-1674) the *daimyô* began to issue *gin-satsu* and *zeni-satsu* as *han* currency. Among the earliest were the notes issued by Fukui-han in Kambun 1 (1661), those issued by Kishiwada-han the following year, and by Kôchi-han the year after. In order to promote the use of its new coins the Bakufu forbade the use of such paper currency in Hôei 4 (1707), but in Kyôhō 15 (1730) lifted the prohibition. From that date the *han* all began to issue large quantities of paper currency, particularly the *han* in western Honshû and Kyûshû. The *han* governments enforced the use of *han* currency within their domains. In many cases when goods were purchased from outside the domain a two percent money-changing fee was charged. Frequently, because the currency was issued to cover financial difficulties of the *han* government, there was insufficient metallic backing for them. To insure an adequate reserve, powerful merchants within and without the *han* were appointed *fuda-moto* to extend loans or assurances when the metallic reserve held by the *han* treasury was insufficient. The issuance of *han* currency and the resultant dependency on

merchants, instead of aiding the financial condition of the *han*, in most cases, actually worsened that condition.

CHAPTER IV

Tokugawa Commerce

1. Commercialization of Products

During the Edo period, even in the late period when manufacturing had developed, the major articles of trade were mainly primary products such as rice and salt. Important manufactured items were pottery, rice-wine, textiles, lacquer-ware, copper-ware, paper, and wax. Among consumer items, the main articles of trade were foodstuffs such as rice, bean-paste, rice-wine, salt, soy-sauce, vegetables and fish. These were followed in importance by textiles and daily necessities such as fire-wood, charcoal, oil, and rapeseed.

Rice and Other Grains During the Edo period the major trading item was, of course, rice. The *daimyô* organized the farming peasants into self-sufficient units and from these extracted yearly rents in rice, the product most easily commercialized. Despite the development of handicraft industries in the domainial castle-towns, their populations were not large enough to form an adequate consumer market for such rice. In contrast, in the cities of the Kinai area, the unproductive consumer population, particularly that created by the shrines and temples, was large. Further, in such cities division of labor had advanced to a high level. Most of the tribute-rice collected by the local *daimyô* thus came to be sold in the Kinai area. The largest rice market was located in Osaka. At the beginning of the eighteenth century about forty percent of the volume of goods brought into Osaka was rice, and if beans and wheat are added, grains formed about half of the trade volume. From this we see clearly the importance of rice and grains in the commercial activity of this period.

Textiles Other than grains, the items which had most commercial value were textiles such as cotton and silk. Cotton began to be raised in the Tôkai region from the late Sengoku period, but in the Edo period cotton-growing spread to many other areas. Cotton growing areas were established in northern Kyûshû, the Kinai, and the southern Kantô. In the Kinai, particularly, cotton-related enterprises developed rapidly and in the smaller cities of Kawachi and Settsu provinces cotton weaving soon became an important industry.

Raising silk-worms and making silk thread became common in many areas. Major silk centers developed in areas such as the northern Kantô, Kôzuke and Shinano provinces, and in Date-gun and Shinobu-gun in present-day Fukushima Prefecture. As a commercial item with a national market, raw-silk production increased rapidly. Silk-weaving developed mainly in the Tôsandô area. Highgrade silk textiles were woven in Sakai and Kyoto, with the products of the Nishijin complex in Kyoto much in demand because of their high quality. At Nishijin, from an early period manufacturing was divided into the three sub-industries of thread-making, weaving, and dyeing.

Hemp was produced in Dewa and also in the Tôsan and Hokuriku areas, while hemp textiles were woven in Nara and Ômi. As secondary manufactured products, mosquito netting was produced in Kyoto, Nara, and Yahata in Ômi, red dyes were produced mainly in Dewa, and indigo came from Awa.

Other Manufactured Items In the area around Kyoto and Osaka, rapeseed was produced in great quantities and the lamp oil extracted from these at Yamazaki and Oriono were widely distributed. Paper was produced in areas where the paper-mulberry tree was grown, especially in mountainous areas. Representative areas are Echizen and Mino. Lacquerware was produced at Aizu and Wajima. Major centers of outstanding china-ware were Seto and Imari.

Salt Having transported rice to the central markets, the returning freight ships brought back many commercial items to the provinces. Among these salt was the most important. An important factor in the development of salt as a trade item was the improvement of salt-making

processes in the coastal areas along the Inland Sea. We gain some idea of the importance of salt as a commercial item from the list of items entering the port of Niigata in Genroku 10 (1697). Other than rice and grains, cotton and used clothing, salt is third in volume. Salt was brought to provincial ports to be sent upriver and thence by pack animals to the interior villages.

Expansion of Mercantile Economy As standards of living rose, items handled in commercial transactions increased in variety and volume. Our interest is drawn to the close inter-relationship in trade among specific products of various areas which appeared with the development of long-distance transport facilities. For example, cotton produced in the Kinai area, salt from the Inland Sea area, and dried fish fertilizer produced in the Kantô formed the basis for a triangular trade relationship. Kujûkuri-hama in the province of Kazusa was an area which had produced fish fertilizer and salt. The development of cotton growing in the Kinai area created a large demand for fertilizer and thus the coastal peoples in Kazusa abandoned salt production and flowed into Kujûkuri-hama to work in the fertilizer producing enterprises. With the revenue from sales of fertilizer to the farming villages in the Kinai, merchants bought used clothing which they then traded for salt at Takehara in the Inland Sea area. The salt was then shipped to Kujûkuri-hama.

Kuramono, Nayamono, Hakurai-mono The routes by which products were transformed into commercial items may be classified into the following three: *kuramono*, *nayamono*, and *hakurai-mono* (foreign goods). *Kuramono* were products which the feudal lords sent to their warehouses, where they were then sold as commercial items. *Nayamono* mainly were products which the farming peasantry sold directly to *toiya* and which were then distributed by these middle-dealers to retail shops or consumers.

(1) *Kuramono* Although the income of the *han* governments of the Edo period was for the most part rice and other grains, their expenditures were almost entirely paid out in gold and silver. It was thus necessary that tax rice be sent to central markets to be sold. In the early period, the *daimyô* of the various *han* entrusted sale of rice and

special *han* products to the merchants of Osaka. The merchants were also allowed to manage the flow of gold and silver and merchandise into the *han*. But, as volume of trade increased, the *han* began to send officials to Osaka and other cities to maintain direct control over *han* trade. In this process the *kura-yashiki* became not only warehouses for *han* products but also offices for sale of these products. The generic name for the tribute-rice and other *han* products handled by the *kura-yashiki* was *kuramono*.

Rice was, of course, the principal item among the *kuramono*. In the late eighteenth century the total yearly volume of rice entering Osaka ranged from three million to three and a half million *hyô*. Three-fourths of this was *kuramai* (warehouse rice) from the various *han*, while the remaining fourth came from the general farming population. Other than rice, each of the *han* had special products, such as indigo from Awa, *tatami-omote* (straw-matting) from Fukuyama, sugar from Sanuki, paper from Tosa and Nagato, cotton from Harima, Bizen and Suô, wax from Chikuzen and Hizen. The sale of these special items was part of the *han* policy of increasing monetary revenue and in many cases the *han* forcibly monopolized articles which previously had been sold privately to Osaka *toiya*. Such items were included in the category of *kuramono*, which meant that they were items which the *han* governments exclusively exported from their domains. For example, in order to control distribution of salt within the domain, from the early Kan'ei period (1624-1643), Kaga-han made it a monopoly-sales item. From the Keichô period (1596-1614) Yonezawa-han began collecting *karamushi* (a plant fiber from which cloth was made) as part of its yearly taxes. These were called *kura-karamushi*. From Keian 4 (1651), in order to monopolize the market, the *han* also began buying all surplus *karamushi* which remained after the collection of taxes.

From about the middle of the Edo period, the *han* had chronic financial difficulties and thus came to place great emphasis on producing special products. These were placed under one dealership and sent to Osaka, Edo, and other large markets.

For the transport and sale of monopoly items, there were cases in which special merchants were appointed (*goyô-shônin*) and cases in which the *han* government directly handled all transactions. For example, Himeji-han established an office to handle *han* products and monopolized the export of cotton from the *han*. It ordered that their sales outlet be limited to Edo. But even in this case the *toiya* in the *han* capital gathered the cotton from the direct producers, i.e., the farming peasants, to send it to the cotton export warehouse at the port of Shikama. In general, it was more common for the *han* to buy monopoly items directly from the producers. Sendai-han bought salt directly from salt-producing coastal villages and by means of *wappu* (promissory notes)⁶¹ or through merchants distributed it to farming villages. Yamaguchi-han converted the taxes for the paper manufacturing area of Yamashiro from rice to paper, bought all the remaining paper produced in that area, and made it a *han* monopoly item.

The monopoly sales of specified products within the *han* became general after the Bunka-Bunsei period (1818-1843). This was especially prevalent in the domains of the *daimyô* located along the Inland Sea, but also can be seen in the area extending from the Hokuriku district to Ôshû. The items monopolized generally were articles produced in specific areas, but these were indeed various. For example, monopoly items were materials for clothing such as cotton textiles and raw silk, food-stuffs such as rice, salt, sugar, and oranges, luxury items such as tobacco, household necessities such as paper, wax, tatami (straw floor matting), umbrellas, and special items such as indigo, medicinal ginseng, coal, etc.

(2) *Nayamono* In contrast to *kuramono*, *nayamono* refers to products which the general populace sold directly to *toiya*. Included within this category, however, are items (mainly rice) which the vassals of the *daimyô* exchanged for money. In general, the items were collected by *toiya* or *nakagai* from direct producers, but shippers also speculatively sent items to *toiya* or sent goods specifically ordered by them. As with the *kuramono*, rice was a major item among the *naya-*

mono. In Osaka it was usual for *toiya* which dealt in rice to re-sell the product to retail merchants called *tsukigomeya* (rice-polishing shops). The major portion of *nayamono* rice was called *sakutokumai*, gains of local and absentee land-owners from tenant farmers.

There also was an increase in saleable products from dry-fields, such as miscellaneous grains, cotton, tea, tobacco, indigo. In the early nineteenth century we see a sharp increase in local merchants who had direct connections with the farming villages (*zaigô-shônin*). These merchants provided a ready outlet for miscellaneous products, facilitating an increase in the circulation of such "peasant-produced" items.

(3) *Foreign Goods* Entirely apart from the *kuramono* and *nayamono*, there was a trading structure which handled foreign goods. Under the isolationist policy foreign trade was greatly limited, but there was some amount of import and export through Nagasaki and a few other ports.

During the Manji period (1658-1660), ships from China numbered fifty or sixty every year. But with the fall of the Ming dynasty and the establishment of the Ching court, the number dropped sharply. Further, since the Bakufu policy was gradually to lessen the number of incoming ships and the amount of foreign trade, mercantile activity was greatly restricted. The major item brought in by the Ming, Ching and Dutch ships was raw silk. The imported raw silk was monopolized by a special cartel consisting of selected merchants from Kyoto, Sakai, Nagasaki, Edo and Osaka. From about the Keian period (1648-51), however, the price of raw silk rose sharply, arousing complaints from the thread and weaving houses in Kyoto. As a result of their petitions the thread cartel was abolished. The abolition of the cartel, however, produced a free market in that item at Nagasaki, and as a result the advantage of setting prices fell to the foreign merchants. As a countermeasure, it was authorized in Kambun 12 (1672) that the Nagasaki-bugyô (a Bakufu-appointed officer in charge of the city of Nagasaki) would directly supervise all foreign trade and also determine the prices of imported items. Thenceforth a low price was able to be

maintained. In order to compensate for the low prices, the merchants increased the volume of trade until there was a noticeable outflow of gold and silver from the country. However, because of the development of domestic manufactures, e.g. the increase in silk production, encouragement of sugar production, foreign trade gradually began to decline.

Other than raw silk and silk textiles, items imported from China were sugar, medicines, tin, mercury, dyes (sappanwood), deerskins, shark-skins, lacquer, etc. The import of raw silk gradually decreased, but in contrast the import of medicines, dyes, and lacquer increased. As payment for these, silver was the main export, but copper also flowed out in large quantities. After the export of silver was prohibited in Kanmon 6 (1668), copper became the leading export item. After the Genroku period, in order to lessen the outflow of copper the Bakufu urged that *hyô-motsu* and *sho-shiki* be exported. *Hyô-motsu* was a generic name for products packed in straw bags (*tawara*), such as dried abalone, dried sea-cucumbers. *Sho-shiki* referred to dried seaweed, dried cuttle-fish, agar-agar, ginseng, etc.

Trade with Korea Relations with Korea were re-opened in Keichô 12 (1607) and trade activities supervised by Tsushima-han and the Japanese factory at Pusan. Silver, copper, pepper and dyes were exported from Tsushima and cotton, raw silk and ginseng were imported from Korea. Ginseng was a monopoly item of the Sô family, *dainyô* of Tsushima.

Trade with the Ryûkyûs After Keichô 14 (1609) when the Shimazu, with the approval of the Bakufu, placed the Ryûkyûs under its suzerainty, those islands became a part of Satsuma-han. Using the Ryûkyûs as an intermediary, the Shimazu family conducted illegal trade with China and southeast Asian countries. Further, great quantities of sugar reached Satsuma from the Ryûkyûs to be re-shipped for sale at the market in Osaka. These formed a large part of the income of Satsuma-han.

Trade with the Santan⁶² (Pacific Siberian) Area The Ezo of Sakhalien had trade relationships not only with the Ezo of Hokkaidô, but also with the peoples of the Siberian coastal areas. They traded textiles (Ezo brocade), and miscellaneous products for furs. After Matsumae-han

established an office on Sakhalien, the *han* also began trade with the Santan area. Later, when stricter surveillance of foreign trade was enforced by the Bakufu, shipments became rare. The trade ended in 1867.

2. Further Development of Markets and Trading-sites

Establishment of Wholesale Markets In the fifteenth century, when the "six-day market" system became common, wholesale markets arose in large cities. In the early Edo period, in areas such as the Kantô, Tôhoku, and Kyûshû, as supplements to the commerce in the cities, these "six-day" markets and local post-towns continued to flourish. However, as the volume of trading rose, many markets at production sites or distribution points became scheduled wholesale markets. At such markets, the producer was simply a source and the consumer, of course, could not buy directly in small retail quantities. Only specialized merchants from *toiya* or brokers who handled large commercial agreements traded at such markets. Specialized procedures were developed at these markets for handling products such as rice, fish, dried-goods, vegetables, salted products and lumber, which were traded in large quantities. The *kura-yashiki* and *sanbutsu-kaisho*⁶³ may be considered part of the wholesale structure.

(1) *The rice market* The earliest and most prevalent wholesale markets were those dealing in rice. They were established in the larger cities such as Osaka, Edo, Kyoto, Ôtsu and Shimonoseki.

Among these the largest and most influential was the rice market at Dôjima in Osaka. The fluctuation in prices at this market affected dealings at all the other markets. It is not clear when the Osaka rice market was established, but it is known to have its origins in the *kuramoto* merchants who handled rice sold from the *kura-yashiki* of the various *han*. These merchants began trading in rice through the use of rice promissory notes issued by the individual *kura-yashiki*. Somewhat after the appearance of the "rice-notes," a market was established on the premises of the Yodo-ya, the most powerful

kuramoto in Osaka. In Genroku 9 (1696) the holdings of the Yodo-ya were confiscated by the Bakufu, but even after the confiscation, merchants continued to gather at the former Yodo-ya site to trade in rice. The following year, however, using the opportunity provided by a land development project at Dôjima, the market was moved to that site. By means of flag signals, carrier pigeons, smoke signals, etc. daily market prices were relayed to Ôtsu and from there to the other markets. At Edo a rice market was established in Kyôhō 15 (1730) at Koami-chô and later two others, one at Kakigara-chô, the other at Hama-chô, were added to form the so-called "three markets."

(2) *Markets for sea products* Sea products from the Kinai, San'yô, Shikoku, and Kyûshû areas entered the fish-market at Zako-ba in Osaka. Products from Owari, Mikawa, Tôtômi, Ise, Shima, and occasionally from the Bôsô region supplied the market at Atsuta in Owari. At Edo, the market near Nihon-bashi was established during the Keichô period (1596-1614). The market covered six large blocks along the river-bank and in each block fish wholesalers formed individual wholesale cooperatives. Products came mainly from the area near Tokyo Bay, but its range of supply extended west to the Suruga-Tôtômi area and north to the Hokuriku region.

(3) *Markets for truck products* The cities of the Edo period were still very closely tied to agrarian foundations. Vegetables and other truck products were thus readily available. Other than two or three very large cities, the truck markets developed later than the rice and fish markets. A market was established in Osaka near the Temma Shrine during the Jôh period (1652-54) and wholesalers who held certificates gained by paying fees to the shrine were allowed to trade there. Products were brought into the market from Kii, Ômi and Yamashiro. In Edo, the vegetable market at Kanda was typical.

(4) *The lumber market* In large cities there existed special areas in which lumber merchants gathered, mainly at sites for storing lumber. It was at such sites that lumber wholesale markets developed. The market at Fukagawa in Edo is one of the best-known.

(5) *The textile market* In cities where textiles were produced in

large quantities, such as Kiryû, Isezaki, Ashikaga and Hachiôji, cocoon markets, thread markets, and textile markets were held periodically during the year.

(6) *The horse market* In areas where horse breeding was popular, such as Morioka, Kôfu and Sendai, horse-markets flourished. These also were held only during specified periods every year.

(7) *The kura-yashiki* The *kura-yashiki* which were originally established by the various *han* to warehouse rice and *han* monopoly products, evolved into trading houses. They may be considered to constitute a type of wholesale market. Religious institutions, the Bakufu itself, *hatamoto* warriors and the major vassals of the *han* also established such *kura-yashiki*. Such houses were established mainly in Osaka, but the *daimyo* of the Kantô and Tôhoku areas also established houses at Edo. A number also were established at Ôtsu, Tsuruga, and Nagasaki. At Osaka they numbered ninety-one during the Empô period (1673-80), ninety-seven in the Genroku period (1688-98), and one-hundred twenty-four in the Tempô period (1830-43). Many were located in buildings rented from powerful townspeople.

At the *kura-yashiki* there were various *han* officials such as the supervising *kura-yakunin*, the *myô-dai*, the *kuramoto*, the *kakeya*, the *yôkiki* and the *yôtashi*. Those below the position of *myô-dai* were townspeople who were in charge of handling goods which entered and left the warehouse. In the early stages the *kura-yakunin* handled this activity, but later it was entrusted to the townspeople. The *kakeya* were in charge of monetary receipts for products from the warehouse but there were many instances in which the *kuramoto* handled this function simultaneously. In most cases sale of the *kuramono* was entrusted to *toiya*, but occasionally the *han* handled sales directly through the means of auctions.

The development of wholesale markets indicate the growing specialization of commercial dealings. Political restrictions, however, limited the development of these markets and the Bakufu's isolationist policies, of course, precluded the participation of Japan in large international markets such as those which existed in medieval Europe.

In the Far East, only the market in Shantung province in China and the medicine market at Taegu in Korea approximate such international markets.

Developments in Methods of Trading Commercial transactions occurred either in the form of bargaining or through competitive bidding. Bargaining refers to the method in which the buyer and seller reach trade agreements on a one-to-one basis. Often account-records and other reference materials were used to reach a mutually agreeable price and contracts were concluded. In dealings with outlying areas commercial letters and other communications were used. In the wholesale markets, however, competitive bidding, in the form of *seri* (auction) or *ire-fuda* (tender bid), competitive bidding was most prevalent. There seems to be no great difference between the *seri* and the *ire-fuda*. The former was an auction which continued until all competition ended, while the latter was a "one-bid" affair. At these competitive biddings, representative prices were posted for each item and in early periods a sample of the item was also displayed. But gradually as procedures improved the actual product was no longer displayed and only a model or sign used. A further advance was the futures market (*sakimono-torihiki* or *nobe-torihiki*). When procedures reached this stage, dealings came to be considered investments or speculations and the markets were transformed into investment markets.

The development of rice trading was typical. At first the Dôjima rice market dealt in the actual product, but during the Shôtoku period (1711-15) dealings in rice-notes (*kometegata*) issued from the *kura-yashiki* began. Re-sale of the rice-notes and buying and selling to insure uninterrupted delivery of rice (a practice called *nobe-torihiki*) appeared in the trading process. In the latter case, a standard rice (*tate-mai*) was agreed upon and future-rice, for delivery within a certain period, was traded with the payment of a fraction of the total price required as down-payment or assurance. Undelivered rice was bought and sold on a put-and-call system. This was the origin of the *chôgô-mai* (book-rice or future-rice) and the "empty-market" (*kara-sôba*). The futures market was established in the early Kyôhô period (1716-1735), and after 1730, when

it received the approval of the Bakufu, it became a large investment market. Similar futures rice-markets also were established in cities such as Kyoto, Kanazawa, Takaoka, Kuwana, Matsuzaka, Hyôgo, Niigata, Akamagaseki and Mitajiri. In futures trading the seller set the date of receipt of payment and although he did not have the product on hand sold on the expectation that he would receive it in the future. On the other hand, the buyer, even if he did not have ready cash, bought on the expectation that he would be able to pay at some future date.

Other than rice, futures trading also flourished for cotton, oil, and salt. Most of the oil produced in the country was brought into Osaka and there an oil-market evolved. Osaka also was the site for a futures market for cotton, while another well-known market was located at Takaoka.

3. *The Merchants*

Merchants of the Early Edo Period Among the urban merchants of the early Edo period those in controlling positions were the patronized merchants who had ties with the Bakufu or *han* governments. Many of these merchants were descended from the local-landlord type of merchant who had appeared in the Sengoku period. During the period of establishment of the *Baku-han* system, as special merchants for the *daimyô* they received treatment equal to that of the warriors and also various types of special privileges in commercial activity. Some of these merchants were appointed *machi-toshiyori*⁶⁴ or *machi-nanushi*, to form the nexus of *daimyô* control over merchants and artisans.

Among the "privileged" merchants, those in the highest positions were the *goyô-tashi* (merchants patronized by the Bakufu), contractors for government-sponsored enterprises, and merchants who were members of semi-official organizations such as the cartel which controlled imported raw silk. Worthy of mention are GOTÔ Nuidono-no-suke, Chaya Shirôjirô who, although involved in foreign trade, also held hereditarily the position of "dry-goods master" (*gofuku-shi*) to the Bakufu, GOTÔ Shôzaburô of the *kinza* (gold office) and DAIKOKU Jôze of the *ginza* (silver office).

As described previously, in the late seventeenth century mercantile activity began to expand to include distant rural markets. The volume of trade increased and improvements in modes of transportation made transport of goods a common phenomenon. These new developments led to a disintegration of the monopoly control held by the cliques of patronized merchants of the earlier period. Among the Bakufu's *goyôtashi*, the merchants associated with the Silver Office ran into operational difficulties because the production of silver decreased and the merchants in the raw silk cartel suffered because of the decrease in volume of imported raw silk. Both groups were unable to maintain their monopoly operational methods. In the castle-towns and ports of the various *han*, the dominant *oyakata* (patronized) type of merchants also began to encounter difficulties from about the Genroku period.

The Rise of the "New Merchants" On the wave of the new money economy which became prevalent from about the Genroku period, a new group of merchants appeared. Among these were venture merchants who had gained great wealth through speculative activity. Because of the increase in building activity at Edo, the demand for lumber rose and many lumber merchants attained great wealth through speculation in their products. As the market price rose, contracting activity for lumber naturally acquired a speculative nature. Typical of the new type of merchant is KINOKUNIYA Bunzaemon (1665-1734). According to the available data, the first of the Kinokuniya family was from Kumano in Kii province. He had acquired some capital by sending mandarins from Kii to Edo, but after the great fire in Edo during the Meireki period he accumulated great wealth by cornering the lumber supply from Kiso. His son continued in the lumber business during the Genroku and Hôei periods, but spent his fortune so freely in the Yoshiwara gay quarters that the family fortunes declined. Another example is KAWAMURA Zuiken (1618-99), who from a position of foreman of transport laborers and groups of day-laborers entered the lumber business to acquire great wealth. He directed his wealth toward water control projects and maritime transport activities. The crowning achievement of his life was the establishment of the maritime transport route to the Ôshû

area. Another was NARAYA Mozaemon, who started as an assistant to a lumber *toiya* at Fukagawa in Edo. By successfully bidding to supply lumber for the building of the Tôshôgû Shrine at Nikkô he instantaneously acquired great wealth. But, as with the Kinokuniya family, his son led a life of extreme luxury to greatly reduce the family wealth. Another who rose to great heights in one generation was YODOYA Tatsugorô of Osaka, who became *kuramoto* for a large number of *han*. These men are impressive examples of *nouveau-riche* who rose and fell during the Genroku-Kyôhô periods (1688-1735).

When the financial world later attained more stability, it became difficult to gain large profits through speculation. There appeared *toiya* and money-handlers who slowly but securely accumulated small profits to build relatively stable enterprises. These merchants, through steady effort continuing through several generations, established family enterprises which came to play leading roles in the development of manufactures during this period. They ultimately rose to become the controlling powers among the urban merchants of their time. The ten money-changers of Osaka and the ten groups of *toiya* in Edo are representative of these. Worthy of particular attention are the Mitsui, Kônoike and Sumitomo.

At the beginning of the Edo period, the founder of the Mitsui enterprise was engaged in rice-wine brewing and pawn-brokerage at Matsuzaka in Ise. His son, Takatoshi, opened a dry-goods shop called Echigo-ya in Edo and in the Tenna-Jôkyô period (1681-87) started money-changing shops in Edo and Kyoto. In the Genroku period he opened a dry-goods store and a money-changing shop in Osaka and in Kyoto also started a *toiya* to handle raw silk and silk goods. Eventually the Bakufu recognized him as *goyôtashi* for the exchange of gold and silver and the foundations for the Mitsui complex of later days was insured. From about the Genroku period (1688-1703) the Mitsui began advancing loans to rural money-lenders, silk thread and textile forwarders, entered the transport and communications business, and financed the opening of new rice fields.

The Kônoike family first appears in the early Edo period at Kônoike-

mura in Settsu as brewers of rice-wine. They advanced into the money-lending and maritime transport business in Osaka and finally became the leading house among the ten major money-changers there. They also functioned as *kuramoto* who handled *han* rice and monopoly products and also as *kakeya* who paid current deficits for a number of *han*. By the Genroku period they represented thirty-three *han*.

By using methods introduced from Europe to separate silver from copper ore, the Sumitomo came to occupy a major position in the copper industry. They became the main copper-smelter in Osaka and also expanded into foreign export of copper and management of copper mines. By acquiring a contract to manage the Besshi copper mines in Genroku 4 (1691) its economic foundations were established. It later became *kuramoto* or *kakeya* for a number of *daimyô* and entered the financial area as money-changers and brokers who disposed of the rice-stipends of the warriors.

Having attained great financial power during the Genroku period, these merchants later were granted special privileges by the Bakufu in order that their economic power be available to the central government.

In the provinces, somewhat later than the new merchants in the urban centers—from about the Kyôhō period—a new merchant group appeared to replace the older, cliquish, “patronized” merchants. The “three family group” (Sekido, Itô, Uchida) of powerful merchants in Nagoya were of this new merchant group. Among these the majority became *goyô-tashi* for local overlords, or *toiya* and transport entrepreneurs for rice, raw silk and textiles. Well-known provincial merchants were the Homma of Sakata in Dewa and the Hirose of Hida in Bungo.

Increase of Merchants in the Agrarian Villages From the late eighteenth century there appeared a large number of successful merchants in the agrarian villages. Their success was based mainly on improvements in production of commercial articles in the villages and increased circulation of peasant-produced merchandise. To challenge the monopoly of markets held by the urban-based *kabu-nakama* (see below, section 4), new transport routes and markets were opened by local merchants.

Characteristics of Edo Merchants During the medieval period there

still had occurred no clear separation between producers and merchants. The majority of medieval merchants had also engaged in agrarian activities or were artisans who sold the wares that they produced. In the early Edo period merchants began to move from the agrarian villages into the cities and the separation between merchant and farmer became more marked. But the separation between the artisan and merchant remained incomplete, with many instances of craftsmen doubling as merchants to sell their own wares. Yet, as compared to the medieval period, there was a clearer separation between retail sellers and wholesalers and other such middlemen (*toiya*, *nakagai*) who handled major products.

Retail shops rapidly increased after the warriors began to live in castle-towns. In particular, because it was basically a consumer city, retail shops were much more numerous in Edo than in Osaka. Other than shops for foodstuffs there were few retail shops in Osaka. In general, retail shops had specific names and in front of the shops were hung shop curtains (*noren*) and bill-boards. Even advertisements, called *hiki-fuda*, were distributed. Rather than having merchandise on display, most shops kept articles in storehouses to be brought out for each customer.

Advances in methods of retail management made possible the opening of local offices or branch shops in many areas. Most of the prosperous retail shops in Edo were branch-shops financed by a central house. In the dry-goods and confectionaries area, several large firms specializing in these products were created. Among the retailers there were also street peddlers and house-to-house retailers. The street peddlers usually opened open-air shops on feast days. The house-to-house retailers sometimes came to engage in fairly large businesses.

Improvement of transportation and growth of the markets enabled itinerant peddlers, in particular suppliers of the farming villages, to engage in even greater activity than in the medieval period. Typical of these are the Ômi merchants and the medicine sellers from Toyama. The Ômi merchants were based in Naka-gun (Gamô, Kanzaki, Echi) in Ômi province, mainly in the cities of Yawata, Hino, and Gokanoshô. During

the early Edo period there were already some among them who had ventured into the Ôshû, Matsumae, and Hokuriku areas. Those who had sufficient capital not only opened branch shops in Edo, Kyoto and Osaka, but also ventured into production of goods, such as *sake*-brewing in the Kantô area, production of lacquer-ware in Aizu and fisheries in Hokkaidô. The Ômi merchants entered into daring and sharp trade transactions and were well-known for their thriftiness. It is said that they would pick up even a worn rush-sandle from the roadside if it still was usable.

The medicine-sellers of Toyama trace their origin to a person named Jyôkan of Okayama who presented the drug called *Hangan-tan* to the *han* overlord. Under the protection of the *han* lord, peddlers of this medicine spread throughout the country. They even were granted entry into Satsuma, which normally enforced a strict prohibition on the entry of outsiders into the *han*. It is recorded that by the Bunkyû period (1861-63), the number of Toyama medicine peddlers had risen to about 2,300.

Division of Wholesalers (toiya) The *toiya* of the medieval period were engaged simultaneously in transport activity, management of post-stations, and trade, but toward the end of the period, *toiya* which specialized in handling only one of these activities began to appear. In the Edo period the term *toiya* came to indicate generally only the *toiya* which specialized in trade.

Increase in the volume of mercantile trade enabled the *nakagai* (middlemen or brokers) to separate from the *toiya*. The *nakagai* were agents who bought goods in medium quantity from the *toiya*. They did this on order from merchants in outlying areas or from small retailers, or bought goods on their own estimate for later re-sale. In the Edo period it was common for the *nakagai* to engage in fairly large trade deals in his own name. The average *nakagai* functioned in a secondary role in the distribution structure and may be seen as an addenda to the *toiya*. Those who dealt in important items such as rice or lumber, however, were not subordinate to the *toiya*. They not only conducted trade from a position equal to the *toiya*, but there were even some, who had greater financial resources than the *toiya* themselves.

Other than the *nakagai*, there appeared the *nakadachi-nin* who stood between the producers and *toiya*, between the *toiya* and *nakagai*, or between the *nakagai* and retailer. He smoothed relationships between the parties involved in trade relationships, sometimes handled deals of small amounts, and concluded contracts in the name of those who relied on his services. In the Kantô area he was called *saidori*, while in the Kansai he was called *suai*. The *nakadachi-nin* was used in business deals because the quality of merchandise still was not standardized and because special techniques of dealing were necessary. As a person knowledgeable in certain commodities and experienced in trade techniques, the *nakadachi-nin* provided reliability in trade. Concurrently the owners and captains of ships as well as stevedores engaged in similar commercial activities.

In the mercantile circles of the Edo period, it is undeniable that the *nakagai* and *suai* performed important functions, but from an over-all standpoint they may be regarded as complements to the *toiya* who were the real nucleus of mercantile activity. Most numerous among the *toiya* were those who handled items according to the area in which they were produced. Many could be found in the producing area, or at transit or re-shipment sites. At major distribution points such as Osaka, there were many *toiya* which dealt in products from distant areas. They were entrusted with goods by the producers for sale to the *nakagai*, etc. As receivers, they charged handling fees, and besides engaging in the warehousing or trans-shipment businesses were also involved in finance.

Increases in the volume of mercantile circulation led to further specialization. For example, in the earlier stages there appeared *toiya* which handled a variety of goods from a specific area, i.e., the Satsuma-*toiya*, the Tosa-*toiya*, etc. There subsequently appeared houses which handled only one product, such as rice, charcoal, cotton, or indigo from a certain area. In Osaka, for example, houses which handled products from nearby areas came to be almost completely specialized in one or two products. Other than consignment sales, *toiya* which bought and sold on their own initiative increased. There was a general trend for them to become true wholesalers who functioned in a manner almost identical with that of modern wholesale houses.

At an even more advanced stage, we find the *kakô-toiya* which employed artisans or ordered special products to be made by artisans for sale to other merchant houses or to small retailers. These later greatly enlarged their scope of activity until they evolved into a type of "*toiya*-household manufactures" system.

Forms of Enterprise Other than the *nagegane*, a type of "commenda" or joint venturing which evolved in the early Edo period in the sphere of foreign trade, the enterprises of the Edo period were mainly under individual management. There were only a few cases in which family finances were separated from business management. The Mitsui were an exceptional case, with their money-changing activities, dry goods business and lumber business cut off from the family finances. Each of the above activities was looked upon as a separate enterprise in which the main family invested. In Genroku 7 (1694) in order to protect the family fortune of 81,000 *ryô* and to insure the continuance of his business activities, which had expanded to include Edo, Kyoto, Osaka, and Matsuzaka, Mitsui Takatoshi stipulated in his will that the Mitsui enterprises and accumulated capital be handled as communal property held by the family as a whole, including his brothers (i.e., not by a single heir who could squander the family fortune).

A type of joint-stock corporation is found among the Ômi merchants. For example, in the case of export of sea products from Hokkaidô to Nagasaki, a wealthy Ômi merchant of Yawata, NISHIKAWA Denji, formally contracted to be responsible for this activity. In actuality, however, a group of twenty-one persons was organized to hold a total of forty shares. To finance the operation each extended capital according to the number of shares he held. As an example of partnerships, we find the Inanishi dry-goods *toiya* in Osaka, which was formed in Bunsei 10 (1827) by INAMOTO Riemon of Kanzaki-gun and NISHIMURA Jûbei of Gamô-gun in Ômi. Each contributed equal amounts of capital.

A relatively large number of examples such as those cited above can be found in the historical sources, but it is an exaggeration to say that partnerships or corporations had become prevalent. In the late Edo period we are able to recognize a type of corporation or a predecessor to

the corporate form in the Mitsui group, the Ono group, the Shimada group, etc., but even these were family-owned enterprises and it is questionable whether they can be regarded as corporations. Toward the end of the Edo period, however, some knowledge of European corporate forms was introduced. In Keiô 3 (1867), because of the opening of the port of Hyôgo, a special commercial company was established at Osaka. It was organized according to forms of business corporations then existent in the West. OGURI Kôzuke-no-suke, who was a member of the mission sent to the United States in Man'en 1 (1860), returned with new knowledge of commercial activity in the West. He personally pleaded to the Bakufu the necessity of establishing Western types of commercial firms. The Bakufu subsequently called on twenty merchants in Osaka to establish the firm. But even this enterprise was, in actuality, closer to a cooperative enterprise than to a corporation.

Employees in Commercial Enterprises The larger merchants used a great number of employees. Characteristic of the relationship between the Edo commercial entrepreneur and his employees was its patriarchal nature. It was not at all a pure wage-labor contract relationship. The lowest class of employees were called *detchi* or *kozô*. The *detchi* was generally accepted at the age of ten, preferably a son of separate household. The *detchi* did miscellaneous chores and also aided the work of the *tedai*. Usually at the age of seventeen or eighteen he was recognized as an adult and promoted to the status of *tedai*. He then was allowed to participate in shop activities. About twenty years after he entered the commercial house as a *detchi*, the employee was usually allowed to marry and establish a separate household. In most cases he then became a "commuting" clerk (*kayoi bantô*). But even among the clerks there were some who spent their whole lives in servitude to the main merchant house.

When a separate house was established, the main house (employer) usually gave the *bantô* some amount of capital and a shop curtain (*noren*) symbolizing good-will to start him in his career as an independent merchant. In such cases, the main house sponsored the entrance of the new shop-owner into the association of merchants engaged in similar

businesses. Not infrequently the main house also gave the *bantô* some of its clientele or franchise area. In such a case the new shop usually took the name of the main merchant house. The newly established house thenceforth maintained a perpetual role of subordination and obligation to the main house.

4. *The Kabu-nakama*

Feudal Society and the Kabu-nakama The nucleus of monopoly activity in the cities were the *toiya*, but the monopoly rights were never controlled by any individual *toiya*. The *toiya* inevitably formed groups consisting of houses which were engaged in the same business and by agreement within the group maintained thoroughgoing monopoly activities. Not only the *toiya* but almost all the other merchants and artisans in the cities formed such groups in order to protect their activities. In this period such associations were called *nakama* or *kabu-nakama*. They may be considered to approximate the guilds or *Zunft* which developed in medieval Europe.

Establishment The merchants and artisans of the medieval period had formed protective groups called *za* under courtier houses or religious institutions, but these were almost entirely disbanded when Hideyoshi adopted a policy of free or open markets (*rakuza*). The Edo Bakufu continued Hideyoshi's policy and in Genna 8 (1623) ordered that free trade be maintained among the various provinces. It forbade the establishment of private regulations or the formation of private groups to control business. The term *za* itself was allowed to be used only by special organizations. These were the offices for minting coins such as the *kinza* and *ginza*, the government monopoly sales offices directly controlled by the Bakufu such as the *dôza* (copper office), *tetsuza* (iron office) and *shinchûza* (brass office), and groups to which special monopoly sales permits had been granted, such as *shuza* (cinnabar office) and *ninjinza* (ginseng office). Other than these were groups which needed special protection or control such as the *hiyatoiza* for day-laborers. In the provinces there were a few *za* which continued to exist from an earlier

period such as the sea foods *za* (*uoza*) of Kôfu and the cotton *za* (*momen-za*) of Fuchû in Suruga. There were also a number of newly formed *za* such as the ceramic-wares *za* (*setomonoza*) and salt *za* (*shioza*) of Tanabe and Shingû in Kii province.

The policy of prohibiting *nakama* associations continued to be enforced even after the closure of the country. In Meireki 3 (1657) the prohibition on merchant *nakama* was re-iterated. However, by that date the Bakufu had begun to reverse its position of strictly prohibiting all *nakama* groups. The Edo city regulations of Meireki 3 simply pointed out that the older members of such groups took large sums from new members as initiation fees or took monopolistic actions such as controlling all sales of a certain product. The regulations, however, did not specifically prohibit the *nakama*. The closure of the country limited commerce to the domestic area and thus merchants and artisans felt it necessary to eliminate competitive activity in order to bring about a stability in the markets. The formation of undeclared *nakama* groups greatly increased. In Meireki 3, the year in which the above-mentioned city regulations were enacted, the money-changers established *nakama* by-laws and agreed to suspend all lotteries or prize contests. In the Kambun-Jôkyô periods (1661-87) a group of ten *toiya* was formed and by the Genroku period (1688-1703) the group had established detailed procedures. There also were organizations called *kô* which were secret *nakama*. In the Jôh period (1652-54) a *kô* for dried-fish handlers was formed in Osaka called the Ebisu-*kô*.

In such a situation, the Bakufu, in order to preserve civil stability in the country, lifted the prohibition on *nakama* among the pawnbrokers, public-bath operators, calendar makers, used clothes sellers and, finally, the money-changers. These groups were called *gomen-kabu* or "officially recognized *nakama*."

In Kyôhō 6 (1721) the Bakufu, in a complete reversal of policy, ordered the formation of *nakama* for all merchants and artisans. Free enterprises were disallowed. The Bakufu sought to use the *nakama* to control the merchants and artisans. The new policy was part of TOKUGAWA Yoshimune's "Kyôhō Reform."⁶⁵ By directly controlling the

toiya and *nakagai* groups of "new merchants" the Bakufu sought to stabilize the distribution of necessities, lower prices of goods and to supplement state revenue with fees taken from these groups. The merchants and artisans, on their part, also favored the policy and some actively requested permission to form *nakama*. Such groups were called *negaikabu* (petitioned *nakama*). The Tanuma administration sought to increase state revenues by establishing a government monopoly sales system for certain products and, by recognizing monopolistic activities of *nakama* merchants, sought to tap merchant profits by taking "tribute-fees" (*nyôga-kin*). Under the reform policy, *nakama* groups were established throughout the country, ranging from great enterprises such as the Higaki maritime transport enterprise to small retailers and rural merchants.

Organization Kabu, a term which originally indicated the taproot of a tree, was used metaphorically to indicate the right of a merchant to conduct business. In principle each entrepreneur was entitled to one *kabu* and the *kabu* certificate, i.e., license, specified the rights of the holder. These rights were granted in exchange for "tribute fees" and the promise to abide with *nakama* regulations. The *kabu* were allowed to be inherited, sold, or otherwise transferred. There were also instances in which the *kabu-nakama* had sub-groups called *kumi* or *kô*. The *kumi* usually referred to associations which were composed of *toiya* engaged in various different activities. The largest among these were the "ten *toiya* group" of Edo and the twenty-four *toiya* group" of Osaka. The "ten *toiya* group" was organized and given government approval in the Genroku period in order to equalize maritime transport risks and profits involved in the shipment of goods from Osaka to Edo. To supplement the Edo group, the "twenty-four *toiya* group" was formed in Osaka, and these two groups allied to mutually underwrite maritime losses and to protect their monopoly rights.

The *kabu-nakama* gradually acquired special interests in certain festivals and rites, regularly made pilgrimages to special shrines, and also contributed to the maintenance of such shrines. Names of deities or gods promoting wealth often were attached to the sub-groups (*kô*) within

the *kabu-nakama*. The *kabu-nakama* meticulously maintained regulations and etiquette, tending to fossilize accepted practices. There were many regularly scheduled banquets, excursions, pilgrimages which served to strengthen group ties. Some groups had communally owned ships or warehouses and the exchange of mutual guarantees or mutual aid among *nakama* members was common.

Functions The functions of the *kabu-nakama* centered on protecting monopolies, protecting other special rights and privileges, organizing and stabilizing the group, and maintaining trust and credit. Firstly, the *kabu-nakama* forbade competitive activity within the group and prevented the creation of individual monopolies. It maintained unity with the group as the prime benefactor, and by limiting entrance of new members or by publicly prohibiting activities by "outsiders" maintained its monopoly rights. It controlled the market by setting market prices or by regulating the volume of goods entering the market. In order to increase the effects of such monopolistic functions, the *kabu-nakama* maintained strict procedures. They presented precautions to those with whom they traded and prevented illegal actions by shippers or non-payment by *nakagai*. Further, in order to maintain trust within the merchant community, the *kabu-nakama* formed various types of agreements concerning trade procedures. In seeking a smoother and more complete circulation of merchandise, they established regulations for examining merchandise, unifying measurements, procedures for establishment of markets and regulating prices, and also concluded agreements concerning packaging, quality-control and code prices. Through the *kabu-nakama*, techniques of marketing were for the first time formally transmitted to younger businessmen, and techniques consciously improved. They fostered movement of capital and built and protected new industries. Through such activities, limitations in trade were overcome and futures trading, trade by promissory notes, the circulation of bills of right, became possible. Since the *kabu-nakama* and *nakama* set standard prices and endeavored to sell quality-goods at low prices, they were also welcomed by consumers.

The Cities and the Kabu-nakama The *kabu-nakama* occupied a

dominant position in the commercial circles within the cities, but because of rigid control of the cities by feudal overlords, we do not encounter the phenomenon, as in a number of European cities, of powerful guild-members participating as officials in city government or having an influential voice in politics. The *toiya* at Hyôgo had complete control over commercial activities in the city, and the "seven *nanushi*" who controlled the city government were all selected from among the *toiya*, but even in this case they were not selected as representatives of the *nakama*.

In Europe after the fourteenth century the *Zunft* (craft guilds) frequently sought self-governing rights or control over the markets, even bringing matters to open physical conflict. But in the Far East, not excepting Japan, the guilds composed of craftsmen never attained much power. In Japanese cities, because mercantile capital was strong, the status of craftsmen was extremely low. Another cause of this situation was Japan's lack of overseas markets. It had no opportunity to sell manufactured products in distant markets as, for example, the weavers in medieval Europe did. The weakness of the craft *nakama* as opposed to the merchant *nakama* may be considered a major characteristic of feudal mercantilism in Japan. After the fourteenth century, in Europe the power of the craft *zunft* increased and they came to seek self-governing rights and control over markets. In China, craft groups sometimes came into conflict with merchant groups, but in general they did not have much power.

The Decline of the Kabu-nakama In their early stages the *kabu-nakama* brought organization to commercial activity. As groups which benefitted the development of commerce, they coincided with the goal of the Bakufu to systematize a national trade network. From about the middle of the Edo period, however, they began to show excesses in monopolistic activity. In Temmei 3 (1783) the Osaka *machi-bugyô* took severe measures against the misconduct of the *kabu-nakama*. Among the *kabu-nakama* there gradually appeared cases of failure to maintain organizational agreements and antagonism arose between the newer and older *nakama*. In shipping circles there appeared a tendency to by-pass Osaka to ship goods directly to their destination points, seriously affect-

ing the Osaka *toiya*. The *han* also began to open new routes for sale of their monopoly products. In such a situation, the Osaka *kabu-nakama* came to be looked upon as dangerous meddlers. The *kabu-nakama* tightened their internal regulations and began to take retaliatory measures. They sometimes cornered goods in order to raise prices or formed agreements with Bakufu and *han* officials by offering them bribes or "tribute-money."

In the farming villages, production of commercial goods increased and local merchants who gathered them began to seek ways of by-passing the special guild-privileges held by the urban *toiya*. Without using the intermediary of the urban *toiya*, they began selling directly to retailers in the cities and to deal directly with merchants in other districts. The tendency toward undermining the monopoly control of the urban *toiya* was particularly strong in Settsu, Kawachi and Izumi-provinces where commercial farming had developed and where the local merchants were relatively strong.

These new conditions were factors which contributed to precipitating the so-called Tempô Reform, which changed Bakufu policy and caused corresponding changes in the internal policies of various *han*. The monopoly rights of the *toiya-nakama* were abolished. In Tempô 12 (1841) Mizuno Tadakuni ordered to disband the "ten *toiya* group" in Edo. Later, the order was extended to cover almost all other *toiya*. This order of disbandment was fairly thoroughly carried out in all areas directly controlled by the Bakufu.

As a result of the new policies, the rural merchants were free to send merchandise directly into the cities, and indeed it seems that they used this advantage to great profit. Among the various *han*, some adjusted to the Bakufu change of policy by abolishing the monopoly rights of the *toiya*. Such *han* were mainly in areas where rural merchants presented a strong front. In other *han*, however, we see a contrary tendency to strengthen the *kabu-nakama*. Even in the case of the Bakufu, because trade routes became confused and commercial activity depressed by the abolition of the *kabu-nakama*, the policy was again reversed. An edict was issued in Kaei 4 (1851) which allowed the re-establishment of the *nakama*.

The new dispensation, however, also allowed the rural merchants to form *kabu-nakama* and hence was not as exclusively oriented to urban merchants as the previous orders. The *kabu-nakama* were thus weakened and in the process of the Meiji political re-organization became negligible in influence.

5. *The Role of Mercantile and Usury Capital*

The merchants of the Edo period, in particular the *toiya*, built their wealth by accumulating *kôsen* (handling charges) on goods which passed through their hands. This was accomplished by thrift, calculation and talent. Other than handling charges, sources of profit for the *toiya* were differences in the price structures based on different specie and seasonal shifts in prices. Under the isolationist policy, however, profits from foreign trade were small and in the warrior-centered society the domestic market was limited. There were no items from which to make large profits and hence there was relatively little incentive for improvement or discovery of new techniques. These were factors which prevented a shift from mercantile capital to industrial capital. In almost all cases capital functioned in the mode of usury capital.

Capital worked mainly through loans to the *han daimyô* and to the populace in general. The latter was generally used in areas such as fisheries, agriculture, and construction. The wealthy merchants of the period handled lumber, dry-goods, charcoal and *sake*, but while engaged in these businesses, they also operated pawn-shops or money-changing (lending) houses. Examples are the Mitsui, who simultaneously were involved in the dry-goods, lumber, and moneylending businesses and Izumi-ya (the Sumitomo), which started in the publishing, iron, and medicine businesses and later expanded into copper mining and moneylending activities. Even the Ômi merchants usually operated pawn-shops and moneylending houses in areas where they established branch shops.

In usury activity the most wide-spread phenomenon was of course pawn-shops. In order to prevent their increase a *kabu-nakama* of pawn-

brokers was established, but even in the Meiwa period (1764-71) it is estimated that about two thousand such shops existed in Edo alone. From about the mid-Edo period, because of difficulty in maintaining their livelihood, the peasants, warriors, and even the *daimyô* were in debt to the pawn-brokers. The pawn-shops had extraordinary influence, extending into almost all strata of Edo society. Groups called *tanomoshi* in the Kinai area and *mujin* in the Kantô, as mutual savings groups and also as a device for accumulating capital for merchants and artisans were prevalent in most areas. However, in the financial circles of this period those who had most influence were the moneylenders, the *kuramoto* and *kakeya*, and the *fuda-sashi* entrepreneurs.

Moneylending The moneylending shops evolved from the money-changers who converted gold, silver and copper coins. Moneychangers who converted small sums and operated on a small scale continued to exist from an earlier period, but in the Edo period some among them, called *hon-ryôgae*, expanded their activities to take savings accounts, extend loans, convert money orders, and issue promissory notes—activities which approximate the complex activities handled by modern banks. In Osaka, where moneylending activities had shown particular sophistication, a group of ten moneylenders was appointed in the Kambun period to supervise all such activity in the city. The ten, composed of the Kônoike family, the Tennôji family, and others, became official moneylenders to the Bakufu and also managed government expenditures and loans extended from public funds. The amount of capital held by the individual houses were closely guarded secrets—not even revealed by parents to children—but it is estimated that in the Tempô period over fifty houses each held more than 200,000 *ryô*. Moneylending activity in Edo was not as active as in Osaka, but there existed a number of *hon-ryôgae* and about six hundred average *ryôgaeya*. The Mitsui moneychanging shop was located at the site on which the present Mitsui Bank stands. The Mitsui also had shops in Kyoto and Osaka. Favored by the Bakufu, the Mitsui were able to borrow proceeds from sales of the Bakufu rice-tax in Osaka at no interest to purchase commercial articles, mainly dry-goods. Such items were then shipped to Edo to

be sold and subsequently part of the proceeds was used to repay the loan from the Bakufu. Other than the Mitsui, a few other powerful merchants were allowed to use this special method of financing.

At the *han* warehouses *kuramoto* and *akeya* were employed. Some held both posts simultaneously, but the *akeya* posts were all held by wealthy moneylenders. They received in exchange a rice-salary and were accorded high status. The Kônoike of Osaka were associated with so many *han* that their total salary in rice from the *han* amounted to more than 10,000 *koku*. Pressed by financial difficulties, the *daimyô* frequently borrowed sums from the *akeya*. The security for these loans was the income from the sale of *han* rice every fall.

A similar type of relationship existed between the *hatamoto* warriors in Edo and the *fuda-sashi*. Some among the *hatamoto* were called "rice-grantees" and received part of their stipends from the Bakufu rice-storehouse at Asakusa in Edo. Generally, half of their salaries was in gold and the other half in rice. They usually entrusted contracting and sale of their rice-stipends to the *fuda-sashi* who established branch offices near the Asakusa rice-storehouse. From this relationship the *fuda-sashi* gradually began to advance loans to the *hatamoto*. The *fuda-sashi* charged a handling fee of one *bu* in gold per one hundred *hyô* of rice from the Bakufu storehouses. In cases of re-sale they charged two *bu*. Their charges were low, but in actuality they gained such large profits from lending activities that the *hatamoto* of Edo were pressed to a position of near bankruptcy by the *fuda-sashi*. In Kansei 1 (1789) MATSUDAIRA Sadanobu issued an edict of clemency which cancelled all debts of the *hatamoto* to the *fuda-sashi*. The strength of the *fuda-sashi* suffered a slight decrease because of this edict, but together with the *akeya* they were able to maintain great power over the warriors until the end of the Edo period.

From about Temmei 8 (1788), mainly on the initiative of the Edo *hon-ryôgae nakama*, there was established an agreement among the *hon-ryôgae* of Edo, Osaka, and Kyoto. A type of "banking" cartel concerned with market prices of gold and silver and the honoring of money orders and "bank-notes" was established. Use of bills of exchange and loan

relationships among these three main cities had increased to such a degree that previous Bakufu-appointed moneylending groups proved inadequate. The new cartel (*nakama*) was formed to coordinate the earlier groups.

Circulation of Tegata (promissory notes) Among the notes issued by the moneylenders were money orders and promissory notes. The notes were used widely, particularly in Osaka, in sales on credit. Silver had been used as the principal exchange medium in trade in the Osaka area, but because of its inconvenience in having to be weighed at each transaction and because of its bulk, and also because bankruptcies among merchants were few, trust among merchants reached a high level. Promissory notes came to be used widely. The Osaka merchants deposited available cash with moneylenders and payments among merchants were settled by notes to moneylenders with whom deposits had been made. The merchants who received such notes passed them on to moneylenders with whom they had made their own deposits and subsequently the moneylenders involved settled the accounts. Deposits were simply entrustments of funds and earned no interest, but because of the convenience and safety of the promissory notes, merchants immediately deposited available gold and silver. The moneylenders were involved in activity approximating the bank notes or bank-checks which are issued by present day banks. Because the moneylenders carefully checked credit reliability whenever they began dealings with merchants, relationships with reliable moneylenders increased good-will and confidence among merchants.

From about the mid-Edo period, when futures buying and selling developed among *toiya* and *nakagai*, moneylender's notes became more common and began to circulate over a wide area. Among the various types of notes were 1) money orders, 2) promissory notes, and 3) deposit notes.

In order to eliminate the dangers involved in sending gold and silver to distant locales, the practice of sending notes evolved during the medieval period. In the Edo period, such notes were replaced by promissory notes and deposit notes. The promissory notes were certificates

issued by moneylenders to show amounts in deposit and were payable to holders. In a period when minting of coins was disorganized and many types of coins and currency were in circulation, the conversion of these into a unified value by the moneylenders and the issuance of notes on such amounts may be seen as a rationalization of monetary circulations.

Deposit notes were notes written by merchants for various sums against accounts on deposit with moneylenders. They approximate the modern checking system. Because moneylenders could freely write such notes, the position of the Osaka moneylenders was extremely strong.

Notes on Storage Deposit Among notes on storage deposit which were issued for rice, soybeans, sugar or cotton, rice-deposit notes were most prevalent. From Kambun 3 (1663) these were called "rice-notes" and as certificates of value were avidly bought and sold. Differing from moneylenders' notes or coins and currency, however, their area of circulation was limited.

Expansion into Areas of Production With the growth of the economy, merchants and usurers began to invest surplus capital in areas of production such as agriculture, construction and fisheries. Together with the growth of mercantile economy, commercial agriculture flourished in areas near urban centers. In the process of growth, the *toiya* began to lend necessary capital and to guarantee routes of sales to farmers involved in such activity. Cotton produced in the Settsu, Kawachi, Izumi, Harima, and Bingo areas were sold before harvests to Osaka *toiya* and it became common for loans to be extended on harvests.

Development of new rice lands was at first undertaken by the *han* governments, but because of fiscal limitations the *han* and even the Bakufu turned to the merchants for loans of capital. Farmers who found it impossible to return loans from merchants were forced to transfer their newly opened lands to them. The merchants also acquired new rice-lands by contracting to develop them. Because taxes were low and tenant fees high, rice-land was a secure investment; the townspeople channelled large amounts of accumulated capital into opening

new rice lands. Typical of these were the Kônoike-*shinden* (new rice-lands) and the Kawaguchi-*shinden* near Osaka.

In the farming villages near Osaka the development of commercial cotton raising created a large demand for fish fertilizer. In response to this demand, a portion of Osaka capital was diverted to open new fisheries. We also have evidence that the *animoto* (leader of fishermen groups) at Kujûku-ri-hama (in present day Chiba prefecture) received pre-payment for their catch. The fishing areas in the Sanriku and Matsumae districts in northern Honshû were developed in order to supply fish for Osaka. In Matsumae-*han* particularly, Osaka and Ômi merchants were extremely active. By contracting for the fish catch, the merchants even entered into trade relationships with the Ezo. From about the Kambun period they shifted from contracting to the direct management of fisheries. Such activities bear striking resemblance to the fishing activities of the Hansa merchants in northern Europe during the medieval period.

Many of the salt-flats along the Inland Sea were also managed by Osaka merchants. The salt produced was sent to northern regions such as Matsumae to be used in preserving fish. Prepared fish products were then exported to be sold throughout the country and, through Nagasaki, were even sent to China as trade items.

As a source of supplementary income for farming families, rural manufacture developed from about the mid-Edo period. In particular, after the farming families became engaged in thread-making and weaving, their relationships with the *toiya* became much closer and gradually the scale of such operations increased. In the Kôzuke, Shimotsuke, Shinano and Kôfu areas, thread *toiya* bought silk-cocoons from farmers to process them into thread which was then returned to the farmers for weaving. Under a similar type of arrangement, hemp textiles and mosquito-netting were produced in great quantities in Ômi, Yamato and Echigo. The *toiya* supplied the necessary manufacturing equipment or the raw materials, but paid extremely low wages, usually on a per-item basis. In other cases, he simply purchased the manufactured items at low prices

and re-sold them at the markets. This system appeared in both the cities and the farming villages from about the middle of the Edo period. As a historical stage in the development of industrial enterprises, the above-described arrangements approximate the system of wholesaler control of household manufacturers, i.e., the European contracting system. The impoverished lower warriors who dwelled in the castle-towns frequently received materials from the *toiya* to make paper-lanterns, umbrellas, and other sundries. This also may be seen as a type of wholesaler-controlled household manufacture.

Although wide-spread transformation of mercantile and usury capital into industrial capital did not occur, we are able to find a few pioneering examples. In special industries such as minting, *sake*-brewing, mining, smelting and iron production, a manufacture system was used in which large numbers of workers were hired to be assigned to specific tasks according to a fairly rational division of the manufacturing process. Such systems, however, were used only within a limited sphere. After the opening of the ports in the late Edo period, the manufacture system began to be used in the thread-making and weaving industries in order to meet foreign demand for these products.

Increase in Influence of the Merchants The investment activity made possible by accumulation of capital increased merchant power proportionately. Notable among those who acquired much wealth and engaged in investment activities were those in the thread cartel, the *kakeya*, the *fuda-sashi*, and the moneylenders. During the reign of the Shogun Tsunayoshi, the holdings of the Yodo-ya were confiscated by the Bakufu on the grounds that the wealth and luxurious style of living of the members of that merchant house equaled that of the territorial barons. The amount is perhaps exaggerated, but it is said that the confiscated holdings amounted to twelve million *ryō*. Even compensating for exaggeration, we can infer from this the financial strength of the Osaka merchants. In principle the Bakufu and *han* governments limited or intervened to control the wealth of the merchants and, indeed, at times confiscated their holdings. But because of difficulties in maintaining state finances, they also borrowed large sums from the merchants, using

tax rice and monopoly items as security. Although great profits could be gained by lending to the *daimyô*, such loans were heavily weighted by the danger of default in repayment. Merchants were frequently driven to near bankruptcy by the special "*daimyô* refusal," which unilaterally cancelled all *daimyô* debts. In defence the merchants formed an alliance called *shime-kashi* which refused to grant loans. The *daimyô* were forced to ingratiate themselves with the merchants in order to gain funds to meet governmental deficits. In evaluating the power of the merchants, the contemporaneous GAMÔ Kumpei states: "A single expression of displeasure by the great Osaka merchants causes the lords to tremble."

Among the *akeya* of Osaka there were not a few who received stipends from the *daimyô* and were treated with great respect. To those powerful merchants who had presented large monetary gifts, the *han* governments granted warrior status, allowing them to use family names and to wear swords. But even among the general townspeople, there were those who simply purchased warrior status from impoverished warrior families and wore the two swords which were a symbol of the warrior status. The growth of the money economy seriously undermined the legally established four estate system of warrior, farmer, artisan, and merchant. Yet, we cannot conclude that there had been a thoroughgoing transition from a warrior-centered society to a merchant-centered society. The great majority of townspeople were still dependent on the feudal overlords and, although financially secure, led modest lives. After the Genroku period a passive and even cowardly attitude became more prevalent, with only a rare few showing enough spirit to aggressively establish their social positions.

CHAPTER V

A Note on the Re-organization of Commerce after the Meiji Restoration

1. The Opening of the Ports

In 1853 (Kaci 6) Admiral Perry visited Japan with four warships to press for the opening of the country. The following year (Ansei 1), the Japanese-American Amity Treaty (Kanagawa Treaty) was signed and finally in 1858 the Japanese-American Commercial Treaty was concluded.

At the time of the opening of the ports the one-sided export activity at Yokohama greatly influenced domestic economy. This was clearly reflected in a chaotic rise in prices. The Japanese economy, based on small-scale agriculture and an infant household manufacture system, had been limited to a narrow domestic market. The sudden entrance of foreign trade, which brought Japan into the trade structure of nineteenth century international capitalism, created a period of domestic economic confusion. As factors contributing to the economic disruption we may indicate the following: 1) The importation of articles produced by large-scale foreign industries caused certain areas of domestic production to suffer severe setbacks. 2) With the opening of the ports, important items such as raw silk, tea, oil and copper were suddenly exported in great quantities. This upset the supply relationships within the country and caused an instability in prices. 3) While the international exchange ratio for gold and silver was then 1:15, the ratio in Japan was 1:6 or 1:5. Large amounts of gold left the country while cheaper foreign silver flowed in. The Bakufu, seeking to improve monetary policies, raised the gold content of coins to over 85 per cent. The result was an illegal rise in prices and an overabundance of currency. 4) The unstable economic

condition caused a decline in domestic productivity and hampered the circulation of goods. This further contributed to rise in prices.

As a result of the opening of the country, the newly active rural merchants formed direct connections with local producers and transported products to foreign settlements for trade. The center of trading in raw silk shifted from Kyoto to Yokohama. The Kyoto silk *toiya* had hitherto controlled all domestic trade in raw silk, but the uncontrolled buying and selling which occurred after the opening of the ports dealt them a decisive blow. Not only the *toiya* but the silk processors at Nishijin in Kyoto and at Kiryû near Edo found it difficult to obtain raw silk. Because of the rise in raw silk prices many were forced to abandon their enterprises.

In order to lessen confusion in domestic economic conditions, the Bakufu placed restrictions on the export of raw silk, oil, wax, etc. in the year the ports were opened. However, it was warned by the American Consul Harris that such restrictions were a breach of treaty agreements and the restrictions were repealed. In Man'en 1 (1860), responding to petitions from the *toiya*, the Bakufu prohibited direct transport of grains, oil, wax, dry-goods and thread from their sites of origin to Yokohama. It ordered that these items pass through the hands of *toiya* in Edo. In Bunk'yû 3 (1863) the Bakufu again moved to close the port of Yokohama. It restricted the number of export merchants located at that port and the quantity of raw silk exported began to fall. But the rural merchants who were thus disadvantaged joined with foreign merchants in opposing such actions and, pressured by the Western governments, the Bakufu loosened its restrictions. It ultimately abandoned its plan of closing Yokohama.

The amount of foreign trade increased yearly. The total value of goods exported in Bunk'yû 3 (1863) is estimated at 4,750,000 *ryô*, but by Keiô 1 (1865) had risen to 6,580,000 *ryô*; import figures similarly rose from 4,450,000 to 5,950,000 *ryô*. As a result, the volume of domestically produced goods began to decrease and the outflow of gold to increase. In the nine year period from Ansei 1 (1854) to Keiô 1 (1865) the price of raw silk tripled, the price of tea doubled, and the price of silk cocoons rose to

ten times its earlier level. The price of rice also rose to previously unseen levels.

In such a situation the lower classes of warriors, who lived on small fixed incomes, suffered greatly. They understood that the rise in prices was related to foreign trade and began to take positions antagonistic to the Bakufu which had allowed the opening of the country. They also harbored ill will against merchants who were directly involved in foreign trade, and often even physically attacked them.

2. *Political Re-organization*

"Return of sovereignty," "revival of imperial rule," "return of investitures," "abolition of the *han* and establishment of prefectures," are slogans and phrases indicating the contemporary mood and stages of political re-organization. As these successively went into effect the *Baku-han* system disintegrated and a modern nation-state was constructed. In conjunction with the political re-construction, feudal structures in the economic area were abolished and the road toward free trade opened.

We should direct our attention to the manner in which the system of semi-independent *han* was undermined. In May 1868 the government forbade *han* to erect or maintain *sekisho* (transit barriers) at *han* borders and in January 1869 the barriers on the main national highways were abolished. Bridges or ferry systems were ordered to be constructed at rivers and streams and free travel within the country was allowed. In September 1869 the practice of *tsudome*, by which the *han* prevented export of specific goods from its domain, was abolished. The port taxes which the *han* had levied as a type of "domestic tariff" on goods entering *han* ports were abolished. However, freedom in establishing residence within *han* domanial borders and unrestricted commercial activity became possible only after the *han* were abolished and replaced by prefectures. That is, in 1871 commercial activity was allowed to warrior families and in the following year freedom of employment was recognized for the agrarian groups.

The *kabu-nakama* which had been re-established during the Kaei period (1848-53) were extremely loosely organized, but even in such a weakened state their special privileges were abolished after the change in government. In April, 1868 the Commerce Ministry (*Shôhō-shi*) promulgated a statement of goals, *Shôhō-taii*, concerning the necessity of modernizing commercial and financial organizations. In it we see a clear restriction of the powers of the *kabu-nakama*. Later, although with differences in date, the *kabu-nakama* in the provinces were also disbanded.

Soon after it was established, the new government began eliminating "feudal" restrictions in areas which had previously been directly controlled by the Bakufu: in particular, the commercial cities of Edo, Osaka, and Kyoto. As important features of this program it initiated a new system for handling tax rice and worked toward the importation of new commercial and industrial techniques. In the commercial area, the establishment of the Commerce Ministry is particularly noteworthy. The Commerce Minister was placed in charge of encouraging commerce and collecting taxes. Under his direction domestic merchants organized corporations and the inconvertible *Dajōkan-satsu* (paper money), distributed in the form of low-interest loans, came to be used as commercial capital. The *Dajōkan-satsu* were issued as a means of directly relating the government to producers. This was done through the intermediary of provincial merchants or by directly extending government loans to producers. However, because of lack of confidence in the government, the plan failed. In March, 1869 the *Shôhō-shi* was reorganized to become *Tsūshō-shi* (the Ministry of Trade and Commerce). Its primary purpose was to aid Japanese merchants in gaining more independence of action in foreign trade. During this period, because of inexperience in modern commercial systems, lack of capital, and an inadequate financing structure, profits from foreign trade were controlled by foreign merchants. The new Ministry ordered the transformation of large merchant houses which controlled trade circulation mechanisms into corporations or finance companies. Through this measure it sought to actualize control over commercial circulation and to gain more stability by associating the large merchant houses with the new government. In the process of

effecting the new policy, commercial and financing corporations controlled by the new Ministry were established at various locations.

The function of the new Ministry was to encourage both domestic and foreign trade. In the domestic area, it oversaw government-sponsored enterprises and also acted as an intermediary in the sale of important commercial items. For example, when goods from provincial corporations arrived in Tokyo, the Ministry either sold them according to bids from private commercial companies or entrusted them to such companies to be sold. Together with the government-owned corporations, two government-protected finance companies were established to oversee foreign trade and to promote domestic commerce. An important function of the finance companies was to unify the currency system. These two organizations were formed as corporations held by stockholders. In return for capital invested, a monthly dividend of one percent was distributed, with no limitation to additional investment. This, of course, was a rather primitive system, but these two organizations may be regarded as the first publicly held corporations in Japan. Yet, these two companies were in actuality organs for state control of commerce and finance. The various types of companies organized under the Ministry of Trade and Commerce were not enterprises but organs for the control of specific areas of commerce. They were very similar in organizational principle and purpose to the *kabu-nakama* of the Edo period. All were established by state directive. The management and functioning of such semi-official commerce and financial companies was entrusted by the government to the specially privileged moneylenders of the late Edo period, e.g. the Mitsui, Shimada and Ono. However, because of the general ignorance and misguidance of companies and banks and because growth of industry and control of commercial circulation was impossible within the existing circulation mechanisms, the establishment of these companies showed no great or positive results. The existence of the companies had a passive or educational effect. They familiarized the public with corporation structure and formed a base for the later development of private companies and enterprises, especially the financial or lending institutions.

3. *Commercial Decline*

It is undeniable that the political re-organization of the country played an important role in removing obstacles to commercial development. However, it was only a small group of powerful merchants who quickly re-organized into modern entrepreneurial structures. The merchants had previously functioned as elements in an economy dominated by feudal overlords and most were severely disabled by the rapid destruction of the old commercial system. For example, as opposed to the gold standard used in the Kantô area, the money lenders at Osaka had used a silver standard for transactions centered at that city. The promissory notes in Osaka had circulated in much the same manner as modern bank-notes, but, because they interfered with the circulation of the government-issued *Dajôkan-satsu*, the silver standard was abolished in May, 1868. With this decree, the entire silver-based trade structure in Osaka collapsed and a series of moneylending houses in Osaka went into bankruptcy or simply closed their doors.

When the *sankin-kôtai* system was abolished in Bunkyû 2 (1862) the large merchants in Edo such as the *goyô-shônin* and *fuda-sashi* lost the basis for their commercial activity. Further, the political confusion undermined confidence in commercial dealings, effectively placing a heavy damper on the commercial circles in Edo, Osaka, and Kyoto. The depressed economic condition was worsened by the abolition of the *han*. Upon the "return of investitures" to the Imperial house in June, 1869, the *han* commercial houses in Edo, Osaka, Kyoto and in the ports open to foreign trade had been abolished. *Han*-centered economy subsequently entered a period of gradual decline. When the *han* were abolished, the warriors in the castle-towns scattered and the "patronized" merchants in such cities were severely affected. In July, 1872 the *han* warehouses were confiscated and the monopoly sale of *han* products prohibited.

The Meiji government undertook the responsibility of repaying *han* debts to merchants and in March 1873 issued an edict concerning the manner of settlement. A number of debts for extremely large sums were simply cancelled. Others were repayed over a long period with no

interest or with only a low four percent interest. The holders of the old *han* notes of indebtedness, mainly the Osaka moneylenders, suffered great losses. Of the three main lending houses in that city, the Ono group and the Shimada group had entered bankruptcy by 1874. The disbandment of *kabu-nakama* advanced at a rapid rate after the abolition of the *han* and the resulting destruction of the mechanisms of checks and balances which had been established on decades of experience brought an end to futures buying and a decline in the circulation of promissory notes. Poorly financed and dishonest merchants appeared and misdealings began to undermine trust in trade transactions. As a result of the disbandment of the *kabu-nakama*, the *toiya* in the major centers of Edo, Osaka, and Kyoto lost their ability to maintain previous distribution patterns, further confusing commercial dealings.

4. *Advances toward Modern Commerce*

The Government Policy of Industrialization After the abolition of the *han*, the government rapidly increased its autocratic powers of control and undertook an active policy of protecting and supporting industrial activities. Its first major task was the unification and modernization of the finance system in order to provide a foundation for modern industrial capital. In July, 1871 there occurred a re-organization of the governmental structure and the *Tsūshō-shi* (the Ministry of Commerce) was abolished. Largely through the efforts of the newly appointed Minister of Finance, SHIBUSAWA Eiichi, a national bank modelled on the American national banking system was established in November, 1872. On this basis, the First National Bank was established in Tokyo, the second in Yokohama, the third in Osaka. Each of these national banks issued bank-notes and was prepared to redeem them in cash as requested. However, the populace in general still was not familiar with the use of banking facilities. Deposits were made in extremely small sums. The effects of the outflow of precious metals from the country and the uncontrolled issuance of paper currency appeared in the financial market, causing bank-notes to become subject to trading soon after they were

issued. Toward the end 1874 the large moneylending houses of Ono and Shimada declared bankruptcy and banking circles entered a period of crisis. It was only after 1876, when the National Banking Act was amended to forbid all trading in currency, that banking activity took an upward turn. National banks increased until, by the end of 1879, they numbered one hundred fifty-three. In the above-described process the privileged usury capital of Edo, Osaka and Kyoto, still heavily tinged with characteristics of the previous age, was transformed into banking capital. Having been re-established as "national" banks a few merchant houses were heavily protected by the state, and thus were in a position to further increase accumulation of capital.

Our attention is drawn also to an increase in the number and variety of companies established in the early Meiji period. In the provinces numerous small companies appeared which produced raw silk, thread, and silk textiles. By the end of 1882 commercial companies numbered more than 968. Among these were the government-owned companies for handling special products, import-export companies, wholesalers, warehousing firms, finance companies and insurance companies. Among those selling particular items, textile companies were most numerous. Commercial activities which had previously been thought unamenable to corporate forms gradually were entered into by stock-based corporations. In this we see that commercial management units had gradually grown to fairly large sizes.

The New Merchants As new commercial methods were acquired, the number of merchants also increased. The increased concentration of population in the cities also aided the trend. There were merchants who simply continued and expanded family firms of the earlier period, but now farmers also became shopkeepers. With the promulgation of the National Conscription Act in 1872, the old warrior class lost its *raison d'être*. Faced with economic difficulties, not a few entered trade. From this arises the popularly used epithet "business methods of warriors." In this early period, however, the older methods of dealing were still widely used and newcomers found it difficult to adjust to the cliquish methods. Many were forced to abandon their new activities.

The newly established industrial enterprises, however, required skills and knowledge which the older merchants did not have. The warrior group, much taken with the new milieu, actively entered this area to become industrialists. The activity of these more "progressive" warriors formed a cornerstone for the advance of capitalism in Japan. Well-known entrepreneurs from warrior families are SHIBUSAWA Eiichi and IWASAKI Yatarô, who were active in Tokyo, and GODAI Tomoatsu in Osaka.

Business Associations The commercial world lost its rigid structuring when the *kabu-nakama* were abolished, but as substitutes, business associations were formed. Between 1873 and 1875 over three hundred of these were formed in Osaka. These small groups tended to re-activate *kabu-nakama* practices. To prevent a retreat to older commercial practices the government encouraged the establishment of the Chamber of Commerce. In 1878 one was established in Tokyo by Shibusawa and another in Osaka by GODAI Tomoatsu. The smaller business associations came to function as parts of such large Chamber of Commerce.

Notes

¹ A highly centralized government system based on the promulgation of administrative and criminal codes. The original pattern was imported from China under the T'ang dynasty.

² At the close of the third century (the early Chin dynasty) Ch'en Shou compiled *San-Kuo Chih* or *Memoir of the Three Kingdoms*, which includes the *Wei Chih* (Wei Record). It describes the political situation of the Japanese islands in the middle of the third century, the condition of life of the people, and the relations of the Wei state with the land of Wa, called Yamatai-koku. For the study of the history of ancient Japan, these records constitute valuable material.

³ Geographical descriptions and local histories written during the Nara period. In compliance with an imperial edict issued in May, 713, the works were written and offered to the emperor. They record the products, soil conditions, old stories, and exceptional circumstances of the various provinces. The most important descriptions are those of Harima, Hitachi, Izumo, Bungo, and Hizen.

⁴ 21st Emperor of Japan; ruled in the latter half of the 5th century.

⁵ 部, Pre-Taika "guilds" hereditarily attached to clans. Various tasks and duties were imposed upon the guilds. The members of the guilds (*be no tami*) were directly engaged in agricultural and industrial work. There were three classes of guilds according to the three classes of clans to which they belonged. Some guilds were under the direct control of the court, such as the guild of court ritualists (*nakatomi-be*), the guild of scribes (*fubito-be*), the guild of mirror-makers (*kagami-tsukuri-be*), the guild of military men (*sacki-be*), the guilds engaged in compulsory agricultural service (such as *minashiro*), and the succession guild (*mikoshiro*). The rice-field guilds of farm laborers (*ta-be*) also belonged to this group. Other guilds were privately owned by powerful families and were given a clan name such as *Ôtomo-be*, *Soga-be*, etc. Although here *be* is translated "guild," it had no autonomy of its own as in the case of European guilds of the Renaissance period. It was a group of households associated not simply by common ancestry but usually by a common occupation.

⁶ *Chô*(調), the tax payable in commodities other than rice. The Taika Reform established the *denchô* and *komaichô* in 646. Taxes were payable in raw silk, cotton, or other articles from local production.

⁷ 恭仁. There were various views as to the location of this capital. Probably the place was today's town of Kizu in Kyoto Prefecture. During the revolt of FUJIWARA no Hirotsugu (?-740), Emperor Shômu ordered the courtier TACHIBANA no Moroe (684-757) to

construct Kuni-kyô on the banks of Izumi River (740). In 741, the capital was transferred, but the construction of the city made no progress. After the construction of the palace Ômi-Shigaraki, the emperor discontinued the construction of Kuni-kyô. The transfer of the capital to Kuni-kyô was connected with the violent struggle between the Fujiwara and the Tachibana families.

⁸ 関市令

⁹ 市司

¹⁰ 六衛府

¹¹ 錢用張

¹² 写経所

¹³ A collection in 50 volumes of the regulations concerning the ceremonies of the palace, the audiences of the officials, the customs of the provinces, etc.

¹⁴ 庸, labor tax payable in produce. One of the taxes in ancient Japan. The actual *yô* corvée, which consisted of ten days of labor a year, was payable in produce such as cloth, silk, and rice. In 712, the tax became payable in currency (*Wadô kaihô*). The labor tax, as well as the produce tax (*Chô*) and the miscellaneous corvées (*Zatsuyô*) was a heavy burden for the cultivators. It precipitated the collapse of the penal and administrative code system of *Ritsuryô-sei*.

¹⁵ 蓄銭叙位法

¹⁶ Counsellors of the imperial court. The Taihō code (702) created four *dainagon*.

¹⁷ 宇津保物語 A tale in twenty volumes written between the years 979 and 990.

¹⁸ 枕草紙 Collection of essays written by Sei Shônagon (ca. 1000) and completed after 1020.

¹⁹ 荘園 (estates). Originally the word *shô* meant a warehouse; later the ground around the warehouse was included. The previous land-allotment system had collapsed at the close of the Nara period. Allotment land being limited, wasteland was cultivated, giving rise to the formation of manors. However, the size of estates grew out of proportion and threatened the foundation of the *Ritsuryô* system, so that adjustment regulations had to be enforced (*Shôen-seiri Rei*). Some regulations, such as those of 902 and of the cloistered-government period, were successful, though the number of estates grew steadily.

²⁰ A collection of tales in thirty-one volumes, late Heian period. Author and date of compilation are unknown.

²¹ Military government under a shōgun. In 1192, MINAMOTO no Yoritomo (1148-99) was appointed "barbarian-subduing generalissimo" (*seii-taishōgun*) and established the Kamakura Bakufu.

²² Provincial government office during the Nara and Heian periods, or the seat of the provincial government office. It was also called *kokufu* and *kokuchō*. The seat of the provincial government office was near the main town in a well-developed and densely populated area.

²³ About 0.245 acres.

²⁴ Owners of land on estates in their own name (*myōden*) from the Heian to the Muromachi period. To protect the name fields, the *myōshu* entrusted them to influential aristocrats or to great monasteries. Being units of the manorial make-up, the name fields were exempt from taxes and protected by the territorial magnates.

²⁵ A lower officer in the service of a shrine. From the Heian period, these officers joined the monk-soldiers of the great temples and, carrying a portable shrine, made petitions by force (*gōso*). They performed various duties in the shrines and attended to the religious

services. Those of Kyoto's Hachiman-gû and Gion-sha formed a guild and secured a monopoly over the sale of the shrines' commercial articles. They were also exempted from taxation.

²⁶ 四本商人

²⁷ 問丸

²⁸ 問屋

²⁹ 津屋

³⁰ 替銭

³¹ 割符

³² 供御人

³³ 雑色

³⁴ 駕輿丁

³⁵ 寄人

³⁶ 行

³⁷ Buddhist priests who, during the Kamakura and Muromachi periods, recited stories while playing the lute (*biwa*). These minstrels composed many songs based on the *Heike Monogatari* and sang these historical sagas to the accompaniment of the lute.

³⁸ A dance ritual of ancient times. It was also performed in the Kamakura and Muromachi periods. Originally, it was related to the religious ceremony of thanksgiving to the god of the harvest. These dances became a sightseeing spectacle, and, for open-air performances, special stages were constructed. The *Dengaku Nô* added dramatic elements to *Dengaku* and, together with *Sarugaku Nô*, forms the origin of *Nôgaku* or *Nô* drama.

³⁹ A kind of lyric drama brought to perfection during the Muromachi period by Kan'ami (1334-85) and his son Ze'ami (1363-1443).

⁴⁰ *Sekisho*, checking stations established at important land and sea communication centers for the inspection of individuals and articles. About the middle of the Heian period, ancient checking stations which had been set up for military purposes had deteriorated. In the Muromachi period, in order to make up for the deficits of manor production, manorial lords established barriers at various places and imposed taxes in the form of money or commodities.

⁴¹ A *koku*: 4.9629 bushels.

⁴² The period of civil war. It followed close upon the Ōnin Civil War and lasted for a century—that is, until the unification of the country by Hideyoshi. The Muromachi Bakufu, which represented only the political power of constable *daimyô* (*shugo daimyô*), had collapsed. The same constable *daimyô* now grouped the wealthy farmers, who had formed the nucleus of the peasants' uprisings, into bodies of retainers, intending to bolster the defenses of their respective possessions, and jealously maintained sectional authority in the various provinces. They fought against each other for supremacy. Only Nobunaga of Owari was successful. After Nobunaga's death, Hideyoshi completed the unification of the country.

⁴³ 惣

⁴⁴ Present *ishhō-masu* which contains 1,588 quart or 0.48 standard gallon. It was called *kyō-masu*, measure of Kyoto.

⁴⁵ 矢銭

⁴⁶ 兵糧米

⁴⁷ 石. Measure of capacity, equal to 180.4 litres or 4.96 bushels. It was in *koku* of rice that from the 16th century onwards the revenues of *daimyô* and salaries of officials were

estimated. Later in the Tokugawa days, a revenue of 10,000 *koku* at least was necessary to entitle one to the rank of *daimyō*.

⁴⁸ An apothecary of Sakai in Izumi province, father of KONISHI Yukinaga.

⁴⁹ 皇朝十二銭. The generic term for the twelve kinds of coins cast and used during the Nara and Heian periods.

⁵⁰ An identification mark, *kangōfu*, was issued by the Chinese authorities for the use of Japanese ships which traded with Ming China. China used the system in order to defend herself against smuggling by pirate vessels and delivered a certificate to official trading vessels.

⁵¹ Economic structure of the Tokugawa government based on the principle that the military government itself was the greatest *daimyō* and that it directly controlled the land of the whole country. The revenue of Japan was estimated at about twenty million *koku*, seven million *koku* belonging to the shogun. Three million *koku* was the revenue from the estates of the direct feudatories of the shogun. The remainder belonged to the 260 *daimyō* whose feudal domains were granted to them by a shogunal license.

⁵² A document on which a seal was printed with cinnabar seal ink. After the Sengoku period (1490-1573), warriors who conducted state affairs used the red-seal license, but it was particularly used for administrative documents by ODA Nobunaga, TOYOTOMI Hideyoshi, and TOKUGAWA Ieyasu. During the Edo period, it was widely used. Trade vessels authorized to sail overseas carried the red-seal license and were called red-seal vessels (*shuin-sen*). A plot of land, ownership of which had been certified, was referred to as "red-seal land" (*shuin-chi*).

⁵³ English pilot on the Dutch ship "Erasmus", which was stranded on the shores of Bungo in April, 1600. Taken to Osaka, he had an interview with Ieyasu the following month and was engaged to build several small schooners, one of which, the San Bonaventura, made a voyage as far as Mexico in 1610. He was likewise employed in several commercial transactions with the Dutch and English concerning their factories at Hirado. He was not permitted to return to his country. He married a Japanese woman and died at Hemi, near the present port of Yokosuka, in 1520.

⁵⁴ Hamada Yahci (called "Jaffioye" by the Dutch) was an early 17th century trader-ship's captain in the employ of the Nagasaki *daikan*, Suetsugu Heizō. Hamada visited Formosa several times in order to prevent Dutch merchants from their advancement. In 1624 the Dutch built Zeelandia, a fort, in 1624 on a small island (An-p'ing-ch'eng) off the southwest coast of Formosa in an attempt to monopolize Formosan trade. Hamada sailed for Formosa to establish trade relations with China in 1626, but was interfered by the Dutch governor in Formosa, De Wit, and was forced to return to Japan the following year without having attained his object. As a retort the shipowner Suetsugu informed Bakufu officials of their tyrannic domination and by submitting a letter of complaints consisting of 7 items, he accused the Director of Dutch Commercial House, Muysers who was sent to Japan by the Dutch authorities at Batavia, in consideration of the gradually mounting grievances caused by the Japanese merchants. Muysers was accompanied by the newly appointed governor, Pieter Nuyts. Their objective was to discuss custom's problems and to assert Holland's special privileges and position on Formosa. In 1628, when Hamada headed for Formosa once again, the Dutch officials disarmed Hamada's crew and treated them badly, in reprisal for the failure of Nuyts' mission. Captain Hamada met governor Nuyts, whom he suddenly took hostage, and menaced his officials. Six days later, having reached an agreement and exchanged hostages, Dutch and Japanese

ships sailed successively for Japan. In Japan, however, the Bakufu backed up Hamada by taking a firm stand and ordering the closing of the Dutch office at Hirado, detaining the Dutch ships then at anchor, and forbidding the Dutch to conduct trade. Furthermore, it demanded that Zeelandia either be handed over or be demolished. Batavia refused flatly, but did continue to send envoys to negotiate. The incident finally was resolved when responsibility for the whole affair was placed on Nuyts' shoulders and he was handed over to Japanese officials in 1632.

⁵⁵ Famous adventurer of the 17th century. Born in Suruga in 1578, he pretended to be the grandson of Nobunaga. In 1615, he secretly sailed from Osaka in a vessel bound for Formosa. After having sojourned for some time in that island, he sailed for Siam, and took up his abode in the capital, where his business prospered in a short time. During a revolt, YAMADA gave the king good advice, wherefore he was given command of the troops and succeeded in restoring order. The king then chose him as his minister and gave him his daughter in marriage. Nagamasa made good use of his position, encouraged commerce, and thus caused many Japanese to settle in Siam. The king, becoming old, confided the whole administration to him, but during a revolt brought about by the jealousy of a minister, Nagamasa was poisoned in 1630. His daughter, A-in, sought to avenge the death of her father, but was defeated and killed.

⁵⁶ The rice stored in the castles of the central and local lords to meet needs in war, famine, etc.; institutionalized in early Edo period; after 1730 it was called *goyōmai*.

⁵⁷ *Higaki* cargo vessels, which operated a regular service between Osaka and Edo during the Edo period. In order not to lose the cargo, both sides of the vessels were furnished with a lattice fencework (*kaki*) of thin slats of bamboo in a lozenge-shaped pattern (*hishi*)—hence the word *higaki*. Usually the vessels carried a cargo of from 200 to 400 *koku*, but later, cargoes of 1,000 *koku* were also transported. During the Kan'ei era (1624–44), the forwarding agents of Osaka made a fortune by means of these vessels. The so-called “twenty-four shipping agencies” (*Nijūshi-kumi donya*) secured a monopoly over the cargo vessels, transporting to Edo cotton cloth, cotton wool, vegetable oil, rice wine, etc. Later, backed by the rice-wine packers (*sakani-nushi*) of Nishinomiya and other places, the vessels known as “barrel vessels” (*taru-kaisen*) organized a regular service in competition with the *higaki-kaisen*.

⁵⁸ *Taru* cargo vessels. A marine transportation business of the Edo period which began operating after support was obtained from wine dealers of Nishinomiya, Nada, and other places. The main cargo from Osaka to Edo was barrels of wine, but other products from the neighborhood of Nishinomiya were also shipped.

⁵⁹ The battle fought in 1600 between Ieyasu and ISHIDA Mitsunari (1563–1600). After Hideyoshi's death, Ieyasu, as one of the five ministers (*tairō*), assumed control of Japan. But Mitsunari, who favored Hideyoshi's son and heir Hideyori, planned to remove Ieyasu. He raised an army and fought against Ieyasu's forces in Sekigahara, Mino Province (Gifu prefecture). Ieyasu gained a decisive victory. Mitsunari was beheaded and the *daimyō* who had sided with him were either banished or deprived of their domains. Ieyasu became the undisputed ruler of Japan.

⁶⁰ “Outside lords.” The name existed from the Kamakura period, but from about the time of the battle of Sekigahara (1600) the word *tozama* was used to indicate the *daimyō* who had no hereditary tie with the Tokugawa. Examples are the Maeda, Date, Mōri and Shimazu. Their stipend was generally high. Many of the *tozama daimyō* lived far from the capital.

⁶¹ Also called *saifu* or *warifu*. A bill of exchange, existent since 13th century.

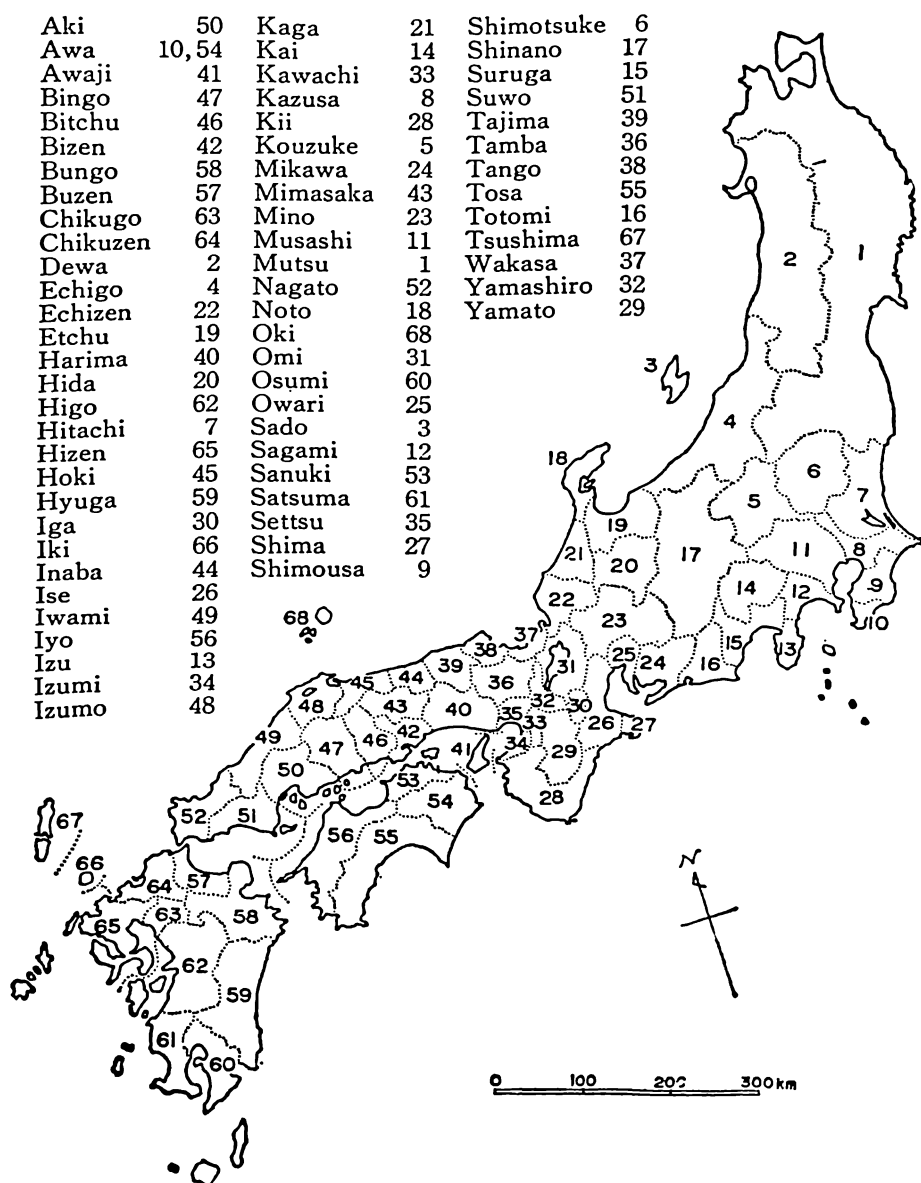
⁶² One of the Gilyak tribes played an active role in the trade with the Ainu and were named Shiam-tatagur, which was abridged to Santan. They lived in the lower district of the Amur River basin.

⁶³ General appellation of all the agencies for the encouragement of industry and the use of national products.

⁶⁴ Officers whose duty was to maintain order among the people of Edo, to collect taxes and to watch over the chiefs of districts (*nanushi*).

⁶⁵ A reform carried out by the eighth Tokugawa shogun, Yoshimune (1684-1751), about the middle of the Edo period. The purpose was to re-establish feudal control, which had suffered by the rapid development of a money economy since the Genroku era (1688-1704). This development resulted in the weakening of government finances, the extravagance as well as destitution of the warriors, the growing influence of merchants, the impoverishment of rural communities, and frequent peasants' uprisings. Rejecting ARAI Hakuseki's civil administration theory, Yoshimune decided that everything should be restored to the condition of Ieyasu's earlier administrative system. Consequently, he introduced numerous measures of frugality, made the earlier taxes heavier, adopted a system of taxes known as *agemai*, fostered the development of newly reclaimed rice fields and the production industry, enacted the code *kuji-kata o-sadamegaki*, and encouraged the spread of education through temple schools (*terakoya*). For the purpose of acquainting himself with public opinion, he inaugurated a system of complaint boxes (*meyasu-bako*). Being progressive, Yoshimune relaxed the interdiction upon Western learning, thus permitting the development of *rangaku*. The re-establishment of control was fairly successful, and Yoshimune was considered the wise ruler of a restoration period. However, the reform, which served as a model for the later Kansei and Tempô reforms, had limitations. The general populace grew more and more opposed to the feudal system, and riots broke out in Edo as well as in other places. When crops failed, the riots became more violent.

The provinces of Japan in the Tokugawa period.



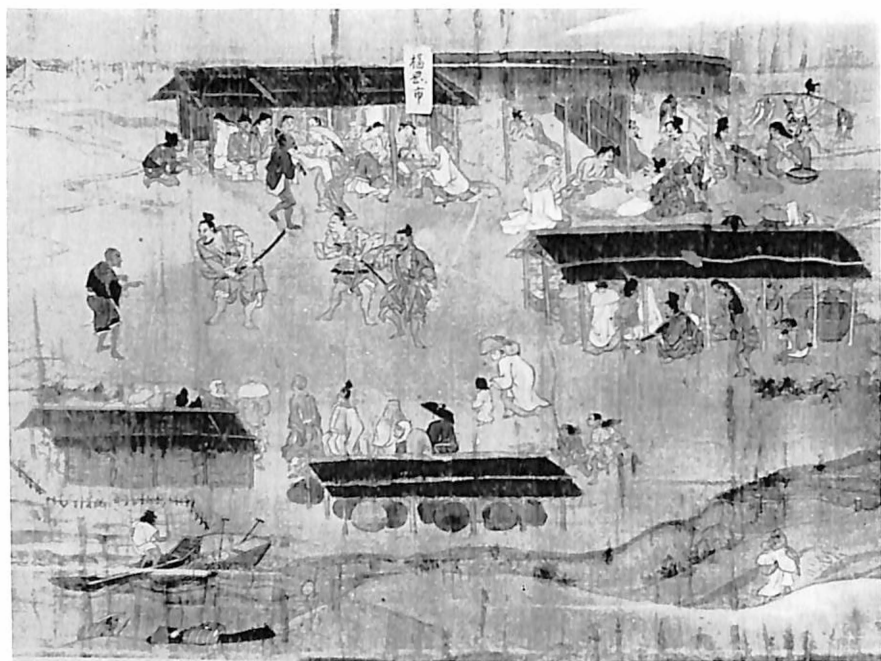
At the beginning of the eighth century, the whole territory of Japan was divided into 58 provinces and 3 islands. After several reforms, the above division of Iki and Tsushima islands in addition to the 66 provinces was established in 824. (See *Engishiki*, 927). This system lasted up to the end of the Tokugawa period. In 1868 the province of Mutsu was divided into 5 provinces of Mutsu, Rikuchû, Rikuzen, Iwaki and Iwashiro; and that of Dewa into 2 provinces of Uzen and Ugo.



A scene in Kyoto ca. 11th century (From *Semmen Koshakyô*—Fan-shaped Old Sutra, *Hokekyô* ca. 11th century)

The display on the shelves at the market on Shijô Boulevard shows the merchandise handled in this period.

Plate 2.



A market of the 13th century (From *Ippen Shōnin Eden*—Picture Scroll of Abbot Ippen —, 1299)

It is the market in the famous port town of Fukuoka in Bizen province. The stalls are arranged in three areas. From the upper right, fish, rice and cloth merchants as well as the customers are depicted. The bowl at the right of the stall in the middle is the one for sake; while the stall in below probably deals in ceramic pots and bowls. On days when the market was not held, the stalls were vacant.



People hauling freight (From *San'nô Reikenki Emaki*—Picture Scroll of San'nô Mystery—, ca. 13th century)

A sketch of the market at Sakamoto in Ōmi province during the Kamakura period. A *bashaku* (haulier) with their loads of rice is seen and two barges are waiting in the port.

Plate 4.



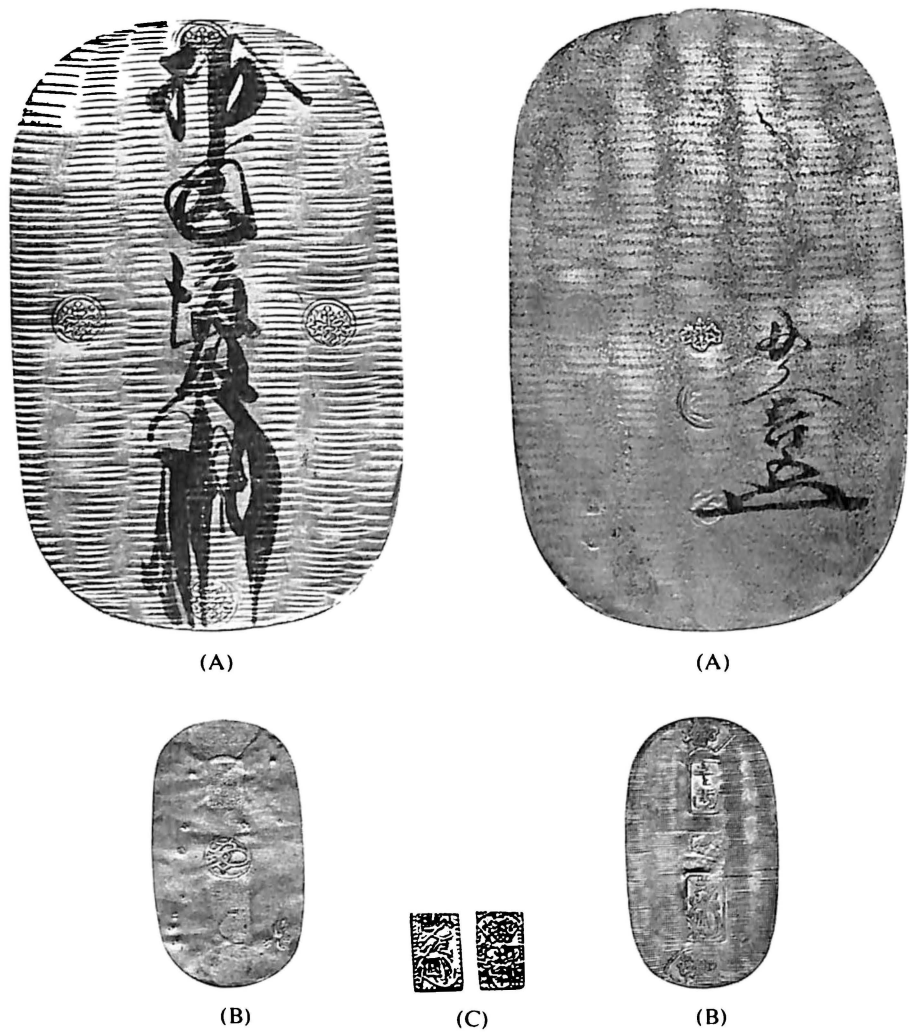
Various merchants and artisans (From *Sanjū-ni-ban Shokumin Utaawase*—Picture Scroll of the 32 Artisans Poem Matching Game—, mid-14th century)

a. Mason; b. Carpenter; c. Smith; d. Barrel maker; e. Seller of false hair; f. Seller of wild geese.



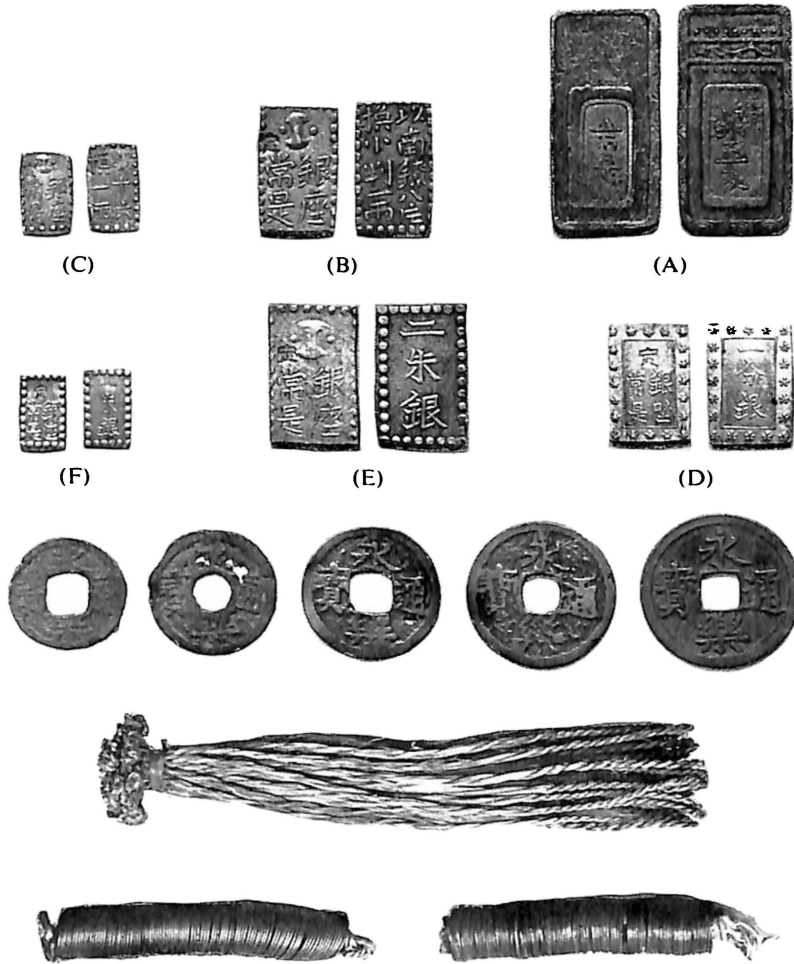
Shops in Kyoto during the early 16th century (From *Rakuchū Rakugai Zū*—In and Outside the City of Kyoto—, early 16th century)
Noren (shop-curtains) with the shop's trade-mark was hung at the entrance.

Plate 6.



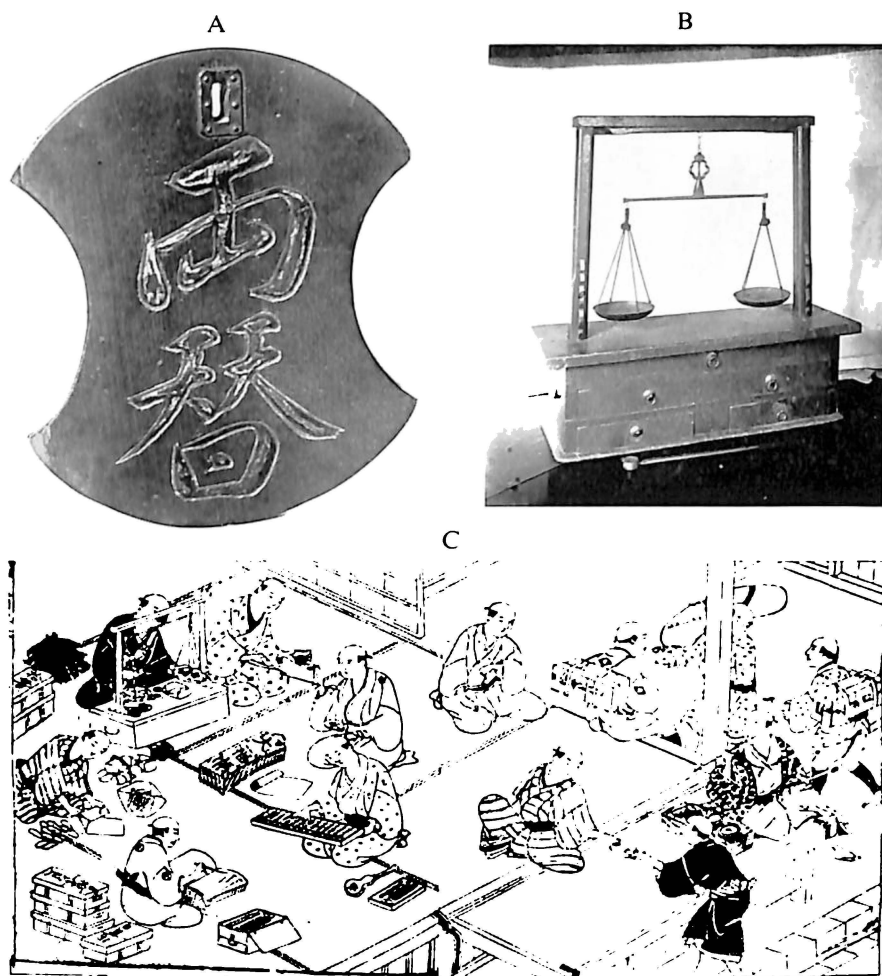
Gold coins, issued in Keichō VI (1601), measuring 14.5 cm., 7 cm., and 1.7 cm. and weighing 165 g., 18 g., and 4.5 g. respectively. A contained 67⁰/₁₀ gold and though the gold value was 7 ryō 2 bu, the actual value was more than 10 ryō. B and C contained 48⁰/₁₀ gold, their values being 1 ryō and $\frac{1}{4}$ ryō.

Plate 7.



Silver and copper coins of the Tokugawa shogunate. A, issued in Meiwa II (1765), 46⁰/₀ silver, valuing 5 *monme*; B, C, issued in Meiwa IX (1772), 98⁰/₀ silver, 1.3⁰/₀ gold, valuing 2 *shu* and 1 *shu* respectively; D, issued in Ansei VI (1859), 89⁰/₀ silver, valuing 1 *bu*; E, issued in Ansei VI (1859), 84⁰/₀ silver, valuing 2 *shu*; F, issued in Kaci VI (1853), 96⁰/₀ silver, valuing 1 *shu*. The row of coins with hole in the middle shows specimens of the *ciraku-sen*. The largest on the right is a genuine *ciraku-sen* imported from China, the rest being of Japanese mintage. The lower two lines show strings of straw and the way they were used for stringing coins with holes.

Platc 8.

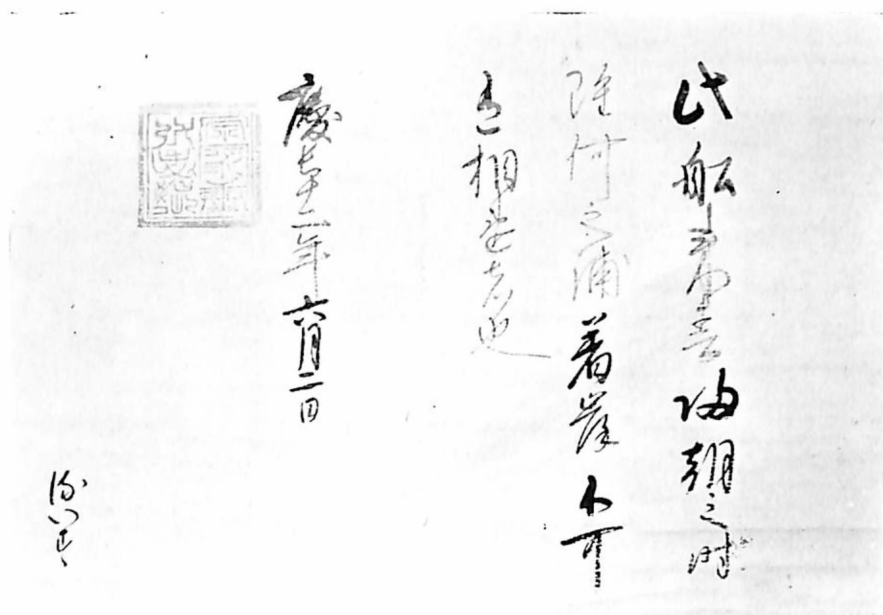


A. The sign of a money-changer. B. Money-changer's scale, on which silver pieces were weighed. C. The entrance of a money-changer's shop.
(From *Ryōgashi Nendai-ki*—A Chronicle of Money-changers—)

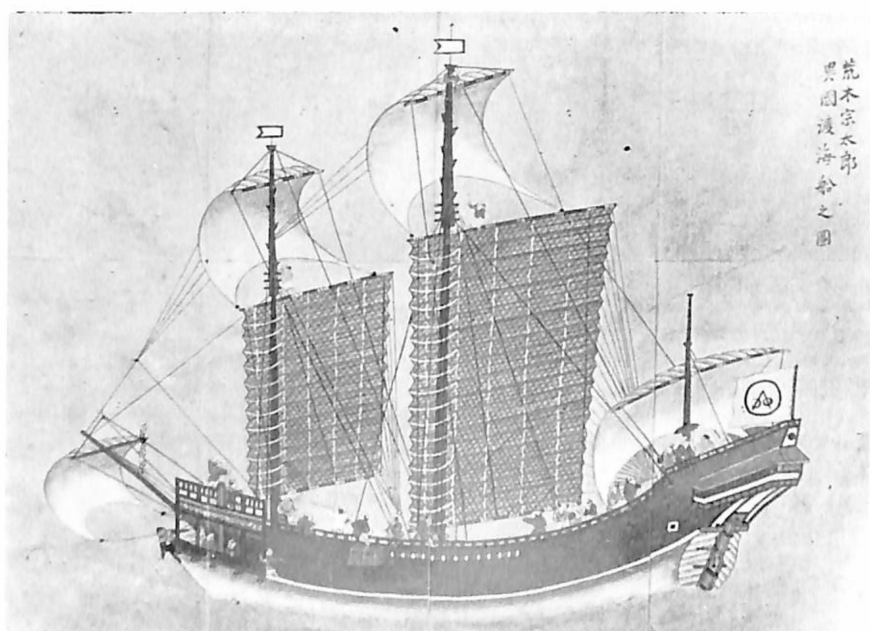


Namban Byōbu—Screens Depicting Foreigners—, 16th century.

During the Azuchi-Momoyama period the influence of Christianity and the effort on the part of the Japanese to adopt Western culture was marked. Screens called *Namban Byōbu* became popular. The generic term, *Namban Byōbu*, implies such categories of screens depicting scenes of westerners in foreign ships entering Japanese ports, foreign entertainments and musical performances. In the screen reproduced above, a negro crew is shown fitting sails.



Goshuin Jô—A government certificate for trade—, granted by TOKUGAWA Ieyasu to Luis Flores in Keichô XII (1607).



Goshuin Sen—An officially approved foreign trade ship—called Araki Bune (From the picture in the Municipal Office of Nagasaki. Date uncertain)

The ship was owned and used by ARAKI Sôtarô, a merchant of Nagasaki, for his trade with Cochin, present Vietnam. It had been in active use from Genna VIII (1622) to Kan'ei XII (1635), when sea-going was completely forbidden by the 3rd Tokugawa shogun.



Japanese colony in Vietnam, about Kan'ei period, 1624-43.

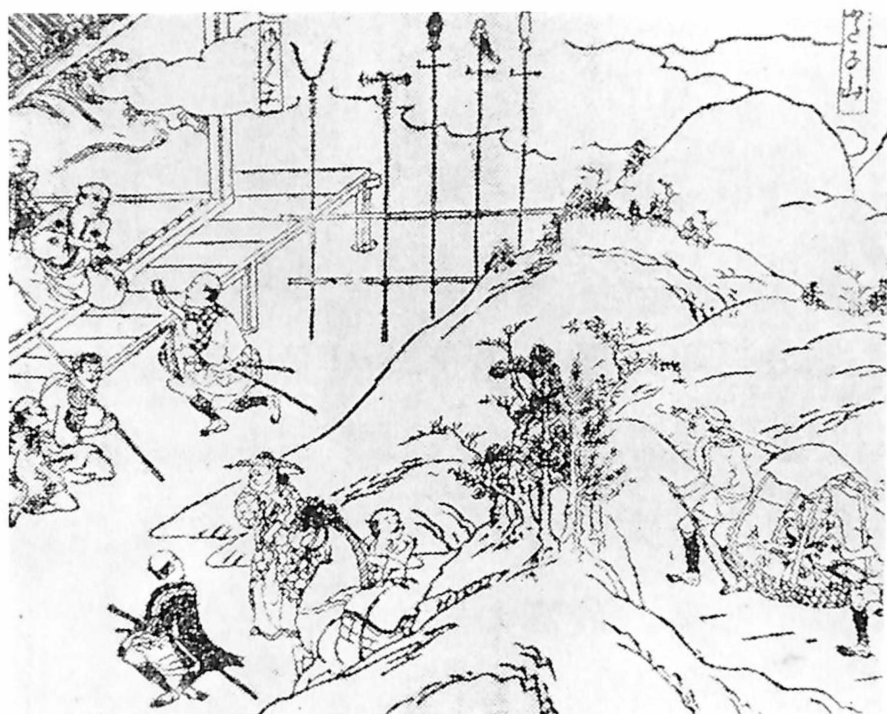
The plate illustrates the scene of a merchant ship owned by a tradesman in Kyoto, Chaya Shirōjirō entering the port of An'nan piloted by tugboats. The large vessel on the right is *Goshuinsen*. The building on the left is an administration office of the port. In the center on the top are the houses of the autonomous Japanese community. In front of the houses a market is held with large umbrellas put up.



The Port of Nagasaki with Dejima Islet (From Siebold's *Nippon*, 1832-54)

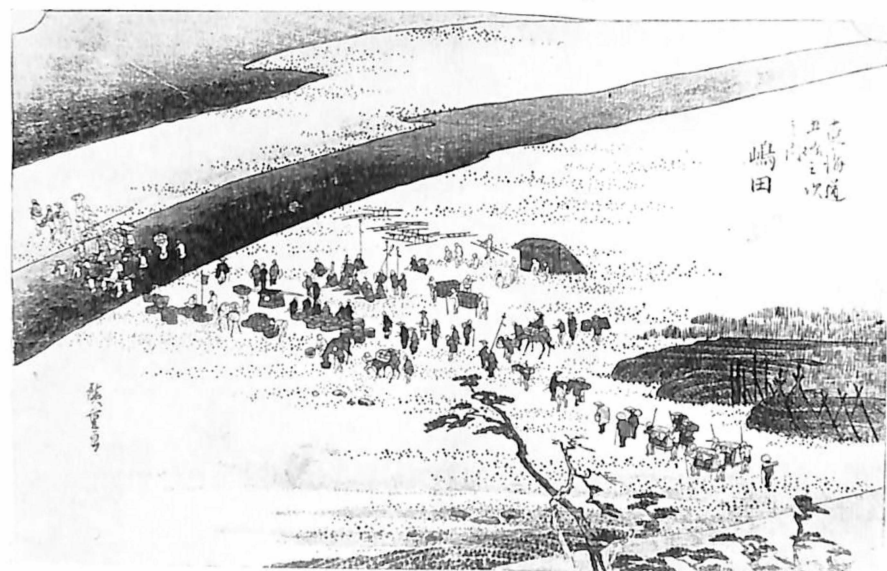
The fan-shaped islet was called Dejima, which was constructed by the Edo government in 1634 in order to accommodate the residences of Portuguese merchants. After the prohibition of Portuguese vessels, however, the Dutch commercial house was moved from Hirado to this islet in 1641 to exercise their commercial activities.

Thereafter until 1854 when the Treaty of Kanagawa was concluded, this islet had been the only channel of foreign trade during the entire period of the national isolation.



The *sekisho* (barrier) at Hakone (From *Tôkaidô Meisho-ki*—Famous Sites of Tôkaidô—, 1660)

Hakone was one of the barriers which separated different provinces in feudal times. There the passports (*fuda*, *warifu*) were examined. It was one of the main checkpoint in the Tôkaidô highway, the principal road connecting the two great cities of Edo and Kyoto.



Crossing the river Ôi. Chiefly for reasons of military strategy, the Tokugawa shogunate prohibited the building of bridges over the principal rivers along the Tôkaidô highway, so that traffic over them was carried on litters and coolies' shoulders. The picture is by Hiroshige.

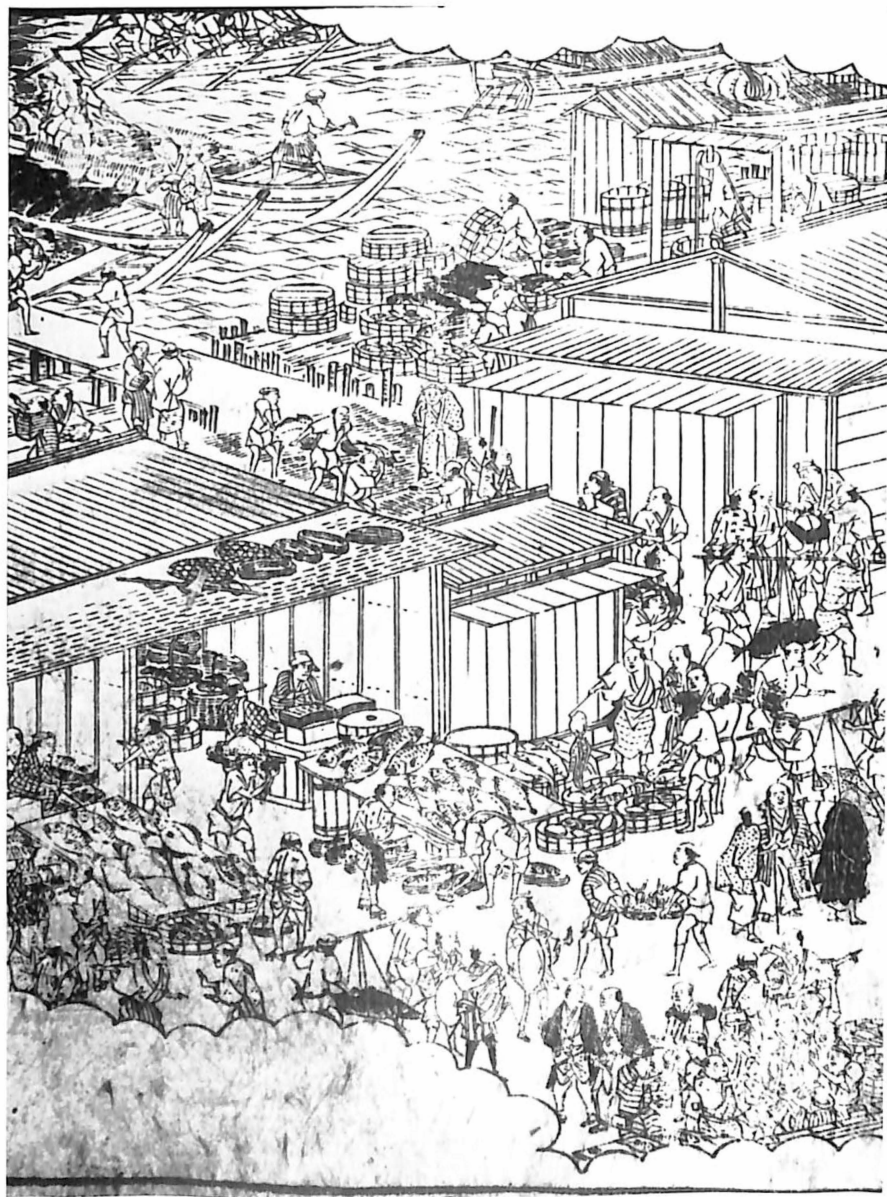


Nihombashi (Nihombashi Bridge) in Edo (From *Edo-zu-byōbu*—Picture Screen of Edo—, 18th century)



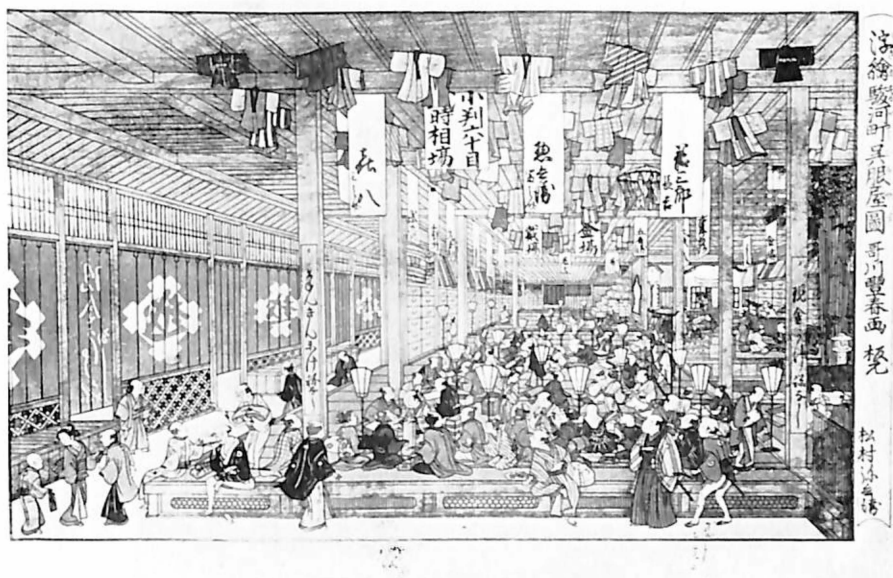
Town Houses near Nihombashi (From the same as above)

Plate 14.



Fish market in Edo (From *Edo Meisho Zue*—Illustrations of Famous Sites in Edo—, 1789-1801)

A



B

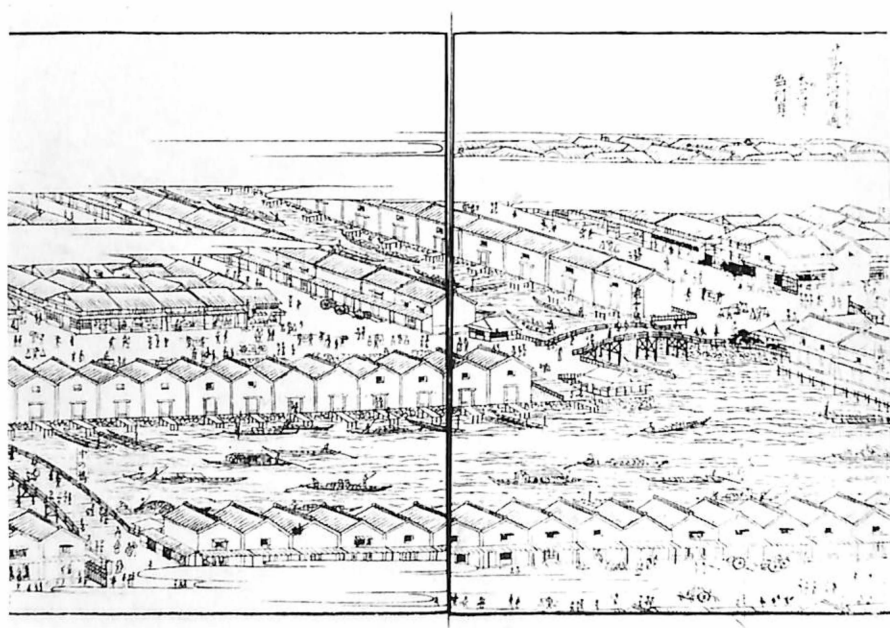


The interior (A) and exterior (B) of the Mitsui dry-goods store at Suruga-chô near Nihombashi in Edo.

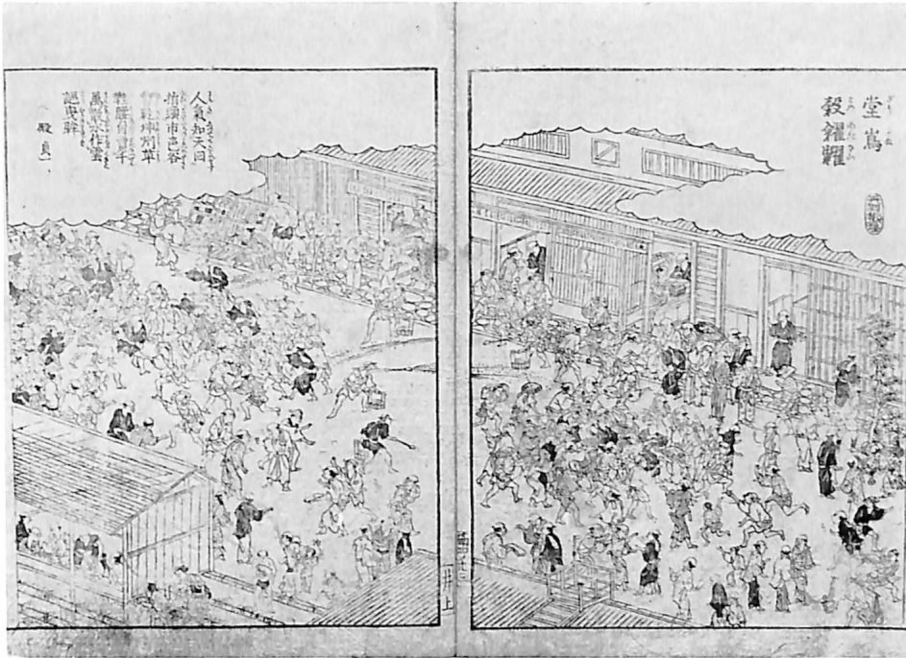
Plate 16.



The Daimaru dry-goods store at Ôdemma-chô in Edo (From the wood-block print of Hiroshige)



The riverside of Ise-chô in Edo (From *Edo Meisho Zue*, 1789-1801)
The warehouses for rice and salt are located in line on the both sides of the river.



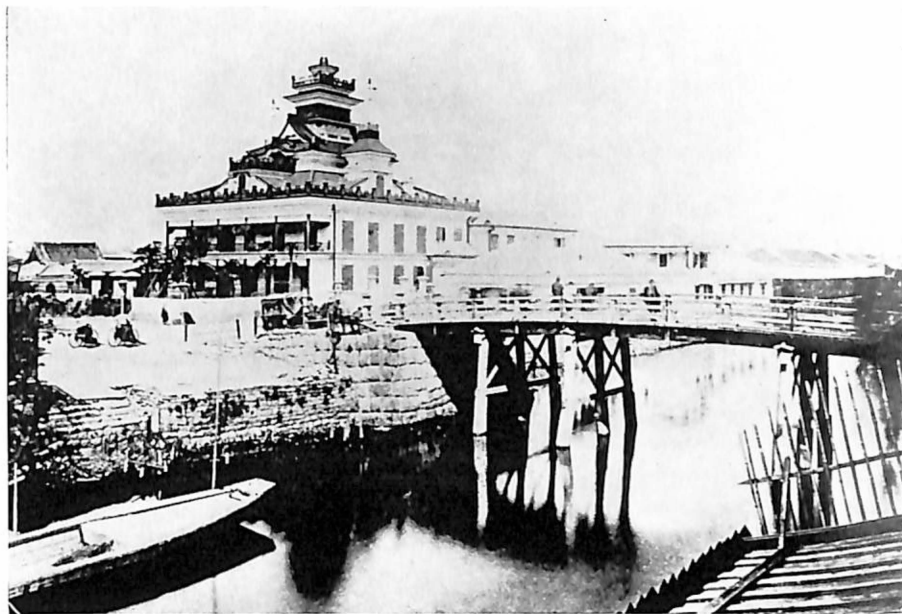
Dealing in rice at Dôjima, Osaka. (From *Settsu Meisho Zue*—Famous Views of Settsu Province)

Edo was the political center and Osaka was the commercial center in the Edo period. Many *daimyô* in different parts of the country shipped a great deal of rice produced in their domains to Dôjima where the rice exchange was established, and that seriously affected the price of rice of the country. Rice transactions began at two in the afternoon. Time of transaction was determined by how long it took for a certain length of straw rope to burn to its end. In the picture the clerks are watering the court of the Exchange to show the visitors that it is time for them to leave.

Plate 18.



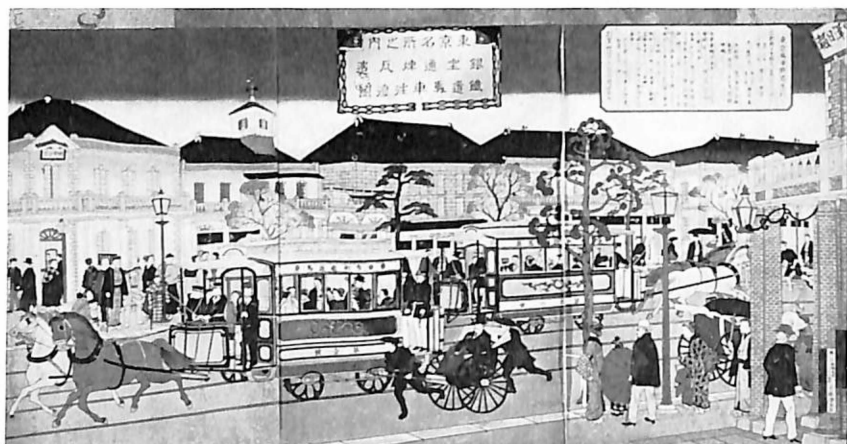
A *kura-yashiki* in Osaka (From *Settsu Meisho Zue*, 18th century)
Four warehouse officers are supervising the transfer of rice bags from the *han* into their warehouse in Osaka.



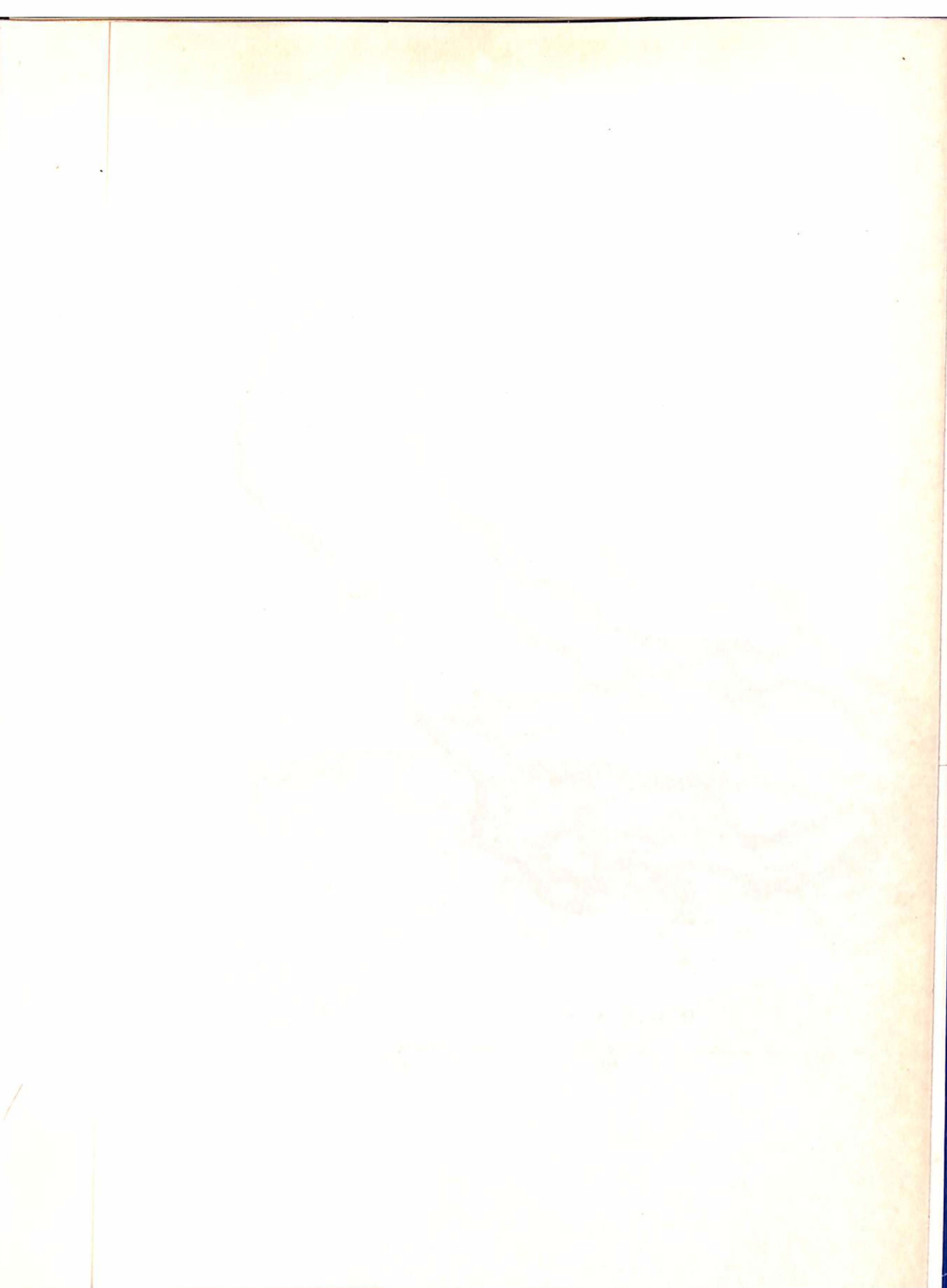
The first National Bank

The bank was established in July 1873 in Mitsui Building near the Nihombashi which had been completed the year before. The picture shows the five storied western-style building which at that time became a famous tourist site of Tokyo.

Plate 20.



Ginza street in the early Meiji period. Today's Ginza was formerly a quarter for minting silver coins. After the fire in 1872, the street was reconstructed in brick buildings. With its horse tramcar track and gaslight, the street was considered an emblem of the westernization of Japan.



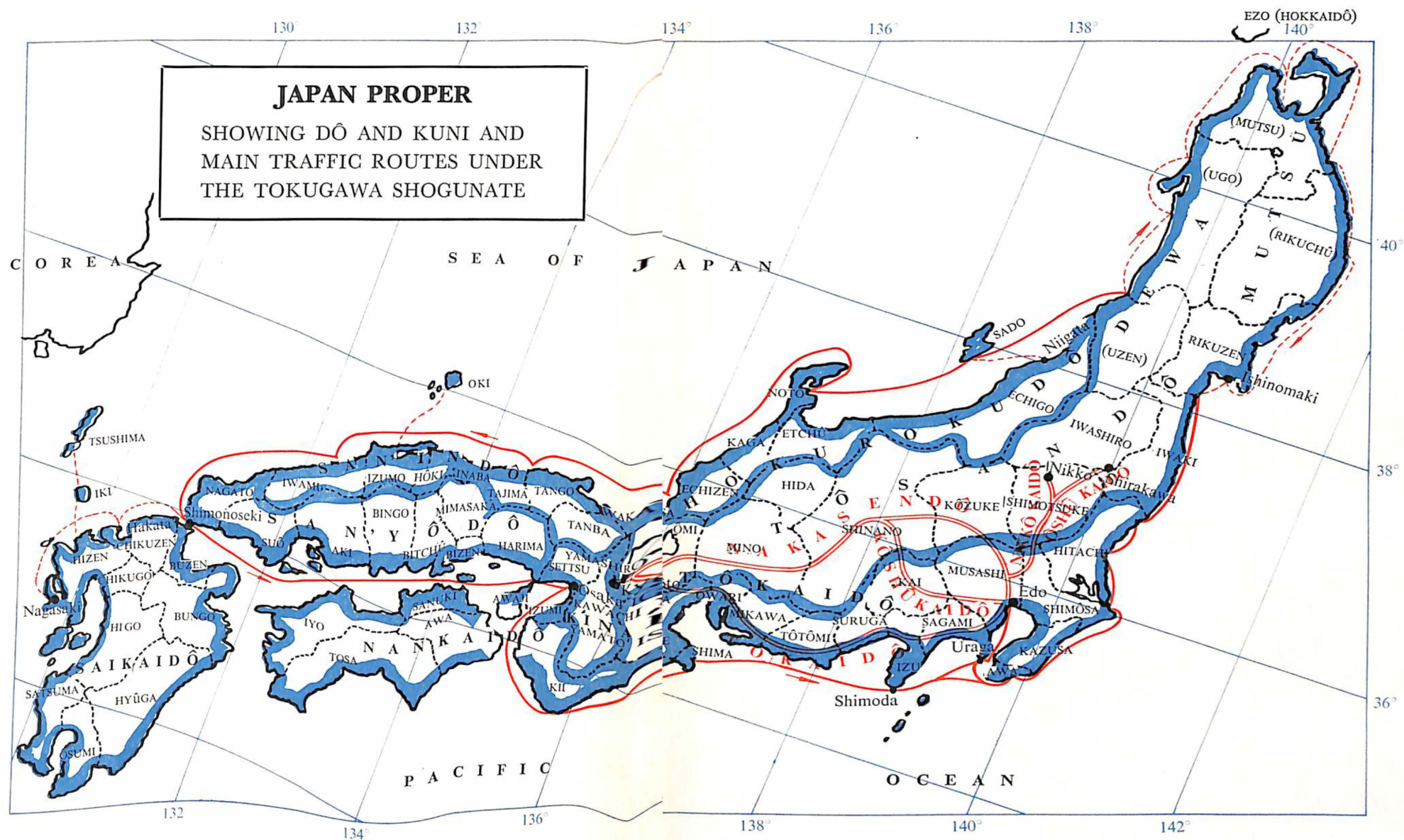
Cover design by Ishiguro Norio
Printed in Japan

JAPAN PROPER

SHOWING DÔ AND KUNI AND
MAIN TRAFFIC ROUTES UNDER
THE TOKUGAWA SHOGUNATE

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