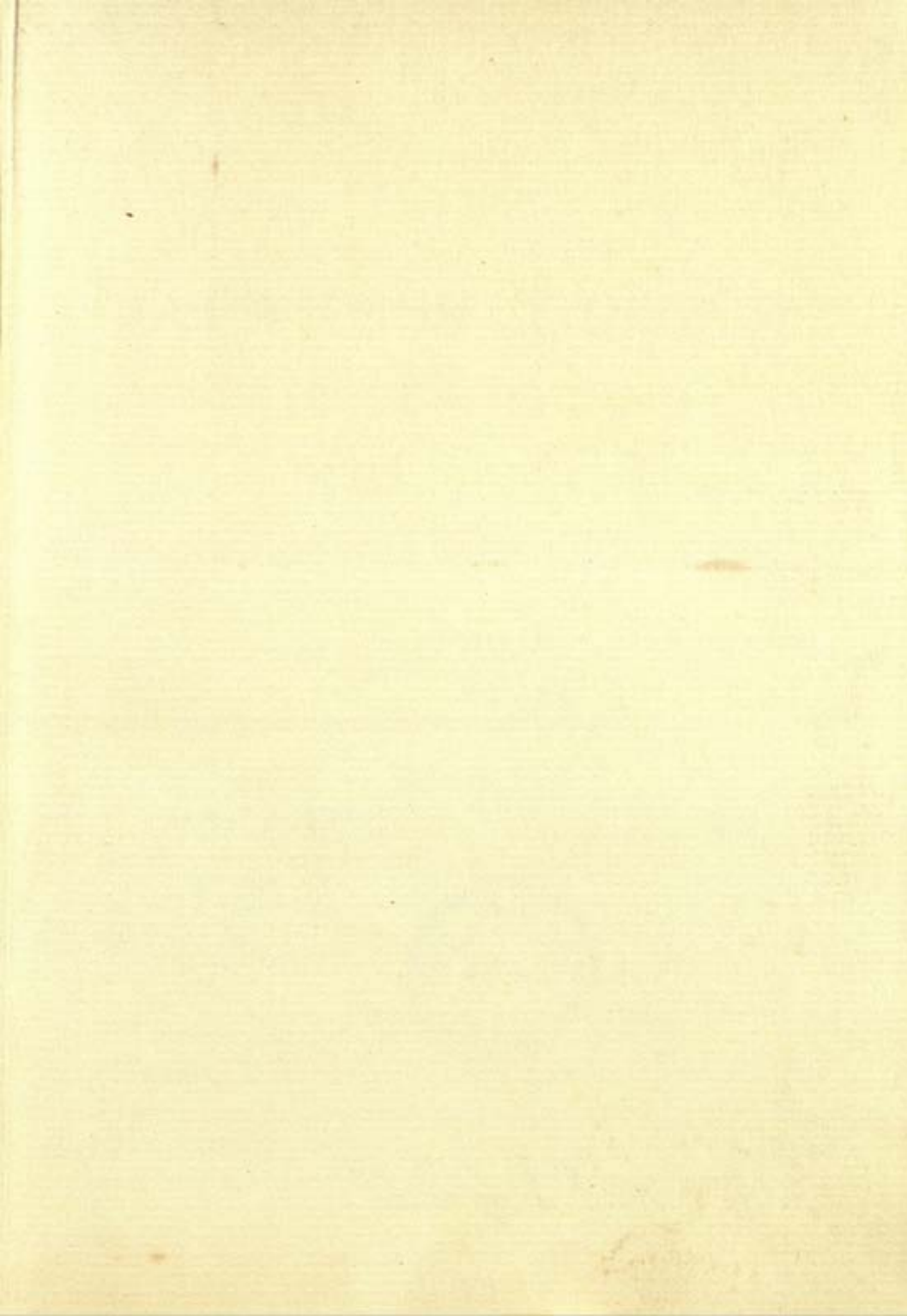


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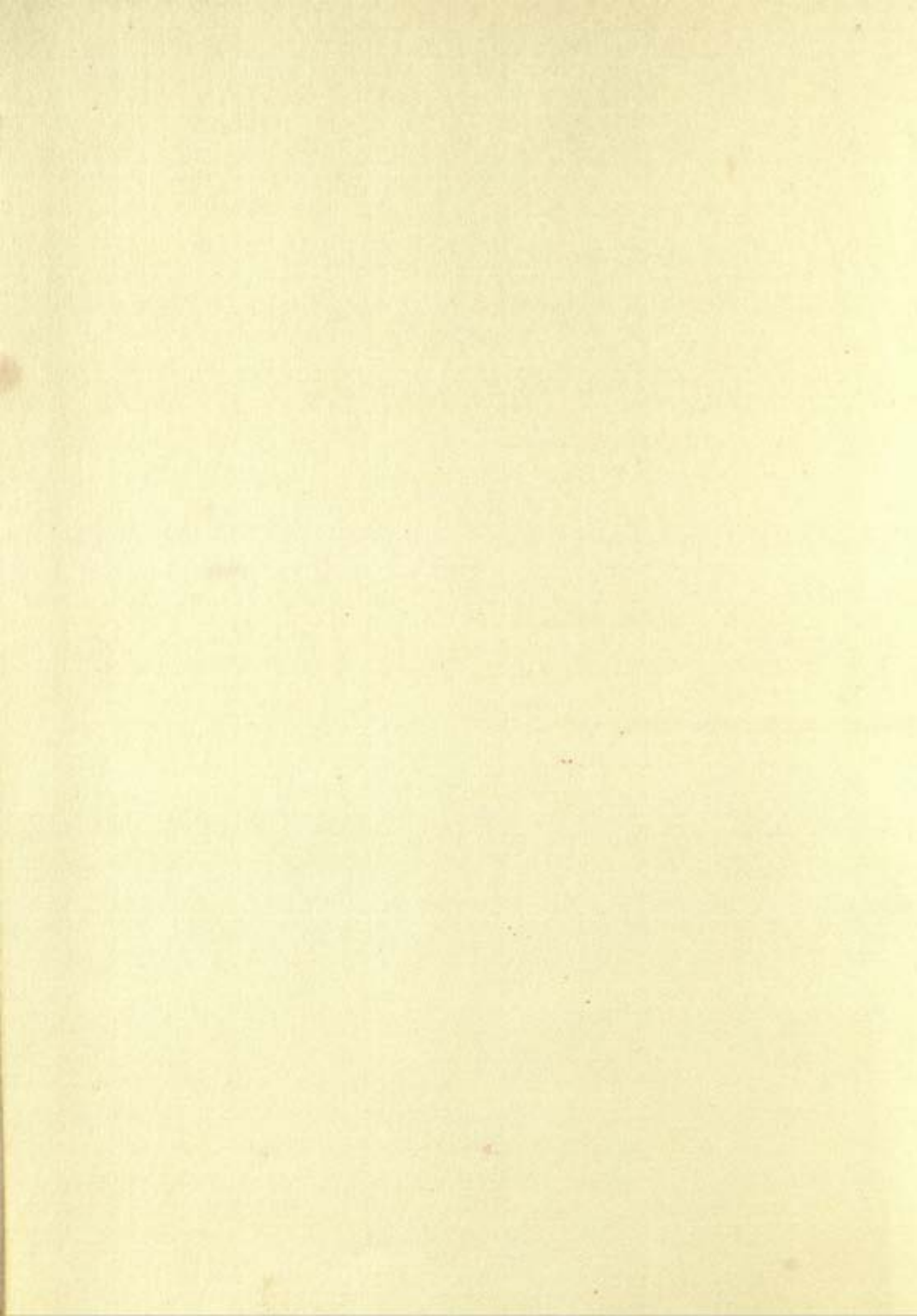
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JAPANESE CULTURE  
IN THE  
MEIJI ERA

Volume VI

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**JAPANESE SOCIETY**  
**IN THE**  
**MEIJI ERA**

Edited by  
**KEIZO SHIBUSAWA**

Translated and Adapted by  
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Mitsubishi Bank

"Mitsubishi Bank" was one of the representative greatest banks in the Meiji Era.



The First National Bank

The Act of the National Banks was promulgated in November, 1872 and the First National Bank was erected in Tokyo in June, 1873, under the president of Shibusawa Ei'ichi.

This building had been erected as the "Mitsui House."



Mitsui & Co.

"Mitsui Family Company"—the center of the *Zaibatsu* was founded in 1909 under the president, Mitsui Hachirōemon with the capital of ¥50,000,000.

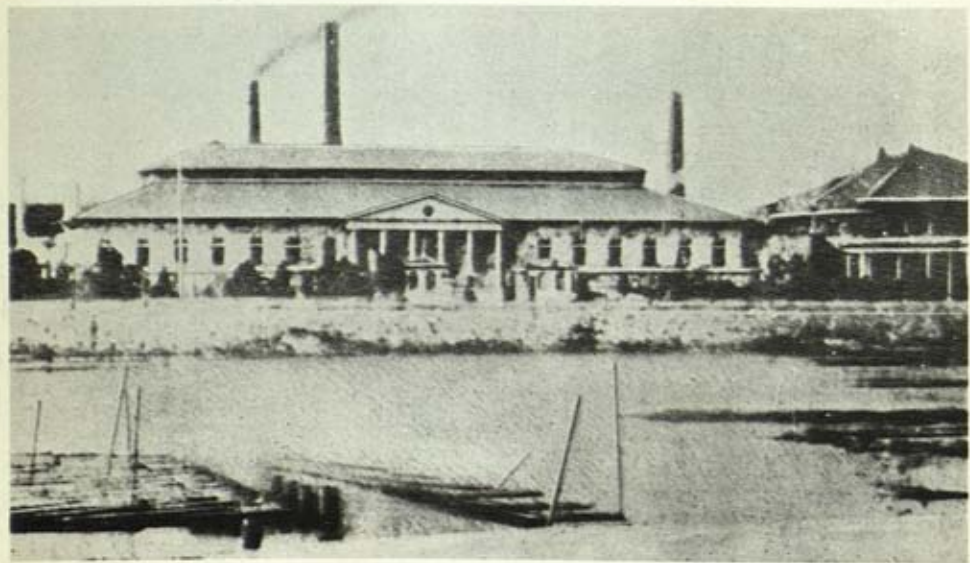


Maejima Mitsu (1835–1919)

He was called as the father of the Postal System Establishment. The modern postal service owed much to his efforts.



The celebration of the completion of the Yawata Iron Works was took place under the attendance of Itō Hirobumi in 1901.

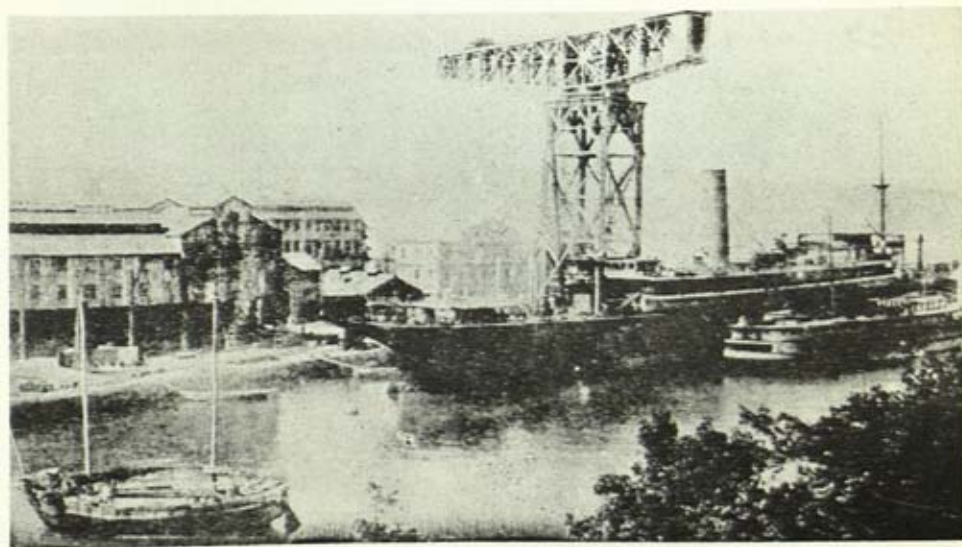


Osaka Zōhei-kyoku (Mint) was erected by the Meiji Government in 1871





Tomioka Silk-Mill in Gum'ma Prefecture  
 was built in 1872, aiming at the mass production of silk, one of the most important exports in Japan.



Nagasaki Ship-yard

The Meiji Government loaned and later disposed of the Nagasaki Ship-yard to the Mitsubishi Co.

This Yard was one of the most important factories of the Mitsubishi *Zaibatsu* and contributed to the reinforcement of the armament.



The Opening Ceremony of the Yokohama Post Office was held on January 8, 1875; the foreign mails accepted.



The Industrial Exhibition

The first Industrial Exhibition was held in 1877. The reeling machine was operated by beautiful factory girls.

## FOREWARD

THE period of history covered in this book is probably the most important in the annals of Japan. It is felt that this compilation from writings of several men, well qualified in their respective fields presents the economic development of the country in a factual and useful manner.

Each chapter is the work of a different writer with his own particular style and interpretation. A real effort was made to preserve these in the translation.

Because this is the work of more than one author, the reader will find a certain amount of repetition in the various chapters. In translating and editing the book, no attempt was made to delete such repetitious material.

The translators have made every effort to honestly present the ideas set forth by these men to their satisfaction and the enlightenment of the English reading world.

This book offers a wealth of basic material which should acquaint both East and West with the Japanese economic conditions of the Meiji Era; and in the light of it, should be of some value in the solution of present day problems.

S. H. Culbertson  
M. Kimura





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## *Chapter One*

### OPENING OF JAPAN AT THE END OF THE SHOGUNATE AND ITS EFFECTS

YAMAGUCHI KAZUO

#### I. OPENING THE PORTS TO FOREIGN TRADE

IT was in 1859 that Japan gave up her age-old seclusion policy and opened her doors to foreign trade. Although the Japanese society in those days was still feudalistic, there were indications that the end of the feudal system was drawing near. The feudalistic social and economic order was disintegrating in the various fields of society and instead, non-feudalistic elements began to appear such as: (1) a developing commodity-money economy, (2) tenant-villages taking the place of feudal-villages, (3) home-industry as well as other manufacturing under the control of big business-men, (4) a progressing decline and change in nature of the feudal lords' power and (5) a manifest accumulation of capital by business-men and money lenders. It must be said, however, that because Japan confined her market within the country over a long period of 220 years, the progress in the fields of productive industry, the accumulation of capital and the disintegration of the feudal order was, as a whole, sluggish. This explains the fact that although politically the absolute supremacy of the Imperial Rule had gained some ground, Japan could not completely depart from the feudal system, while a full-scale mercantilistic program was not realized. In short, Japan at the end of the Shogunate was in the last stage of its feudal order.



In striking contrast to Japan, most countries in the West had passed the stages of mercantilism and the industrial revolution, where modern capitalism was gaining headway. As every one knows, the industrial revolution rose in England, fully developed there and spread to other countries in the West. England realized her industrial revolution in the latter half of the 18th century, with her great increase in the production of machine-made cotton goods and other commodities. France, Germany, the United States and Russia, half a century later, also achieved an industrial revolution, necessitating them to expand their markets for a rapidly increasing production. Mr. Alcock, the first British minister to Japan frankly admitted that "England was in demand of new and ever expanding markets to meet her ever-increasing ambition and production." Thus, the world market in the making since the days of mercantilists was at last realized at this time. The opening of China in 1842 and that of Japan in 1859 were the last links of the long chain of this world market process.

The opening of Japan at the end of the Shogunate was simply the result of Japan's inability to withstand the pressure of Britain and other advanced capitalist countries. Naturally, the foreign trade that ensued was the so-called "settlement trade," with all the rights in the hands of foreign merchants instead of the exports and imports being handled directly by the Japanese. Their dealings with the Japanese were not always fair, for they often conducted their transactions to their own advantage only. In addition, Japan was not allowed tariff autonomy.

The foreign trade under such semi-colonial conditions rapidly increased despite the fact that the Shogunate made every effort to discourage it. In July 1859, when Mr. Vyse, acting British consul, first arrived in Yokohama, he saw only three merchant ships in the harbor, two British and one Dutch. Since that time, however, trade steadily increased. Dr. Ishibashi Gorō's researches shown in the following table outline the trade

conditions from 1863 to 1867: (1)

TABLE OF IMPORTS AND EXPORTS  
(Amount in Dollars)

Year		Yokohama	Nagasaki	Hakodate	Total
1863	Export	6,000,503	593,193	266,135	6,859,831
	Import	2,967,825	607,344	5,132	3,580,328
1864	Export	9,357,218	1,159,892	414,847	10,931,957
	Import	5,536,490	1,316,897	90,797	6,944,184
1865	Export	16,867,923	560,787	461,815	17,890,525
	Import	13,031,867	1,147,771	133,976	14,313,614
1866	Export	8,989,247	1,995,228	521,335	11,505,810
	Import	13,243,718	2,663,336	30,913	16,937,967
1867	Export	9,708,907	1,775,902	638,861	12,123,670
	Import	13,008,785	5,248,987	218,558	18,476,330

As is clear from this table, during the period between 1863 and 1867, exports doubled, while imports jumped up five-fold, a proof that this feudal country in the Far East at last had plunged into the current of the world economy.

Japan enjoyed a favorable balance of trade, particularly in the beginning when exports far exceeded imports. However, as the natural result of foreign countries seeking to expand markets for their products, imports gradually increased. This increase of imports was abetted by the government's policy of trade restriction which was focused mainly on exports, and took no measure to check imports, except for levying import duties. Even this import tariff, at first 20 per cent as a basic standard (2), was gradually cut down to as low as 5 per cent (3), under the pressure of foreign countries, since Japan had no tariff autonomy. Such circumstances led to imports increasing more rapidly than exports. In 1863, the import occupied 34 per cent of the whole trade while in 1867, the figure rose to 61 per cent.



The ports of entry were Yokohama, Nagasaki and Hakodate. To open many other ports meant increased trade which foreign countries desired. They requested the opening of Edo, Osaka, Hyōgo, and Ni'igata, in addition to the three previously named. This request was, however, met only at the last moment of the Shogunate's collapse. Of the three ports, Yokohama ranked first, handling nearly 80 per cent of all foreign trade.

Chief among the items of export were raw silk, tea and silk-worm egg cards. Raw silk was the most important item, amounting to one million pounds a year (4), 50 per cent to 80 per cent of the year's export (5). England, France and Italy were the chief silk importing countries, while the United States' importation of silk was almost negligible (6). Tea, with an annual export of 7 to 9 million pounds (7), was 7 per cent to 20 per cent of the total export (8). Of this, 70 per cent was loaded at Yokohama with 30 per cent exported from Nagasaki.

Tea was exported principally to Britain with limited quantities finding markets in the Continent and the United States. Particularly, after 1864, the export of tea to the United States was expanded, when about 90 per cent of tea exported from Yokohama was sent to America (9). As for silk-worm egg cards, small quantities were smuggled out of the country prior to 1865. However, with the lifting of the export ban in that year the annual export suddenly rose to 7,000,000 sheets,—4 per cent -9 per cent of the entire export (10),—leaving Yokohama for France and Italy. This sharp increase in the number of egg cards exported was explained by the pebrine epidemic in France and Italy (11), chief silk producing countries in Europe. Other items of export were raw cotton, sea-tangles, dried cuttlefish, dried ear-fish, rape-seed oil, copper and Japan tallow (12).

Among the imports, cotton goods and woollen textiles were the chief items. The cotton goods imported at Yokohama in 1862 amounted to 40 per cent of the whole import, but after 1863, this item dropped to 20 per cent. Shirting, chintzes,

tafachelas and French velvets were the chief cotton textiles imported, shirting occupying first place. They were imported principally from England (13) and the United States. Woolen goods, such as camlets, brocades, damasks (Spanish Strips), long Ells, and medium cloth, amounted to 20 per cent—40 per cent of the whole import at Yokohama, camlets overwhelmingly exceeding other items, with 70 per cent—80 per cent of the whole woolen goods imported. The greater part of them came from England, with the United States supplying in second place (14). Besides textiles, metals—tin, zinc, lead and iron—cotton threads, and food stuff were also imported. Although cotton thread became a major item of import in the Meiji Era, it was imported in fairly negligible quantities at the end of the Shogunate (15).

Outstanding in the foreign trade picture at this time was the great importation of vessels and weapons and the impressive outflow of Japanese gold coins. Between 1854 and 1867, the Shogunate and other feudal governments, mainly Satsuma, Chōshū, Tosa, Hizen, Kishū, Kaga and Higo, bought about 111 vessels, paying over 7,800,000 dollars, about 12 per cent of the whole import. 60 per cent of them were imported from England, while 30 per cent came from the United States. With one-third of these imported vessels, the Shogunate set up the nation's navy (16). No details on the import of weapons are known except that rifles imported in the Keiō Era (1665-67) amounted to 215,000 pieces, for 2,740,000 dollars, about 10 per cent of the whole import of that period (17).

This considerable out-flow of gold coins continued for a time. According to one authority, during the second half-year period, beginning June, 1859, about one million *yen* of Japanese gold coins flowed out of Japan (18), chiefly because of the higher percentage of gold contained in Japanese coins.

Of the countries which entered into trade with Japan, England occupied the outstanding position, with 50 per cent—80 per cent of trade being done in British bottoms. The United



States followed England in importance, American bottoms carried about 20 per cent—30 per cent of the trade goods until 1862, when due to the Civil War, Holland was able to move into the United States import position in 1863. In 1865, however, by her positive efforts France advanced to second place, leaving Holland and the United States behind (19).

## References:

- (1) Shirin: v. 8, no. 3
- (2) "Trade Regulations, clause 7," appendix to Five-Nation Treaty concluded in 1858, in (Kaikoku Kigen, Book one)
- (3) Catalogue to Customs: appendix to Revised Tariff Treaty of 1866; (Classified Collections of Treaties edited in 1874 at the Foreign Office)
- (4) Park Smith; Western Barbarians in Japan and Formosa in Tokugawa Days, p. 215.
- (5) Yamaguchi Kazuo; Bakumatsu Bōekishi (History of Foreign Trade at the End of the Shogunate), p. 32.
- (6) Park Smith; *ibid.*, p. 215.
- (7) Park Smith; *ibid.*, pp. 214-215.
- (8) Yamaguchi; *ibid.*, p. 35.
- (9) Park Smith; *ibid.*, pp. 214-215.
- (10) Tōkeiryō Chōsa (Survey by Statistics Bureau); Kakukō Yushutsu buppin hyō (List of Exports from Every Port), Kankōzensho; v. 3.
- (11) Yamaguchi; *ibid.*, pp. 36-37: Takahashi Kamekichi; Tokugawa Hōken Keizai no Kenkyū, (Study of Feudalistic Economy of the Tokugawa Era); pp. 185-187.
- (12) Yamaguchi; *ibid.*, p. 37.
- (12) Yamaguchi; *ibid.*, pp. 51-53.
- (14) Yamaguchi; *ibid.*, pp. 54-55.
- (15) Yamaguchi; *ibid.*, pp. 55 and after.
- (16) Kaigun-Rekishi (History of the Navy) Kaishū Zenshū, v. 8, pp. 443-455.
- (17) Yamaguchi; *ibid.*, pp. 121-122.

- (18) Takekoshi Yosaburō; Nihon Keizai-shi (Economic History of Japan) v. 7, p. 308.
- (19) Yamaguchi; idid., pp. 24-30.

## II. DISINTEGRATION OF FEUDAL CONTROL OF MARKETS

### A. System of Feudal Control

One of the effects of foreign trade at the end of the Shogunate was that the system of feudal market control gave way in the department of export goods. It was common with a feudal society that staple goods were handled by some privileged merchant guild. In Japan, too, before the opening of the ports, such chief items of export as raw silk, tea, marine products and seed-oil were under the control of the wholesale merchants in Kyoto, Osaka, Edo and other castle cities, receiving protection of the Shogunate or feudal governments. This feudal control system was disintegrating to some extent even before the opening of trade, but on the whole, the Japanese market system was still feudalistic.

With the opening of trade, however, these staple commodities began to flow out of the country in great amounts. How fabulous the out-flow of these goods is shown in silk, export of which, at one time, was almost equal to production. (1) As a result, the raw silk merchants of Edo, and other cities were thrown into great difficulties due to the sudden shortage of stock, to say nothing of *nobori-ito* (silk sent up to Kyoto). All the raw silk hitherto allotted to weavers in various parts of the land was sent straight to Yokohama or Nagasaki for export. The merchants in Kyoto were hardest hit; for, foreseeing the the opening of foreign trade, the merchants of Nagasaki and Osaka had bought up all the raw silk direct from the producers in the silk producing districts. Seeing this the Shogunate made great efforts to increase the amount of *nobori-ito* by tightening the government control on raw silk, but the conditions were



beyond the control of the government (2). Thus, the Kyoto silk merchants had to discontinue business for some time (3). The silk merchants of Edo met the same disastrous fate from the sudden decrease in the fresh supply of raw silk just after the opening of ports (4). After 1860, however, the Shogunate took various measures to impose strict restriction on the export of silk, so that conditions were better than they had been just after the opening of ports. The silk business took a zigzag course after that, but the merchants never could regain their former prosperity. The silk wholesalers in Sendai also lost their business, as Fukushima merchants bought up all the silk direct from the farmers and shipped it to Yokohama for export (5).

The wholesale merchants of other export goods also met the same fate. The tea produced in Yamashiro, Suruga, Tōtōmi, Ise, Mino, Ōmi and Musashi used to be collected by the wholesale merchants of the production centers and shipped to bigger wholesale merchants in Edo or Osaka. With the opening of trade, however, the greater part of the products came to be sent directly to Yokohama or Nagasaki, giving a great blow to the wholesalers in Edo and Osaka with a sudden decrease in their stock (6). The conditions with seed-oil and marine products were the same as other items of export (7). The wholesalers were on the verge of bankruptcy.

As a matter of fact, these wholesale merchants did their utmost to tide over their difficulties cooperating with the government, but their measures were defeated mostly by traders, native and foreign, as well as by the producers in the local districts. Thus, the feudal control in the field of export market was rapidly dissolved.

Notes:

- (1) Ki'ito Yokohama Yushutsu Shirabe, 3-2.
- (2) Shoshiki-Shirabe Zokuruishu; Gaikoku-Bōeki Shoshiki Ikken; Kon-1
- (3) Kiryū Chihō-shi, Ge, pp. 412-417.
- (4) Refer to VI, A. of this Chapter

- (5) Seishi Shijun-kai Kiji, p. 20
- (6) Gaikoku Bōeki-shoshiki-Ikken, Ken-Jō
- (7) Shoshiki-Shirabe Zokuruishu: Gaikoku-Bōeki Shoshi Ikken; Ken-Jō

#### B. Trade-Merchants' Flourishing Business

With the disintegration of the feudal control of market, free trade rapidly developed. The key figures in foreign export trade were local merchants, middlemen, and exporters. Imports were handled by foreign-goods importers, and foreign goods merchants. As the feudalistic merchants declined, these new kinds of merchants thrived and rapidly amassed large fortunes. For instance, silk-merchant Hayashi Zenzaemon of Hiranomura, Shinshū, bought from producers in a wide area including the four provinces of Shinshū, Kai, Ōmi and Echizen (1). Ariga and Shimomura, both silk dealers of Maebashi, are said to have yearly shipped hundreds of bales of raw silk to Yokohama and in a few years, amassed great fortunes (2) (3). Another merchant, cocoon dealer of Shinshū, shipped 17 horse-loads of silk worm egg cards yearly and became one of the three *narikin*\* of Shinshū (4). It is said of Itō Kozaemon of Ise that he accumulated a great capital by shipping 100,000 lbs. of tea to Yokohama around 1860 (5).

At first, there were, in Yokohama, only a few exporters, but in 1860, the number increased to 190 (6). Most of them came to Yokohama with a get-rich-quick idea. Their dreams were realized, as profits were generally so fabulous. Nakai Jūbei, for example, came to Yokohama as a poor and obscure man, and pioneered in the silk export business. In a short time he became the richest merchant in Yokohama, and came to live in a grand mansion in 1860 (7). Other exporters such as Shibaya, Iseya, Nozawayaya and ninety other silk exporters amassed

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\* *narikin*=the newly rich



fortunes. Dealers in silk-worm egg cards, tea and marine products did a lucrative business, too, although less spectacular. Silk-worm egg cards, for instance, brought five-fold profit when the export-ban was first lifted (8) while a Hakodate merchant sold a great amount of sea-tangles with 100 per cent profit. (9)

There is, however, another side to this picture. Most exporters knew nothing about foreign trade, as the ports were suddenly opened after 220 years' seclusion. Besides, due to their limited capital, they were apt to be at the mercy of foreign traders. As a result, some exporters who had become very rich when trade was begun, soon lost their fortunes. On the whole, however, foreign trade merchants thrived and rapidly accumulated great wealth.

The merchants who dealt in imported goods also profited and amassed fortunes. Specifically, newly rising Edo merchants of imported goods prospered, while those privileged Osaka-merchants who had enjoyed a monopoly under the protection of the Shogunate in the days of Nagasaki-limited-trade, suffered with the coming of free trade. Horikoshi, a man from Jōmō (present Gum'ma prefecture) who started a dry-good-business in Tokyo in 1844, set up a branch shop in Yokohama with the opening of the port, and made a large fortune by dealing in imported goods (10). Maekawa, a man from Ōmi, started a successful business in 1861 dealing in imported goods at Nihombashi, with a branch shop in Osaka (11). Satsuma, also from Ōmi, succeeded in his cotton textile business started in 1867 at Nihombashi. These newly rising merchants steadily built up their fortunes (12).

#### References:

- (1) Hirano-mura Shi, Ge-kan.
- (2) Jōmo-Jimbutsu Shi.
- (3) Ibid.
- (4) Kami-Takai-gun Shi.
- (5) Chihō-Bussan Enkakushi (MS).
- (6) Yokohama Enkakushi, pp. 36-45.

- (7) Yokohama Kaikō Gojūnen-shi, Ge-kan, pp. 528-529.
- (8) Ibid, p. 577.
- (9) Hokkaidō Shi, v. 1, p. 879.
- (10) Kōzuke Jimbutsushi: Chū-kan, pp. 301-302.
- (11) Hirase Mitsuyoshi; Ōmi Shōnin, p. 435.
- (12) Ibid., pp. 445-446.

### III. EFFECTS ON PRODUCTIVE INDUSTRY

#### A. Development of Sericultural Industry

The rapid increase of silk export gave a strong impetus to progress in the techniques of silk reeling.

The methods of reeling silk before the opening of foreign trade, were *dōkuri*, *tebiki* and *zakuri*, the last in its primitive form being used in very limited areas. *Dōkuri*, a method used principally in the Tōhoku district, was the most primitive way of silk-reeling. The tool for it was a cylinder-barrel, five inches in diameter, and two to three inches thick, usually made of such light and smooth wood as paulownia or poplar. It was fixed by its axle on a stand seven or eight inches high. A reeler, usually a woman, wound silk thread on this cylinder, by slowly turning it with her right hand (1). Later, instead of wood, bamboo cylinders came to be used. This was called *takekorogashi* (bamboo rolling) (2).

*Tebiki* was silk reeling, using a wooden frame instead of a cylinder (3). This method was practiced in the Kantō and Kansai districts. During the latter part of the Tokugawa Shogunate, *Ōshū-zakuri* (4) was devised in north Japan, and *Jōshū-zakuri* (5), in the Kantō district. While *dōkuri* and *tekuri* were operated by turning the cylinder or the frame by hand, the *zakuri tool* was equipped with toothed-wheels or cog-wheels and a belt, by means of which the spool was turned (6). It was a more advanced apparatus than the former. At the time of the opening of the ports *zakuri* was in use (7) only in



Fukushima and Jōshū regions. The active foreign trade which brought about a big demand for silk, however, gave an impetus to the improvement of silk reeling techniques. Thus, *zakuri*, particularly, *Jōshū-zakuri* spread all over the land. In Jōshū, where *zakuri* was invented in 1855 and came to be widely used, the method was greatly improved by 1866. Thus, after the opening of the ports, *tebiki* completely gave place to *zakuri* (8). Soon after the opening of trade (9), *Jōshū-zakuri* was introduced to the Chichibu area, and after 1860, *tebiki* was rarely seen in Shinshū (10). In Kai region, *zakuri* was introduced in 1861 (11); in *Hida*, in 1866 (12); and in *Kaga*, in 1865 (13).

Thus, *zakuri* came to be adopted all over the land after the opening of foreign trade. Soon, in some places water-power mills were set up, in which several *zakuri* tools were linked together for mass production (14). But usually, it took some time before *zakuri* was fully popularized. Even in Chichibu, where it was first introduced, *tebiki* was common till 1877 (15). *Zakuri* came to be commonly used in Kai region around 1874 (16); and in Mino region, around 1879 (17).

In the Ōu district, *Ōshū-zakuri* which had a different origin from *Jōshū-zakuri*, was invented in 1801 and was, no doubt, popularized to some extent, after the opening of foreign trade, but *dōkuri* and *takekorogashi* were still predominantly used even after the opening of the ports. In Yamagata, for example, either *dōkuri* or *takekorogashi* was commonly used till the beginning of the Meiji era, when *zakuri* took the place of *dōkuri* (18). This was also the case in the Fukushima region (19), although, due to the flourishing silk industry of this region, *Ōshū-zakuri* was invented and spread to some extent. Even after the opening of foreign trade, *dōkuri* was used in Miyagi, Iwate and Aomori regions (20).

In short, the reeling techniques after the opening of foreign trade can be summed up in the following ways:

1) In Jōshū and Shinshū, *zakuri*-reeling was predominantly in use and even a few water-power mills came into existence

for mass production.

(2) Outside of Jōshū, Shinshū, and Ōshū regions, *tekuri* was common even after *zakuri* was introduced.

3) Even in Ōshū, *dōkuri* or *takekorogashi* was still widely used, although in Iwashiro (Fukushima), *Ōshū-zakuri* was popularized to some extent.

Because Jōshū, Shinshū and Iwashiro were the key silk producing regions, it can be said that the Japanese silk-reeling technique entered on the stage of *zakuri* when foreign trade was opened.

As regards the productive capacity, Oguchi Ryū (born in 1844), of Hirano-maru in Shinshū, told her experience that by *tekuri*, she could reel only four or five *shō*\* a day into very thick thread made up of filaments from several cocoons, but after 1858 when *zakuri* came to be used, she could make much thinner and finer silk of filaments from four cocoons, reeling eight *shō* a day, finishing up on the second day the two days' production into a large hank (21). From this, it is clear that by *zakuri* the production was doubled and the silk quality became finer.

With the development in the technique of reeling, sericulture (production of cocoons) also showed a remarkable advancement. In the first place, the sericultural industry and silk-reeling industry came to be conducted by different social groups. The production of silk fabrics first came to take the form of an independent business and then, that of silk-worm egg cards branched off into a specialized industry. These specialized industries had been progressing for a long time before the opening of the ports. After foreign trade came, sericulture and reeling became independent of each other, so that great amounts of cocoons were produced for the market. The silk-reeling as a home-industry under control of big business men had been going on to some extent even before the opening of the ports,

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\* 1 *shō* = 0.48 standard gallon



but with the increase in silk export, remarkably rapid progress was seen in this field. In Hirao-mura, in Shinshū, where a kind of home-industry called *degama* (22) under control of silk-business men, had existed even before the beginning of foreign trade, but the number of *degama* rapidly increased and the scale was enlarged with the opening of trade, causing the shortage of filature girls (23).

In Jōshū, too, home-industry called *kama'age-seishi* (24) also under control of wholesale merchants, greatly increased in number, after the opening of the ports. In Fukushima, as early as 1804, silk merchants used to buy up raw silk by means of advance payment to the producers.

*Chinbiki*, a home-industry controlled by wholesale-business men, came to be widely carried on (25). Even in Suruga region where sericultural had not developed as in other regions, the people who moved in from Gun'nai, Kōshū, and Hachiōji and Musashi, started the business of reeling cocoons for other people, a practice quickly adopted.

Besides the home-industry run by wholesale merchant, the opening of the ports caused many silk-reeling mills to be built at various places. Numaga Gen'ichirō, of Jōshū, it is said, employed about thirty silk girls to operate several *zakuri* reels linked to his water-power mill (27). Another man by the name of Masuzawa Seisuke, of Shinshū, also set up a silk-reeling waterpower mill about the same time, employing a considerable number of silk girls (28). Wakao Ippei, of Kōshū, invented a filature machine called *Wakao-kikai* in 1861 and operated it, employing about seventy girls (29). Others who operated filature mills on a large scale employing many girls were Kanō Gengorō, of Ishikawa (30), and Itō Kozaemon, of Muroyama-mura, Mie-gun, Ise-no-kuni (31). Thus, the silk industry on what may be called manufacture-scale got under way with the opening of trade, but its full development came in the Meiji era.

To conclude, the silk industry made rapid progress both in the technique of filature and the method of production with

the sudden increase in demand, due to the opening of the ports. At the same time, the number of sericultural farmers increased. All these factors combined to increase the production of raw silk. The whole amount of silk in 1862, according to an Edo wholesale merchant's survey (made in 1863), showed a 50 per cent increase over that of the previous year; and in 1863 it increased by 60 per cent—70 per cent of the amount produced in 1862 (32). According to another survey, the whole amount of silk production before foreign trade came was 20,000 bales\* but it increased to 40,000 bales in 1863 (33). Even with such great increase, Japan could not meet the great demand abroad. This great demand somewhat accounts for the subsequent production of inferior quality silk, despite the progress in the technique and management of the silk industry.

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- (1) Mitani Tōru; Seishigaku, Chū-kan, p. 10
- (2) Yōsan-hiroku; Sansō-koten-shusei, pp. 258–259.
- (3) Mitani Tōru; Seishigaku, Chū-kan, p. 11.
- (4) Yōsan-hiroku; Sansō-koten-shusei, p. 259.
- (5) Gum'ma-ken Sanshigyō Enkakuchōsasho; Ki'ito no bu, pp. 10–11.
- (6) Mitani Tōru; Seishigaku, Chū-kan, pp. 15 on.
- (7) Gum'ma-ken Sanshigyō Enkakuchōsasho; Ki'ito no bu, p. 27.
- (8) Seishi Shijun-kai-Kiji, p. 30.
- (9) Gum'ma-ken Sanshigyō Enkakuchōsasho; Ki'ito no bu p. 27.
- (10) Hirano-mura-shi, Ge-kan, pp. 27, 59, 63.
- (11) Ibid, p. 60.
- (12) Ibid, p. 60.
- (13) Ishikawa-ken Sangyō Enkakushi, p. 88.
- (14) Gum'ma-ken Sanshigyō Enkakuchōsasho; Ki'ito no bu, p. 25: Hirano-mura-shi; Ge-kan, p. 61: Naitō Bunjirō,

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\* one bale: about 34 kilograms

- Wakao Ippei, pp. 382-387
- (15) Seishi Shijunkai-kiji, pp. 18-19.
  - (19) Ibid., p. 22.
  - (17) Mino-no-kuni, Kamo-gun-shi, pp. 522-523: Mino-no-kuni, Masuda-gun-shi, p. 33.
  - (18) Seishi Shijunkai-kiji, pp. 68-69.
  - (19) Fukushima Sanshi-ippan, p. 34.
  - (20) Seishi Shijunkai-kiji. p. 20: Hashimoto Jūbei; Ki'ito bōeki-no Hensen, pp. 46-47.
  - (21) Hirano-mura-shi, Ge-kan, pp. 27, 59-60.
  - (22) Ibid., pp. 27, on.
  - (23) Ibid., p. 30
  - (24) Yanagawa Noboru: Nihon-Shihonshugi Hattatsu ni okeru Seishigyō no Ch'i, (Keizaigaku-ronshū) V. 8, No. 4.
  - (25) Fujita Gorō; Nihon Kindai-sangyō no Seisei, pp. 301-304
  - (26) Shizuoka-ken-Sanshigyō-Enkakushi, pp. 22-23.
  - (27) Gum'ma-ken-Sanshigyō-Enkaku-Chōsasho; Ki'ito no bu, p. 25
  - (28) Hirano-mura-shi, Ge-kan, p. 61
  - (29) Naitō Bunjirō; Wakao Ippei, pp. 382-387.
  - (30) Ishikawa-ken Sangyō-Enkakushi, p. 88.
  - (31) Chihō-Bussan Enkaku-ryaku (MS.)
  - (32) Ki'ito Yokohama Yushutsu-shirabe, 1- Part 1.
  - (33) Ibid., 3-2.

#### B. Development of Tea Industry

The opening of foreign trade gave a strong impetus to the development of tea industry. In the first place, tea gardens were opened up extensively. Except for Uji in Kyoto and Shigaraki in Ōmi, it was after 1800 that tea plantations were started in Japan, even on a small scale. With the opening of the ports, tea plants began to be cultivated widely. Thus, the greater part of the present tea plantations in Suruga and Tōtōmi were opened up after the opening of the ports at the beginning



of the Meiji era (1). Such regions as Ōmi (other than Shigaraki) Mino and Musashi came to have wide areas of tea plantation after the opening of the ports (2).

In the second place, *Uji-seihō* (a method of tea making) was greatly popularized. Before that time, there were such tea-making methods as *Kuro-sei* and *Ao-sei*. *Ao-sei* and *Uji-sei* did exist in the latter part of the Edo era but they were not yet popularized.

The method of *Kuro-sei* known as *Kamairi-sei*, was the most primitive way of making tea. By this method, fresh green tea leaves were withered on a large heated pan, taken down and, rumpled on a mat, and then dried on the heated pan again (3). To make *Ao-sei* tea, people steamed tea leaves, rumpled them on a mat while they were still hot, and dried them on a heated pan. This method showed one step advance over *Kuro-sei*. As a transitional method from *Kuro-sei* to *Ao-sei*, people steamed fresh green tea leaves and dried them in the sun or on heated pans (5).

*Uji-sei* was basically the same as *Ao-sei*, except that the steamed leaves were rumpled and dried on a heated pan without being taken down onto a mat (6).

With the increase in export of tea, *Uji-sei* and *Ao-sei* suddenly prevailed. Thus, after foreign trade became active, *Uji-sei* was adopted in Haibara-gun in Shizuoka-ken (7), and it spread to Fuji-gun (8), Ogawa-gun in 1861 (9) and Abe-gun in 1866 (10) in the same prefecture. *Uji-sei* was adopted likewise in other tea-producing regions.

Finally the amount of tea production greatly increased as tea-export increased. Tea came to be known as a commodity of trade only after the middle of the Edo Shogunate era in the Kyōhō era (1716-1735) when a method of making tea on a large heated pan was invented. In 1836, the amount of tea shipped to Osaka from Iga, Yamato, Ise, Owari, Ōmi, Mino, Tamba Ki'i and Hyūga was 1,400,000 lbs. (11), showing that by this time tea had become a important item of trade. With



the increase of production, tea came to be controlled by whole-sale merchants. In Suruga, for instance, in the period between 1854 and 1859, tea buyers sent rice, salt, and other daily necessities to tea producers while they were engaged in production, by way of advance payment, paying the balance when the tea was handed over to them (12).

This practice developed into tea manufacturing on a large scale. Itō Kozaemon, of Murayama-mura, Ise, made a fabulous profit by shipping 100,000 lbs. of tea to Yokohama and subsequently established a tea plantation of 5 chō.\* This must have been a large-scale production (13) at that time.

The Kageyama family, of Iwamatsu-mura, Haibara-gun, Shizuoka prefecture also started what can be called "mass production" of tea using the *hōro-seihō* (method finishing up on a large built-in pan) (14). Haibara-gun provided many more such big producers. In Ki'i region, Ōkuma Shikihei, of Nishitani-mura, Nishimuro-gun, Ki'i, learned the *Uji* method in 1859 and produced about 1,000 lbs. of tea in 1865, employing 48 workers. In Kaga, too, Yataya Seizaburō and Yamatoya Sōzaburō, tea-wholesale merchants of Daishōji, set up a tea plant at Yatamura for mass-production, and exported the product at Nagasaki, commissioning Fukui-han's trade agency to do the business (15). In Yamashiro, chief tea producing region, a survey made in 1872 shows that there were more than 180 tea producers with over 1,000 lbs. of annual production (16), some producing, it may be assumed, a great amount already before the Meiji era. These examples amply indicate that tea production had entered on what may be called large scale manufacture after the foreign trade was opened, a tendency which gradually came to be seen in many parts of the land:

#### References:

- (1) Shizuoka-ken Chagyō-shi; p. 41: Shizuoka-ken Haibara-gun Chagyō-shi: p. 56, on.

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\* 1 chō=2.45 acres

- (2) Nihon Chagyō-shi; pp. 15, 32: Mino-Ikeda-gun Seicha Enkaku; (Nihon Sangyō Shiryō-Taikei) v. 3, p. 191.
- (3) Shizuoka-ken Chagyō-shi; p. 142.
- (4) Ibid., pp. 142-143.
- (5) Shizuoka-ken Fuji-gun Chagyō-shi, pp. 5, 7.
- (6) Uji-cha-shōsetsu (MS.)
- (7) Shizuoka-ken Haibara-gun Chagyō-shi, pp. 4-7: Shizuoka-ken Chagyō-shi, p. 42.
- (8) Shizuoka-ken Fuji-gun Chagyō-shi, pp. 4-7: Shizuoka-ken Chagyō-shi, p. 42.
- (9) (10) Shizuoka-ken Chagyō-shi, pp. 142-143
- (11) Osaka-shi Shi, v. 1, p. 779.
- (12) Shizuoka-ken Chagyō-shi, p. 311.
- (13) Chihō-Bussan Enkaku-shi (M S.)
- (14) Shizuoka-ken, Fuji-gun Chagyō-shi, p. 4.
- (15) Ishikawa-ken Shi, v. 3, pp. 1202-1204.
- (16) Uji-cha Shōsetsu.

### C. Effects on Textile Industry

The textile business was gravely affected by the export of raw silk and import of cotton goods and cotton yarn. The silk textile manufacture in Kiryū, Nishijin and Hakata suffered a disastrous blow due to the scarcity of raw silk and the sudden rise in its price, a result of raw silk export.

The manufactures in Kiryū, faced with difficulty in carrying on their business due to the shortage and high price of raw silk, filed a petition for suspension of the export of raw silk with the authorities concerned in July 1859 (1). The same year, they also appealed to the Shogunate, twice, in September and October, complaining of their great distress and requesting the prohibition of the export of raw silk. Impatient at getting no response from the Shogunate, two representatives of the Kiryū manufacturers who were staying in Edo resorted to



*Kagoso*\* and made a direct petition to Lord I'i Tairō (chief Minister) and Manabe Rōjū (vice-Minister). The contents of the petition show how hard-hit the Kiryū manufacturers were. A passage of the petition runs as follows:

"Above all, in Kiryū, due to the failure of sericultural crops in recent years, the price of raw silk is gradually rising. At this time, many merchants, eager for great profits, penetrated Jōshū, Yashū and Musashi, buying up all the raw silk produced there. As the result, the price has risen three-fold. These merchants also have bought up a great amount of silk in the Jō-Shin-Etsu and Ōu districts at exorbitant prices, shipping it daily to Yokohama. In half a year, the stock of silk in the country has run out. The silk textile manufacturers have had to close their businesses. So far, the workers have contrived to keep soul and body together by selling their clothing and furniture, but now they are driven into a tight corner, and are on the verge of starvation. Overcome with grief, they have formed themselves into neighborhood groups for mutual help, which will surely develop into mobs. If the raw silk export is continued, the silk manufacturers in Kiryū, who have enjoyed the honor of presenting silk products to the Shōguns for two hundred years, will very soon go completely bankrupt. Driven to this extremity, we, by stopping our palanquins, most humbly beg you to take some measure."

The Shogunate, however, showed no response to this petition, either. It was in March, 1860 that the Shogunate, for the first time, took a measure to restrict the amount of raw silk export under order that silk and four other items be first sent to Edo before their exportation. Such a lukewarm measure, however, was not very effective. The price of raw silk continued rising, while the silk fabric business was left in a difficult situation.

Nishijin in Kyoto (2) was affected to the same extent as Kiryū.

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\* Action of presenting a petition directly to the highest executives, stopping the palanquins in which they were going to and from the government office.

Confronted with the scarcity and the high price of raw silk, the silk textile industrialists at Nishijin also filed a petition with the Shogunate for shipment of raw silk to Nishijin. In 1860, in dire distress, they begged the governor of Higashimachi for a loan of 6,000 *koku* (about 30,000 bushels) of rice, getting only 1,000 *koku*. I'i Tairō is said to have given a loan of 30,000 *ryō* (*yen*) by way of relief. These relief measures notwithstanding, the straitened circumstances of the silk fabric manufacturers continued. The distress of the weavers and apprentices was particularly acute. In 1867, with a view to tide over their difficulties, all the silk textile industrialists of Nishijin cooperated in working out a plan to set up a silk-sales agency at Nishijin, which, after all, was not realized. The distress of the Nishijin silk manufacturers at that time was truly great.

The silk industrialists at other places were hit almost as disastrously as those in Kiryū and Nishijin. Those at Hakata, for example, were hit so badly that nine out of ten dropped their trade (3). The crepe manufacturers at Tango (4), and silk businessmen at Hachiōji, Chichibu, Gun'nai, and Fukushima (5) suffered under the same difficulties.

Thus, the silk business was gravely and disastrously hit by the vast demand for raw silk of capitalist countries as soon as foreign trade was opened.

As regards the influence of trade on the cotton textile industry, cheap cotton goods manufactured with modern production-methods made inroads into the Japanese market, giving serious difficulties to the domestic cotton manufacturers. Cotton textile manufacturers of Mōka in Shimotsuke (Tochigi Prefecture) reached the height of prosperity about 1830 with the production of 380,000 *tan*\* a year, but outrivalled by the cheap imported cotton fabrics, the production was reduced to a negligible amount of 40,000 *tan*\* in 1874 (6). The *Yūki-ori* (fabric) industry

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\* 1 *tan* : about 12 yards



of Musashi-Tsukakoshi met with the same fate and for a time almost went out of business (7). The textile industry in cotton and silk mixtures at Ashikaga was doubly hit under the pressure of cheap imported cotton goods and the high price of raw silk. Almost all the manufacturers were driven out of business for a time (8). The cheap imported cotton goods affected the cotton industry in other regions, Matsuzaka in Ise, Aichi, Gifu, Kishū and Kawachi (10).

Thus, all the cotton industrialists in Japan were more or less affected by the import of cheap cotton goods, but soon with a view to tide over their difficulties, they began to use imported cotton yarn. The *Yūki-ori* industry at Tsukakoshi, for instance, which just after the opening of trade was almost extinct for a time, began to operate with imported cotton yarn, with the result that in less than a year, it not only off-set its losses, but gained a considerable profit (12). The industrialists in Ashikaga, too, after suspending the operation for a time, began to produce a great amount of fine and cheap fabric of cotton and silk mixture, using imported cotton yarn. *Futako-ori*, an imitation of taffeta, of Kawagoe, in Musashi (near Tokyo) was started about 1861 with imported yarn, the demand for which became nation-wide, due to its cheapness and beauty (13). The cotton and silk mixture industry at Owari-Ichinomiya (14), *shimamomen* (striped cotton) industry at Hotei region (15) and Nagoya-ori at Hakuri-gun also came to enjoy a big demand after they began to use imported yarn (16). So did the cotton industry at Matsuzaka in Shizuoka-ken (17) and *Kokura-ori* in Okayama-ken (18). *Bingo-ori* of Hiroshima also came to have a big demand after it came to use imported yarn in the Bunkiyū era (1861-1865) (19). The fabric was called *Bunkiyū kasuri* (20).

Thus, the cotton industrialists at various places turned to imported yarn to tackle the difficulty inflicted by the imported cotton goods. This in turn brought about the decline of demand for the domestic cotton yarn. The cotton yarn production was an important side line to the farmers in the

south-western parts of Japan, to whom the blow caused by the imported yarn was acute. To cope with this difficulty, the Japanese cotton industry had to be modernized. This was realized later in the Meiji era.

References:

- (1) Okabe Eizō; Kiryū-chihō-shi, p. 385.
- (2) Honjō Eijirō; Nishijin Kenkyū: Sawada Akira; Nishijin Oriya Nakama no Kenkyū.
- (3) Hakata Orimono-shi, p. 31.
- (4) Nihon Hataori Zassan, p. 7.
- (5) Kiryū-chihō-shi, p. 385.
- (6) Dainihon Sangyō Jiseki: Nihon Sangyō Shiryō Taikei, v. 5, p. 63.
- (7) Ibid., v. 5, p. 57.
- (8) Ashikaga Orimono Enkakushi, pp. 46, 95.
- (9) Dai-Nihon Sangyō Jiseki: Nihon Sangyō Shiryō Taikei, v. 5, p. 34.
- (10) Yokoi Tokifuyu: Nihon Kōgyō-shi (Kaizō Bunko-han) p. 172.
- (11) Dai-Nihon Sangyō Jiseki: Nihon Sangyō Shiryō Taikei v. 5, p. 58; Saitama-ken-shi, Book I, p. 562.
- (12) Ashikaga Orimono Enkaku-shi, pp. 95-96.
- (13) Dai-Nihon Sangyō Jiseki: Nihon Sangyō Shiryō Taikei, v. 5, p. 66.
- (14) Nagoya Zeimu Kantoku-kyoku-hen; Kan'nai Orimono Kaisetsu, pp. 46-47.
- (15) Ibid., p. 60.
- (16) Nihon Hataori Zassan, p. 40.
- (17) Kan'nai Orimono Kaisetsu, p. 77.
- (18) Nihon Hataori Zassan, p. 70.
- (19) Ibid., p. 73.
- (20) Nihon Orimono Shōkō-shi, p. 111.



#### D. Effect on Other Commodities

Besides raw silk and tea, other items of export were influenced by the opening of foreign trade. In 1864, the British consul at Nagasaki reported the conditions of production in Japan as follows: (1)

Wax: Production is being greatly increased to meet the demand in foreign lands.

Raw cotton: Increase in production is seen.

Sugar: The cultivation of sugar is increasing. The lord of Satsuma has ordered a sugar-refining machine from Europe to refine the sugar produced in Ryūkyū.

A subsequent report sent home by the same consul in the Keiō period (1865-1867) mentions the increase of production of tea, camphor, raw cotton, tobacco, wax and raw silk, as well as the improvement in the quality of these goods (2). From this report, the conditions of production seem to have been pretty good. Besides the above, marine products, such as sea-tangles, dried sea-cucumbers, dried sea-ears, also increased both in quality and quantity, as the technique of production was improved. It is worth noting that in Hokkaidō, a new method of cultivating sea-tangles was invented around 1860 (3).

Except for the marine products, all these export goods were farm products. So, the farmers came to focus their efforts on the production of export commodities, devoting greater acreage to them. Some farmers even converted their paddy-fields to mulberry or tea plantations. A grave result from this was the shortage of farm products for domestic use, such as rice, cereals, charcoal and firewood. In September, 1862, a high official in the government treasury wrote in his report to the government: "Despite the bumper crops of rice and wheat in the last few years, the output has been unexpectedly small, for the farmers have taken to the more lucrative production of raw silk, rather than that of rice and wheat. I am afraid that it will result in



a grave disaster for the nation and lead to the decline of Japan. (4)" Another of his reports, presented in December, 1864, mentions: "Recently the farmers have been given to producing raw silk and tea so that charcoal burners have decreased in number. Besides, the owners of forests demand fabulous prices for the wood in their forests (5). This is very regrettable."

In Jōshū region, a piece of land used to be divided into several plots with mulberry trees planted on the border lines, but after the opening of trade, many such pieces of land were converted into mulberry plantations (6). A report presented to the government in December 1863 says: "In response to the silk merchants' lucrative business, farmers all over the country engage in the production of silk, reducing the acreage for crops of rice and other cereals, in complete disregard of their proper business (7). As a result, the output of food stuffs has greatly decreased." In December, 1863, a tea merchant in Edo reported to the government, saying: "The farmers in the upland districts have recently planted tea plants in their best fields and earned big money from the sale of their tea, so that they are indulging in a luxurious life, ignoring their proper business of producing food stuffs. Naturally, the output of cereals has decreased, causing a rise in the prices of grain (8). All the people of the country will in the end suffer from it." When in the Bunkū era (around 1862) the export of raw cotton greatly increased for a time, "farmers, tempted by the immediate gain, turned their rice fields into cotton fields, in disregard of the people's distress. The output of raw cotton yearly increased while that of rice decreased." (9)

Thus, with the progress of foreign trade, the output of farm products, rice, and other cereals as well as that of charcoal and firewood decreased. As this decrease in the output of the staple food was a great threat to the Tokugawa feudal order, the Shogunate, seeing that it could not let such conditions continue, ordered that mulberry trees should not be planted in rice fields and dry fields. It is doubtful, however, if this

prohibition was obeyed.

References:

- (1) Commercial Reports from Her Majesty's Consuls in Japan, 1863—64.
- (2) Commercial Reports from Her Majesty's Consuls in Japan, 1865, 1866.
- (3) Hokkaidō-shi, v. I. pp. 903-904.
- (4) Ki'ito Yokohama Yushutsu Shirabe, 3-1.
- (5) Nihon Zaisei Keizai Shiryō, v. 3, p. 542.
- (6) Gum'ma-ken Sanshigyō Enkaku Chōsasho; Sanshi-no bu, p. 19.
- (7) Shoshiki Nedan Hikisage, ri.
- (8) Gaikoku Bōeki Shoshiki Ikken; Kon-3.
- (9) Ki'ito Yokohama Yushutsu Shirabe; 3-2.
- (10) Nihon Zaisei Keizai Shiryō, v. 3, pp. 512-513.

#### IV. RISE IN PRICES OF COMMODITIES

##### A. Cause of High Prices

The sudden rise in the prices of commodities is also to be noted as an effect of foreign trade on the economy of Japan. The causes for this sudden rise can be traced to the following facts:

As has been mentioned, great amounts of raw silk, tea, silk-worm egg cards, marine products, raw cotton and seed-oil were exported as soon as the ports were opened in 1859. Japan of that day could not meet, however, such a large demand. To do so, high productivity on large scales had to be achieved. It is true that the production-tempo was quickened, but foreign demand far surpassed it, with the result that there was a big unbalance between demand and supply, followed by sudden rise in the prices of export goods.

The price of raw silk, for example, rose, in the period between 1859 and 1867, 4 times at Maebashi; 1.4 times at Iwashiro;



and 4 times at Suwa. During the same period, the price of silk-worm egg cards, produced at Shinshū which was the home of egg cards, rose ten times. The price of tea doubled for high quality tea, with 1.7 times rise for low quality tea. A hundred *koku* of sea tangles was 160 *ryō* (yen) at the time of the opening of foreign trade, which rose to 500 *ryō* at the end of the same year, and in the end, reached 1,000 *ryō*. Because of this rise in the prices of marine products, such as dried sea-cucumbers, sea-ears, and shark-fins, the government trade agency at Nagasaki found it very hard to handle the trade of such goods, and so in August, 1865, set up the system of direct transaction between the importers and exporters. In 1867, raw cotton also rose four times its price in 1857. The high prices of export goods naturally caused the rise in prices of other goods. In short, the chief cause of high prices at the end of the Shogunate was the sudden rise in prices of export goods.

The second cause was the depreciation of the Japanese currency. As has been stated, due to the different percentage of silver and gold content between Japanese coins and that of other countries, the outflux of a great amount of Japanese gold occurred just after the opening of the ports. As a counter measure, the Shogunate ordered, in January, 1860, to raise the value level of gold currency of the *hōji-kin* (gold coin minted in the Tempō era—1832–1842) and the *shōji-kin* (gold coin minted in 1859), and at the same time, in April, reminted the existing *ichibu-ban* and *koban* gold coins into new *nibu-ban* and *nishu-ban* gold coins. By this measure, the outflow of gold was checked but it caused a grave depreciation of the Japanese currency. Thus, in April, 1860, the percentage of gold in all the Japanese gold coins, *ichibu-ban*, *nibu-ban*, and *nishu-ban* dropped to half or one-third of the percentage of gold of the former coins. (7). This caused a trend to welcome the influx and circulation of low quality silver dollars of foreign countries in Japan. The rapid fall in the value of the Japanese currency combined with high prices of export goods, brought about the



general rise in prices. In addition, a social unrest and instability accelerated the tendency of high prices.

References:

- (1) Hashimoto Jūbei; Ki'ito Bōeki no Hensen, pp. 26-27: Hirano-mura-shi, Ge-kan, pp. 53-54.
- (2) Dai-Nihon-sanshi; Shu-shi-hen, p. 16.
- (3) Nihon-Chagyō-shi, pp. 36-37.
- (4) Hokkaidō-shi, I, pp. 877-879.
- (5) Nagasaki-sōsho, v. 4, p. 501; Hokkaidō-shi, I, p. 907.
- (6) Bōeki-bikō, v. 1, pp. 1390-1393.
- (7) Dai-Nihon Kahei-shi, v. 1, pp. 412-414.

**B. High-price Conditions in Kyoto, Osaka and Edo**

According to the *Jimpūshūran*, published in May, 1867, the prices in Kyoto in the period between July 1864 and April 1867, rose: wheat, nine-fold; rice, eight-fold; *sake*, six-fold; soy five-fold; and sugar, four-fold. The only articles whose prices remained the same were *mino* Japanese paper and one other item. This rising tendency inevitably doubled the rates of rent and hairdressing, inn-lodging charges, and the charge for public bath (1).

The prices in Osaka also showed a sudden rise. The price-index in the *Dai-Nihon Sozeishi* shows that in the period between 1859 and 1867, the price of barley became four-fold; that of soy beans, eight-fold; that of wheat, nine-fold; and that of soy, four-fold; and that of seed oil became six-fold (2). Another comparison of prices in 1830 and 1865 shows that the price of *Higo*-rice rose 2.3-fold; that of barley, 5-fold; that of salt, 6-fold; that of soy 2.6-fold; that of seed oil, 4.8-fold; that of unrefined sugar, 4.2-fold; that of white nankeen, 5-fold; that of firewood, 4.8-fold; that of charcoal, 3.7-fold; that of *Bingo*-mat, 5-fold; that of Tosa dried bonito, 8-fold; and that of *shimekasu* fertilizer (herring residue after oil is extracted) 5.8-fold.

Reference:

- (1) Hiratsuka Kiyokage; Jimpu-Shuran, pp. 6-11.
- (2) Dai-nihon Sozei-shi, V. 63.
- (3) Yokoi Tokifuyu; Nihon-Shōgyōshi, pp. 207-209 (Kaizō library)
- (4) Tokyo-Shōhō-Kaigisho-Yōkenroku; Gōgai-furoku.
- (5) Mizuno Chiun-Hikki: Haga Hachiya; Yuri Kōsei, pp. 256-257.

### C. The Shogunate's Price Policy

The Shogunate was forced to take some measures to cope with this sudden rise of prices. As the chief causes of high prices were the rising prices in export goods and the depreciation of the Japanese currency, the best course for Japan was to modernize the means of production to meet the huge foreign demand. But to realize this was absolutely beyond the power of the government. As a temporary expedient, the Shogunate tried to lower the prices by strictly restricting the amount of export. *The Gohin Edo Mawashi Rei* (Ordinance of Five Export Items to be forwarded to Edo) issued in March 1860 and the measure taken to control the export of raw silk in the Bunkū era (1861-1865) were the government's efforts to lower prices. In the Keiō era (1865-1867), a more positive step was taken; the control of all the products was enforced in some parts of the country, and a nation-wide system for the distribution of raw silk and silk-worm-egg cards was set up with a view to restricting the export of these items and at the same time stabilizing the prices. This problem which had to do with that of foreign trade, shall be dealt with more fully in the next chapter. As a whole, these measures ended in failure, although they showed some effects immediately after the orders were issued. Besides such basic measures, the high prices were placed under a ban every year. Some examples are:

“(Government) Instruction to Lower the Prices of Commodities:

Not only the price of rice but the prices of all other goods have risen. The government therefore issues the following order, on November 25, 1860, to all the government officials, *sankyō* (three Tokugawa branch families) fire brigades on the year-shift duty, and all the merchants of all cities:

"It is rumored that the people are in great distress due to the recent high prices. The high prices of goods because of their scarcity caused by frequent poor crops or export, cannot be helped, but fabulous raising of prices or lowering of quality without any reason must strictly be prohibited. The prices of rice and of other farm products may fluctuate according to the rich or poor harvest of the year, but if the prices of other goods are raised corresponding to the prices of such farm products, all the people in the country will suffer. All the merchants, for the sake of the eternal blessing of the peaceful life of the people, should carry on their business honestly and try to keep down the prices." (1)

The government issued this kind of ban every year. How desperately it tried to fight with the price rise is shown in the numerous bans to the same effect as the above, contained in the Dai-Nihon Kaheishi (2) as follows:

1860:

- a) The government orders that prices of goods be lowered.
- b) The government commands the reduction of prices.
- c) Merchants' profiteering by raising prices is strictly prohibited.

1861:

- a) The government orders the sale of rice at a lower price to the people suffering from the high price of rice.
- b) As the price of rice has fallen (as a result of a bumper crop), the prices of other goods shall be lowered.

1862:

- a) The people are strictly prohibited from indulging in luxuries, such as expensive clothing and the like.

1863:



- a) The government decrees the lowering of the prices of commodities.
- b) It is ordered that the wholesalers should cooperate in the efforts to lower the prices.

1864:

- a) The government orders that each city-magistrate and other officials work out some measures to lower the prices of the area.
- b) The raising of the prices of goods in foreign demand is strictly prohibited.
- c) The prices of goods in Osaka shall not be raised, as the people are in distress, due to the disturbance at Kyoto.

1865:

- a) The government orders the lowering of prices.
- b) It is decreed that the prices be cut down.
- c) No one except the rice merchants shall sell rice.
- d) The prices of goods in Osaka shall not be artificially raised.

1866:

- a) It is ordered that goods shall be sold cheap to the citizens Osaka.
- b) It is ordered that the rice stored in the rich people's mansions in Osaka shall be sold cheap to the people.
- c) The imported rice shall be distributed among the people.

1867:

- a) The price of goods shall not be raised without permission.
- b) When the price of rice is low, the prices of other goods shall also be kept low.

In this way, the government issued price-lowering-decrees year after year. As regards the price of rice, the government, not satisfied with the issue of orders, took every measure possible, such as investigation of rice merchants, prohibition of the shipping of polished rice and other cereals out of Osaka, and reduction of the amount of rice made into *sake* by one half and later two-thirds (3). In the face of such desperate efforts,

the prices kept rising, resulting in the failure of the government price policy.

Reference:

- (1) Osaka-shi Shi, v. 2, pp. 93-94.
- (2) Dai-Nihon Kahei-shi, v. 6, pp. 188-206.
- (3) Dai-Nihon Zaisei Keizai-shiryō, v. 2, p. 1386.

## V. RISING ANIMOSITIES AMONG VARIOUS CLASSES IN THE SOCIETY

### A. Pinching Poverty of Small Farmers and Frequent Uprisings of Farmers

The high prices of commodities at the end of the Shogunate gravely affected the social and economic order of the country. The most remarkable of such effects were: (1) the impoverishment of small farmers and the frequent uprisings of farmers; (2) the destitution of the lower class people living in great cities and outbreak of riots; (3) and the straitened circumstances of low-class *samurai* and development of the *Movement for Expulsion of Foreigners*. By the end of the Shogunate, the commodity-money economy permeated the farming villages, where the high prices caused the outflow of greater sum of money, reducing the villagers to dire poverty. As a matter of fact, there is the question of *schere* between the farming products and processed products, as the prices of farm products rose with the rise in the prices of other goods. But in fact, the farmers of those days had very few surplus products to sell. Besides, what little they had went into merchants' pockets, as they were ignorant of the price-economy. The living conditions of farmers throughout the reign of the Tokugawa shōguns were extremely miserable, further deteriorated after the opening of the ports. The result was, landed farmers were reduced to tenant farmers, while tenant farmers left their villages and streamed into big cities in great numbers. In the meantime,

frequent farmers' uprisings occurred all over the land. According to Dr. Kokushō's study, the number of farmers' uprisings every eight years after 1844 was as follows:

1844—1851.....	32
1852—1859.....	50
1860—1967.....	93

The number after the opening of the ports increase from two to three times that before the opening of Japan. This came from the heavy taxes imposed on farmers at the end of the Shogunate, but the chief cause was the sudden rise of prices. Dr. Kokushō tells in his book that out of 93 uprisings after the opening of Japan, the high prices of rice and other commodities were directly responsible for 18 cases, 20 per cent of the whole, while the number of uprisings due to the heavy taxes came next (2). The details of the 18 cases are given below:

<i>Date</i>	<i>Location</i>	<i>Causes or Demands</i>	<i>Forms of uprising</i>
1860	Tamba, Funai-gun	High price of rice; opposition to set-up of product-sales agency	Rioting
Nov.	Tamba, Funai-gun	High price of rice	Attack on buildings
Nov. 1860	Mikawa, Kita-Shidara-gun	High price of rice	The same as above
May, 1862	Echigo, Higashi Kubiki-gun	Poor crops: high price of rice	The same as above
Aug. 1862	Musashi, Chichibu	High price of rice	Mab from Social unrest
Aug. 1864	Ōmi, Kanazaki-gun	High price of rice	Attack on buildings
Nov. 1865	Oki, Harada	High price of rice	The same as above



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Feb. 1866	Echigo, Takada	High price of rice	The same as above
May, 1866	Ki'i, Tanabe	High price of rice	Mob from social unrest
May, 1866	Settsu	High price of rice	Attack on buildings
June, 1866	Iwashiro, Shidachi	High price of rice; opposi- tion to heavy taxes on raw silk and egg cards	Rioting
June, 1866	Musashi, Koma-Chi- chibu	High price of rice: opposi- tion to set-up of silk ins- pection office	Rioting
July, 1866	Uzen, Mura- yama-gun	High price of rice	Rioting
July, 1866	Iyo, Ōsu- gun	High prices of goods: anti- profiteering of merchants	Rioting
July, 1866	Iwami, Gin- zan-ryō	Disturbance from Shogun- ate's sending army to punish Chōshū; high price of rice	Rioting
Aug. 1866	Iwami, Hamada-ryō	Chōshū civil war; demand for release from service in exchange of <i>han</i> -paper money; high price of rice	Mob-petition
Aug. 1866	Shinano	High price of rice; opposi- tion of merchants' buying up of rice	Rioting
Aug. 1866	Ōmi, Aichi- gawa	High price of rice	Attack on buildings

Besides the above, there were many uprisings from other causes which were fanned by the high prices of goods (3). The revolt of the people of thirty-six villages at Minamiyama, Shinano, in December 1859, was caused by heavy taxes, but it was also prompted by the high prices coming from foreign trade.

As has been mentioned, the high living cost greatly disintegrated the farming communities, and at the same time, caused frequent farmer uprisings. This was the general condition of farming villages. But there was another aspect to the farming condition. In villages where raw silk, tea or raw cotton was produced, the money income of the farmers more or less increased with the higher prices of export goods. The *Kaiseki-ryōri Sansha-hen*, published in 1864, for instance, writes: "They reclaim waste land in a narrow valley among hills and plant tea trees, and earn fabulous money by shipping their products to Yokohama. Seeing these poor farmers bent on making money, I pray to the gods and Buddha that the country be closed to foreign trade again (4)." Thus money economy penetrated the farming villages, which further prompted the exodus of farmers into urban areas. Another remarkable thing this process produced was that the capital funds for tea and raw silk were gradually accumulated, putting the farmer-producers under control of merchant-capitalists. The fact that the system of home-industry under wholesale merchants and large-scale manufacturers increased with the opening of trade means that labor-power was drawn from farming villages.

References:

- (1) Kokushō Iwao; Hyakushō-ikki Gairan Nempyō (Outline and Annals of Farmers' uprisings)
- (2) Ibid.
- (3) Minamiyama-Ikken Bunsho; (Ina-Shiryō-Sōsho) v. 10, p. 112
- (4) Tsuchiya Takao; Nihon Shakai-Keizaishi no Shomondai, p. 230

## B. Destitution of Urban Low-class People and Frequent Riotings

The life in the urban districts, particularly, of the low-class people, was gravely affected by the high prices of things. Manual laborers in the city were better paid with the rise of prices,

but the pay-rate was far below that of prices, so the purchasing power of the laborers was greatly reduced. According to the study made by the Tokyo Chamber of Commerce and Industry in 1890, the wages of manual laborers in Edo rose, taking the wage in 1859 as 100, to 160 for roof-thatchers, 140 for the sawyers, 160 for joiners, 110 for *tatami* makers and 170 for carpenters, averaging 150 (1). The price index of thirteen items in Edo showed 297 in 1867 as against 100 in 1859. Thus, the rise of wages was only half that of prices of commodities. As for the wages of workers in Kyoto, the *Jimpū-shū-ran* tells the same story.

It can easily be imagined that other people in the city, such as small dealers, shop-employees, *rōnins* (masterless *samurai*) peddlers, day-laborers and loafers were all in distress. These people mobbed rich merchants, rice merchants and pawn brokers and tried to destroy their houses. In 1866 when the price of rice reached its peak, there occurred many mob-riots in many parts of the land, particularly, in Hyōgo, Edo, Osaka, Chichibu, shaking the whole social system at the last moment of the feudal age to its foundation (2).

#### References:

- (1) Tokyo Shōkōkai Giji-yōkenroku; No. 43, pub. 1890.
- (2) Osaka-shi Shi (On riots in Osaka, and Hyōgo); Bukō-Nempyō, v. 11 and Shinagawa-machi shi (on Edo riots); and Kaei-Meiji Nankan-roku (on Chichibu riot)

### C. Low-class Samurai's Distress and Development of Foreigner-Expulsion Movement

The high prices also gave a heavy blow to the *samurai* class. Above all, *kuramaetori samurai* (direct retainers of the Shōgun, sustained with the rice from the rice-store-house) were hard hit by high prices and driven to extreme poverty. In the course of 220 years of the Tokugawa reign, they had steadily been losing their economic footing, and now, the high prices



drove them to the tightest corner. As they were paid in rice, the rise in the price of rice brought them more money income, but in fact that did them little good as they had been, by that time, deep in debt to the government rice officials (who paid these *samurai* in rice or money equivalent), other rice dealers and money lenders. In addition, the price-rise of other commodities was a blow to them. Ōhashi Totsuan deplored in 1860:

"Money is cheap and goods are scarce, because Japan opened foreign trade. The prices monthly rise in a spiral, as the result of abundant cheap money and a shortage of goods. Although cheap money is abundant in the world, the Shōgun's sustenance rate to the direct retainers remains the same. Driven to the wall, these *samurai* are now given to greed, cheating their superiors and tyrannizing over the common people. They have no time to show loyalty to the Shōgun. They are in mind baser than merchants (1)."

As a result of the straitened circumstances of these *samurai*, more and more of them came to work, under the home industry system, for big merchants by way of side work. At the same time, thinking that foreigners were responsible for the high prices, they detested them and further, resented the government officials and shōguns, thus deepening the gulf between the high class *samurai* and the low-class *samurai*.

The *Son'nō-Jōi* movement (Reverence for the Emperor and Expulsion of Foreigners) prompted by high prices got more and more vehement and spread among the people. Baron Shibusawa Ei'ichi confirmed this when he said: "Due to the high prices the *samurai* living on fixed allowances, suffered most. They came to bear hostile feelings toward the Shōguns, the government officials and foreigners, who it was that brought into the country unnecessary luxuries and took away from the people their daily necessities, intending to swallow up the country after impoverishing it. The Shogunate that opened the ports to foreign trade is held responsible for all this." (2)

The low-class *samurai's* resentment extended from the Shogunate and foreigners to rich merchants engaged in foreign trade. They threatened these merchants by putting up anti-trade posters, extorting from them money for their movement, pressing them to drop foreign trade, and at last resorted to violence. This intimidation of traders was most violent in Tokyo, Kyoto, Osaka and other port cities in the years between 1861 and 1865. (3) This terrorism was quite alarming for a time, although it subsided with the change of policy on the part of the government.

References:

- (1) Nihon Keizai-sōsho; v. 34, pp. 472-473
- (2) Tokugawa Keiki kō-Den, v. 5, p. 403
- (3) (On movement of intimidation of traders) Refer to:  
Kaei-Meiji Nenkan-roku, v. 12, p. 44, v. 11, p. 33:  
Nihon-bashi-ku-Shi, v. 4, pp. 556-557: Sokumenkan  
Bakumatsu-Shi, pp. 548-549, 528-529: Ihi Nyūkō roku,  
v. I, pp. 432-433: Osaka-shi Shi, v. 2, p. 908: Gum'ma-  
ken Shi, v. 3, p. 599

## VI. TRADE POLICY OF SHOGUNATE AND FEUDAL GOVERNMENTS AND ABOUT-FACE OF THE MOVEMENT OF EXPULSION OF FOREIGNERS

### A. The Shogunate's Restriction of Export

As has been detailed, the feudal social and economic order was fast dissolving. The feudal control of markets was thrown into disorder. Greater increase in the production of raw silk, tea and textiles was pressing. The general social instability was caused by high prices of commodities. Such a state of affairs was not favorable to the continued reign of the Shōgun. The government was, therefore, forced to concentrate all its power on the efforts to avoid a possible catastrophe. As it could not save the situation by developing the modern production method to meet the foreign demand, it



resorted to the policy of restricting trade. The government had, however, to be very careful to put on an appearance that it was not violating the treaty provisions of the "collateral trade." With this export restriction policy of the Shogunate all the Edo wholesale merchants cooperated wholeheartedly, for those Edo merchants had formed a kind of guild, and controlled the market under the government protection. Thus with the joint efforts of the government and the Edo merchants, a powerful trade restriction policy was carried out. The first step taken in this direction was the order in March, 1860 to forward to Edo the five important export items—cereals, seed oil, wax, textiles, and raw silk—before they were exported at Yokohama (1), so that the Edo merchants could control the amount of export balancing against the home demand. In October 1860, in view of the illegal export of copper, it was also included in the embargo-items, (2) which had to go through the inspection and permission of the iron-copper wholesale merchants in Edo (4). In the latter half of 1864, a greater restriction was imposed on the export of raw silk. At the request of Edo silk merchants, the Shogunate limited the monthly amount of raw silk to be shipped to Yokohama to 1,500 bales,\* 50 bales a day (5). When this government policy was almost defeated by the pressure of the opposition power, the government issued, on September 27, a declaration, stressing the necessity of forwarding the above mentioned six export goods to Edo (6). On October 3, at the request of the Edo merchants, the system of raw silk export-inspection was abolished. On November 9, the *rōjū* (vice-Minister) sent a letter to the governor of Kanagawa, telling him not to permit the setting-up of new trade shops of raw silk at Yokohama, nor to allow the traders to increase the export items, and to strictly control the export of five items and row cotton at the customs house so that the domestic supply of these consumer goods be secured (7).

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\* one bale: 33.37 kilograms



Later, in January, 1865, this strong restriction policy was defeated by the opposition power, and the export-silk inspection-system was resumed, but this time, it was agreed that all the raw silk was to be purchased by the Edo wholesale merchants, who were to ship a part of it to Yokohama for export. By this method, the wholesalers controlled the export of raw silk. (8) On July 21, 1865, it was ordered that the Kanagawa governor apply to the Edo merchants for the amount of raw silk and raw cotton to be exported. This demand was to be met by the Edo merchants, but any extra amount was prohibited, thus virtually suspending the export of raw silk at Yokohama (9). This tough policy of export restriction of raw silk taken by the Shogunate, however, suddenly and completely collapsed due to the Shimonoseki Incident which occurred on August 5, 1864.

It was not without a strong opposition that the government carried out its export restriction policy. The strongest pressure came from foreign capitalist countries. They tried to defeat the government policy, resorting to every means, even to the sword and fire. Besides such foreign opposition, there were many Japanese who objected to the government measures, such as trade merchants, local merchants who shipped the products, and some *daimyō*. The merchant engaged in foreign trade demanded free trade, for, in addition to the control, they were divested of a part of their profit by the monopoly of the Edo wholesale merchants. *Daimyō*, on the other hand, had to comply with the government policy and restrict the development of trade in their own dominions, but in fact, they wished for the development of free trade, as the surplus products exported brought them a great sum of revenue. Under the circumstances, the *daimyō* in whose dominions the export goods were produced strongly opposed the government restriction. The attitude of the lower class *samurai* at this time is also worth paying attention. As has been mentioned, they started a movement of anti-foreign trade and expulsion of foreigners. The difference of

the attitude of the government and the Edo merchant guild from that of low class *samurai* was that while the government party wanted to carry on restricted trade within the limit of feudal control, the low class *samurai* demanded the complete shutting out of foreigners. The Shogunate which was responsible for the opening of the ports could not agree with *samurai* in this point. Thus, the movement of the *samurai* class before 1865, which became nation wide, was for the destruction of the *status quo*, in that it challenged the government policy but at the same time, it was reactionary in that it insisted on the expulsion of foreigners and tried to carry out its demand.

Under such complicated conditions, the government restriction policy had, to some extent, an effect on the control of trade. The export of cereals, seed oil, textiles, and cooper almost stopped, due to the policy of forwarding them to Edo. Even the export of raw silk which was not much affected by this policy, was almost discontinued for a time by the tough step taken in 1864. All these government efforts, however, came to naught, under the strong opposition of capitalists at home and abroad, especially that of foreign traders.

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- (5) Ki'ito Yokohama Yushutsu Shirabe, 1-Jō, 1-Chū
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- (8) Ki'ito Yokohama Yushutsu Shirabe, 3-3, 1-Ge
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- (10) Ishi'i Takashi; Bakumatsu Gaikōshi-jō ni okeru Shimono-seki Jiken no Igi; Rekishigaku Kenkyū, v. 8, No. 1-4
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### B. Development in Trade Policy of the Shogunate and Feudal Governments

As the result of the Shimonoseki Incident, raw silk came to be exported in an exorbitant amount. The Government had to take some step to cope with this change of circumstances. Thus, on January 5, 1866, it enforced a license system, another kind of control on export, and at the same time, abolished the Edo wholesale merchants' inspection-of-raw-silk system. The license system was carried out in the following manner (1):

1) The raw silk produced in the land directly held by Shōguns, and the estates of temples and shrines inside it, was put under the supervision of the chief magistrate of the land, who examined and put seals of licence on the bales of silk, both for domestic use and for export, with due care to secure the home demand. When license was given, some percentage of silk was paid as due to the magistrate's office. In the feudal domains, too, the license seals were lent by the government, with which feudal governments put seals on the silk bales in the same manner as in the government land. They collected license money, the greater part of which went to the government as duties. Besides, they had to present the detailed statement of the licenses given to the magistrate in their neighborhood once in six months.

2) As regards the silk-worm-egg-cards, the magistrate of the egg card producing region chose a commissioner from among the egg-card-dealers. He bought blank cards for eggs, and put seals on them before handing them to the egg card producers. The producers had to put their names and addresses on the egg-cards they produced. The export cards had to be taken to the magistrate of the place for export license. They had to pay a considerable sum of money for this license to the government.

The restriction policy which had hitherto been carried out



was confined to Edo and Yokohama, but this license system was enforced nation-wide, evidence of one step advance over the feudalistic control. Prior to this, in 1860, the government had already made a plan for this license system including all the products in the land, with a view to balancing demand against supply at home and to increase and regulate the production of export goods (2). Thus, this license system on raw silk and silk-worm egg cards was the government's trial step.

Along with this policy, the government tried to monopolize foreign trade by setting up a government-run trade firm. It also tried to carry on trade abroad in 1861 in the neighborhood of the Amur river (3), and again in 1862 and 63 at Shanghai (4), where it sent the government-vessels for this purpose. In 1864 and 1865, it planned to start a joint trading firm with the French government (5). Again in 1867, it tried to mobilize all the trading firms in Osaka and Hyōgo and combine them into one large trading firm on a monopoly scale, under control of the government (6). None of these plans were realized. But the fact that the government, while doing its utmost in restricting foreign trade on one hand, planned to monopolize foreign trade is worth noticing from the historical point of view. After all, the Shogunate's foreign policy, in its plans of the nation-wide control of products, the license system of raw silk and silk egg cards, its trial-trade abroad, and the establishment of trade firms, is to be regarded as a chain of its absolutism at the last stage of the Shogunate, instead of mere restriction of foreign trade.

With this development of the foreign policy of the Shogunate, the feudal governments also developed their trade policy. Most feudal governments were against the dissolution of the feudal economic order, resulting from foreign trade, but wanted to sell the products outside their domains within the framework of the feudal control. This principle, however, underwent a change just as the Shogunate policy did. Their policy gradually came to be mercantalistic at the end of the Shogunate. Some feudal

governments joined forces and started industrial enterprises with a view to enriching and strengthening the country. Satsuma, Chōshū, Tosa, Saga, Echizen, Uwajima, and Higo engaged in active foreign trade, instead of restricting it. Above all, Satsuma, Saga and Echizen carried on trade on a large scale at Nagasaki (7). Thus, the difference of opinions between the Shogunate and feudal governments on the restriction of trade came to an end as a natural consequence. It is to be noticed that these feudal governments which carried on active foreign trade took the lead in the advocate of the cooperation of the Shōgun and the Imperial Court.

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#### C. About-face of Foreigner-Expulsion Movement

With the development in the trade policy of the Shogunate



and other feudal governments, the attitude of the low class *samurai* also made, around 1864, a complete switch-over from their claim of absolute shutting of the country on foreigners to their positive and active participation in foreign trade.

The feudal government which had taken the lead in the Movement of Expulsion of Foreigners," was Chōshū-han. This feudal government was, however, forced to drop its anti-foreigner-policy as the result of the Shimonoseki Incident (its firing on the ships of the United States, France and Holland). Through their disastrous defeat, those advocates of anti-foreigners realized that the expulsion of foreigners was easy to say, but impossible to carry out. Besides this bitter experience, the part Inoue Monta and Itō Shunsuke played in opening the eyes of the leaders of the Chōshū government was very significant, for these two advocated the open door policy at the risk of their lives. Both of them were, in the beginning, very ardent anti-foreigner pleaders, but they realized the necessity of opening Japan when they went to England for study in the Bunkyū era (1861-1865) and were astounded to see the advanced civilization of the West (1). Thus, with 1865 as the turning point, such a staunch anti-foreign government shifted its policy to the open-door and overthrow-Shogunate policy. This government started foreign trade at Nagasaki and opened up a *tōbutsu kaisho* (foreign goods sales center) to sell imported goods (2). Many *samurai* in this domain now left their homes for Nagasaki or for foreign countries for study. Thus, Chōshū became quite another world from what it had been five years before (3).

In the meantime, Satsuma-han which, at first, was for the union of the Imperial Court and the Shogunate, gradually abandoned its policy and joined forces with Chōshū in plotting the overthrow of the Shogunate. (4) The low class *samurai*, on the other hand, gave up their terrorism against foreign traders after 1865 and joined the movement of the Reverence to the Imperial Court and Overthrow of the Shogunate (5). Many merchants who engaged in foreign trade at Nagasaki and



Shimonoseki assisted, in many ways in their power, the Movement of Overthrow of the Shogunate." In foreign relations, England, the greatest capitalist nation of the time, took a policy of promoting foreign trade by encouraging the feudal governments of Satsuma and Chōshū in their movement to overthrow the Shogunate. (6) Seeing this, France allied with the Shogunate with a view to pushing forward her trade with Japan. Thus, the party of "Overthrow of Shogunate and Reverence to Emperor Movement" came to join their hands with the trade capitalists, but they still put up their slogan of anti-foreigners, so that they could curry favor with (the opinions of) low class farmers, low class people in cities and *samurai*.

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- (3) Ibid, ge, pp. 324-325
- (4) Ōkubo Toshimichi Bunsho, v. 1, pp. 276-298; Tokugawa Keiki-ko Den, v. 3, p. 232
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## Chapter Two

### CHANGE OF SOCIAL CONDITIONS

BY ŌKUBO TOSHIAKI

#### 1. THE FORMATIVE PERIOD OF THE MEIJI ERA

##### A. Process of Modernization

IN 1867, Shōgun Tokugawa Keiki restored the government to the Emperor.

With the strong support of Satsuma and Chōshū *han*, the new government then issued the Declaration of the Restoration of Imperial Rule. Thus, the Shogunate came to an end and the new government was set up. It was a centralized administration under the Emperor. At once it set up three government agencies, *sōsai*, *gijō* and *sanyo*, with feudal lords as officials of the *gijō* while the officials of *sanyo* were chosen from among the retainers of the feudal lords. Since the officials of *sanyo* were exclusively the retainers of the few feudal lords that participated actively in the "Overthrow-Shogunate Movement," the new administration was virtually a kind of oligarchy, consisting of a small number of feudal lords and their retainers. In 1868, the new government enacted the regulations, set up the three powers of the government (executive, legislative and judicial) as well as a system for the public election of the government officials, following the systems practiced in modern nations in the West. The actual conditions of government, however, were quite complicated as the feudal governments remained intact, while the prefectural governments of the new order took over only the land owned by the *shōgun*. The local administration was therefore divided into the feudal governments and prefectural governments. To the general masses, the new

government simply meant the shift of power from the *shōgun* to the Emperor, a change so remote that it in no way affected their social life. The new administration came to power, but was in financial difficulty. The only revenue came from the insignificantly small Imperial property, as, in the beginning, it could not draw money even from the *shōgun's* direct domain. The huge war expenses spent in the fighting at Toba, Fushimi, the invasion of Edo, and the subjugation of the feudal lords of the north-eastern part of the land, were barely covered by the fund requisitioned from the rich merchants in Kyoto and Osaka. Under such circumstances, the financial difficulties, as well as the political difficulty that stood in the way of the national unification of the new government were unexpectedly great. To sweep away the feudal order was absolutely necessary to attain the object of the Restoration of Imperial Rule. The abolition of feudal governments was also essential to the development of the modern productive methods, and of the money economy which had been making rapid progress since the opening of the ports. Thus, in 1871, the feudal governments were abolished and prefectural governments were set up all over the land. When this national unification under the new government was completed, the administration revised its government system, and realized its plans for a modern social order. The government, first, issued government bonds to pay the former *samurai* who, with the disintegration of their order, had given up their feudal fees. Then it enacted a new land tax law. These two programs were most important to the conclusion of the feudal society and the modernization of the nation. Next, in order to establish a modern economic order, the new administration started a modern monetary system, adopting the Western practice of banking and company systems; railway, postal, and telegraph service systems were also introduced from abroad at the same time. Thus the foundation of a modern society was laid.

With the disintegration of the feudal order, the feudal caste



system also gave way. In this transition from a feudal order to a modern society, the four class-divisions, *samurai*, farmers, craftsmen and merchants disappeared, leaving a wide gulf between the rich and the poor.

In the days of the Shogunate, the family status was fundamental, according to which mobility in the social positions took place. Accordingly, so long as this feudal tradition remained, the new government's plan to decide its policies based on public opinion was controlled by the feudal lords' opinions. The National Assembly, in fact, was the meeting of feudal lords, the people remaining in the position of the ruled without any right to participate in the nation's affairs.

This fact led to the abolition of the feudal order. In July, 1869, the land and people belonging to the feudal lords were all restored to the nation, and the feudal lords were appointed governors of their former domains. This change in the positions of the feudal lords inevitably brought about the change in the social positions of the large body of the retainers of the feudal lords. On June 16, 1869, an Imperial Edict was issued to the administration officials that "from that time on, all the court nobles and feudal lords should be given peerage so that they might cooperate in the administration of the state." Thus, the feudal lords became peers with one-tenth of their former income as the salary for their service as governors of their former domains. The feudal domains became the administrative districts with their governments independent of the feudal lords' households. All the retainers of the feudal lords were given the title of *shizoku* (ex-samurai), paid by their respective governments for their service as officials. This payment was, on the one hand, the continuation of the feudal allowances, but it had also an aspect of the modern salary system. Incidentally, the retainers of a feudal lord were divided into more than ten ranks in a hierarchical order with differentiated allowances according to their ranks. All these ranks were abolished and merged into a single status of *shizoku*. In

December 1869, the *shizoku* class was subdivided into two, the higher class called *shizoku*, the lower class, *sotsu*, and at the same time, their salary system was established. In 1870, the administrative districts were classified into *dai* (large) *chū* (middle) and *shō* (small) according to their size, and the detailed government-system regulations were set up.

Thus, the feudal domains became materially modern prefectures, except that the former lords were governors. As the feudal caste system was abolished, the peerage and *shizoku* ceased to have the meaning of social position but they were mere titles to be recorded in the register books, after the Family Registration Law was enacted in 1871.

In regard to common people, although in the feudal caste order, farmers ranked higher than craftsmen and merchants, they were actually serfs, tied to the soil, deprived of freedom of any kind. In the feudal domain the rural (agrarian) area and the town area were separated, and intercourse between them was strictly forbidden; thus a merchant could not do business in an agrarian area. These three distinct social castes formed the basis of the feudal order. But this order also was undergoing a change. After the restoration of the feudal domains to the nation, all the people who had hitherto been divided into three social castes came to be called commoners (*heimin*) as against peers and *shizoku*. In September, 1870, commoners were allowed to have their own surnames. In August 1871, the intermarriage among peers, *shizoku* and commoners became legal. At the same time, *eta* caste (the Japanese untouchables) were included in the commoner class. In December, 1871, the peers, and *shizoku* were allowed to engage in any occupation other than government officials. In December, 1872, farmers were permitted to engage in other occupations than farming. The eternal ban on the sale of land was also lifted. This liberation of farmers from the soil as well as the freedom to choose their occupations was quite significant in that farmers, hitherto tied to the soil, became free citizens and



farming became a free occupation. Later, by the title-deed system, the right to land-property was established, and the land tax law was revised according to this land property.

In short, with the disintegration of the feudal order, the feudal social castes changed into peers, *shizoku*, and commoners. As a matter of fact, the feudalistic social positions did not at once vanish from the society, but a latent modern element, generated in the feudal society while the commodity-money economy developed, and made itself felt in the farming villages, came to the front. The formative period of the Meiji Era must be seen in the light of this modernization of the social classes.

The great social upheaval caused by the opening of the ports at the end of the Shogunate accelerated the downfall of the feudal order. This is shown in a passage of the New Government's Declaration of the Restoration of Imperial Rule: "Owing to the recent high prices, the rich get ever richer, while the poor are driven to dire destitution. All this comes from the incompetence of the Shogunate—." This wide gulf between the rich and the poor drove farmers, craftsmen and merchants into changing their occupations in order to earn

TABLE OF SOCIAL CLASSES  
THAT COMPOSED THE POPULATION

Year	1873		1880	
	Number	Percentage	Number	Percentage
Commoners	31,106,514	93.41	33,765,530	93.91
Peers	2,829	5.70	3,073	5.40
Shizoku	1,548,568		1,838,486	
Sotsu	343,881			
Priest (Buddhist)	66,995			
Shinto Priest	79,499	0.87		0.88
Unidentified			318,187	
Total	33,298,286	100	35,925,313	



their livelihood. The social structure just before the abolition of the *han*-governments and after it was composed of the classes stated in the table.

As is clear in the table above, the number of common people was overwhelmingly great, with 93 per cent of the whole population. About 77 per cent of the common people were farmers, that is, farmers composed 80 per cent of the whole population, with only 1 per cent of craftsmen and merchants. Thus, the social structure at the beginning of the Meiji Era was just the same as it was in the feudal age. This condition was gradually to change with the development of the modern industry.

The farming village at the beginning of the Meiji Era was composed of land-owners, tenants and farm-hands. The relation of land-owners to their tenants and farm-hands was still feudalistic; for, although land-owners were liberated by the revision of the land tax law, which allowed them to pay their taxes in money, their tenants had to pay their rent in kind. This was favorable to land-owners, as they could sell their rice paid by their tenants at high prices, a condition which cut farming villages into two classes, the haves and have-nots. This condition of rich land-owners exploiting poor tenants lasted till very recently.

Due to the inflation around 1877 and the deflation that followed it, the medium and small farmers were hard hit by the low prices of rice and land, with the result that they fell to the status of tenant-farmers, while rich land-owners annexed their land. Such poverty stricken tenant-farmers had to cling to the land, as they had no place to go. They sent out, however, a great army of girls as industrial workers in textile mills, the only industry that had made a fair progress in Japan in those days.

This phenomenon, characteristic of the Japanese industry, was the chief reason for the low wages of Japanese industrial workers. That the industrial development of those days did not reach the stage in which the surplus population of disintegrating

farming villages could be absorbed, is shown in the small increase of city-population, which increased, on an average, only 2 per cent in the ten-year-period between 1879 and 1889.

As there was no outlet for the surplus population of farming villages, that is, the great number of poor tenant farmers, the disintegration of farming villages did not progress, although big land-owners swallowed up even greater tracts of land while small freeholders joined the group of poor tenant farmers. In the sixteen years between 1887 and 1903, for example, the tillage of tenant land increased from 39.34 per cent to 44.14 per cent of the whole arable acreage of the country.

Regarding the fate of the townsfolk of Edo, on the other hand, they all became commoners, from big business men to small shopkeepers. All of them started their new life in the modern society. In the Edo era, each trade formed a kind of guild and enjoyed a monopoly authorized by the Shogunate. In 1867, the Ministry of Commerce issued its "General Plans for Commerce and Industry," which abolished this monopoly and recognized free trade. This abolition of the monopoly marks a significant advance toward modern industry and paved the way for the capitalistic laissez-faire system. Thus, the people who engaged in commerce and industry came to stand in a position to play an active part in the modern economic field.

Of the people who engaged in industry, Mitsui, Sumitomo and Kōnoike were later to emerge as big business tycoons of Japan. It was not townsfolk, however, that took the lead in the development of the modern industry at the beginning of the Meiji Era; for the modern industry, which needed new scientific knowledge and techniques, had to depend more on the intellectual *shizoku* class than on the unlearned small merchants. This divided the business world into two classes, the rising industry carried on by the hands of the *shizoku* class, while the merchants and craftsmen of old remained in the same positions as before. The development of capitalism, however, integrated and reorganized these two classes, with merchants and



craftsmen incorporated into a new small and medium business class.

As has already been mentioned, the people belonging to *shizoku* class were given fees and a special family status. Since they were no longer retainers of any lord, they were free to play an active part in the new society, representing the leading and intellectual class. *Shizoku* monopolized all the government posts, central and local, as well as the professions of soldiers, teachers and policemen. Such *shizoku* industrial leaders as Shibusawa Ei'ichi, Iwasaki Yatarō, Godai Tomomatsu, Nakakami-gawa Hikojirō, Minomura Rizaemon, Toyokawa Ryōhei, Kondō Rempei, and Shōda Heigorō swayed the industrial world in the formative period of the Meiji Era. There were many, however, among the *shizoku* who lost their means of livelihood and fell into the poorest class of society. The final settlement of the *shizoku*-fee-system was an important factor that brought about the downfall of such *shizoku* and promoted the modernization of the society of Japan. This *shizoku*-fee-system was set up when all the retainers of feudal lords were given the status of *shizoku*. In 1873, the government announced that the smaller fee receivers could restore their rights to their fees and, in return, receive a certain sum of cash and the government bonds, as a fund with which to start some business. Many were eager to restore their rights and get the cash. During three years, (1873, 1874, and 1875) 95,000 *shizoku* gave up their rights to fees, the national fund issued to them amounting to 16,500,000 *yen*, with a cash payment of 19,300,000 *yen*. This proved to be a heavy burden to a government of the day. Accordingly, the government was forced to wholly abolish the *shizoku*-fee-system. In July 1875, all the *shizoku* fees were converted into a special kind of government bonds. This ended the privilege of the *shizoku* class, as they were now simply the holders of the government bonds. They were integrated in the class of common people.

The government took a policy of warm protection for the



*shizoku* class, using every means to provide them with employment. It specifically encouraged them to settle and reclaim Hokkaidō, giving them government subsidy. Banks were set up with their bonds as capital. However, as a whole, all these government efforts to help the *shizoku* class stand on their own feet, proved a failure, as only a handful of them really benefited by these measures. Thus, the feudal retainers first became *shizoku* with special fees, and then dissolved into two classes, one of industrial leaders and another that merged into the proletarian class.

The population of Japan in the Shogunate era remained stationary over one hundred years at about 28,000,000. A study made in 1872 shows, however, a great increase in the Meiji era by 5,000,000. This increase rate gradually rose to a point which has no parallel in the world. However that may be, the increase of 5,000,000 people in ten years is questionable. It is assumed that in the Shogunate era, there were a great many people who were not counted in the census.

It was decreed by Ordinance No. 49 issued in 1902 that a nation-wide census be taken every ten years. Because of the Russo-Japanese war and other circumstances, a census was taken for the first time in 1920. Before that time, the population was decided through findings from the family registers, the only data available.

From the beginning, the Meiji Government realized the necessity of taking a census. In the first year of Meiji (1867) it was ordered that each *han* and each magistrate of the Shōgun's direct domain report the tax conditions and the population under each rule. In April, 1871, the Family Registration Law was instituted and accordingly a census was taken on February 1, 1872 (Hokkaidō and Ryūkyū were excluded). The method was a crude one, as officials called at each household and asked the family members for the information desired. This may be called the first census of the land. The result of this census is shown in the following table. Although this kind of census

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was planned every six years, the plan was dropped in the next year. Instead, with the findings of the census taken in 1872, the number of the population continued to be adjusted according to the changes in the family registers until the first regular national census was taken in 1920. The following table shows the population increase between 1872 and 1912. (The population of Hokkaidō and Ryūkyū is decided according to the census findings taken in 1873)

Year	Male	Female	Total	Estimation (Total)	House- holds	Fa- mily- mem- bers Aber- age)	Per Sq. KM
1872	16,796,144	16,314,623	33,110,796	(34,806,000)	77,107,814	4.66	1,335
1877	17,567,760	17,060,568	34,628,328	(35,870,000)	7,208,146	4.76	1,399
1882	18,598,977	18,101,102	37,700,079	(37,259,000)	7,611,770	4.82	1,480
1887	19,731,732	19,377,959	39,109,691	(38,703,000)	7,771,395	5.08	1,575
1892	20,752,366	20,337,574	41,089,940	(40,508,000)	7,817,570	5.33	1,657
1897	21,823,651	21,405,212	43,228,863	(42,400,000)	8,058,474	5.45	1,745
1902	23,243,675	22,798,127	46,041,786	(44,964,000)	8,725,544	5.56	1,856
1907	24,645,028	24,174,627	48,819,630	(47,416,000)	9,250,434	5.59	1,968
1912	26,544,759	25,978,008	52,522,752	(50,577,000)	9,720,436	5.67	2,118

The above figures cannot be taken as correct. Accordingly, the Statistics Bureau gave a rough estimate of the population during the period, based on the findings by the census taken in 1920 and 1925 as well as the vital statistics which were available by that time. This estimation is given above in the parenthesis. The following table shows the vital statistics during the same period.

By the following table, it is clear that the rates of birth, death and natural increase were rather low. Mr. Mayett interprets this fact in his study on the Japanese Population Statistics in the following way. The low birth rate may be accounted for by abortion and *mabiki* (doing away with unwanted babies). Another explanation may be found in the nursing custom of



## CHANGE OF SOCIAL CONDITIONS

Year	Births	Deaths	Natural increase	Births per million	deaths per million	Natural increase per million
1872	569,034	405,404	163,630	17.1	12.2	4.9
1877	890,518	620,306	270,212	25.5	17.8	6.8
1882	922,715	668,342	254,373	24.9	18.1	7.7
1887	1,058,137	753,456	304,681	27.1	19.3	7.8
1892	1,207,034	886,988	320,046	29.4	21.9	7.8
1897	1,334,125	876,837	457,288	30.9	20.3	10.6
1902	1,510,835	959,126	551,709	32.9	20.9	12.0
1907	1,614,472	1,016,798	597,674	33.1	20.9	13.3
1912	1,737,674	1,037,016	700,658	33.3	19.9	13.4

the time. Mothers suckled their children till they were six or seven years old, a practice which lowered the rate of pregnancy as well as that of infant mortality. The incorrect statistics themselves may also be responsible for the low death rate recorded. Whatever Mr. Mayett's interpretation on the facts may be, the practice of abortion and *mabiki* continued, it must be admitted, into the early years of Meiji. Presumably, birth control and negligence to register the births brought about the incorrectness in the statistics.

#### B. Bum'mei-Kaika (Civilization and Enlightenment)

The various institutional reforms carried out with the abolition of the feudal system in the beginning of the Meiji Era greatly influenced the life of the people. This change in the living conditions of the people, in turn, revolutionized the people's attitude toward life, and their modern approach to life brought about a big change in their way of living. The so-called civilization of Japan at the beginning of the Meiji Era was, it can be said, an imitation of the bourgeois civilization of the West,



adopted after this social reform.

The social upheaval caused by the opening of the ports at the end of the Shogunate gave rise to a grave social unrest and instability. When the Shogunate collapsed and the new Imperial Rule began, the people's expectations of the political reforms were in every way exceptionally great. Their disappointment in the new government's sluggish reform-enforcement resulted in frequent revolts and uprisings of farmers in many parts of the land. The new government, however, took steps, along with the political reforms, to enlighten the people. With this in view, it established, in the first year of Meiji, new academies first in Kyoto and then in Tokyo, where Japanese, Chinese and foreign languages were taught. and at the same time, elementary schools were founded in many parts of the country to wipe out illiteracy. Thus in the midst of the social unrest, the government steadily paved the way for opening a new vista for the cultural life of the people. The centralization of the national rule was completed through the destruction of the feudal governments and the abolition of all the feudal institutions. Japan embarked on the period of the new civilization around 1871. Tokyo was by that time rehabilitated from the devastation of the civil war fought in the first year of Meiji (1867) between the Emperor's party and the shōgun's party. In 1875, Tokyo was a thriving city of 880,000 inhabitants, the center of the new civilization of Japan. Thus, as Hagiwara Otohiko says in his *Tokyo Kaika hanjōshi* (Prosperity of Tokyo): "With the restoration to Imperial Rule, the prosperity of Tokyo and its civilization is unparalleled in the World," Japan's civilization blossomed first in Tokyo.

The word "civilization" was translated, about the end of the Shogunate, into the Japanese "*bum'mei-kaika*," which became the catchword of the new era. *Bum'mei-kaika* had implications of a new culture and progress, the opposite of which meant old-fashioned, retrogressive and conservative. As Fukuzawa Yukichi, in his book *Seiyō Jijō* (Affairs of the West)

called the advanced Western political society "the political order of civilization," the model for Japan was the Western civilization. The imported Western civilization itself was regarded as the modern civilization of Japan.

When, with the opening of the ports, the Japanese came to have contact with the material civilization of the West, they made every effort to introduce it and tried, on the foundation of the Western civilization, to build the new culture of Japan. For this purpose, the government encouraged the study of foreign languages, inviting foreigners as teachers, or sending students abroad for study, and translated and published foreign books on special subjects. As the cultural standard of the people in those days was very low, the government, thinking that it could not expect the movement to rise spontaneously among the people, took the lead in the work of expediting this progress. In short, the *bum'mei-kaika* was an implanted civilization at the hands of the government.

The leading idea of *bum'mei-kaika* was an Anglo-American liberalism. Accordingly, it had, on the basis of liberty and equality, an element of democracy and enlightenment, a strong contrast to the conservative idea of the feudal society. This brought about an antagonism between the old and the new thoughts. At that time, the conservative thought based on Confucianism and the Japanese classicism, was still holding its own among some people. The liberal-democratic thought was used as a weapon to fight and destroy this old thought, so that the government could build up a new civilization. Katō Hiroyuki's violent and aggressive argument against the old order in his book, *Shinsei-Tai'i* (Outline of the True Government) and *Kokutai-Shinron* (New Theory on National Polity) would have at other times become an object of public criticism, as he expressed his opinion in the capacity of a high government official. Such aggression on the part of the government was then necessary to build up a new order by destroying the old. The fact that Katō later took these books out of print bears



witness to the nature of the government action of that time. This movement for civilization destroyed anything and everything of the old culture of Japan. The old masterpieces of fine art came to be looked upon as worthless. Even the famous five-storied pagoda of the Kōfukuji (temple) was offered for sale at the price of 25 yen. Such were the evidences of the reversal of values at this transition period of Japan.

*Bum'mei-kaika* in this transitional period also had an implication of capitalism. The capitalist civilization is based on human reason and the social order instead of natural harmony. Fukuzawa Yukichi said in his Autobiography: "When we compare Confucianism of the East and the Western idea of civilization (the Western materialism) the West has two things which the East lacks—scientific knowledge and the spirit of independence." These are the two important elements of capitalism. The Western civilization of the 18th and 19th centuries reorganized the world according to scientific knowledge, bringing about material prosperity. With the opening of the ports, the introduction of this material civilization of the West first astounded the Japanese and then pushed them on the road to civilization and enlightenment. Thus, the *bum'mei-kaika* movement put a special emphasis on the adoption of scientific knowledge and the material civilization of the West.

*Bum'mei-kaika*, the catchword of the period, had also an implication of a progressive spirit. As is often the case with the people in a transitional period, some people were burning for progress while others were for the status quo. Those many publications on enlightenment appeared around 1876 show the fact that there was a great vogue for such books among common people. Masuyama Morimasa, for instance, glorified the age in his book, *Kyūshū Isshin* (Sweeping-away of Old Evil Customs) saying: "Our Emperor above us, and efficient officials under him have broken down all the old evil customs. Schools have been founded. Family privileges have been abolished, and the people's wills are reflected in the government's policies.



The scientific knowledge is daily progressing, while such evil practices as aspect divination (*hōi*), divination with bamboo-sticks (*boku-zei*) divination by one's features (*ninsō*) or spiritual mediums (*kōshin*) have been put under a ban by the law, for such things do no good to the people. We cannot help paying tribute to this civilized government." This kind of optimistic tone is seen in other literature, forming a strong contrast to the anti-government political argument on the part of the *Jiyū-minken-tō* (Democratic Party) of the time. As a matter of fact, such an optimistic attitude of the people was the reflection of the realistic or nihilistic attitude of the masses of Tokyo. But there was also, in the sentiment of the people, criticism on the old evil practices as well as the rationalistic spirit which glorified the Western civilization. The spirit of the Western civilization appealed to the common people in Tokyo, because there was already a capitalistic element which had developed among the people of Edo in the Shogunate era. That is why Confucianism which revived around 1877 was not welcomed by the people but only served to show how conservative its teachings were.

*Bum'mei-kaika* was the cult of cities. The Western civilization imported at Yokohama, Kōbe and Nagasaki first blossomed in Tokyo, and then spread to Osaka, Kyoto and other cities in the local areas. Although the cultural level of Tokyo was much higher than that of other cities, the infiltration of *bum'mei-kaika* into local districts was unexpectedly wide and speedy. It was partly because the Western civilization had already been introduced by the Dutch in the Shogunate era, and been accepted by the common people, so paving the way for the large scale importation with the opening of the ports, but chiefly because the Government made efforts to enlighten the people through founding schools, newspapers and other publications of mass communication. Besides the foreign teachers the government invited at that time, there were Christian missionaries of all denominations who also taught foreign languages.

The service of the Christian missionaries in the spread of the

Western civilization was so great that Christianity itself seemed to represent the Western civilization. Those missionaries preached not only in the urban areas but evangelized even in the mountainous out-of-the-way-places, and spread all over the land the seeds of the Western civilization, which gradually sprouted in later years.

Newspapers and other publications of mass communication also helped the spread of this new civilization. With the coming of the Meiji era, many newspapers were started in Tokyo, Osaka, Kyoto and Yokohama, phenomena symbolizing the age of transition. The first newspaper was published at the end of the Shogunate. It was the translation of a foreign paper, and was a source of great interest for the students of foreign learning, who were the vanguards of the time. In the first year of Meiji, the Chūgai-Shimbun, the Naigai-Shimbun, the Kōko-Shimbun, and the Moshiogusa were launched. The newspapers of that time were simple, consisting chiefly of news domestic and overseas, and editorials; but at any rate, they were noteworthy as a means of expression in the earliest period of modern Japan. The publishers of the newspapers of the day were mostly scholars of Western learning trained in the Shogunate era. They had a critical spirit based on high level of culture so that their newspaper came to lead public opinion, each from its independent and unique standpoint. Thus, the Kōko-Shimbun, started by Fukuchi Gen'ichirō, was indicted for its pro-Shogunate articles and was prohibited publication. The government realizing the power of newspapers enacted Shimbun-shi Inkō Jōrei (Newspaper Publication Act) with a view to put the newspapers under its control. Although by this Act the governments suppressed the pro-Shogunate papers, it tried to use newspapers to propagandize the new government. The Newspaper Act issued in 1871, while on the one hand strictly prohibiting the criticism of the new government, confirmed, on the other, the necessity of newspapers for the promotion of *Bum'mei-Kaika*, saying: "The aim of newspapers is to be the enlightenment of the people.



The enlightenment will convert the narrow and stubborn minds and lead them into the sphere of civilization. Newspapers, therefore, should try to widen the people's intellectual horizon by reporting all events at home and abroad, thus doing service to the State." In 1871 when the *han*-governments were abolished, the Yokohama-Mainichi was started by Izeki Morinaga, governor of Kanagawa prefecture, and the Shimbun-Zasshi by Kido Kōin, a high government official, who realized the importance of newspapers. It is also said that the Tokyo-Mainichi-Shimbun was backed by such high government officials, such as Ōkuma Shigenobu and Etō Shimpei. From this time on, many government-sponsored newspapers appeared, which showed the government policy to use newspapers. Kido expressed his special interest in newspapers, saying: "My plan is to set up a Newspaper Bureau. If newspapers report all the happenings at home and abroad, as well as everything that will widen the knowledge of the people, with their circulation even in the remotest corners of the land, I am sure they will be of great service to the enlightenment of the people."

At this time, the government actively encouraged the spread of newspapers and the prefectural governments followed the example of the central government. Yamanashi Prefectural government, for instance, ordered the setting up of the "Shimbun-Kaiwa Kai" (Associations for the Explanation of Newspapers), saying: "In this civilized world, it would be a pity if all the people, high and low, young and old, did not know what is happening in the world. Newspapers are the best means to make known such happenings." "The government's newspaper policy later changed into its strict control and suppression of newspapers when the *Jiyū-Minken Undō* (Liberal Democratic Movement) stirred up a war of words, demanding the establishment of the House of Representatives, an indication of the mighty influence of newspapers on the minds of the people.

*Bum'mei-kaika* made itself especially effective in the westernization of the daily life of the people in respect to food, clothing



and housing. However, this westernization was rather limited in scope to Tokyo and other large cities but it marked the beginning of a mode of life regarded by the people of that time as the symbol of *bum'mei-kaika*—and is significant in that materialistic way of life influenced the thinking of the people. The government positively encouraged this modernization in the mode of life, by prohibiting dyeing of teeth by peers, wearing swords, vendetta, and mixed bathing in public baths. It also set up modern utilities, such as train service, steamship service, telephone and telegraph as well as postal services, to bring about a sudden change in the life of the people.

People began to wear Western garments. It was the soldiers that first wore Western clothes, as the result of the Shogunate's adoption of the Western military system. The uniforms used by the soldiers were called "*jūfuku*" (military uniforms). Fukuzawa Yukichi published *Seiyō Ishokujū* (The Western Modes of Life) in which he tried to enlighten the people in the use of Western clothes, saying: "Recently many people wear Western clothes as they are very comfortable to work in. But some people do not know how to use them; for example, what they are doing is like wearing padded winter-wear in mid-summer or under-wear as overcoat." In 1872, the government announced the use of the Western coat for the official full-dress uniform: "It has been decided that all the government officials use Western clothes. The use of Japanese garments hitherto worn by them is to be discontinued. Only *shinto* priests can use the *ikan*." As a matter of fact, the people's clothing habits did not change overnight. Western clothing was worn by the ultra-advanced of the time, such as the government officials, soldiers and students, while the common people continued to wear the native attire. Katō Yūichi jeered at the fashion of Western clothes in his book, *Bum'mei-kaika*: "As the ordinance for Western clothing to be used as official full-dress uniform has been issued, people will soon come to use comfortable Western clothes for every day wear. But we must not think that everything Western is

good. It would be better to imitate only what is good in the West, instead of aping every thing Western." This may have been the sentiment of the people on foreign clothes at that time and may explain why every day wear of Western clothes did not occur until later.

Cutting off the topknots followed the use of Western clothing. This was also started by the soldiers of the Shogunate, and the scholars and students of foreign learning. Unlike the adoption of Western clothing, this cutting-off of top-knots spread very fast among the people; in 1872, only 10 per cent of the people were without their topknots, but in 1887, 98 per cent of the people had no top-knots on their heads. The cropped head was called "*zangiri-atama*." A popular song of that time said, "If one pats on the *zangiri-atama*, the sound it gives is *bum'mei-kaika*." Cutting off one's top-knot was, therefore, thought to be the symbol of the new age.

Western dishes also came to be popular in urban districts. Beef proved to be special dainty to the Japanese. A thriving butcher shop was regarded as if it were the signboard of *bum'mei-kaika*. *Gyūnabe* (beef cooked in a beef pan) was popular with the people as soon as beef came to be eaten by the Japanese. Kanagaki Robun describes the Japanese fancy for beef in his *Aguranabe*: "As we are now a civilized people, even we can eat beef. What a blessing it is! Some uncivilized people say that eating beef is a barbarous habit, and if they eat beef, they cannot worship gods and buddhas, as they will get impure. I wish fellows who say such stupid things would read Fukuzawa Yukichi's book on meat diet. In the West, people are rational, and have invented wonderful steamers and cars." Fukuzawa Yukichi took the lead in encouraging the meat-diet, from the view point of its nourishment. In this respect, *bum'mei kaika* had a taste of utilitarianism. The same was the case with buildings. The foreign style buildings were called *ijin-kan*. Early in the Meiji era, many semi-foreign-style houses, unique in Japan, were seen at such port cities as Yokohama



and Kōbe. Later, large foreign-style buildings were built in Tokyo. For the most part they were public buildings and government office-buildings. The representative foreign-style buildings were the Tsukiji Hotel-kan (built in 1867) the Tokyo Kawase Kaisha (1868) the Dai'ichi Kokuritsu Ginkō (Bank of Japan) (1872) and the Mitsui-gumi Honsha (1874). The brick buildings that lined Ginza street presented a grand sight in Tokyo. The semi-government-run Tsukiji Hotel-kan for foreigners was the largest building which stood at one corner of Tsukiji Settlement. It had a total floor space of 1,600 tsubo (one tsubo: 6 feet square) and was a two-storied wooden building with tile roof and a tower in the center. The picture of this building can be seen in the *nishikie*, now. The brick buildings on the Ginza were the forerunners of the modern city-buildings of Japan. Yamashita Shigetami tells about these buildings in his *Ginza*: "The brick buildings that line the street of Ginza south of Kyōbashi were built according to the government decree issued in 1872. Prior to this decree, on December 27, 1869, a fire broke out at Moto-Sukiyabashi and destroyed all the houses at Owarichō as far as Atagoshita. Two years later, another fire started at a place near Watakura-mon, which burned down Ginza again. Seeing this, the government decided to build strong fire-proof houses on the Ginza. This was started in 1874 and was completed in 1877. Ginza with its fine foreign-style houses standing side by side came to be known far and wide so that people all over the land came up to Tokyo to see Ginza. They thought these foreign buildings lining the street a novelty and called them *Yokohama-zukuri*. Ginza had a cultural importance in that other cities adopted these foreign style buildings of Ginza.

### C. Leading Social Theories

The feudal society was a kind of caste-order, based on the social standing of the people. The moral teachings of the



feudal society also aimed at the maintainance of this order. Confucianism, which exactly conformed to this social order, taught ethical relations such as loyalty of servants to their master or filial piety of children to their parents. This feudal society was gradually disintegrating toward the end of the Shogunate. When the ports were opened to foreign trade, the intercourse with the West brought the Western way of thinking into Japan, and unsettled Confucian ethics. Further, the abolition of the social standings and the introduction of the modern social systems from the West revolutionized the whole social life of the Japanese. Thus, the modern social ideas were formed with the modernization of the social systems.

The central idea of the new society was liberty. As this idea of freedom was foreign to the Japanese at that time, it was not easy for them to appreciate it. Freedom was at that time confused with waywardness or self-indulgence. Fukuzawa Yukichi tried to enlighten the people in his *Seiyō Jijō*, saying: "Some say that the greatest freedom is indulged in among the barbarians. Such people know only one side of the story. The freedom of barbarians is the freedom to starve others, freedom to perpetrate atrocities, freedom to commit crimes with impunity. Can such freedom be called the true freedom? A civilized community has its law. True freedom can be enjoyed only when all the members of the community act according to its law." Thus, the idea of freedom was spread by Fukuzawa and other pioneers of the new age as a part of ethical teachings. Nishi Amane expounded the doctrine of public morality in his *Hyaku-Gaku Renkan*: "A man's duty is to cooperate with other people. He cannot live by himself, for man is by nature a social creature. I have never read such a teaching in the Chinese classics."

As the social ideal is the conceptional expression of society, it changes with the change in social conditions. The change in the social conditions at the time of the Meiji Restoration was great, so was the change in the social ideal of the society.

Moreover at this time, new branches of learning, such as jurisprudence, economics and sociology were introduced into Japan. All this helped the people analyze, manage and improve their social life. In this respect, Japan became quite another world. As Fukuzawa Yukichi said in his *Bun'mei ron no Ga-iryaku*: "Civilization is, after all, the progress of human knowledge". Human knowledge was to become the basis of the new society of Japan.

At the end of the Shogunate, social science was introduced through teachings of foreign books. In the days when the Japanese learned only from the Dutch, they were taught only natural science, but when foreign relations as well as trade came to be opened, the study of social science was brought into the country. When the doors of the country were unlocked, the Japanese who negotiated with the foreign diplomats were entirely ignorant of international relations. They barely managed to understand international law and carry on diplomatic relations. Thus, foreign trade was in disfavor with the people who misunderstood it as exportation of the necessities of life and the importation of unnecessary luxuries. Fukuzawa Yukichi wrote *Tōjin Ōrai* (Information on Foreigners) with a view to explaining away this misunderstanding. Thus, with international intercourse and trade, the people had to know international law and trade theories, and further, jurisprudence, politics and economics that form the foundation of the international law and trade theories.

Those who did a great service in the introduction of Western economics were Fukuzawa Yukichi, Nishi Amane, Tsuda Mamichi and Kanda Kōhei. That Fukuzawa Yukichi had deep interest in economics is shown in his book *Tōjin Ōrai*. In 1866, he published *Seiyō Jijō* in which he explained the economic conditions of the Western nations. In the following year, to supplement his book, he published an abridged translation of *The Political Economy for Use in School and of Private Instruction* by Chambers, an Englishman. In the same year,



Kanda Kōhei published *Keizai Shōgaku*, which was the re-translation from the Dutch translation of the *Outline of Social Economy* (1848) by William Errys. Both these books were text books on economics but they are worth mentioning in that they were the first systematic writings on Western economics introduced into Japan. In 1868, Katō Yūichi published *Kōeki Kokoroe-Gusa* (Various Hints on Foreign Trade). In the following year, Fukuzawa Yukichi's *Seiyō Jijō Book II* appeared (in which he included the abridged translation of the *Elements of Political Economy by Wayland*). Katō Hiroyuki's *Kōeki Mondō* (Questions and Answers on Foreign Trade), the *Kampan Keizai Genri* (Economic Doctrines published by the government) written by Ogata Gi'ichi and Mitsukuri Rinshō, *Seisan Michi-an'nai* (Ways of Production) by Obata Atsujirō, *Kampan Kaishaben* (Information on Companies, issued by the government) and Obata Atsujirō's *Eishi Keizairon* were published one after the other. The publication of books on economics greatly increased after 1871 while the *Meiroke Zasshi* and other magazines as well as newspapers gave articles on economics.

Prior to this, in 1861, Nishi Amane and Tsuda Mamichi went to Holland and studied natural law, international law, jurisprudence, economics and statistics at Leiden University. They were the first Japanese to study Western social science. After their return to Japan, they published the translations of their lectures at the Dutch university. They did not publish economic theories, but the *Hyōki-Teikō* by Tsuda published in 1874 was the translation of statistics learned in the West. Both Nishi and Tsuda were of extensive learning and were rather inclined to philosophical thinking, but in the *Hyakugaku Renkan*, Nishi gives a detailed explanation on economics while Tsuda gives the "Theory of Trade Equilibrium" in the *Meiroke Zasshi*. Such were the books introduced into Japan in the early period of the Meiji. All these theories were the classic laissez-faire economics of England. Fukuzawa as well as Nishi and Tsuda who studied in Holland, were ardent believers in free trade.



Nishi who learned in Holland about these classic English economists, writes in his *Hyakugaku Renkan* about Hume, J. S. Mill and other English economists.

As a matter of fact, such economic theories were the leading doctrines of capitalism in its early period. That is why the Japanese of that day were in need of learning them. In the fields of politics and jurisprudence, too, books were brought into Japan in the same way till 1877.

In this period, the traditional Confucian ideas were actively criticized by those who supported the newly imported Western science of society. Fukuzawa Yukichi's *Gakumon no Susume* (1872) and *Bum'mei-ron no Gairyaku* (1875); Katō Hiroyuki's *Shin-Kokutai-ron* (1874); Nishi Amane's *Jinsei Sampōron* and *Hyaku-ichi shinron* (1874); and Tsuda Mamichi's *Moto wa Hitotsu ni arazaru ron* were representative criticism of the Confucian ideas.

The books most widely read on the science of society were those by Mill and Spencer while in the field of the history of civilization, the *History of Civilization in England* (1857-1861) by H. T. Buckle and the *Historire general de la Civilization en Europe* (1828) by F. P. Guizot were most popular. Above all, the books by Mill and Spencer exerted great influence on the minds of the Japanese, and the number of the translations of their books were overwhelmingly larger than other translations. Mill's *On Liberty* was translated and published by Nakamura Masanao in 1871, while the bulky volume of his *Economic Principle* was published in Japanese in 1867 by Hayashi Kaoru. *Representative Government* specifically appealed to the advocates of the "democratic movement" of the time. Spencer was even more popular than Mill. One after another of his books was translated and published. Not only a course on his sociology was given in the Tokyo University, but his *Social Statistics*, translated partly by Matsushima Tsuyoshi and partly by Ozaki Yukio gave the theoretical basis to the *Jiyū-Minken Undō* (democratic movement).

The "democratic movement", depending on the natural rights of man for its principle, propounded on the supremacy of human rights. From the view point of social science, this theory of the natural rights of man is important in that it implanted in the minds of the Japanese the idea of human rights. This idea was advocated even before the collapse of the Shogunate by Tsuda Mamichi and Katō Hiroaki, as a weapon against the feudal despotism, and later, by the advocates of the *Minken undō* (democratic movement for representative government).

This idea of natural rights of man coincided with the traditional Confucian idea of "the way of heaven" so that it came to sway the minds of the Japanese in a very short time.

This democratic right and human right theory implanted in the minds of the Japanese became a strong theoretical basis of the anti-government movement (*Minken-undō*). Naturally there arose opinions which opposed this human right theory. As early as 1874, Katō Hiroyuki and his group in the Tokyo University opined that it was not yet time to set up a representative government in Japan. Later, when the movement for a representative government (*Minken-undō*) arrived at its zenith, the government party opened up a ideological warfare with the opposition. The key figure in the government party was Nakamura Masanao, who switched over from the natural rights of man to its negation, and published his "Jinken Shinsetsu" (New Theory of Human Right) in 1882. This was definitely a challenge to the advocates of the "democratic movement" (*Minken-ron sha*). Thus, fiery controversies on human rights ensued between both parties. Katō based his theory on evolutionism, and advocated the "survival of the fittest", denying the supremacy of natural human rights. He was evidently influenced by Darwin and Spencer. Darwinism was introduced at the Tokyo University in 1878 by an American zoologist, Edward Sylvester Morse. Besides, Spencer's *Evolution of Society* was adopted by Toyama Masakazu and Ariga Nagao, Tokyo University professors, thus becoming the leading theory



of the Tokyo University group. It can therefore be said that the controversies on human rights were carried on between the advocates of the "Democratic Movement" and the Tokyo University group.

As regards economics, English classic economics were most popular with the Japanese. Besides J. S. Mills, the works of Adam Smith, and Malthus were translated. The works of Rogers as well as those of American economists such as Wayland and Walker and of Say, a French economist, were translated and published, too. Around 1877, the scholars on economics began to engage in active methodological disputes on Japanese economic policy from respective standpoints. Taguchi Ukichi, Amano Tameyuki, and Noritake Kōtarō were distinguished controvertialists. Taguchi initiated the *Tokyo Keizai Zasshi* (magazine) to give publicity to his free trade opinion. He was called the Adam Smith of Japan. Wakayama Gi'ichi opposed the free trade opinion of Taguchi and Amano with his protectionism. It was quite natural that in Japan of that time, which was far behind other nations in international trade relations, opinions of both free trade and protectionism should have been advocated. The leading figure of the protectionist was Ōshima Sadamasu, who translated List in 1889. In his *Jōsei-ron* (The Situations: 1891) he says: "It is not long since Japan was opened to international intercourse. Our industry has not developed yet. Our industrial capital is poor. As we have had little experience in this field, we are astounded at every thing we see in the advanced countries. In this immature stage, we are going to imitate the strongest and richest country in the world, in which the people insist that free trade is the only true trade; protectionism is wrong; trade equilibrium is unnecessary, for industry is sure to thrive if it is let alone. Following the example of such a nation, Japan is going to arrive at a place among the great nations such as the United States, France, Germany and Russia, all of which are eagerly watching for chances to serve their own interests, elbowing the



others off. Japan's position is like a newly opened small store which, imitating such big business as Mitsui or Daimaru, is going to embark on world competition. Japan is mistaken in taking English as her model. Japan of the present stage should follow the example of some second rate nation, instead of England." The conditions of Japan in the 1890's must have been exactly as he stated in the above passage. Thus, Taguchi, spokesman of free trade economists, and Ōshima, protectionist, represented the two sides of capitalism of the young Japan of the day.

Besides the economic theories of England, the United States and France, the German Historical school of economics was introduced in 1887. This resulted from the fact that the government made a switch-over from England and the United States to Germany for guidance, and adopted German Constitution as the model for Japan. Naturally, economics came to depend on the German school. List and Roscher (translated by Hirata Tōsuke in 1897) were published in Japanese.

In 1890's, as the Japanese capitalism entered on the stage of the industrial revolution, and various industrial enterprises developed, social and labor problems arose, checking, to some extent, the freedom of the capitalists. Hereupon, the liberalism had to choose between social policy or socialism, that is, reformed capitalism or the negation of capitalism. From this time on, more and more students went to Germany to study economics there.

They learned the Historical School, especially the *Sozial-politik* which was prevailing in Germany at that time. Kanai En was the first to come back from Germany and open a course on the German Historical School at Tokyo University. Although socialism was insignificant in Japan at that time, it opposed this Historical School. Liberalism was also against the Social political school (*Sozial-politik*). Thus the German *Sozial-politik* school became the leading idea of the social ideology of Japan with the Tokyo University as its stronghold. Jsut as in

Germany, the advocates of this bureaucratic social political school were called the socialists of the chair. This school later produced Kuwata Kumazō, Yamazaki Kakujiro, Fukuda Tokuzō and Tajima Kinji. In 1896, the same-minded scholars set up the Shakai-Seisaku Gakkai (Social Political Society) to study German Factory Law. This society developed into the Nihon Shakai Seisaku Gakkai, bringing all the scholars of economics of the Tokyo University and the Higher Commercial School under its banner. This school was predominant in the early part of the 1900's. In the meantime, the Shakai-shugi Kenkyūkai (the society for the study of socialism) was founded by Katayama Sen, Kōtoku Shūsui, and Abe Iso'o, thus socialism was pitted against the social political school.

The study of socialism in Japan dates from the beginning of the Meiji era, but from the beginning, it was introduced as a very crude ideology of a destructive (revolutionary) political group instead of a social theory. Although it was called socialism and associated with the radical democrats, the radical democrats themselves set up a clear distinction between such socialists and themselves. The literature of socialism of that time was Shishido Yoshitomo's *Kokon-Shakaitō Enkakusetsu*, which was the translation of Communism and Socialism by Woodley (1882), and Jōta Torao's *Ron-Ōshū Shakai-tō* (My View on the Socialists in Europe), an article published in the *Chōya-Shimbun* (1882). This introduction of socialism, however, did not have any actual influence on the social thought of the Japanese, for the understanding of the scientific socialism came years later.

After 1890, socialism became the subject of great interest to the people and was regarded as a modern social ideology instead of a target of fear. Tokutomi Sohō's *Min'yūsha* which claimed to stand for democracy, published the *Kokumin-no-Tomo*, a periodical. This played an important role in popularizing the idea of socialism. The *Min'yūsha* published, in 1892, the *Genji no Shakaishugi* (Modern Socialism) which is said to have



taught Kōtoku Shūsui and other socialists the ABC of socialism. With the turn of the century, socialism became an actual and important social ideology. The Shakai-shugi Kenkyū-kai (Society for the study of Socialism) which was founded about this time, marked a new epoch in the history of socialism in Japan, for such famous socialists as Kōtoku Shūsui and Katayama Sen were active in this society. The socialists of this period were, however, mostly Christians, humanitarians who accepted this new ideology as a protest against social evils. The government's policy to crush these socialists and the Russo-Japanese war awakened them to a stronger sense of socialism and brought into existence a real socialist group called the Heiminsha with Kōtoku Shūsui and Sakai Toshihiko as leaders of the scientific socialism. Thus, the Communist Manifesto and Engels' Scientific Socialism were published in Japanese. (Communist Manifesto first appeared in the Heimin-Shimbun, a weekly, on November 3, 1904, and then in the Shakai-shugi Kenkyū No. 1, on March 1, 1906, while the Scientific Socialism was the translation of *Socialism Utopian and Scientific* by Engels, first published in the Shakai-shugi Kenkyū No. 4, on July 1906.)

## II. DEVELOPMENT OF JAPAN IN THE MEIJI ERA

### A. Promulgation of the Constitution

The "*Dai-Nihon Teikoku Kempō*" (the Meiji Constitution) was promulgated on February 11, 1889. This establishment of the Constitution can be said the sum up of all the political experiences since the Meiji Restoration, and at the same time by initiating a constitutional administration it laid the foundation of the parliamentary franchise. In this respect, the promulgation brought about a great change in the social and political life of the people.

The constitutional idea, imported from the West, awakened



the people to the sense of human rights and a demand for them in opposing feudal despotism. This idea had long been advocated by the *Jiyū Minken* (democratic) movement. The few feudal lords and their retainers who were in power since the overthrow of the Shogunate, while tightening their unity and fully suppressing the radical opinions of the democratic movement, steadily proceeded to the establishment of the Constitution by Imperial order. The purpose of the government in setting up the Constitution was to limit as much as possible the power of the national assembly and give the greatest power possible to the Emperor. Thus the right of the people to participate in the national affairs was subject to limitation. However that might be, the Constitution recognized the fundamental claims of the people as modern citizens by guaranteeing the right of property, freedom of religion, freedom of residence, the inviolability of the privacy of correspondence, and freedom of expression and assembly. Even before the Constitution was promulgated, the modernization of society had been progressing with the abolition of the feudal caste order; people were allowed such free social activities as were essential to the development of capitalism; and so modern capitalistic industry got under way at that time. The Constitution confirmed this modernized society.

The change in the people's status from feudal servitude to personal freedom and independence with the right to vote was, however, accomplished through fervent demand and not without some bloodshed. In preparation for the promulgation of the Constitution, the government took every measure to ensure the success of constitutional administration. It set up a new peerage system in 1884, instituted the Cabinet in 1885, consolidated the educational system, and established the Imperial University in 1887 with a view of training government officials. These central institutions reinforced the government set-up, besides variously affecting the life of the people. The direct effect on the people was the reform of the local administrative system; for the municipality was established in 1888 and the new prefectural

system was realized in 1890.

The development of the local administrative system was made step by step. The feudal dominions were first converted in 1866 into local governments with the feudal lords as governors of their former dominions, and then, four years later, all the remnants of the feudal order were wiped away and prefectural governments were set up, with three *fu*...Tokyo, Kyoto and Osaka...and seventy-two *ken*. Each prefecture had its governor, assistant governor, councilor, and vice-councilor, appointed by the central government. This unified the whole nation under the control of the central government.

In 1871, the Family Registration Act was issued. To carry it out, the local districts were divided into new *ku* (wards), each *ku* with its ward-chief and his assistant. These officials registered the population, households, family members, and births and deaths under their jurisdiction, while the feudal village heads...*nanushi* and *shōya*...still remained as they were. Later in the same year, however, the abolition of the feudal governments carried with it the abolition of these feudal village heads.

After repeated enactment and repeal of a few local administrative decrees, three fundamental local administrative regulations were enacted in 1822. They pertained to the organization of county; town and village; the prefectural assembly; and local taxation. The Imperial Edict for the Establishment of the Diet issued in 1881 says: "The Senate in 1875 and the prefectural assembly system in 1887 were set up with the view of paving the way for the establishment of the National Diet." The prefectural assembly system as well as the Senate served, in a sense, to prepare for the institution of the Constitution and the National Diet. Kido Kōin, a Cabinet member, who was regarded as the most ardent advocate of the constitutional administration, earnestly recommended the institution of prefectural assemblies. He says in his diary on February 9, 1885, when he convinced Ōkubo Toshimichi of his opinion; "I am delighted to think that a way was opened for the development of the nation and



of the people.”(1) Thus, in 1885, Kido acted as chairman of the prefectural governors’ meeting, at which they decided to set up the institution of the prefectural assembly.

In spite of Kido’s earnest recommendation, this decision was not carried out at once. It was after the incumbent Home Minister Ōkubo Toshimichi presented his plan, the *Reform of Local Administration*, in March, 1878, that the three laws mentioned above were enacted.(2)

The first prefectural assemblies were welcomed by the people as the means to exercise their democratic right. As the result, the first rate statesmen of the time, such as Fukuzawa Yukichi, Fukuchi Gen’ichirō, Numama Mori’ichi and Ōkura Kihachirō in Tokyo, Masuda Michiyuki in Nagasaki, and Kōno Hironaka in Fukushima, were returned as prefectural assembly members. As the prefectural assemblies were the only organs to express public opinion, much was expected of them. Naturally there arose pros and cons on this system. Some conservative government officials insisted upon abolishing it. This system was, however, meant to pave the way for the nation’s constitutional administration, as Prince Yamagata Aritomo said in his book, *The History of Conscription and Local Autonomy*; “At that time the government was busy preparing for the Constitution. The local assembly system was needed as the preparatory process for it. In my opinion, the local autonomy enlightened the people in the sense of public duty, and gave them information and experience in participating in the politics of the country. It was helpful in the operation of the nation’s constitutional administration and also served to protect the local administration against the change of policy in the central government with the change of power.”(3)

Around 1883, a study of the local administrative system was started. Under Home Minister Yamagata Aritomo, such competent officials of the Home Ministry as Murata Tamotsu, Kiyo’ura Keizō, Ōmori Shōichi and Arakawa Kunizō undertook the task, with the help of Helman Roesler, Karl Rudolf, and Albert



Mosse, German public law scholars who were in Japan then. First, the draft of municipality was completed, which, after passing the deliberation of the Senate, was enacted in 1888, and then, the legislation of the prefectural government system was published in 1890. The enactment of this law was a sensational event of that time. Newspapers and magazines gave much space to the articles on the pros and cons of this law. Most opinions were in favor of it. The *Kokumin no Tomo* commented on it, saying: "The enactment of municipality is an epoch-making event in the political history of Japan. Its enforcement will surely exert a great influence and will do much to reform of the politics of this country." The government's opinion is shown in a passage in the *History of Municipality in Japan* by Ōmori Shōichi and Ikki Kitokurō: "At that time, all the governors and officials in the prefectural offices as well as the officials in town and village offices were trying to meet the wishes of the Home Minister; but since the problem of setting up the Imperial Diet rose, the political strife in the metropolis had grown hotter and more stormy, affecting the function of local governments, in which the officials came to lose the enthusiasm that they had when the system was first instituted. All things have, however, their merits and demerits. It is a pity that political strife encroached on the local administration, but municipality gave the people the chance to experience their public duty. This service of training the people in citizenship cannot be overlooked." This statement clearly tells the actual conditions of the time.(4)

Thus, the reformed local autonomy was instituted. At the same time, the long-looked-for election of the members of the House of Representatives and the setting up of the Diet were realized. The qualified electors were limited to those who paid more than 15 *yen* of Direct National Tax. Because of the property qualification, the number of the eligible voters at the first election was 450,000, 1.14% of the whole population of 39,380,000. Out of 300 successful candidates, 109 members came

from the *shizoku* class (warriors or samurai) and the remaining 191 members were *heimin* (common people), while no one was elected from among the nobles. Although the number of *heimin* (members) was larger than that of *shizoku* members, the percentage of the *heimin* class was much smaller, due to the small number of *shizoku*. This class division in the members of the House of Representatives is a significant evidence of the social and cultural life of that day. The report published by Suematsu Kaneshumi, then head of the Prefectural Bureau of the Home Ministry, states that this fact shows what cultural position *shizoku* occupied in the life of that time. What change in the class-percentage may come in the future will be an interesting item in the study of the social life of the people. The number of *shizoku* members were different according to prefectures, showing the political climate in which the people of each prefecture lived. Kagoshima and Kumamoto prefectures, for instance, elected only *shizoku* members while Aichi, Gifu, Shizuoka, Yamanashi and all the prefectures in the Kantō District elected *heimin* members.<sup>(5)</sup> The 6.1 percentage of non voters was lower than the expectation for that period. Concerning this, Suematsu said: "The small number of abstention is quite satisfactory, although it is doubtful if this record will be repeated in the future. There were many reasons for this good result but the chief reason was that the people's interest in the election was overwhelmingly strong, as it was the first experience of voting in the nation's history. Not only is the people's interest in a novel experience usually great, but their vague expectations must have been very great, thinking that the Imperial Diet would bring them big gain; though exactly what gain it was they did not know." The result of the election showed that the democratic parties won 171 seats, the *Rikken Jiyū-tō* getting 130 seats, and the *Rikken Kaishin-tō* 41, while the government party won only 129 seats. It was a war of the local land-owners belonging to the *Rikken-Jiyū-tō* and the urban bourgeoisie belonging to the *Rikken Kaishin-tō* versus the government



party, the feudal-clan-oligarchy.

The first Imperial Diet session was called in 1890. This year also saw the first financial panic after the primitive accumulation in the previous decade. As was expected, a fierce fighting over the budget between the government party and the opposition took place. The democratic parties cried for a big cut in the government budget bill, insisting on reduction in government spending, army and navy expenses, and a tax-cut. These items were long the platforms of the democratic parties. The reduction of taxes was expressed in the earlier representations made to the government, showing that the welfare of the people was the most important slogan of the democratic parties. Another representation made to the government by a delegation of the people of Kōchi prefecture also says: "What we request of the government is the reduction of taxes. We know quite well that the people under the protection of the government have to pay taxes. However, we do not have to pay our taxes if the money is not spent for our protection." (6) It was quite natural that the opposition, the democratic parties, should have put weight on this point in their attack on the clan-oligarchy government. The tax-cut problem was an especially big item of the democratic party platform, as the party had the strong backing of the local land-owners; and this was to be for a long time to come the crux of the political warfare. At any rate, the fact that the Diet came to have the right of deliberation on the nation's budget and to vote a change was most significant to the people. This fact naturally exerted a great influence on the life of the people.

#### **B. The Treaty-Revision and Internal Transformation**

Japan of the Meiji era had two big problems to solve in the field of international relations: to raise Japan to equal footing with the Western powers, and to establish Japan's supreme position in the Far East. With the opening of the country to



foreigners in 1859, Japan joined the international society, but as the Western powers had, by that time, put all the land in the East including China under their influence, Japan, a very backward country, could not conclude treaties with them on an equal footing. Thus, Japan embarked on her foreign relations under heavy handicaps. To remove these disadvantages was the big problem which lay in the way of Japan's advance. The treaty-revision and the wars with China and Russia proved to be the solution, on which modern Japan was founded. Internally, in the meantime, Japan, had to tackle the big tasks of the establishment of a constitutional government and the development of modern industry. Every attempt to conform the national institutions to the Western standards was made, aiming at the national independence, which could not be attained unless the unequal restrictions in the treaties were removed. The government as well as the people, therefore, devoted all its energy to changing of the treaty-discrimination. All the political and social reformations were aimed at this treaty revision. That is to say, Japan achieved a rapid progress as the result of their efforts to have the treaty-discrimination removed. Foreign Minister Inoue's westernization policy which was carried out toward this object, apart from its merits and demerits, had a wide range of influence on the life of the people. Shimada Saburō said in his *Treaty-Revision*: "The problem of the treaty-revision is a serious concern of the whole nation. It is not something that comes suddenly and goes as suddenly, but something that affects the nation's interest eternally." (7) This problem had much to do with the social development of Japan.

One of the first things the government did after the Restoration was to plan for the removal of the treaty-discrimination. In 1872, Envoy Iwakura and his staff was sent to Europe and America to ask for this. The foreign policy of each succeeding government concentrated its efforts to restore equal rights by repeatedly sending out missions for that purpose. However, before 1879 when Inoue Kaoru became Foreign

Minister, these efforts served only to pave the way for the negotiations. While Terajima, his predecessor, tried to restore the tariff autonomy, Inoue based his negotiations on a partial restoration of the judicial and tariff rights.

As the revision of the treaty required the raising of the standard of the national life to the international level, Japan had to make earnest efforts, besides the diplomatic negotiations, to conform its national institutions to the Occidental standards, so that all the reasons for the discriminations would see end. An establishment of legal procedure on Western standards was needed. Western costume and manners and customs must be copied. Hence Foreign Minister Inoue made haste in drawing up a modern legal system, besides westernizing other phases of the national life. This westernization was similar to *bum'mei-kaika* at the beginning of the Restoration, but the lapse of twenty years showed some difference between them.

The Foreign Minister took the lead in creating a fashionable European-style society, with a view to creating a smooth international social life with foreign diplomats. A great sum of money was spent for the construction of the *Rokumeikan* (completed in 1883). Here, grand dinner parties, dances, fancy falls and society-ladies' bazaars were held for the diplomatic fashionable set of Tokyo exactly after the fashion of the Western nations.

The so-called *Rokumeikan* period blossomed. Taking advantage of this opportunity, the progressive nobles consolidated their position as the ruling upper class of Japan, while attempting to restore the judicial and tariff autonomy. However, as they resorted to such a superficial method, they soon fell into a mere formalism, and their activity ended in a Vanity Fair of the nobles. This invited severe criticism from the people, endangering the treaty-revision itself, for which all these efforts had been made.

The westernization policy, combined with the enactment of the peerage law and the Cabinet system in 1884 and 1885 respectively, brought into existence a new ruling class. The peers



before that time were only court nobles and feudal lords, but the new peerage law gave peerage to all those who rendered distinguished services to the government since the Restoration; so a great number of new nobles who held high government offices were added to them. This peerage law reflects the social condition at the time of the promulgation of the Constitution; for it was enacted for the purpose of reinforcing the power of the clan-oligarchy government party. This paved the way for the later development of the influential privileged ruling class. In this connection, the peerage act cannot be overlooked.

The westernization policy taken by the government exerted a great influence on the life of the people. It took form in the reformation of the manners and customs of the Japanese. Westernization became the vogue of the time. Some advocates carried it to extremes so that what they earnestly recommended appears ludicrous today. This reform movement of the Japanese manners and customs after the manners of the Western nations was carried on in line with the government policy of westernization of institutions, but while the latter was aristocratic and political, the former was democratic, for it was advocated for the general public by the intellectual stratum of the society. It played the role of a social reform.

This social reform movement was many-sided, coming from many opinions different in origin and nature, but all represented the progressive spirit of the time. The development of this movement was historical. Throughout the long period of her seclusion, Japan had no chance of coming into contact with Western civilization. It is true that during this isolation, Japan developed her unique culture and traditions, but once she embarked on international society, her ignorance of things Western caused many inconveniences. Thus, following the Reformation, there arose many reform opinions. As early as 1867, Maejima Mitsu, for instance, recommended the abolition of Chinese characters; in 1868, Nambu Yoshitoshi advocated the use of *Rōmaji*; and in 1874 Nishi Amane published in the



*Mei-roku Zasshi* (x), his opinion on *Writing Japanese in Western Letters*. Mori Arinori, an extremist, even recommended substitution of English for Japanese. In 1885, Yatabe Ryōkichi and Toyama Masakazu set up the *Rōmaji-kai*. Maejima Mitsu and Yanagawa Shunsan, who were for the abolition of Chinese characters, set up the *Kana-no-kai* in 1883. The movement for the use of *kana* was more popular; upper class people supported the *Kana-no-kai* especially as Prince Arisugawa acted as its president.

Around 1884, social reform became all the rage. All kinds of reform societies appeared in succession, such as *Engeki-Kairyō-kai* (Reform-Society of Drama and Plays) *Fūzoku-Kairyō-kai* (Reform Society of Manners and Customs) *Danjo-Kōsaihō Kairyō-kai* (Reform Society of Social Intercourse between Young Men and Women), *Jūtaku-Kairyō-kai* (Reform Society of Housing) *Ifuku Kairyō-kai* (Reform Society of Clothing), etc. Public opinion on this fashion was divided. There was even severe adverse criticism. Concerning this trend of the society, Taguchi Ukichi's opinion is worthy of notice. He said in this book, *Nihon Kaika no Seishitsu* (The Nature of the Enlightenment of the Japanese) published in 1885; "There are always two kinds of culture, aristocratic and democratic. Since the Japanese culture originated in the aristocratic society and has remained aristocratic, common people have had nothing to do with it." He further stressed the necessity of the enlightenment of the Japanese, saying: "Unless the Japanese race is regenerated by enlightenment, mentally, spiritually and materially and unless our culture emerges from its aristocratic atmosphere, Japan cannot confront today's Western progress. Western civilization is rapidly progressing, and the five continents are already under its influence. If our people go on indulging in the aristocratic culture inside this small country, how can we expect

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(x) A bulletin, the first of the kind in Japan, started in the 6th year of Meiji by Mori Arinori and five other leading personage of the time.

to maintain the independence of our country in the future?"(8)

As regards the revision of the treaty, through Foreign Minister Inoue's strenuous efforts, a stage was reached in which a formal negotiation was to be opened with the nations concerned. However, just before the scheduled negotiation, the Foreign Minister's plan that the Japanese government appoint foreign lawyers as judges leaked out. Thereupon, the whole nation was against the plan, saying that it would injure Japan's prestige and leave, uneradicated, a root of calamity for the future. The Foreign Minister was blamed, not only for this international problem, but his westernization policy itself became the target of adverse criticism even among his Cabinet members. Owing to this adverse criticism on the Foreign Minister's policy, the scheduled negotiation for the treaty-revision was postponed indefinitely. Taking advantage of this opportunity, the opposition resumed its attack on the government. A great number of political enthusiasts rallied in Tokyo from all parts of the land. Their loud cries against the government's failure to take adequate measures for the treaty revision led the government to issue the *Peace Regulations* and drive persons on the black-list out of Tokyo. The Peace Regulation Act is famous as an example of the clan-oligarchy government's oppressive policy. The chief reason for this act, however, was the mobbish disclamation on the problem of the treaty-revision.

Foreign Minister Inoue was succeeded by Ōkuma Shigenobu. Prime Minister Kuroda, putting confidence in Ōkuma's ability and good reputation, expected that Ōkuma would succeed in solving the problem. However, as Ōkuma's negotiation plan also included the appointment of foreigners as judges, conservatives and all other patriots who insisted on maintaining the national prestige rose against Ōkuma. Even among the Cabinet members, the appointment of foreign judges was unpopular. While making efforts to tackle this problem, Ōkuma was attacked by an assassin who threw a bomb at him. He survived this assault, but had to leave his office. In 1894, Mutsu Munemitsu who



became Foreign Minister, at last succeeded in signing the revised treaty with Great Britain. In order to achieve this, he had had to fight with internal adverse public opinion, besides getting approval of the British government. Only his strong determination to attain the long-wished-for treaty-revision at any cost led him to this success.

The treaty-revision was a crucial problem upon which the fate of Japan hung. All the government policies, therefore, were centered on this point while public opinion was also focused on the demand for it. How to obtain full equality in the international society naturally became the greatest concern of the whole nation. Ever since the Restoration, public opinion always had an undercurrent of demand for Japan's full autonomy. The democratic right movement insisted that democratic right was essential to the enhancement of the national prestige. Not only Ueki Emori who, in his book *Minken-Jiyū Ron* (On Democratic Rights) urged the necessity of strengthening the national power, but all the advocates of democratic rights had this enhancement of national power in view. It can be said that the essential aim of democratic movement of that time was to achieve this national prestige. Around 1890 when the problem of treaty-revision was earnestly taken up by the government, all the patriotism and nationalism came to the front and formed the central motive of public opinion. In 1888, Miyake Setsurei and his group started a magazine *Nihon-Jin* (the Japanese) in which they propounded their Japanism; while in the following year, Kuga Katsunan initiated a newspaper *Nippon* in which he advocated a tough foreign policy and blamed the government for its weak-kneed foreign policy. In his book *Tai-Gai-Kō no Seishin* (The Spirit of Tough Foreign Policy) he said: "The spirit of tough foreign policy is the spirit of patriotism which tries to raise the national prestige. It is the spirit to radically change the nation's foreign policy which has been followed for the past twenty years. It is the spirit to eradicate the present government's political disease of appeasing



foreign nations and domineering over the people. This spirit has been expressed in the people's demand for the revision of the unequal treaty, in the negotiation for the revision, in the demand for the abrogating of the treaty, in advocacy for the invasion of Korea, and in the *Tōyōron* (Orientalism), culminating in hostile criticism of the government. All sorts of evils in the present administration originate in this weak-kneed foreign policy." (8) This demand for a tough foreign policy was political and diplomatic, but under the demand lay the repulsion of the westernization vogue. In this respect, it has an element of social reform sentiment.

At this period, Tokutomi Sohō and his *Min'yū-sha Group* with their radical democraticism opposed the government, just as Setsurei and Katsunan did with their Japanism and advocacy of a tough foreign policy. Sohō criticized the aristocratic progressive elements in the clan-oligarchy Cabinet and said: "We have to convert this artificial aristocratic social structure into a natural democratic society and bring about a gradual change in politics, literature, commerce, manufacturing industry, social intercourse, religion and manners and customs so as to have a progressive democracy." (9) He regarded the rise of the reactionary conservatives as the result of the deadlock the progressive aristocrats reached. In his book *Hoshu-Handō no Taisei* (The General Trend of Reactionary Conservatives) he said: "Japan's vitality will fail if nationalism withers the ideal of democracy and conservatism kills the spirit of progress." At that time, Sohō devoted all his energy to the overthrow of the clan-oligarchy government, regarding it as the imperative requirement to the constitutional rule. Fundamentally, Sohō and Katsunan held a common viewpoint. Sohō, in his autobiography, said that he and Katsunan were on good terms and held the same opinion on the treaty-revision and the tough foreign policy. How seething public opinion was in 1887 through 1889 is shown in a great number of diverse opinions on the treaty-revision. The most controversial question was that of

“Mixed Residence of Foreigners in the Interior.”

The treaty revision was also hotly debated by people and newspapers. However, all the controversies over this problem had a political tone just like the disputes over the representative government of former years. They argued most vehemently on “unconstitutionality of the appointment of foreigners as judges; propriety of mixed residence of foreigners in the interior; and tariff policy. As regards the problem of mixed residence, some opposed it on an economic grounds, saying that if foreigners were allowed to live in the interior, they would come to occupy all the fertile land and dispossess Japanese of their gold and silver mines, and that after all, it would have “the same effect as the colonization of our country.” Another opinion was that if mixed residence was allowed, the Japanese would be beaten in a race with other superior peoples and as a result, the number of Japanese would decrease. That such opinions were not well grounded was evidenced by the *Jōyaku Kaisei-ron* (Treaty Revision) by Shimada Saburō and Taguchi Ukichi, supporters of mixed residence. It is interesting, however, to see that in those days such inadequate and ill-informed arguments were openly and straightforwardly discussed. It shows the social and political climate of that time. In his book, *Naichi Zakkyo-ron* (Mixed Residence of Foreigners in the Interior), Inoue Tetsujirō argued that the residence of foreigners would have a harmful effect on the Japanese by “decreasing the land possession of the Japanese”, quoting from H. Spencer, Darwin, Hartmann, Hegel, Schopenhauer, and Bälz. He theorized from the point of Darwinism, but his theory ended in an empty academic argument. Katō Hiroyuki’s opinion of “premature mixed residence” also relied on Darwinism. Indeed, from the point of national independence, the problem of appointing foreign judges may have been open to question, but even it was not so serious a matter, since many foreigners had been invited to serve the government as advisors from the Restoration on. As Shimada pointed out, objection to mixed residence was against the current of the



world, for it showed that the Japanese had not yet emerged from the mental attitude of "expulsion of foreign barbarians" at the end of the Shogunate. This was, after all, a manifestation of the Japanese inferiority complex, the reverse side of the westernization policy the government adopted.

In short, because Japan could not enjoy equality in the international society, nor complete independence, the democratic movement drove the national sentiment into a deadlock, from which the people found an outlet in their demand for the revision of the treaty. In other words, the Japanese feeling of insecurity coming from their minor position in the world revealed itself in the demand for the treaty revision and a tough foreign policy.

### C. The Sino-Japanese War and the Russo-Japanese War: Their Effects on Japan.

It cannot be denied that Japan's rapid industrial progress was marked by the wars. As early as 1877, the Japanese industrial development made it necessary for Japan to seek markets in Korea and China. By the Treaty of Amity concluded in 1876 with Korea, Korea was opened to international trade. From that time on, the antagonism between Japan and China over Korea gradually began growing. A rebellion that broke out in Seoul in 1882 alarmed the Japanese government. Seeing the necessity for strengthening the military forces in defense against China, Yamagata Aritomo proposed his plan of expansion of armaments in the same year. Japan steadily built up her strong army and navy. Prior to this, in 1878, following the Conscription Law, as the second step to the modernization of the Japanese military forces, the General Staff Office was set up. This reinforcement of the military forces was essential for Japan to match China; but when the government presented its military appropriation bill in the Diet, there arose a bitter struggle between the democratic representatives and the War Ministry in the House of Representatives. In the midst to this internal trife, a rebellion of the *Tōgakutō* (Eastern Teaching



Party) in the Southern part of Korea, finally led to the war between Japan and China.

The most remarkable effect of the war between Japan and China was seen in the economic field. The acquisition of foreign markets for developing industry, the resulting expansion of foreign trade, and a large indemnity which enabled Japan to return to the gold standard,—all these combined to help capitalist industry make a remarkable progress. In addition, the war brought about solid front of the Japanese race in support of the Emperor's force. Thus, this war had two aspects, nationalistic and imperialistic. The period between the Sino-Japanese war and the Russo-Japanese war was a great transition period for the Japanese. The people also experienced exaltation and disappointments during this time. Generally, a big war unites a people into a patriotic body. The Sino-Japanese war greatly served to break down the feudalistic localism. For the first time, the whole nation was awakened by a crucial national war. It was all the more disappointing to the people, therefore, when the three European powers, Germany, France and Russia made a high-handed intervention on the peace treaty with China. It was a big blow to the government, too. However that may have been, the victory over China reversed the Japanese attitude toward the Chinese. They came to feel themselves absolutely superior to the Chinese. Since ancient times, China had been the greatest nation in the East, and Japan had always looked to China for mental, spiritual and cultural guidance. It must have been a tremendous surprise to the Japanese to have beaten such a great nation. This feeling of pride and superiority gradually changed into a thoughtless contempt for the Chinese. It is true that the Triple Intervention was a big blow and an indignity to the Japanese but it was not enough to make the Japanese reflect on their mistaken superiority. Now, the Japanese came to have a base way of tacitly yielding to the strong, but behaving contemptuously toward the weak. There may have been some remnant of the feeling of "Expulsion of Foreign

Barbarians" of the end of the Shogunate, but the chief reason for it was the victory over China.

The change in the people's sentiment in the period between the Sino-Japanese war and the Russo-Japanese war is seen in the change of the people's view towards war. The most significant influence of the victory on the minds of the Japanese war was manifested in the development of Japanese imperialism. It is too well-known that Tokutomi Sohō converted from his peaceful democratism to imperialism just after the Triple Intervention. Fukuzawa Yukichi, in his Autobiography says: "Looking back on the past thirty years, everything seems like a dream. I cannot fully express my satisfaction with the present civilized Japan. All this good fortune was brought to Japan by the victory over China through the joint efforts of the government and the people." In this way, he attributed Japanese progress to the victory. As a matter of fact, what he meant was not simply the victory, but the people's awakening to national consciousness. In this respect, the Sino-Japanese war liberated the Japanese from their inferiority complex. The nationalism, coming from their inferiority complex which was expressed in their mental attitude of "expulsion of foreign barbarians", was now reinforced by the victory and developed into the idea of imperialism.

The most typical example of this development is seen in Takayama Chogyū's Japanism. Takayama Chogyū began to advocate his Japanism around 1897, just after the Sino-Japanese war. In his book, the *Meiji Shisō no Hensen* (Changes in the Thoughts of the Japanese in the Meiji Era) he says: "Japan staked the nation's fortune on the war with China in order to maintain the peace of the East. It was a critical moment for the Japanese. It was not only the greatest event in the history of Japan, but it also brought about a complete change in the way of thinking of the Japanese. The war stirred up nationalistic and patriotic sentiment among the entire people, high and low, young and old. The people who had been long brought



up on empty theories, were now confronted with the life and death problem of the nation. For the first time, they understood what their country meant to them.”(10) He defined his Japanism as a moral principle, which, he said, aimed at the realization of the ideal of the founding of Japan, with the spirit of independence characteristic of the Japanese. According to him, the difference between his Japanism and Miyake Setsurei’s nationalism was: “In the history of the development of thoughts, Setsurei’s nationalism, the doctrine of preservation of the national characteristics, is merely the consciousness of the nation’s existence. It has no idea of various requisites to its development.”(11) He concluded: “It was the Sino-Japanese war that shattered such infantile nationalism, root and stem, and awakened the people to the clear consciousness of the nation.” Thus, he stressed the effects of the Sino-Japanese war on the thoughts of the Japanese. It is evident that Chogyū’s Japanism was ultra-nationalism, which originated in the proud feeling of victory over China. In this respect, it was quite different from Setsurei’s nationalism.

Reaction from this imperialism led to Kōtoku Shūsui’s anti-imperialism. Shūsui, in his book, *Nijusseiki no Kaibutsu, Teikokushugi* (Imperialism, Monster of the Twentieth Century) said: “Is not imperialism a policy woven of patriotism as its warp and militarism as its woof? Look at the economic conditions of Japan! Indeed, Japan has military power. We could put up our flag on a foreign land, but has Japan capital to invest in that land? Can Japan produce goods to export to foreign market?” He developed severe criticisms on the imperialism of Chogyū. Uchimura Kanzō, another anti-imperialist, published his *Justification of Korean War* as soon as the war between Japan and China began. In his book he affirmed the just cause of “the Sino-Japanese war and its theoretical as well as legal righteousness.” However, when he saw the shamelessness, on the part of the people as well as of the government, in robbing China of a part of its territory and receiving a large



indemnity, he dropped his opinion of justifying the war and denounced it, saying: "The righteous war changed into a war of plunder. The prophet who advocated it as a just cause is now deeply ashamed." (From a letter to Mr. Bell) Uchimura Kanzō's justification of the war was the same thing as the nationalism of 1890's, which hoped for Japan's emergence from its inferiority complex. However, unlike Sohō and Chogyū, Uchimura denounced the war instead of glorifying it into imperialism. Thus, with the Sino-Japanese war as the turning point, nationalism developed into two opposite camps, Sohō and Chogyū's imperialism and Uchimura Kanzō and Kōtoku Shūsui's anti-imperialism. Such opinions on the Sino-Japanese war clearly speak the social and ideological complexity of those days. The Sino-Japanese war can be regarded as an epoch-making event in the Meiji era, for at this time Japanese imperialism was born and took its first step.

Through victory in war, Japanese capitalism was given the opportunity to make a great stride, although the Russian inroad into Manchuria after the Boxer Rebellion and the Triple Intervention was a grave menace to Japan. The government took every measure in its power to stop the Russian advance. For the expansion of armaments, it gave priority to the development of war industries, setting up the Yahata Iron Works and trying to revolutionize other heavy industry. At the same time, it propagandized its slogan "*gashin shōtan*" (struggle against hardships for the sake of vengeance) among the people, to stir up their hostile sentiment against Russia. Big newspapers took the lead in this propaganda and tried to unite the national sentiment and public opinion.

In 1900 when Russia occupied Manchuria taking advantage of the Boxer Rebellion Konoe Atsumaro, Tōyama Mitsuru, and Kuga Katsunan organized the "*Kokumin Dōmei*" (the National Alliance) in order to arouse public opinion on the Manchurian problem. Tomizu Hirohito and other professors of the Law Department of the Tokyo Imperial University started activities

in concert with them, and published their opinions of a tough foreign policy in the Osaka Asahi Shimbun. As the people in this group were regarded by the whole nation as leading intellectuals, especially the professors of the Tokyo University who took the lead, public attention was drawn to their opinions. Thus, a tough foreign policy found its way into the minds of the people. While appealing to public opinion through the newspaper, they also called on Prime Minister Katsura and Foreign Minister Komura, and blamed them for their soft policy. They pressed the Cabinet for an immediate opening of war with Russia. The actions of Professor Tomizu and six other professors specifically caught minds of the people. The government authorities, condemning such direct political activities by these professors, suspended Professor Tomizu from his office. This led to antagonism between Tokyo University and the government. This was famous as the Seven Professors Case.

Against the pro-war advocates, an idealist group, led by Uchimura Kanzō, Kōtoku Shūsui, and Sakai Toshihiko, published their anti-war opinions in the Manchō-hō (newspaper). In their most idealistic days, all these were inclined to humanitarian reasons for their anti-war advocacy. When the Manchō-hō switched over to jingoism, Uchimura, Kōtoku and Sakai left the Manchō-hō and developed their anti-war campaign each in his own way. Kōtoku and Sakai organized the Heiminsha and started their socialist movement.

However, public opinion bewitched by jingoism was completely enslaved by the "blind force of a tough foreign policy advocated by those who were not in the responsible positions of the nation", as Dr. Bälz says in his diary. The anti-war opinions came to be disregarded by the people. Such a condition was brought about by the fact that the thoughtless sense of victory over China combined with the government-slogan "*gashin shōtan*" did its worst by blinding the national sentiment.

The two wars upon the victory of which the survival of Japan rested, were the greatest events modern Japan experi-



enced. In order to fight its total wars, Japan mobilized all the nation's political and economic power. The industrial revolution was accomplished by this total mobilization. The war-time tension which lasted for over ten years greatly changed the society. The nationalization of the railways, for instance, was laid before the Diet as the necessity of military effort. The development in the means of transportation, in turn, did much to modernize the social life of those days.

This rapid development in social life necessitated by the wars was the result of the sweeping progress of the Japanese economy, that is, the industrial revolution. How this industrial revolution influenced the Japanese society shall be described in the next chapter.

#### **D. Industrial Revolution in Japan**

The development of modern industry after the Restoration exerted a wide influence on society in general, for there is a close interaction between social development and industrial development. The industrial revolution of Japan was accomplished in the period of ten years between the Sino-Japanese war and the Russo-Japanese war. As has been mentioned, the foundation of the modern society of the Meiji Era was laid when the government enforced various political reformations after the abolition of the feudal governments and the institution of a prefectural system in 1871. In order to expedite the industrial progress, the government took the policy of starting modern industrial enterprises and transferring them to private hands when they were ready to carry on with their own capital. The first transfer of a government enterprise took place in 1880. This means that the government was ready to change its industrial policy, and that private capital began to carry on its own business. Broadly speaking, the period before the Imperial Diet was established in 1890 can be called the first half period, that is the formative period of the modern society, while the



## CHANGE OF SOCIAL CONDITIONS

period after the establishment of the Diet was the time of consummation of all the social systems. The first half period was the transitional era from the feudal society to the modern society, while in the second half period, every kind of modern institution was launched. The constitutional government was set up; the means of transportation installed; education system established; and journalism was popularised. All these helped to revolutionize the whole aspect of society. If one compares the social conditions at the beginning of the Meiji era and those at the end of the same era, he will be surprised at the great change, not only in the urban areas but also in villages in the remotest parts of the land. There were many causes for the change, but the main cause was the development of industry.

### CHANGE IN NUMBER OF CITIES AND TOWNS

Year	1888	1898	1908	1913
Communities with less than 10,000 inhabi.	70,272	13,794	12,048	11,887
Less than 50,000	110	213	344	432
Less than 100,000	8	12	19	26
More than 100,000	6	8	10	11

### INCREASE OF POPULATION IN CITIES AND RURAL AREAS

Year	1888	1898	1908	1913
Communities with less than 10,000 inhabi.	34,935,642	37,359,805	38,845,905	39,907,308
Less than 50,000	2,213,719	3,772,843	6,009,181	7,430,708
Less than 100,000	534,499	772,481	1,352,565	1,855,550
More than 100,000	2,421,619	3,497,910	5,537,857	5,937,704

The progress of the industrial revolution in the latter half of the Meiji era deserves notice. The accumulation of capital and manpower is the pre-requisite to the development of modern industry. In Japan, the conditions for accumulation were ready by 1887. Of the various influences of the accumulation of capital and man-power on the society, the most remarkable one was the influx of population into large cities. With the growth of large cities, the cultural standards of such cities rises as the manufacturing industries develop there. The same phenomena were seen in the Japanese society of the Meiji era. Here is the change in the number of cities and villages during each 10 years period between 1888 when municipalities were set up and 1914.

While the industrial revolution was progressing between 1888 and 1908, the population in large cities with over 100,000 inhabitants increased more than two-fold. The rate of increase was much higher than that of communities with less than 10,000 inhabitants. This influx of people into large cities was caused by the centralization of industries in large cities.

The most remarkable influence of modern industry on the social life was the rise of wage-earning workers, with the result that the society was divided into two classes, capitalists and workers. In the beginning, those workers came to large cities from farming villages in negligible numbers. They knew nothing about trade unions, nor did they have any class-consciousness. It was after the industrial revolution that they came to act collectively. After the Sino-Japanese war, the number of industrial workers jumped. They came to have class-consciousness, which paved the way for them to organize trade unions. This fact can be inferred from the frequent labor troubles that greatly increased in number after 1900. The labor movement in this early stage, however, was not on the right track yet. The frequent labor troubles, it seems, gave the government authorities a fair amount of terror, for the government made ready to oppress the workers by issuing The Peace Police Act, a copy of Bismark's method of suppressing the Socialist Party. The



enforcement of this act produced an adverse result, for it stimulated the labor movement. The most noteworthy fact about the labor movement of this time was the organization in 1897 of the *Rōdō-kumiai Kisei-kai* (Organ in action for the Realization of Trade Unions). Takano Fusatarō and Jō Sentarō who came back from the United States in that year, thinking that time had come for the Japanese workers to organize trade unions, started the *Shokkō Giyū-kai* (Volunteer Workers' Meetings) and distributed propaganda leaflets among workers in various plants. This distribution of leaflets led to the establishment of the above mentioned *Rōdō-kumiai Kisei-kai*. Under the direct or indirect guidance of this organ, many trade unions were later born. Such a social problem stimulated the rapid development of the socialist ideology. The socialist idea was, as has been mentioned, introduced at the beginning of the Meiji Era, but the large number of labor forces that became class-conscious, and began to organize trade unions in this period, spurred socialists to engage in active study of socialism, and set up the *Shakai-shugi Kenkyū Kai* (Society for the Study of Socialism). This society later organized the Social Democratic party. Katayama Sen, Kōtoku Shūsui, Nishikawa Kōjirō and Abe Iso'o and others were active in this society, opposing the Tokyo University group who advocated the German-type *sozial-politik* policy under Kanai En.

Around 1896, the government began to feel the necessity of enacting the Factory Law. The wide discussion of social problems, and frequent labor troubles that arose in many parts of the land made the government feel the urgent need for some legislation to control them. In other words, the government was pressed for some step to solve the labor problem, which is inevitably incident to the progress of industrial revolution. Thus, the labor troubles and socialist agitation awakened the Japanese working masses to class-consciousness and they organized trade unions. The government, recognizing this fact, at last enacted the Factory Law in 1911.



The capitalist class and the workers' unions became antagonistic. Through the industrial revolution, Mitsui, Mitsubishi and other capitalists gradually built up the so-called *zaibatsu* and as the center of the plutocratic politics, as Yamaji Aizan called it, enjoyed political and social power. This phenomenon was characteristic of the social development of the Meiji Era.

As has been mentioned, the development of modern industry gave rise to large cities. This industrial progress also influenced farming villages. At the beginning of the Meiji Era, 80% of the whole population were farmers, but the industrial development gradually changed the farming communities in various ways.

The development of the means of transportation was essential to the progress of capitalist economy. The transportation service connected farming communities directly with large cities, facilitating not only the exchange of products, but also the extension of the mode of city living, all of which helped to break down the feudalistic barriers. As a matter of fact, there existed a strongly conservative element among the farmers, as was evidenced in the process of the farm-land reform program carried out by the Occupation after the war. However, when one compares the village conditions before and after the industrial revolution, one can clearly see the change which capitalist industry brought about in the farming communities. A change in farming villages was the modernization of these communities. The first symptom of this change was seen in the development of a gulf between the rich and the poor among the farmers at the beginning of the Meiji Era. This gulf gradually widened, with a greater number of poor farmers and a small number of capitalist land-holders. With the development of farming techniques and of farm industry, farming came more and more to be operated along the line of capitalist industry. Such a tendency was clearly seen in the Taishō Era, but even in the Meiji Era, farming communities were involved in the whirlpool of capitalism. As marketing of farm products progressed, the social conditions of farming villages changed more

or less along the line of the industrial revolution.

Besides such economic changes, the economic reformation brought about a political change in farming villages. The constitutional rule gave farmers the right to participate in the nation's affairs. As a matter of fact, in the Meiji Era, before the coming of universal suffrage, the electorate was confined to the land-owner class, that is, to a small number of rich farmers. However, as the activities of political parties heightened the farmers' interest in politics, farming communities were brought closer to the nation's politics. This rising interest in politics on the part of farmers paved the way for the farmers' movement that developed in the Taishō Era. When political parties were first born, around 1885, the *Kaishin-tō* had urban areas as its sphere of influence, while the *Jiyū-tō* had influence in agrarian areas, thus, politically dividing urban areas and agrarian areas. The *Jiyū-tō* became the *Kensei-tō* and then the *Seiyū-kai* in 1900, still preserving its color as a land-owner-party. Since in those days land taxes constituted the chief national income, the government's raising of the land taxes directly affected farmers. Thus, the political strifes were centered on the problem of land taxes, which even decided the fate of the government in the 1900's.

The effects the political parties exerted on farming villages were that farmers' interest in the nation's politics was heightened; the development of farming villages was promoted; transportation service was opened; and riparian works were quickened; but the political influence became too strong, so that autonomy of villages was destroyed and even village officials were party-colored.

Although the conscription system had no direct connection with economic development, it must be remembered that it played an important role in modernizing farming communities. After the Conscription Law was enacted, all farmers' sons had to undergo military service with other young people of the nation. They got uniform training in peace time as well as in war time. The enforcement of this conscription which suddenly eliminated the barriers between farmers and *samurai* was a big



blow to the general public, especially to the farming masses. Because of the phrase "blood tax" found in the Decree of Conscription issued by the government, a rumor spread that conscription meant draining the young of their blood. This news of conscription came like a thunderbolt out of a clear sky. In addition, the periodic drafting of a large number of strong young farmers proved to be an economic loss to the farming communities which gave rise to social unrest, causing farmers' uprisings against conscription in many parts of the land.

The military life was, however, a modern collective life which gave a kind of social training to the young. This training reformed farmers' ways of thinking. Especially the uniform training of all young people of the nation modernized whole farming communities by breaking down the feudal isolation of the villages. The military system and the compulsory education system deepened farmers' consciousness of the nation. Great numbers of farmers' sons who went to wars with China and Russia spread throughout the whole nation the praise of military power. This atmosphere laid the foundation of later militarism. Under such circumstances, farming villages gradually dropped their conservatism.

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## Chapter Three

### TRANSITION AND DEVELOPMENT OF ECONOMIC POLICY

TSUCHIYA TAKAO

#### I. PERIOD BETWEEN THE RESTORATION AND THE ESTABLISHMENT OF THE MINISTRY OF AGRICULTURE AND COMMERCE IN 1881

After the Restoration the new government made efforts, with the slogans *Fukoku Kyōhei* (Wealth and Military Power of the State) and *Shokusan Kōgyō* (Increase of Industrial Production), to foster and promote modern machine-mass-production. This was an historical, and at the same time, fundamental task of the new government. It had to convert rapidly the feudalistic methods of production to modern methods in order to cope with the pressure of the western demand for expansion of market and for raw materials. It was an urgent necessity of the new government to foster, with forceful protection of the state power, a fast hot-house growth of modern machine production for divergent purposes.

For this purpose, the state imported factory equipment, and operated factories at the beginning of the Meiji Era. It was a typically intensive method of encouragement of the progress of modern industry. We can tentatively call this method "the Model State Management of Industry." This state management was carried on from 1868 to 1880.

## A. Modernization of Domestic Commerce

The new government's policy of internal commerce after the Restoration was to abolish the feudal system of the direct control of commerce by the Shogunate or feudal governments; to put an end to the control of the merchants' guilds consisting of privileged merchants of large cities; and to promote free trade. In April 1868, the government set up, in the Treasury Office, the Commerce Bureau to encourage commerce and collect taxes. There were branch offices in Tokyo and Osaka. First, the government established the *Shōhō-kaisho* (Chamber of Commerce); issued the *Shōhōtai'i* (Elements of Commerce); gave free play to commerce by abolishing the monopoly of commerce by the privileged merchant-guilds; and loaned commerce-funds. This Commerce Bureau ended in failure and the *Tsūshōji* (Bureau of Trade) which was set up in 1869, took over the business of the Commerce Bureau. The government further induced the establishment of private trade firms and exchange-firms, which did the selling and buying of important commodities at regular intervals.

In the period between June 1869 and January 1872, the government issued several decrees: to give titles of *kazoku*, *shizoku* and *sotsu* to *daimyō* and *samurai* according to their status; to give the status of *heimin* (commoners) to farmers, craftsmen, merchants, and *eta*; to abolish the limitation of occupation by the social status; and to proclaim freedom of commerce. In December, 1871, for instance, it proclaimed that "any person with the title of *kazoku* or *shizoku*, who is not in a government office, can engage in farming, commerce or any other trade." Thus, people with titles of *kazoku* and *shizoku* were given freedom of occupation and the so-called "shizoku merchants" came to be seen at many places. In August, 1872, farmers were allowed to engage in commerce by the following



decree: "Hitherto farmers have been prohibited from engaging in commerce, but from now on they are free to become merchants." The new government established, as a part of the System of Industrial Freedom, the system of free commerce.

Further, the government was, from the beginning, studying the Chamber of Commerce system for the promotion of merchants' benefits, and in 1872, set up the Tokyo Eizen Kaigisho, the forerunner of the Tokyo Chamber of Commerce. The name of this establishment underwent changes, first into the Tokyo Kaigisho, and then in 1878, the Tokyo Shōhō-Kaigisho. It became the Tokyo Shōgyō-Kaigisho (Chamber of Commerce) in 1890. Osaka had the Osaka-Shōhō-Kaigisho in 1872. This became the Osaka Shōgyō-Kaigisho in 1881.

Regarding the transaction of rice, the most important item for the Japanese at all times, the Osaka Dōjima Kome Kaisho (Rice Exchange) was reopened in 1871. In 1875, the government worked out the regulations for rice merchants, and issued the rice-exchange-regulations, according to which rice-exchanges were set up at Tokyo, Osaka, Ōtsu, Akamagaseki (present Shimonoseki) Kuwana, Ni'igata, Hyōgo, Kanazawa, Tokushima, Nagoya, Okayama, and Kyoto.

The government learned from the Western nations that to encourage enterprises of private corporations was most essential to the promotion of productive industries. It published, for this purpose, two pamphlets, the *Tachiai Ryakusoku* (Summary Procedures of Stock Exchange) by Shibusawa Ei'ichi, a high official of the Ministry of Finance, and the *Kaisha-Ben* (Companies), a translation by Fukuchi Gen'ichirō. This step induced the setting up of many companies from 1873 on. In October, 1874, the government issued the Stock Exchange Regulations, and allowed the transaction of government bonds, and authorized obligations (shares of the semi-government companies). Further, in 1878, these regulations were revised, which lightened the duty and guarantee fee paid by brokers. The Tokyo Stock Exchange was set up in June and the Osaka Stock Exchange



in August the same year.

By such government measures, the prototypes of a modern commercial system was set up and paved the way for the development of internal commerce.

### B. Government Policies for Improvement of Foreign Trade

Foreign trade in the days of the Shogunate was, as is well-known, extremely limited. The country was almost closed to foreigners for 220 years. Nagasaki was the only trade port, where under the strict control of the Shogunate, trade with Holland and China was carried on. The items of export and import were also limited in quantity and quality. Further, the building of large vessels over 500 koku capacity for sailing overseas was prohibited. After the commercial treaties were concluded with the five countries in 1858, foreign trade was started in 1859 under a new system, which was not limited like the one under the seclusion policy. However, in this period, the Japanese economic and political conditions were not modernized, so that foreign trade of those days could not be called trade between modern countries. It was, so to speak, a trade between modern capitalist countries and a feudal country. The commercial treaties of those days were unequal treaties with provisions disadvantageous to Japan. Naturally, the new government was in urgent need of working out a new policy for foreign trade. The government's efforts to protect modern industry and to promote productive industries were made with this in view.

As has already been mentioned, the unequal treaties forced Japan to submit to extraterritoriality and besides, Japan was not given tariff autonomy. The Shogunate which could not manage its internal disunity, was powerless to make demands for treaty-revision. As soon as the Shogunate opened the country to foreign trade, some patriotic *samurai* were united and started a movement of "Expulsion of Foreign Barbarians."

It was natural, therefore, that the new government should have devoted its efforts to the removal of the treaty-inequality, sticking to its all-out friendship policy. At the time of treaty negotiation, it was unavoidable, because of the international conditions of that time, that Japan should have had to open its ports to foreign trade. In order to secure and maintain its own independence and development among the capitalist nations of the West, however, Japan had to raise its economic standard, that is, to develop great modern industries as quickly as possible. For a backward country like Japan to raise its industrial standard to the level of the advanced powers, it had to foster and develop its domestic industries, even using increased protective tariff as a means. From the beginning, the government was eager to have the treaties revised.

However, the revision of treaties was not to be realized so easily. Sending Iwakura, Envoy Extraordinary and Ambassador Plenipotentiary, and Ōkubo and Kido, to America and European countries in 1871 was a preparatory maneuver for the treaty-revision. Foreign Ministers, Soejima and Terajima, both spared no efforts to achieve this. All such efforts of the Japanese government proved fruitless in the beginning of the Meiji Era. In 1878, Japan succeeded in having the Washington Revised Treaty signed by the United States. By this revised treaty, America agreed to give tariff autonomy and all the rights to the control of trade in the Japanese seas to Japan. However, Article 10 of this treaty provided that the treaty was to go into effect when other powers agreed to make similar concessions. Since other powers declined to follow the example of the United States, this revised treaty was not put into effect. Although the efforts for the treaty-revision were continued after that, it was not until the 1900's that Japan achieved full recognition in equal trade with western powers.

Under such an unequal trade situation, it was natural that all the profits should have gone to foreign merchants. Since the opening of the ports, foreign merchants controlled trade



and the Japanese traders were forced to do business under great disadvantages. In the transaction of silk, for instance, many foreign merchants tried to make speculative purchases. They often put off the examination of the silk, waiting for market-news in their home countries. If they thought it profitable, they examined and bought it, but if the news proved otherwise, they made it off-grade goods, finding fault with it some way or other. Or, after a contract was made between a foreign firm and a Japanese trader, the foreign firm, taking advantage of the examination, reduced the price or annulled the contract at will, while no breach of contract nor raising of price was allowed to the Japanese traders. Further, whether silk was to be examined on the day of its arrival or ten days later was unilaterally decided by the foreign firms. Besides all this, one bolt of raw silk was taken out as sample silk from each bale when the foreign firm examined the quality and quantity of it.

That trade was monopolized by foreign firms is shown by the fact that in 1877, 94% of the entire export, and 95% of the entire import were carried on by foreign firms.

The new government immediately began to try to remove this monopoly of foreign firms and turn foreign trade to the Japanese traders' advantage. It was no exaggeration to say that the foreign policy during the period between the Restoration and 1881—the time of establishment of the Ministry of Agriculture and Commerce—was centered on the efforts to achieve this purpose.

The *Shōhōshi* (Commerce Bureau) that the new government set up in the first year of Meiji in order to control foreign trade did not work, because its system was just the continuation of the feudal system. Hence the government replaced it by the *Tsūshōshi* (Trade Bureau) with its branch offices at each port.

The purpose of the establishment of the Trade Bureau is shown in the government notice issued to the prefectural governors



concerned. It read: "In order to lay the foundation of the nation's wealth, foreign trade shall be put under the control of the Trade Bureau. It shall promote the circulation of money, set up transportation facilities, stabilize prices by balancing the export and import." It also said: "From this time on, no government agency nor prefectural government shall purchase or order things from abroad without permission of the Trade Bureau. All the government agencies and prefectural government offices shall refrain from buying goods from foreign countries if possible. If circumstances compell any purchase, they will have to ask permission of the Trade Bureau." Thus, the government prohibited the direct transaction of prefectural governments with foreign firms, and put foreign trade under its control.

Foreign merchants were naturally against this step. In September, 1870, all the ministers to Japan jointly lodged a protest against the Trade Bureau with the government. In the face of such difficulty, the government carried forward its policy.

In the meantime, the government made efforts to urge rich merchants to set up private trade firms and exchange firms.

*Tsūshō Kaisha* (Trade firms) were set up to further internal and international commerce. *Kawase Kaisha* (Exchange firms) were to finance trade firms by advancing money, and, at the same time, lending money to private persons under the supervision of the Trade Bureau. Trade firms and exchange firms were set up in Tokyo, Osaka, Saikyō (Kyoto), Yokohama, Kōbe, Ni'igata, Ōtsu, and Tsuruga. However, all these firms ended in failure and in 1871, the Trade Bureau itself had to be closed. Thus, the government's first trade measure was deadlocked.

The business of the Trade Bureau was taken over by the *Sozeishi-Shozai Gakari* (Trade Tax Section of the Tax Bureau), and, later, it was transferred to the *Kangyōryō* (Industry-Encouragement Section) of the Home Ministry when the Ministry was set up in 1874. In 1876, the Trade-Encouragement Bureau was established for the purposes of "finding out advantages

and disadvantages of trade; opening the means of transportation to facilitate commerce; working out market regulations; establishing an institute for the study of commerce; protecting trademarks; lending funds for the promotion of commerce; and attending to all the business of encouraging commerce in the country."

The Home Ministry was set up at the instance of Ōkubo Toshimichi. As Ōkubo was the highest policy-maker of the promotion of industrial enterprises, the trade-measures were again positively carried out by him. What Home Minister Ōkubo intended was direct export. (His many recommendations to the government mentioned the "direct export of Japanese products.") A detailed plan for this was expressed in his recommendation presented to Prime Minister, Sanjō Sanetomi in 1875. He even urged setting up a trade firm run by the government. The Year-Book of the Home Ministry has many evidences of the government's efforts to carry on direct export. For instance, in 1875, the government sent an official to England who took with him samples of various products by way of advertising and inspected the conditions of trade there. Another official was sent to America "to expand market for the two commodities—tea and raw silk—to inspect the commercial conditions there and to send home the news of the points of advantage and disadvantage to Japan's trade." In 1876, the government's plan of direct export was greatly carried forward. The *Kanshōkyoku* (Trade-Encouragement Bureau) started, by way of trial, a kind of government-run trade. It shipped, for a trial sale, green tea, black tea and raw silk to New York; tea to San Francisco; samples of rice, wheat, millet and raw silk and tea to London; tea, and agar-agar to Marseilles; samples of tea, peas and rape-seed to Germany; tea to Austria; tea to Ceylon; and tea and soy to Shanghai. As a means of promoting direct trade, the government encouraged the establishment of trade firms. The following were the leading firms of that time:



The *Kiritsu-Kōshōsha*: It was started with the help of the government when Japan took part in the World Fair held at Vienna in Austria in 1873. It sent its exhibits to the Fair. After 1876, the firm was put under the jurisdiction of the Trade-Encouragement Bureau. The head-office was at 16, Takekawa-chō, Tokyo. The firm dealt in table-ware and general merchandise, supplied orders for manufacture of such goods and shipped goods abroad on order of foreign merchants.

The *Kōgyō-Shōkai*: The head-office was at 19, Ise-chō, Tokyo. In June 1876, under the special order of the Trade-Encouragement Bureau it started its trade with China. It had branch offices at many ports in Japan and a branch in Shanghai.

The *Mitsui-Bussan*: It was started in 1876. Soon after opening its business, the Industrial Ministry made it the sole agency for the sale of coal from the Mi'ike coal mine. It earned big commissions.

Japan set up her consulates at many parts of the world, which served greatly to carry out the trade policy of the government. They were:

Date	Location	Name of Consul
Nov. 1870	San Francisco, U.S.A.	Charles W. Brooks
Feb. 1872	Shanghai, China	Shinagawa Tadamichi
Mar. 1872	New York, U.S.A.	Tomita Tetsunosuke
Sept. 1872	Fu-chou, China	Ida Yuzuru
Mar. 1873	Venice, Italy	Nakajima Jōji
April 1873	Hongkong, British T.	Hayashi Michisaburō
Mar. 1874	Marseilles, France	Nakamura Hakuai
June 1874	Rome, Italy	Kawase Mataka
April, 1874	Amoy, China	Fukushima Marumo
Sept. 1875	Tien-tsin, China	Ikeda Kanji
Nov. 1875	Honolulu, Hawaii	D. B. Dickson
Mar. 1875	Ying-kou, China	Francisna-I
April 1876	London, England	Minami Tamotsu
May 1876	Chefoo, China	George F. Leane
Dec. 1876	Vladivostok, Russia	Sewaki Toshihito



May 1878 Milan, Italy

Nakajima Saikichi

It goes without saying that the most important task of the consul was, besides inspecting the trade conditions of the place of his post and sending his findings back home, to carry out the trade policy of the government.

Japan's participation in overseas fairs must also be considered in connection with the trade policy of the government at the beginning of the Meiji Era. For the first time in 1873, Japan took part in the World Fair held in Vienna. It was an epoch-making event for Japan, for it exerted a great effect on the political, economic and cultural progress of the nation. The government started preparation for it in 1871, and set up an office exclusively for that business in 1872. 600,000 *yen* was spent for the accomplishment of this grand enterprise. Economically, by participation in this fair Japan attained its object of advertizing domestic goods abroad, and, at the same time, introduced the capitalist system and its production methods at home.

Japan took part in the World Fair held in Philadelphia in 1876, and in twenty more overseas fairs by 1885, in which Japan did its utmost to introduce the Western production-methods into Japan and advertize Japanese commodities abroad.

### C. Modernization-Policy in the Fields of Productive Industry and Mining

As has been mentioned, the government's policy of promoting industry was centered on productive industry and mining. The progress of light industry, heavy industry and mining was carried forward in the following manner.

#### 1) Light Industry:

The government attached the greatest importance to the increased production of raw silk, the main item of export. The increase of the export of raw silk made it a vital necessity to shift from the old reeling method of *zakuri* to machine-reeling. Machine filature was also demanded because the quality

of hand reeled raw silk deteriorated with the increased demand.

The government decided, with a view to the improvement of the silk-reeling method, to invite an expert engineer from abroad, build a large filature plant and produce superior quality silk. The building of the famous Fukoku Model Filature Plant was started in 1870 at an expense of 280,000 *yen*, under the supervision of a foreign engineer and Shibusawa Ei'ichi, chief business manager. In October, 1872, the construction of the plant was completed and every thing was ready for operation. This was a wholesale transplanting of a Western reeling method, with its building material, reeling machines, and all the necessary apparatus imported from France. Through the production of superior quality raw silk in this plant, Japanese silk could retrieve its reputation. For the first two years, it was difficult to get silk girls. For this reason, girls from among the *shizoku* class were employed. However, as "Tomioka silk girls" became famous, many girls from local districts came to apply for the work. By 1876 about 2,000 silk girls had been trained, who did a great service to the progress of machine-reeling by teaching this new art at many plants which were set up in various parts of the land. The establishment of this government-run model plant proved to be one of the most successful government measures for the promotion of industry.

Besides the Tomioka Plant, the government set up, in the *Kan'nō-Kyoku* (Bureau for Encouragement of Agriculture), a silk laboratory equipped with water-mills, steam engines and other apparatus imported from Italy. Here, engineers were trained, who helped to improve the reeling method in various plants in other parts of the land.

The machine-reeling methods imported from France and Italy by the government combined with the old *zakuri* method, developed medium scale enterprises between small factories and large plant mass-production. The most rapid development was made in the Shinshū district.

Cotton spinning has been and still is another important



industry of Japan. The first modern spinning plant was built in Kagoshima in obedience to the dying wishes of Shimazu Nariakira, Lord of Shimazu-*han*. The second one, the Sakai Spinning plant, which was set up in 1870 as a branch of the Kagoshima plant, was transferred to the Bureau for Encouragement of Agriculture in the Ministry of Finance, under which the operation was continued. In 1874 it was again transferred to the Bureau for Encouragement of Industry in the Home Ministry. As a model government-run spinning plant with its scale and equipment improved, it stimulated the enterprising spirit of people all over the land.

In 1877 when the domestic cotton industry declined as the result of increased importation of cotton textiles, the government purchased two sets of Western spinning machines and installed them in government-plants in Aichi and Hiroshima Prefectures. Further, in 1878, the government, with its industrial fund, bought 2,000-spindle-spinning-machines from England, intending to operate them at ten different places in the land. Instead of building plants, however, the government sold them to private enterprisers in Osaka, Tochigi, Yamanashi, Shizuoka, Okayama and Nagano Prefectures for ten-year installment payments without interest, in order to encourage private industry.

All the spinning plants which were set up one after another about that time were small-scale water-power mills operating with 2,000 spindles. They played, however, an important role in stimulating enterprisers and spreading the knowledge of the spinning industry.

In 1879 a large factory with 10,000 spindles was planned. It was put in operation in 1883 as the Osaka Spinning Company. After that, many such large factories were built, so that by 1890 the Japanese cotton industry was firmly established.

## 2) Heavy Industry and Others:

Near the end of the Shogunate, intending to build up modern armaments, the government imported machines for the production of military equipment. After the Restoration, the new



government found itself in urgent need of expanding armaments. The government had promptly to realize its goal of "Wealth and Military Power for the State" as was the slogan. To expedite the expansion of armaments was more pressing than anything else under the critical situation of the country at that time. So, the government decided to run the armament industry by seizing the plants possessed by the Shogunate. The following were the main plants:

*The Osaka Hōheishō:*

This was set up in 1870 by seizing the machines and workers of the Nagasaki Iron Works possessed by the Shogunate. The government also ran powder plants at Itabashi, Meguro and Iwahana.

*The Yokosuka Zōsenjo (Ship-Yard):*

This was, first, an iron works established for the Shogunate by a French engineer in 1864. The new government took it over and enlarged its scale. It had 1861 workers by 1881.

*The Nagasaki Zōsenjo (Ship-Yard):*

This ship-yard first fell under the jurisdiction of the Nagasaki prefectural government, and then was transferred to the Ministry of Industry in 1871. In 1884 it was leased to the Mitsubishi Co. The Mitsubishi bought it in 1887.

*The Hyōgo Zōsenjo:*

The government founded this ship-yard in 1871, by buying out an iron works possessed by the Kanazawa prefectural government. Later, in 1885, it was transferred to the control of the Ministry of Agriculture and Commerce.

*The Ishikawajima Zōsenjo:*

Mito Nariaki, Lord of Mito-han, first founded this ship-yard in 1854. The Kyokujitsu-maru was built here in 1856. The Shogunate had a war-ship built here, too. After the Restoration, the government ran it. Later it was sold to a private enterprise.

In these government plants, machine-production was carried on to meet the urgent need of armament expansion. Surrounded

as Japan was by capitalist powers of the West, Japan needed armaments for defense while it was making utmost efforts to foster the rapid development of modern industry. Thus, the armament plants as government enterprises proved to be the starting point of the development of large-scale productive industries.

The *Kōbushō* (Ministry of Industry) which was set up in 1870 took charge of the task of fostering technological and chemical industries. The Ministry founded and operated a machine production-plant at Akabane, a glass-plant at Shinagawa and a cement plant at Fukagawa.

The Akabane Plant was founded in 1871 and was transferred to the control of the Ministry of Navy in 1883. At first the plant was for refining pig iron, but later in 1873, the plant produced iron-refining equipment to meet the government and private demand. In May, 1873, it also started producing infusible white brick. Later, the plant also manufactured steam boilers to meet the demands of the government and private enterprises. The Fukagawa plant was set up for the production of cement under control of the Fukagawa branch office of the Ministry. It produced cement, imitation stone, white brick and a few other items. The plant was sold to Asano Sōichirō in 1884.

The Shinagawa glass plant was founded in 1876 for the production of glass. It was sold to a private enterprise in 1885.

As regards the manufacture of iron, which is essential to heavy industry, the government set up an iron works at Kamaishi. Under the supervision of an English engineer, it started its operation in 1880, but in spite of its modern equipment, the business lost money. It was closed in 1883. Later the *Kamaishi Seitetsu*, a private enterprise, improved the production-method and produced some iron to meet the demand. In addition, the Ministries of Army and Navy carried on the production of iron. The *Osaka-Zōheishō* built an iron foundry in 1870 to make cannons and shells. In 1881 the Ministry of Navy



set up the *Tsukiji-Zōheisho* where crucible steel was made.

Thus, iron manufacture done exclusively by the government later went into the hands of private industries.

### 3) Mining:

The government made efforts to foster and develop the mining industry, too. In 1868, the first year of Meiji, the government converted the Shogunate's *Dō-san Yakusho* (Copper Production Office) to *Osaka-Dōsan-Kaisho*, the name being changed several times in the course of one year. In the meantime, the government permitted the exploitation of mines and the selling and buying of them by private persons. In April the same year the Mining Section (competent office) issued its program and rules, which made it clear that for the encouragement of the mining industry, the government was to buy the minerals mined by private enterprisers. However, in March, 1872, the government issued an order which proclaimed that all mines and the right to exploit them belonged to the government.

Thus, the government engaged in the mining industry with the view to its rapid development. Several mining engineers were invited from England, America, France, and Germany. The large mines operated by the government were as follows:

Name	Date of Opening	Remarks
Ikuno Kōzan	1868	Sold to the Mitsubishi Co. in 1896
Sado Kōzan	1869	The same
Kosaka Kōzan	1872	Sold to Kuhara Shōzaburō in 1884
Okuzu, Magane	1873	Sold to private enterprise in 1885
Mi'ike Tankō (coal)	1873	Sold to Sasaki Hachirō in 1888 and then to the Mitsui Co. in 1889
Takashima Tankō	1873	Sold to Gotō Shōjirō, in 1874 then to Iwasaki Yatarō in 1881
Kamaishi Kōzan	1874	Sold to Tanaka Chōbei in 1885
Ani Kōzan	1875	Sold to Furukawa Ichibei in 1885
Naka-Kosaka Kōzan	1878	Sold to Sakamoto Yahachi in 1884



Yuto Kōzan                      1879      Sold to a private enterprise in 1884

The government, in its efforts to introduce new techniques of mining and metallurgy from abroad, laid tracks in the pits, and used steam power, (steam shovels), ore-separators, reverberatory furnaces, and blast furnaces.

#### 4) Transfer of Government Plants and Mines to Private Enterprises.

Since the Restoration, the Meiji government set up and ran many plants and mines. Such a practice is rarely seen in other countries, though it has something similar to the mercantile system in its protection of home industry. The key supporter of this policy was Home Minister Ōkubo Toshimichi. When Ōkubo was assassinated in 1878, however, there arose an adverse criticism of this intensive protection-policy. Public opinion also demanded a change in this policy.

The leading figure for a change of policy was Taguchi Ukichi, liberal economist, who edited the Tokyo Keizai Zasshi. This magazine was started on January 29, 1879. In the second issue he advocated, in the editorial *Shōsei* (mercantile policy), the policy of laissez-faire, rejecting the protection policy. He kept on publishing his view in his magazine and insisted on the transfer of government plants and mines to private hands. He aroused public opinion, which in turn influenced the ruling circles. As some government officials came to support Taguchi's view, the government decided to change its industrial policy. The first and most influential to advocate this change of policy was Home Minister Matsukata Masayoshi. The Home Minister presented his *Zaisei-Kanki Gairyaku* (My Personal View on Finance) to the Prime Minister. In it, he urged the transfer of government plants and mines to private enterprises. Ōkuma Shigenobu, vice ministers, approved this plan.

The Cabinet decided to carry out the transfer and published the famous *Kōjō Haraisage Gaisoku*, (General Rules for Transfer of Plants to Private Hands). This publication of the government's policy of transfer is an epoch-making event in the

industrial history of Japan.

The shift of the government policy of model management of industrial plants to that of protection of private enterprises necessitated the change in the structure of the government's industrial agency. Accordingly, the Ministry of Agriculture and Commerce was born in 1881.

## II. PERIOD FROM THE ESTABLISHMENT OF THE MINISTRY OF AGRICULTURE AND COMMERCE TILL AFTER THE SINO-JAPANESE WAR.

The government's policy of managing model plants and mines was used to lead the nation, because at that time, private persons engaged in commerce and industry knew little about modern industry and the modern economic system. Their enterprising spirit was inert and their capital accumulation was not ripe. However, ten or twelve years after the Restoration, private enterprisers had been more or less enlightened in the modern economic system; their enterprising spirit had been aroused, and capital accumulation was to some extent ready. Under such circumstances, it was natural that the government's policy of protection and interference should have become a shackle to them. This situation led to the transfer of government enterprises to private hands.

The demand for this transfer was embodied in the *Kōjō Haraisage Gaisoku*, which accompanied a demand for administrative reform in industrial affairs. In 1880 Itō Hakubun and Ōkuma Shigenobu, vice ministers, presented to the government their motion with joint signatures on the establishment of a new Ministry of Agriculture and Commerce, under which the control of all the affairs of agriculture, commerce and industry would be combined. Hitherto the affairs of industry were divided between the jurisdictions of the Home Ministry and the Finance Ministry, thus complicating the business and wasting money. That this motion involved recommendation of the



abolition of government management of plants and mines, and of the necessity for protecting private enterprises deserves notice. Thus, the Ministry of Agriculture and Commerce, which was to carry out the new policy, was born.

The change in the industrial policy was followed by all-round change in the economic policy. In other words, this change was carried out along the line of a deflation policy. The deflation policy was needed at that time because the amount of inconvertible paper money rapidly increased with the government's issue of the hereditary pension bonds in 1876 and the Seinan Civil war in 1877. Inflation began to spiral in 1878 and reached its peak in 1881. The deflation policy for the absorption of inconvertible paper money started with the issue of Government Decree No. 48. When Matsukata Masayoshi became Finance Minister, he carried out the deflation policy in earnest. He established the policy of sound finance, sound currency and sound banking, thus laying the foundation of capitalist Japan. In this process, however, a great many people were ruined and driven to destitution. With the progress of the absorption of paper money, prices fell, and an economic depression followed. Many banks, companies and firms went bankrupt. There was unemployment all over the land. Farmers were the hardest hit.

The severe economic depression that began in 1881 and lasted till 1885 had the good effect of replacing primitive methods of production by modern machines, which resulted in the rapid modernization of industry.

In the meantime, the government began to transfer its plants and mines to private hands. Because the prices of these government properties were very low, the transfer greatly helped the development of private industries, but at the same time laid the foundation of several *Zaibatsu*.

Even in the midst of this economic depression, large industries of spinning, railway and shipping were started. In 1885 the deflation policy proved successful. From 1886 on an industrial fever was rampant in the nation. Railway and spinning industries



developed fastest.

Improvement was continuously made on the method of cotton-spinning, so that, in the decade between 1888 and 1898, modern plant production became predominant in the field of light industry. This trend of plant production meant the accomplishment of the industrial revolution, laying the foundation of industrial capital accumulation. The achievement of such rapid development in this decade can be accounted for by the Japanese victory over China in the Sino-Japanese war (1894—1895). This helped Japan expand her foreign markets, and in turn stimulated the development of modern industry.

As has been detailed, during the ten-year period between 1877 and 1887, Japan changed its industrial policy from government to private enterprise, and took the measure of protecting private industry, a policy which had a somewhat laissez-faire tendency. At the same time, however, the government made efforts to guide and enlighten the private industrialists by participating in international fairs and holding competitive shows at home. The *Minken-undō* (democratic movement) of this period bore fruit, and constitutional rule was established. In the following decade, the democratic movement became more liberalistic. For example, the cotton industrialists successfully urged and won from the government the abolition of export duties on cotton thread and import duties on raw cotton. In the 1900's, at long last, a partial revision of trade treaties was realized, enabling Japan to establish her protective policy.

#### A. Internal Commerce Policy

The Commerce Bureau of the Ministry of Agriculture and Commerce started its business of internal commerce as counter-measures against economic depression.

In 1882, the Commerce Bureau sent questionnaires as to the causes of depression to all the Chambers of Commerce in the country, and at the same time dispatched officials to nineteen

prefectures to investigate business conditions. In the following year, the Bureau sent officials to fifteen other prefectures to examine commercial conditions.

In 1884 when the depression was at its worst and many banks, companies, merchants and producers went bankrupt, the Bureau held the first meeting for the discussion of problems of commerce and industry in February. In October the second meeting was held. At the four-day meetings, the points of advantage and disadvantage of commerce were debated. The questions placed on the agenda of the meetings were as follows: The First Meeting: (1) The recent change in the system of commerce and its merits and demerits; (2) The conditions of the rise and fall of corporations; (3) The present conditions of the liquidation of bankrupts; (4) The statistics made according to the questionnaires.

The Second Meeting: (1) On enterprises which need protection and encouragement from the commercial point of view; (2) Advisability of setting up store-houses for commodities and the method to supervise them; (3) Practices particular to individual markets and advantages and disadvantages of control over them; (4) Methods of inspecting weights and measures; (5) Detailed reports on the result of protection and encouragement of industry carried out in each prefecture.

The *Dōgyōkumiai Junsoku* (Rules for Trade Associations) issued in Decree No. 37 of the Ministry of Agriculture and Commerce in November, 1884, were the sum-total of the counter-measures taken to tackle the depression.

The modernization of all systems of the nation was vital to Japan for her survival in the struggle among the advanced Western nations. The Ministry of Agriculture and Commerce, therefore, made it its goal to acquire the commercial supremacy of the world, by "making the domestic commerce active and thriving and, thereby, changing the commercial conditions of the East". From the time of its establishment to the middle



of the Meiji Era, the Ministry's main task was to reorganize and establish sound commercial systems. The reorganization of rice-exchanges and stock-exchanges was carried out as a part of this task.

#### 1) Rice-Exchange; Stock-Exchange:

In 1882 the Cabinet Decree No. 26 proclaimed the revised Agreement of Association Rules of rice-exchanges, which brought about a thriving rice trade. The amount of rice transaction doubled that of the previous year. In the following year, however, because of the depression, the amount was reduced to less than half that of 1882. The number of security-transactions both in the Tokyo and the Osaka Stock-Exchanges also decreased in 1883.

In 1883, by the Cabinet Decree No. 28, the license-fee of the brokers of rice-exchanges and stock-exchanges was announced. Furthermore, the Ministry of Agriculture and Commerce published in its notification that the number of brokers of rice-exchanges and stock-exchanges should be limited so that these exchanges might have a house-cleaning, and drop their "licentious practices."

In 1885 the tax law was revised. Hitherto, in the rice-exchange, five-thousandths of the amount of the contract was levied, but after the revision, the tax was reduced to two-thousandths of the amount of the transaction. In the stock-exchange, too, the tax was reduced from one-thousandths to three-ten-thousandths of the transaction. This greatly increased the number of transactions.

As the new Exchange-Regulations were issued in 1887, the existing regulations of the rice-exchange and stock-exchange were revoked. The rice-exchanges and stock-exchanges according to the revoked regulations were to be liquidated when their term of license expired. In fact, however, even after the proclamation of the new Regulations, many rice exchanges and stock-exchanges continued their business by applying for prolonged operation.

#### 2) The Exchange Regulations and the Exchange Law:

The Commerce Bureau set about drafting the *Torihikijo Jōrei*



(Exchange Regulations) in September, 1886. They studied the exchange-systems of Western nations and after weighing the merits and demerits of their systems, worked out the regulations relating them to Japanese customs. The Regulations were issued in 1887. Chapter I, —General Rules of the Regulations— shows the government's intention for the Regulations, and the object and nature of the exchange. Article 1 provided: "The exchange is to facilitate business transaction; to level quotations; to foster the habit of fair and honest transaction; to standardize and maintain the commercial traditions; to give publicity to the necessary informations and to mediate disputes that may occur among the persons concerned in the exchange. An exchange is to be set up when a license is given by the Minister of Agriculture and Commerce to those in transaction of business." Article 2 stipulated: "The things to be transacted at the exchange shall be important commodities, government bonds and stocks applied for and approved by the Minister of Agriculture and Commerce."

The Exchange Regulations went into effect on September 1, 1887. The Rules for Application of the Regulations were announced in June, 1888. Out of 41 applicants for the establishment of exchanges in the course of 1888, only 10 were licensed.

With the development of Japanese economy, there arose a necessity for the revision of the Regulations. Accordingly, the Commerce Bureau drafted the Exchange Law in 1892. After being submitted to the members of Chambers of Commerce for deliberation, this draft passed the Diet resolution. It was promulgated in Law No. 5 on March 3, 1893.

The Exchange Law consisted of Chapter One—Establishment of Exchanges; Chapter Two—The System; Chapter Three—Members, Stock-holders, and Brokers; Chapter Four—The Board; Chapter Five—Transaction and Jurisdiction; Chapter Six—Penal Regulations and a Rider. According to this law, the exchange license was effective for ten years. The system could either be a membership or a corporation system. The

kinds of transaction were to be a direct transaction, a transaction in future, or a time transaction. Exchanges were under control of the Ministry of Agriculture and Commerce. On the day of the enforcement of this law, such regulations as Decree No. 105—Rice Exchange Regulations, issued in 1876; Decree No. 9—Stock-exchange Regulations—issued in 1878; and the Imperial Edict No. 11—Exchange Regulations—were all annulled.

Furthermore, in June, 1892, the Imperial Edict No. 79 announced the amount of capital, guarantee fund, stocks, commissions, reserve fund, brokers' license fees and methods of transaction. At the same time, the Ministry of Agriculture and Commerce published the Rules for Application of the Exchange Law.

Besides the Exchange Law and the Exchange Regulations and their incidents, there was another measure taken to establish the commerce system. It was the promulgation of the Commercial Law in April, 1890. The Law No. 35—the Commercial Law—went into effect on July 1, 1893. By this law, the commercial system of Japan was more consolidated than before.

### 3) Trade Association Regulations:

As has been mentioned, the Ministry of Agriculture and Commerce Decree No. 37 announced the Trade Association Regulations. Concerning this, the Fourth Report of the Ministry of Agriculture and Commerce stated as follows: "The regulations are set because, since the Restoration, merchants and makers have dropped their trade associations, paid no attention to public interest, have thought only of their own immediate profits, and have come to make and sell goods of inferior quality. Hereafter, if the authorities exercise adequate supervision over them according to these regulations, it will not be difficult to restore their credit and develop industry."

This statement shows the role which trade associations were expected to play.

Soon after the publication of the Trade Association Regulations, many trade associations were born. Even small scale



producers and merchants formed associations. However, the real purport of the Regulations was to promote the interest of producers and sellers of important commodities and prevent them from manufacturing inferior goods; it was not for small merchants and small-scale makers. Accordingly, the Decree No. 35 made it clear that the regulations were to apply exclusively to agricultural and commercial associations which were concerned with the improvement of important products and the increase of their production. However, the by-laws of the associations sent in for approval overlooked the most important objective of the Regulations, but only provided for fixing the amount of commodities and fixing the prices. So, the competent authorities, thinking that this showed the "tendency of the merchants' guilds under the Shogunate," worked out and circulated the Directions for Trade-associations in June, 1896, which prohibited associations from including in their by-laws such clauses as fixing prices or limiting production.

The number of associations increased. In 1888 a federation of associations was formed in each prefecture. In 1892, the Regulations to control the makers and sellers of special products from local districts were set.

In 1896 the Bill of the Important-Export-Goods-Trade-Association-Law passed the Diet and was promulgated. According to this law, thirty-seven associations were authorized in 1898; thirty-one associations in 1899; and thirteen in 1900. In March, 1900, Law No. 35 of the Important-Commodity-Trade-Association-Law replaced the Important-Export-Goods-Trade-Association Law issued in 1896.

#### 4) The Chambers of Commerce:

The *Shōgyō-Kaigisho* (Chambers of Commerce) were set up according to the Chamber of Commerce Regulations issued in 1890, their predecessors being the *Shōhō-kaigisho* and the *Shōkō-kai*.

The *Shōhō-Kaigisho* was founded in Tokyo and Osaka under the patronage of the Bureau for Encouragement of Commerce



in the Home Ministry in 1878 for the purpose of "improving the commercial traditions by discussing the commercial rules and devising new methods for increasing the benefits of commerce." Later, the Shōhō-Kaigisho were set up in Nagasaki, Fukuoka, Ōtsu and Yamanashi in 1879, Yokohama, Kanazawa, Fukui, Miyagi, Matsumoto, I'ida, Takamatsu, Tokushima, Muya and Kokura in 1880, in Kumamoto, Matsuyama, Mie, Shingū, Toyama, Takefu, Sakai, Daishōji, Kanazawa-Rengō in 1881; in Wakayama, Kagoshima and Ono in 1882. As of 1882, there were, in all, 34 Shōhō-Kaigisho in the land. Of these the Tokyo Shōhō-Kaigisho and the Osaka Shōhō-Kaigisho were subsidized by the government.

On May 23, 1881, soon after the Ministry of Agriculture and Commerce was set up, the Cabinet Decree No. 29 announced the Regulations for the Agricultural, Commercial and Industrial Deliberation Committees of the prefectures. By this decree, the government ordered each prefectural governor to issue a prefectural ordinance to organize agricultural, commercial and industrial deliberation committees with members chosen by the governor, and to set up agricultural, commercial and industrial assemblies in towns and villages, consisting of members elected by popular vote. In this way, the Shōhō-Kaigisho was completely by-passed. Furthermore, soon after the above Cabinet Decree was issued, the government ceased to subsidize the Shōhō-Kaigisho, so that even the Tokyo and Osaka Shōhō-Kaigisho fell into financial difficulties. In May, 1883, The Cabinet Ordinance No. 13 which encouraged the setting up of industrial deliberation committees and assemblies that suited each district, replaced the above mentioned Regulations. Following this Ordinance, the Shōkō-Kai was set up at many places. The Shōhō-Kaigisho at many places improved their system and by-laws and converted to the Shōkō-Kai. In October, 1883, the Tokyo Shōhō-Kaigisho was dissolved, and instead, the Tokyo Shōkōkai was born. The *Shōhō-Kaigisho* in Kanazawa, Komatsu and Okayama were closed. *Shōkō-Kai* were set up, following the

establishment of the Tokyo Shōkō-Kai, in Kyoto, Nagoya, Ōtsu Itami, Amagasaki, Kumamoto and Nagasaki in 1885; in Takamatsu, Fukui, Maebashi, and Yokkaichi in 1886; in Sumoto, Kanazawa, Takasaki, Ishinomaki, Ōgaki, and Nagaoka in 1887.

However, as there were some who demanded the establishment of a proper *Shōgyō-Kaigisho* (Chamber of Commerce), the government summoned two representatives from ten *Shōhō-Kaigisho* in the land to draft a bill of the *Shōgyō-Kaigisho Jōrei* (Regulations of Chamber of Commerce) in 1885. The bill was presented to the Cabinet in May, 1890. It was legalized and promulgated in September the same year.

The functions of the Chamber of Commerce prescribed by this law were as follows:

(1) To discuss and decide on the methods necessary to promote commerce or to prevent the decline of commerce.

(2) To report to the competent authorities the views on the enactment, revision, repeal, and enforcement of commercial laws and on commercial advantages and disadvantages.

(3) To submit the commercial conditions and statistics to the competent authorities.

(4) To answer questions on commercial matters put by the authorities.

(5) To take charge of public and private establishments engaged in commerce or brokerage according to the law or in compliance to the request of the authorities.

(6) To investigate such questions as the qualification of brokers, their number and their fee.

(7) To mediate disputes on commercial matters at the request of the parties concerned.

From what is given above, it may be clear that the promulgation of this law and the establishment of the *Shōgyō-Kaigisho* had an important effect on the consolidation of the commercial system of the country. By the end of March, 1891, the *Shōgyō-Kaigisho* in Tokyo, Osaka, Kyoto, and nine other cities were set up. During the period from 1891 to 1899, fifty eight more



*Shōgyō-Kaigisho* were founded in various parts of the land.

However, when the Regulations were enforced, it was found out that the law had many inadequate provisions. Accordingly, after negotiations between the Ministry of Agriculture and Commerce and the representatives of *Shōgyō-Kaigisho*, the Regulations were revised in March, 1895. The most important revision was that the official members of the *Shōgyō-Kaigisho* be chosen by election from among the member firms and exchanges.

### B. Foreign Trade Policy

When the Ministry of Agriculture and Commerce was set up in April, 1881, the Commerce Bureau was instituted in the Ministry in order to "control and encourage commerce in the whole nation, and to promote and increase foreign trade so that Japan can match Western nations in trade." Thus, the affairs of foreign trade were put under the jurisdiction of the Commerce Bureau of the Ministry of Agriculture and Commerce.

At the time when the Ministry of Agriculture and Commerce was set up, the balance of trade was still against Japan. Naturally, the Japanese trade policy was centered on the expansion of markets abroad. The Bureau put the greatest emphasis on advertizing Japanese products abroad, investigating overseas market conditions, and making trial sales abroad.

#### (1) Japanese Goods Exhibited at World Fairs:

Japan exhibited four hundred and forty-seven items in the World Exhibition of Industrial and Agricultural Products held at Trieste, Austria in 1883. After the exhibition was over, these exhibits were kept in the consulate as samples of Japanese products.

1883: From May to November, when an international exhibition was held at Antwerp, Holland, the government, by issuing a Cabinet Ordinance, invited people to participate in the exhibition. Ninety-one exhibitors sent one hundred and



fourteen tons of goods to the exhibition.

1883: When an international fishery exhibition was held in London, Japan was invited to participate. Japan sent in fourteen tons of exhibits.

1883: In September, Japan exhibited thirty-eight tons of copper-ware, ceramics, lacquer-ware, carvings and other goods at the World Fair held in Washington, D. C.

1884: In December, Japan sent fifteen boxes of exhibits to the World Industrial Fair and the Centennial of Cotton Industry held at New Orleans, the United States.

1885: Japan shipped one hundred and fifty boxes,—seventy-six tons,—of exhibits to the International Exhibition of Inventions held in London.

1885: Japan sent seventy-two boxes, twenty-five tons, of exhibits to the International Metal-Works Exhibition held at Nuremberg, in Bayern, Germany.

1885: Although there were other exhibitions during this year, such as the international exhibitions of agricultural products in Amsterdam, Holland; an international exhibition at Budapest, Hungary and another in Anvers, Holland, Japan could not participate in them as she had no time to prepare for them. Neither could she send any exhibits to the world technological research-and-technique exhibition held in Edinburg, Scotland, and the international exhibition of fine arts in Berlin, for Japan was notified of these fairs when it was too late for her to prepare for participation.

1887: Japan sent four hundred and twenty boxes—one hundred and ninety tons—of exhibits to the International Exhibition held at Barcelona, Spain. The government subsidized the trustees of these exhibits.

1889: When an international exhibition was held to commemorate the Revolution and the founding of the Republic in Paris, Japan sent three thousand four hundred and twenty items for exhibit.

1889: In July a commercial show was held in Hamburg,

Germany, at which samples were exhibited. The competent offices sent about three hundred and forty samples of agricultural, marine, lumber and mineral products.

1891: Japan sent fifty-nine items of Japanese products to the international fair held at St. Petersburg, Russia.

1893: When the Columbus World Fair was held at Chicago in May, Japan, thinking it a good chance for the improvement of Japanese products and expansion of markets, decided to participate. Japan sent exhibits of a) paper, lacquer, ceramics, goldware, silk-goods, and wood-objects; b) an apparatus for testing weights and measures; c) statistical charts of Japanese trade and a guide to Japanese export-goods; and d) the Regulations of the *Shōgyō-Kaigisho* and other rules on commercial and industrial matters.

It may be said that the Japanese efforts of advertizing domestic products in foreign fairs came to an end at this period, for at this time Japan declined to participate in overseas fairs even though she was invited to.

## (2) Trial Shipping of Samples Abroad and Purchase of Overseas Samples:

Japan started to ship her sample-goods, by way of trial, to foreign countries in April, 1885. At first Japan sent marine products, paper, tobacco, ceramics, lacquer-ware, and textiles to the Japanese officials and merchants resident in foreign countries, and asked for their opinions on the goods, so that the makers and traders would be enlightened to their advantage. The Japanese trial shipping of goods from 1885 to 1890 was as follows;

1885: Japan shipped refined whale oil and herring-tallow which were the trial manufactures of the Bureau of Fisheries, through the Ōkura-gumi, to London and asked for the British reaction to them. Japan sent Japanese straw plait to the competitive show at Chefoo, China.

1886: The chief samples the Bureau of Agriculture, Industry and Fisheries cooperated in sending abroad were as follows:



Products .....	Places sent
Porcelain (Arita) .....	London, New York, San Francisco
Ceramics (Last coating made in Tokyo) .....	Hamburg, Anvers
Lacquered paperware .....	Hamburg, Anvers, Trieste
Silk textiles (Ashikaga & Kiryū) .....	London, New York, San Francisco
Cotton textiles .....	Hankow, Shanghai, Tientsin
Mixed fabrics of cotton and silk; Mixed fab. of silk; & ramie; silk textiles: cotton flannel .....	New York, Anvers, Switzerland, Berlin
Ceramics .....	Tientsin, Shanghai, Hamburg
1887:	
Wajima-lacquer-ware .....	London, New York
Printed cotton textile .....	Hamburg
Silk-handkerchiefs .....	London, Lyon, Berlin, New York
Swatches of Kaiki .....	London, Lyon, Hamburg
Swatches of Nishijin .....	London, Lyon, Hamburg
Bingo Fancy-mats .....	London, Lyon, Hamburg, New York
Marine products .....	Hankow
1888:	
Marine products;	
Agricultural products;	
Soy; Bamboo-ware; Metal- ware .....	Hongkong
Soy; Ivory-works; Ceramics;	
Cloisonné; Sundries .....	Hamburg
1889:	
Textiles .....	Singapore, Bangkok, Vladivostok, Tientsin
Ceramics .....	Singapore, Bangkok, Vladivostok, Lyon, Tientsin, Canton, Hong- kong



Raw silk.....	Hamburg
Copper-ware .....	Singapore, Bangkok, Tientsin, Canton
Hardware .....	Singapore, Bangkok, Tientsin
Cutlery .....	Singapore, Bangkok, Vladivostok, Tientsin, Canton, Hongkong
Glassware .....	Singapore, Bangkok, Vladivostok, Tientsin, Canton, Hongkong
Marine products .....	Singapore, Bangkok, Vladivostok, Tientsin, Canton, Hongkong
Agricultural products .....	Singapore, Bangkok, Canton, Hongkong

1890:

Textiles .....	Marseilles, Hamburg, Foochow, Hankow, Wonsan
Ceramics.....	Hamburg
Hardware .....	Marseilles, Foochow, Hankow, Wonsan
Cutlery .....	Marseilles, Hamburg, Foochow, Hankow, Tientsin
Copperware .....	Marseilles, Hamburg
Tobacco pipes.....	Marseilles, Foochow, Hankow, Wonsan

Sending samples abroad was discontinued in 1890 and the details of the experience were compiled in a pamphlet and distributed to the prefectural offices and *Shōgyō-Kaigisho* at various places and among interested persons.

### 3) Investigation of Overseas Markets and Reports:

In May, 1883, when the Commerce Bureau held a meeting for consultation on silk production, it compiled a pamphlet....., the *Outline of Silk Export*.....and distributed the copies to interested persons and the prefectural offices. Again in September, the same year, when a competitive tea show was held in Kōbe, the Bureau compiled the *Comparative Table of*

*Export Tea Prices in Japan, China, and India* to exhibit at the show. The Commerce Bureau exhibited the *Chart of Markets for Marine Products* at the Marine Products Show held in March, 1884.

In order to expand trade with China, in 1885, the Commerce Bureau asked the Shanghai Merchants Association to regularly report the details of the commercial conditions all over China, but this was discontinued in December 1888 for financial reasons.

In 1893, in order to learn overseas market conditions for home products, the government decided to send investigators for one year to Siberia, Korea, China, Australia, and the South Sea Areas. The government asked the opinions of the members of the *Shōgyō-Kaigisho* and made inquiries in other ways.

Further, when the Japanese consuls resident abroad dispatched their annual reports on business conditions, the government published the news that seemed to benefit those who were engaged in industry and trade, in newspapers and the Official Gazette.

The war with China marked the turning point in the Japanese trade policy, for the country's economy took long strides after the Sino-Japanese war, which reflected on the trade policy.

In 1895, the Commerce and Industry Bureau investigated the actual conditions of foreign demand and domestic capacity to meet it, regarding the following twenty-four important export commodities. It compiled the findings in a pamphlet and distributed the copies to prefectural offices, consuls stationed abroad, the *Shōgyō-Kaigisho* and the interested persons. The commodities were:

Cotton stuff; umbrellas; wood-works; bamboo-works; rape-seed oil; vegetable wax; brass-ware and copper-ware; silk fabrics; silk handkerchiefs; other silk goods; cotton rugs; ceramics; cloisonné; lacquer-ware; folding screens; fans and round fans.



In 1895, as the result of the Shimonoseki Peace Treaty, China opened four ports to Japan: Shasi, Chungking, Suchow and Hangchow. In October, the government sent three officials and twenty traders to these ports to inspect the business conditions and transportation facilities. They returned home in February, 1896. Prior to this, in 1892, the Commerce Bureau asked the *Shōgyō-Kaigisho* in Tokyo, Kyoto, Osaka, Kanagawa, Kōbe, and Nagasaki to send in informations on the following five items, so that the Bureau could use them for its plan to increase direct trade:

a) The names of firms or individuals that engaged in direct foreign trade since the beginning of the Meiji Era; the names of the imported commodities and exported goods; the amount of capital; the names of the countries to which goods were exported; the method of export-transaction.

b) The measures traders took in matters of foreign exchange, warehouses, insurance and transportation.

c) The dates when traders started their business; their present condition; and if any gave up their business, the reason for it.

d) The chief reasons for making expansion of foreign trade very difficult.

e) The desirable measures to be taken to help increase direct trade.

Besides the above, the government decided in 1896 to take a still more positive step for the expansion of foreign trade. The Commerce Bureau had an annual fund of 60,000 *yen* appropriated by the Diet to carry out the following six programs for five years, for the purpose of expansion of export. By this means, the government expected to realize its systematic and coordinated trade expansion plan.

a) An agricultural, commercial and industrial committee on a higher level: b) Inspection of foreign trade conditions: c) Sending overseas of business-apprentices (trainees in business); d) Sending of commodity-samples overseas: e) Getting information



on business conditions overseas; and f) Manufacture of trial commodities. The following were the chief foreign trade programs carried out between 1896 and 1980.

a. The deliberation at the sessions of the Agricultural, Commercial and Industrial Committee at Higher Level: The committee consisted of high government officials concerned with industry and trade and the representatives of the business circles. It was the advisory body to the government on the commercial and industrial matters. The committee met three times in all. The first six-day-meeting was held in October 1896. Of the seven important problems discussed at the meeting, six were on the expansion of foreign market, such as:

- (1) on sending a party to investigate the fairways in the Yangtze River;
- (2) on banking systems in foreign countries;
- (3) on the establishment of customs supervision office and bonded ware-houses;
- (4) on expansion of markets for chief export goods;
- (5) on getting information on foreign markets;
- (6) on marine insurance.

The above matters were earnestly discussed and the copies of their decisions were sent to the Ministries of Foreign Affairs, Finance, Postal Service and Agriculture and Commerce. The third meeting took place in October 1898, and lasted for twelve days. Of the twelve items placed on the agenda, four were on trade policy, such as item 2: On advantageous and disadvantageous effects of the reformed currency system on foreign trade; item 3: On preparation for the enforcement of the new treaty in the fields of agriculture, commerce and industry; item 9: On facilities necessary for the full utilization of the Japanese settlement in the newly opened ports in China; item 10: On coordination of statistics on agriculture, commerce and industry.

b. Inspection of Foreign Business Conditions: The Ministry of Agriculture and Commerce in 1896 dispatched five officials abroad to investigate the following matters: 1) the general business conditions; 2) the market conditions of export

commodities; 3) market conditions of the trade rival countries, and methods to avoid competition; 4) conditions unfavorable to the further increase of direct trade and methods of developing direct trade and facilities necessary to increase trade; 5) matters of encouragement, supervision, investigation, and information of the Japanese trade in foreign lands; and 6) the trade associations, the rules of trade associations and show-rooms of products in foreign countries.

This inspection party was accompanied by the representatives of private business bodies, such as; the Fukui Silk Textile Association, the Okayama Fancy-Mat Association and the Fine Art Society. They reported on their findings on their return.

In 1897, the government dispatched three inspectors to China and one to Russia. Those who were sent to China were entrusted with the task of finding out about the sericultural industry and marine industry in China, and the one who went to Russia was to investigate conditions of the tea industry in Russia in its relation to the Japanese tea export.

In 1898, an inspection party of five officials and thirteen business representatives was sent abroad. The party was to inspect the mining, commerce and productive industries of the western countries, the market conditions of textiles in southern China and the market conditions of lumber and ceramics in China.

In 1899 the number of persons sent abroad was increased. There were four officials from the Ministry of Agriculture and Commerce, eight officials from other Ministries, two students and sixteen business men. They inspected the conditions of agriculture, commerce and productive industry in the Western countries; the commercial and industrial conditions of Amoy and Bombay; agricultural production in Russia; oil industry in Borneo, Java and Sumatra; the commercial and industrial conditions in Germany, Britain and France; and statistics on agriculture, commerce and productive industry.

In 1900 thirty-three people were sent abroad in all: twelve



officials from the Ministry of Agriculture and Commerce, four professors, three students sent by the Ministry of Education, and fourteen business men. They were sent to Korea, China, the South Sea Areas and the countries in Europe and the United States to inspect the industrial conditions there.

c. Overseas Business Trainees: The overseas business trainees were chosen through the recommendation of the business circles in Tokyo, Osaka, Kyoto, Yokohama, and Kōbe. The qualified trainees were sent abroad and were stationed at various commercial or industrial places in the world. They were to report home regularly on matters prescribed by the government.

Ten business trainees were sent in 1896; thirteen, in 1897; nineteen, in 1898; forty-seven, in 1899; and fifty-eight, in 1900. They were sent to New York, Berlin, London, San Francisco, Lyon, Paris, Vladivostok, Shanghai, and Melbourne.

d. Sending of Commodity-Samples: The object of sending samples of products to overseas markets was to give publicity to the Japanese products, and thereby, to expand the markets for them. The samples were kept in the show-rooms of the respective Japanese consulates.

The chief items of sample-goods sent abroad in 1896 were ceramics, cloisonné, lacquer ware, copper ware, antimony ware, bamboo works, glass ware, silk textiles, and matches. They were sent to Mexico, Singapore, Bombay, Vladivostok, and Shasi.

In 1897, samples of watches, fans, cotton stuff, and cotton clothing were added to the ones sent in the previous year. They were shown in Mexico, Singapore, Amoy, and Shasi.

In 1898, samples were sent to Amoy, Shasi, Singapore, Bombay and Mexico.

In 1899, besides the show rooms in Amoy, Singapore, Mexico Macao, and Vladivostok, new ones were opened at Niu-chuang, I-chang, Shanghai, and Bangkok.

In 1900, the government intended to expand the market in Korea and China by opening new show-rooms in Tientsin, Chungking, and Hankow, but because of the Boxer Rebellion,



only the show room at Hankow materialized.

e. Manufacture of Model Commodities:

For the improvement of export industrial art objects, the government asked the Tokyo Kōgyō Gakkō and other schools to make models of cotton rugs, fancy-mats, straw plait, ceramics and lacquer ware.

The above measures were the outline of the government efforts to expand foreign trade during the period between 1896 and 1900. This was the first time that the trade policy was carried out so positively and systematically.

Further, the government enacted the Silk Conditioning Law in 1895, which went into effect in April, 1896. According to this law, silk conditioning houses were established at Kōbe and Yokohama. The government intended to add, thereby, to the credit of Japanese silk in foreign markets.

In 1896, the government set various regulations for museums of export goods, and for goods to be exhibited in them. The Ministry of Agriculture and Commerce set up in 1896 the *Bōe-kihin Chinretsukan* (museum for export goods) which was renamed as the *Shōhin Chinretsukan* (commercial museum) in 1897.

### C. Government Policy of Fostering Light Industry.

In this period, the industrial policy was shifting from government management to protection of private enterprises but there still existed government-run factories.

1. Government Factories: The following factories were run by the Ministry of Agriculture and Commerce:

a. The *Senjū Seijūjo* (Senjū Wool Factory):

It was first set up by the Ministry of Home Affairs. In 1874 the Ministry sent Inoue Shōzō to Europe to purchase the equipment and hire engineers. The building of the factory was started in July, 1877, and was ready for operation in 1879. In April 1881 it came under the jurisdiction of the Agricultural Bureau of the Ministry of Agriculture and Commerce and then

was transferred to the Industrial Bureau of the same Ministry.

b. The *Shim'machi Kuzuito Bōsekijo* (Shim'machi Refuse Silk Spinning Factory):

In 1873 when Ōkubo Toshimichi was in Europe, he thought of utilizing refuse silk. He asked Sasaki Chōjun who was staying in Italy to study the technique of spinning refuse silk. When he returned, he recommended the setting-up of a refuse silk spinning factory. The factory began its operation in October, 1877. It fell under the jurisdiction of the Ministry of Agriculture and Commerce in 1881. For the first few years, the factory did poorly, but from 1885 on, it was in full operation day and night. It was sold to the Mitsui-Gumi in 1887.

c. Cotton Spinning Mills:

The government first ran the Sakai Spinning Factory in 1872. Later, in 1878, the Ministry of Home Affairs ordered two two-thousand-spindle machines from England and built factories for one at Ōhira-mura, Aichi prefecture and for the other, at Kami-Seno-mura, Hiroshima prefecture. Both factories were handed over to the control of the Ministry of Agriculture and Commerce in 1881.

The one which was set up at Ōhira-mura, Aichi prefecture was called the *Aichi Bōsekijo*. It was completed in February, 1881 and the water power operation was started in March. On the whole, it was not a success. In 1886 it was sold to Shinoda Tadashi.

The other at Kami-Seno-mura, Hiroshima prefecture, was named the *Hiroshima Bōsekijo*. In 1879 the survey of the water course was started, but before every thing was ready for operation, it was handed over to Hiroshima prefecture, and then it was sold to the Hiroshima Cotton Spinning Company. However, even after it came into the hands of a private business, the government took charge of the building of the factory.

d. The *Tomioka Seishijo*:

The jurisdiction of this factory was shifted from the Ministry of Finance, first to the Ministry of Home Affairs and then to



the Ministry of Agriculture and Commerce in April, 1881 when the Ministry was set up. It proved to be a great success, and was netting a big gain. In 1893 when it was put to public sale Mitsui Takayasu bought it. The transfer of its plants to private hands marks an epoch in the government's industrial policy. The industrial development of Japan owes much to the government's purchase of plant equipment and its transfer to private hands.

## 2. Protection of Private Light Industry:

The government made great efforts to foster and encourage private light industry, after it transferred its plants to private business.

### a. Encouragement of Cotton Industry:

#### (1) Disposal of Spinning Machines:

The government next bought ten more two-thousand-spindle machines, and sold them to local enterprisers for ten year installment payments without interest. Later, at the request of Kaneda of Osaka, it purchased another two-thousand-spindle machine from England, completed the building of the factory, and equipped it with the machine in 1882 for him. He started operation in April, the same year. The government ordered another machine of the same kind from England at the request of Higo, of Osaka, but sold it to Tan'no, of Sendai.

Of the ten two-thousand spindle machines the Industrial Ministry made, one was sold but the rest were kept by the Ministry of Agriculture and Commerce till 1887, when Nozawa of Tochigi prefecture applied for the purchase of them and got them.

#### (2) Government Instruction of the Operation of Private Spinning Factories:

When a spinning factory with a two-thousand-spindle machine was set up at Ichikawa-Okado-machi, Yamanashi prefecture, the government sent, at the request of the owner, officials of the Technical Bureau, to instruct the installation of the machine in 1873. In the course of that year, the government officials instructed the installation of machines at two other factories.

(3) Government Lent Money for the Purchase of a Cotton Satining Machine:

As the import of Nankin satin yearly increased, Aoki Yasuzō and others studied the art of making it. When they applied for a loan to purchase a satining machine, the Ministry of Agriculture and Commerce supplied them with the purchase money and dispatched its officials to help equip the factory with the machine.

(4) Abolition of Tariff on Cotton Thread and Raw Cotton:

The export of cotton thread began as early as 1886, but its increase was hampered by the high rate of export tariff. In those days there were three kinds of tariff on cotton—the raw cotton import duty, the cotton thread export duty, and the cotton thread import duty.

The Spinners' Association filed its petition for abolition of the import duty on raw cotton in 1888, but the petition was turned down. In June, 1890 the association again presented its petition to Mutsu, Minister of Agriculture and Commerce. The farmers who grew cotton and some officials in the Ministry strongly protested. The association presented another appeal, refuting the protest. The gist of this appeal was that cotton production in Japan could not compete with that of India or the United States, and that the spinning industry using imported cotton had a prospect of becoming a flourishing business.

In 1891, the association presented its petition, for a third time. It was at last granted in 1894. However, it was after a hard struggle that the tax was abolished in August 1895, after the association filed long petitions with the Prime Minister and the Ministers of Finance, Foreign Affairs, and Agriculture and Commerce which stressed the importance of the abolition of the tariff on cotton in order to permit the Japanese cotton industry to compete successfully with those of the advanced Western countries. In April, 1896 the government at last abolished the import duty on raw cotton.

b. Encouragement of Hemp and Ramie Industry:



## (1) Improvement of Hemp and Ramie Thread:

In 1881 the Ministry of Agriculture and Commerce found it urgent to improve Japanese hemp and ramie thread, because European flax of good quality and low price was more and more imported by the enterprisers of Shiga prefecture. To cope with this, the government decided to import a hemp spinning machine and produce better hemp thread in Japan. However, whether or not Japanese hemp or ramie could be spun by European machine was not clear. To make a trial spinning of Japanese hemp was prerequisite to importation of a machine. Accordingly, by way of trial, the government asked an official, who was going to France and England, to take Japanese hemp and ramie with him and have them spun by a European machine.

## (2) Subsidy of Hemp Spinning Companies:

Some interested business men in Shiga prefecture asked the Ministry of Agriculture and Commerce for a loan for the purchase of a hemp spinning machine from Europe so that they would not have to import thread from abroad. The government not only supplied them with the necessary funds, but also sent a government official to Europe to purchase a machine and hire an engineer.

In 1886 when the machine arrived from France, the government sent its engineer to supervise the building of the factory and install the machine. Thus, the *Ōmi Asaito Bōseki Kaisha* (Ōmi Hemp Spinning Company) was born in November 1886. The government also subsidized the *Hokkaidō Seima Kaisha* and the *Shimotsuke Seima Kaisha*.

## (3) Others:

The government made efforts to foster and encourage textile industries in many ways, for instance, the *Dai Nihon Orimono Kyōkai* (Great Japan Textile Association).

In 1887 the Ministry of Agriculture and Commerce recommended the Cabinet to establish a silk and cotton spinning laboratory.

Of the various tasks of the Commissioner of Hokkaidō Reclamation, that of textile industries was transferred to the control of the branch office of the Ministry of Agriculture and Commerce when the commissioner system was discontinued. The most important textile business there was the Sapporo Fishing Net Factory. Later it came under the control of Hokkaidō Government and subsequently was sold to a private business.

#### D. Encouragement of Heavy Industry.

In this period heavy industry was not established yet. Most heavy industries were run by the government under the control of the Engineering Bureau of the Ministry of Industry. At the end of this period, however, there were some private heavy industries that were subsidized by the government. The Yawata Iron Works was set up at the end of this period and was run by the government.

##### 1. THE MINISTRY OF INDUSTRY: ENGINEERING BUREAU; BRANCH OFFICES:

In January, 1877, the Engineering Bureau was set up in the Ministry of Industry. The Bureau had three branch offices—at Akabane, Nagasaki and Hyōgo—which ran heavy industrial factories.

##### a. Akabane Branch Office:

In 1881, the Government exhibited various machines manufactured at the Akabane Branch Office at the Second National Industrial Exhibition. The excavator and diving apparatus which were operated on the spot, attracted the attention of all the visitors at the exhibition. In 1883, the office was closed and the business was transferred to the Ministry of Navy.

##### b. Nagasaki Branch Office:

This office was renamed, in September, 1883, as the *Nagasaki Zōsenkyoku* (Nagasaki Shipbuilding Bureau) and was transferred



to the control of the Ministry of Agriculture and Commerce. At the request of Iwasaki Yatarō, the ship yard was lent to him and was sold to him in July, 1884.

c. Hyōgo Branch Office:

This office was gradually better equipped, but after the Ministry of Industry was closed, Kawasaki Shōzō made request of the Ministry of Agriculture and Commerce for lease of it. In April, 1886 the Cabinet decided to lease the yard, the lot and every thing on it, to him for twenty months. In the next year it was sold to him.

## 2. SUBSIDY OF SHIPBUILDING:

When the Ministry of Agriculture and Commerce was set up, the Ship Control Section belonged to the Commerce Bureau but it was promoted to the status of the Ship Control Bureau in April, 1882. According to Ministry of Agriculture and Commerce Report, the task of this Bureau was to control all the Western style vessels both private and public, and adjust and coordinate all the business concerning them. This Bureau also administered ship building.

Around 1882 some ship yards were founded. However, good Western style vessels were not built, because Japan had few engineers with Western shipbuilding technique, and the shipbuilders lacked sufficient capital. Therefore the government tried to promote and improve Japanese shipbuilding by providing a huge fund for it. In 1883, still more ship yards were set up at various places, but there were only thirty-two small scale yards in all. The number jumped to three hundred and six in 1884. When the Ministry of Postal Service was set up in December, 1885, the Ship Control Bureau was transferred to it. Since then, the progress in shipbuilding has been remarkable. The comparison in number and tonnage between vessels made in Japan and vessels imported is shown below:

With the outbreak of the Sino-Japanese war, Japanese ship-

	Steamers number	Tonnage	Sailing ships number	Tonnage
Home-built vessels	207	29,707	113	8,930
Imported vessels	67	67,510	7	3,939

building made great strides, for the people as well as the government came to realize the importance of shipbuilding. When Shirane, Minister of Postal Service submitted, to the Ninth Plenary Session of the Diet, an Encouragement-for-Ship-building-and-Navigation Bill, both Houses approved it with an overwhelming majority. The law was promulgated in 1896, and went into effect on October 1, 1896.

This law allowed a bounty for shipbuilding to those who built vessels of over 700 tons. The amount of the bounty was 12 *yen* per-ton for vessels of 700-1000 gross tons, and 20 *yen* per-ton for vessels of over 100 tons. When engines were also made, 5 *yen* per-h. p. was added. Under the encouragement of this law, the 6,000-ton-Hitachimaru was built at the Mitsubishi Ship Yard. Many large vessels have been built since then.

### 3. ENCOURAGEMENT OF IRON MANUFACTURE:

Under the international situation Japan found itself in the first half of the Meiji Era, the government, feeling the necessity of promoting iron and steel manufacture, encouraged private iron manufactures and at the same time, planned to found a huge government iron works.

In 1891, the government, intending to set up a steel works, presented a budget for it to the Second and the Third Session of the Diet, but it was turned down. In 1892 the government created, in the Cabinet, the Investigation Committee for Steel Manufacture and in April, 1893 the Special Committee for Iron Manufacture. Based on the findings of these committees, the government presented at the Eighth Session of the Diet a motion for the establishment of an iron works in 1895. An



annual appropriation of 4,095,000 *yen* for four years from 1896 to 1899 was approved.

In 1896 the Ministry of Agriculture and Commerce announced that it was to handle the business of founding the iron works. In 1897 the Ministry made it public that the site of the iron works was to be at Yawata-mura, in Fukuoka prefecture. The rules of business were also announced.

With a view to an annual production of 90,000 tons, the Ministry started the construction of the works with 10,560,000 *yen*—9,470,000 *yen* plus the original budget. The total expense before operation, including the purchase of Akatani and Kurigaya iron mines and Futase coal mine for cheap raw materials, and the expense of constructing Wakamatsu harbor, was 19,200,000 *yen*. In 1899 Japan concluded a contract for the purchase of 50,000 tons of iron ore yearly from the Tayeh Iron Mine with China.

#### E. Promotion of Other Industries:

In the field of chemical industry, too, the government started the business and ran it before it began to protect private enterprise.

##### 1. ENTERPRISES RUN BY THE MINISTRY OF INDUSTRY AND ENTERPRISES IN HOKKAIDŌ:

###### a. Factories Managed by the Ministry of Industry: (1) Fukagawa Branch Office:

This office had been manufacturing cement since its establishment in 1874, but in March, 1883, the Ministry of Industry recommended to the Cabinet that it had better be leased to some private business on the ground that the business did not pay. This recommendation was accepted and the office was closed. The plant was leased to Asano Sōichirō and Nishimura Katsuzō for a term of five years. In 1884, the plant along with the lot and every thing on it was sold to Asano Sōichirō,

Nishimura Katsuzō and Inaba Raizō.

(2) Shinagawa Branch Office:

In February, 1881, experimentation on the manufacture of plate glass was started. In 1883 the chemical laboratory for red lead and potassium carbonate, which was set up in March, 1877, was closed. In 1881 it opened a glass-store at Kyōbashi, Tokyo, according to the revised rules for sale of the goods made at the government factories. In June, 1883, as the factory was satisfactorily equipped, it made a trial manufacture of plate glass. When the Engineering Bureau was closed in September, 1883, it was renamed as the *Shinagawa Garasu Seisakujo* (Shinagawa Glass Works). In 1884 Inaba and Nishimura applied for the lease of the plant. The government decided to lease it to them for a term of ten years. In 1885, Nishimura bought it.

b. Enterprises in Hokkaidō:

When the commissioner system was abolished in 1882, the control of all the business hitherto carried on by the commissioner was divided among the Bureaus of Agriculture, Engineering, Natural History and Postal Service in Hokkaidō, under the jurisdiction of the Ministry of Agriculture and Commerce, until the Hokkaidō Management Office was set up in 1883. This office was closed in 1886 when the Hokkaidō Government was set up. The following were the manufacturing enterprises carried on in Hokkaidō:

(1) Mombetsu Sugar Beet Industry:

The commissioner decided to set up a refinery at Mombetsu-mura in 1880: grow sugar beet; engage workers and instruct them how to make sugar. It started operation in August. He bought beet seeds from Germany, used animal-bone ash for fertilizer, and wood in the nearby forest for power instead of coal. For the first two years, the business was carried on with difficulty. However, when the Hokkaidō Management Office was established, it bought a machine from Germany, hired an engineer, and improved the method of manufacture so that



better sugar was produced. In January, 1886 when the Hokkaidō government was set up, it came under the control of the government. By that time, however, private individuals proved themselves capable of carrying on enterprises. The government sold it to Date Kuninari in 1890, considering that the objective of fostering industry was attained.

(2) Sapporo Beer Brewery:

This was founded in September, 1876 by the commissioner. In 1883 it was doing a good business under the control of the Management Office. In 1886, it was transferred to the Hokkaidō government. Ōkura-gumi bought it, according to the government's policy of transferring its business to private hands. Ōkura conferred with Shibusawa Ei'ichi and decided to set up the Sapporo Beer Company.

(3) Sapporo Winery:

The winery did not reach the stage of selling its product in 1883. In 1884, however, the business began to show a good record. In September, 1886 the management was entrusted to Katsura Jirō, who bought it along with the vineyard in the following year.

(4) Sapporo Flour Mill:

In 1882 when the mill came under the control of the Ministry of Agriculture and Commerce, the equipment was improved and in 1885 its business was enlarged with a new mill. In 1886, the mill was sold to Miyahara Kageo.

(5) *Sapporo Miso-Shōyu Seizōsho*:

This was set up in 1879 and was yearly producing 1000 *koku* (x) of bean paste and soy. It was sold to a private business in 1884:

(6) *Ishikari Kanzumejo*:

Canned salmon was produced here but because of the difficulty of selling its products, the business did not pay. It was leased and then sold to Takahashi Gihei in September, 1887.

In this way, the manufacturing enterprises created by the government were transferred to private enterprisers at low prices

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(x) 1 *koku* = 5 bushels

during the period between 1886 and 1889.

## 2. PROTECTION OF PRIVATE INDUSTRIES:

### a. Improvement in Dyeing Technique:

It was feared that because of the inferior dyeing, the time-honored Japanese textiles would lose their reputation. Intending to improve this art, governor of Yamanashi prefecture requested the central government to send dyeing expert to Kitatsuru-gun, to instruct the people there in the art. In compliance with this request, the government sent an engineer in July, 1887. At this place, two dyeing factories were established, to which the Engineering Bureau continued to send its engineers to promote the enterprise.

In Hachiōji, too, an institute for instruction in textile techniques was founded. At the request to dispatch dyeing expert to this institute, the Ministry of Agriculture and Commerce sent an engineer in August, 1886. Textile business men in Isezaki, Gum'ma prefecture, also realized the necessity of improving their dyeing technique. Founding a textile laboratory they asked the Ministry of Agriculture and Commerce to send an expert to instruct the people in the laboratory. An expert from the Engineering Bureau was sent. The Ministry did the same for the textile businesses in Kiryū and Ashikaga.

Kyoto, Aichi and Gifu prefectural governments also requested the Ministry to dispatch dyeing experts. In 1887 the Ministry sent its experts twice to these places.

Cotton flannel of Wakayama became popular around 1880. However, the producers, not satisfied with its dyeing, asked the Ministry for instruction. They set up a dyeing laboratory in 1885 for the improvement of the dyeing method.

### b. Improvement of *Sake*:

Japanese *sake* (rice wine) needed improvement in many points. For instance, because of insufficient heating, its alcohol evaporated



fast and it could not be preserved for long. So, the *sake* producers in Osaka, Hyōgo and Mie prefectures, intending to improve the product, frequently requested the Ministry for instruction. In 1886, the Ministry sent its experts to these places to inspect the existing condition and to find out what could be done about it. Later, *sake* laboratories were established at *sake* producing places, to which the government sent its experts to help improve the quality of the beverage.

c. Improvement in Technique of Manufacturing Ceramics:

As chinaware was one of Japan's important export items, it was included in the Five-Commodity-Competitive-Show held at Ueno in 1885. The government tried to encourage the production of better china. The producers themselves began to show an eagerness for the improvement of their goods.

When Tezuka, at Arita, Saga prefecture, asked the government to purchase a French machine for producing porcelain and to transfer it to him, the government loaned him the purchase money, thinking that it would not only benefit the Arita porcelain industry but also stimulate improvement in the ceramic-industry at other places. When the machine arrived from France the *Arita Seijiki Kaisha* (Arita Porcelain Company) was established to operate it. When the initiation ceremony of this company was held in June, 1887, the government sent its official to attend the ceremony and find out the details of operation of the machine. This company was the first to use steam power for the production of chinaware.

In Seto-mura, Aichi prefecture, the china producers had long been planning to improve their products. When they heard of the great success of the Arita Porcelain Company, they asked the government for the dispatch of an engineer to help them purchase the same kind of machine from France. As a measure of helping the improvement of china, the government held tests of chinaware at the Tokyo Shokkō Gakkō for nine months in 1888 under the supervision of Dr. Wagner, a German engineer, who was in the service of the Commerce and Industry

Bureau. About one hundred and thirty kinds of ceramics, including *Asahiyaki*, were put to the test then. Later in the same year, *Asahiyaki* was sent to San Francisco, where it was favorably received. In the following year, it was again exhibited at the International Exhibition at Paris, where it enjoyed a favorable reception again.

d. Government's Test of Lacquer:

Around 1877, the quality of Japanese lacquer ware was greatly deteriorating as adulterated lacquer came to be used. The lacquer ware of that time could not compare with the superior works of former days. Accordingly, at the Second National Industrial Exhibition, the government dispatched its engineers to the places where exhibits were made to buy the lacquer there and put it to test, and at the same time showed the producers the process of lacquer-preparation at Yazawa-mura in Sagami-no-kuni (Kanagawa prefecture).

e. Government Subsidy of Chemical Fertilizer Industry:

In 1884 when the World Fair was held at New Orleans, Takamine Jōkichi, seeing the phosphate rock sent in by the State of South Carolina, went to the production center, bought a quantity of the phosphate and brought it home to Japan. He manufactured artificial fertilizer with it and, with the help of the Ministry of Agriculture and Commerce, distributed it among the most efficient farmers, on condition that they report the results of their experimental use. Their reports proved satisfactory. In March, 1887, the Agricultural Bureau and the Industrial Bureau decided to send it to all the prefectural governments to have it tested by farmers of each prefecture. The result was that the *Tokyo Jinkō Hiryō Kaisha* (Tokyo Chemical Fertilizer Company) was born in 1888.

F. Government Protection of Mining Industry:

The affairs of mining were under the jurisdiction of the Mining Bureau of the Ministry of Industry. When the Ministry



was closed, they were in the control of the Mining Bureau of the Ministry of Agriculture and Commerce. The mines in Hokkaidō were, however, under the jurisdiction of Hokkaidō Management Office till the Hokkaidō government was set up in 1886.

### 1. GOVERNMENT'S SURVEY OF MINES:

The government surveyed mining lots, divided or annexed them according to the deposit-conditions. It also investigated them to see if there was any violation of the Mining Law (enacted in 1873). The survey and investigation were carried on in Fukuoka prefecture in 1884: in ten prefectures in 1885; in twenty prefectures in 1886 and four prefectures in 1887. With this, the work was over.

### 2. SURVEY OF OIL FIELDS IN NI'IGATA PREFECTURE:

The oil zone in Ni'igata prefecture is the richest in Japan. At the beginning of the Meiji Era, oil wells were dug by hand. The largest oil fields were at Ni'izu and Kubiki.

Twice, in November, 1886 and in May, 1887, the Ministry of Agriculture and Commerce dispatched engineers to Ni'igata prefecture to re-partition the oil lots according to the deposit conditions and the land features.

In 1887 the oil zone in Ni'igata prefecture was prospected for oil with fifteen more wells. Some wells proved successful, and some not, but as the zone was promising enough, many prospectors applied for the lease of the land in the zone, which covered an area of over twenty thousand *tsubo* (about 17 acres).

### 3. PARTITIONING OF FIELDS IN FUKUOKA PREFECTURE:

In 1887, Fukuoka prefectural government filed an application

with the government for the readjustment of the coal-mining sections. The government dispatched an engineer to survey and partition the fields into twenty-one new sections covering 7,463,428 *tsubo*, according to the deposits of coal and land features. In 1889, nine new sections, an area of 6,133,828 *tsubo* in all, were added.

#### 4. PROSPECTING. (TRIAL DIGGINGS)

The number of trial diggings decreased in 1886 as the result of the government's policy of strict investigation of applicants and discouragement of prospecting poor mines and of withdrawal of permissions in the cases of violation of the Mining Law. In 1887, however, the number of prospecting cases increased by 52, and that of those who abandoned mines decreased by 141. Increase was seen in gold, silver and copper mines, while decrease was seen in the number of coal mines. In 1888, the number of prospecting cases was 616 which was 233 more than that of the previous year. In 1889 the number amounted to 1,240. In 1890 the Japan Mining Law was revised. As the procedure for application became simplified, prospectors increased by 1,221 over that of the previous year. The prospected lots increased to 4,493 in 1891; 5,827 in 1892; 9,399 in 1893; decreased to 6,095 in 1893; 3,973 in 1895, and 3,411 in 1896.

#### 5. LEASED MINES:

The number of lease-lots of mines in 1885 and 1886 was the same but the area of leased mines increased by 5,750,000 *tsubo* in 1886 over that of the previous year. In 1887 the number of lots decreased but the leased area greatly increased. It was because the area of one lot was about 3,000 *tsubo* in 1882 but in 1887 it was increased to 8,000 *tsubo*. The Ministry of Agriculture and Commerce Report explains the increase of area per-lot as follows:



"Hitherto one mine was divided into several sections (lots) but they were gradually annexed because unless carried on a large scale, mining business does not pay. This annexation of sections shows the progress of the mining industry."

The increase of leased mines was as follows:

Year	Total area	No. of lots
1888	12,300 <i>tsubo</i>	
1889	21,200 <i>tsubo</i>	
1890	1,061,779,100 <i>tsubo</i>	3,368
1891	127,391,000 <i>tsubo</i>	3,599

#### 6. MINING LAW AND OTHER REGULATIONS:

In September, 1890 the Law No. 87 announced the Mining Regulations. This law consisted of mine chapters: Chapter 1—General Rules; Chapter 2—Prospecting and Mining; Chapter 3—Mine Lots; Chapter 4—Lease of Mines; Chapter 5—Policing of Mines; Chapter 6—Miners; Chapter 7—Mining Taxes and Mine-lot Taxes; Chapter 8—Penal Regulations; Chapter 9—Supplementary Provisions. This law gave the legal definition of Mines, enumerating the names of the mineral, which was quite different from the ambiguous terms used in the Japan Mining Law, such as inorganic substance, organic substance or non-minerals. This definition was clear and easy of application. Besides, this law had rules which were very important to the mining industry. For example: (1) instead of 15-year-lease terms prescribed by the Japan Mining Law, it provided that mining rights should be permanent on the ground that 15 years was too short a term for such a big enterprise as mining, which required a huge investment and a large number of miners; (2) the regulations for policing mines provided for the maintainance of public welfare, protection of the communities in the mining districts, and the safety of miners, and for the establishment of the mine-inspection office to ensure the above purposes; (3) the employment regulations provided for the

prevention of future troubles between the employer and the employees, and for relief of miners' diseases or injuries, thus paving the way for the Japanese labor law.

This law went into effect on June, 1892, replacing the Japan Mining Law issued in 1873 by the Cabinet Edict No. 259. This was effective till 1905.

### 7. MINING INDUSTRY IN HOKKAIDŌ:

Mining in Hokkaidō, chiefly the Horonai Coal Mine, was under the jurisdiction of the Hokkaiō Management Office till January, 1886. From 1873 to 1876, Mr. Reiman, an American, in the service of the Hokkaidō commissioner's office surveyed the condition of coal deposit, and the coal reserves of Horonai Coal mine, and planned a railway for transportation of the coal from the mine. After an assay and comparison of the quality of the coal at various parts by Mr. Monroe, another American, the drift work was started in 1879. The mining was begun in 1883. Later in 1888, the mine was leased to Murata Tsutsumi and then was transferred to a private enterpriser.

### III. THE LATTER PERIOD OF THE MEIJI ERA

As has been mentioned, modern industry in Japan advanced with the two great wars as stepping stones. The light industry was firm on its legs after the Sino-Japanese war and the foundation of heavy industry and other machine production was laid with the end of the Russo-Japanese war. In other words, the Japanese modern industry was established and the industrial revolution was accomplished at the end of the Russo-Japanese war. The Japanese economy after the Russo-Japanese war was on a different plane from that following the Sino-Japanese war. Naturally, the industrial policy took a different turn in the latter period of the Meiji Era than in the middle period.



The government's slogans of "Wealth and Military Strength of the State" and "National Prosperity through Productive Industries" had achieved their objectives by the end of the Sino-Japanese war. The national policy after 1905 involved protection of domestic products against foreign commodities and expansion of overseas markets for Japanese goods in the economic warfare with the advanced Western powers. That is to say, the Japanese policy favored protective trade in its modern sense and also the expansion of its markets into the Continent. In this period the idea of social policy also came to the front and the legislation of social political programs was discussed in the Diet.

#### A. International Commercial Policy:

It can be said that with the announcement of the Revised Commercial Law in 1899, the Japanese commercial system was established. The development of capitalism after that, especially the rapid advance in industry and economy stimulated by the Russo-Japanese war, brought with it changes in the internal commercial policy.

##### 1. EXCHANGES:

With the rapid economic development after the Sino-Japanese war a craze for speculation arose among the people. In Tokyo, Osaka and Nagoya there appeared many who planned to set up spot markets. The Ministry of Agriculture and Commerce prohibited this kind of market by Decree No. 1, of the Ministry of Agriculture and Commerce issued March 21, 1896. However, as the Exchange law, promulgated in 1893, placed 30,000 *yen* as the minimum fund for the establishment of an exchange, too many small exchanges were set up in local districts. Accordingly, on June 2, 1902 the government substituted the Imperial Edict No. 158 for the Exchange Law. The points of

revision were:

a. The capital for establishment of an exchange shall be over 100,000 *yen*.

b. If dividend of an exchange in company system exceeds 10%, one half the profit (after reduction of the dividend) shall be put aside as a reparation reserve fund.

c. Delivery of time transaction of securities shall be within two months and that of rice and other goods within three months.

d. Permission of the Ministry of Agriculture and Commerce is required for grading of rice or fixing the methods of resale and repurchase.

This new edict was to go into effect on June 1, 1902. However, as it would have a grave effect on the exchange, virtually ruining the small ones in local districts and limiting the speculative transactions, there arose a strong opposition among the business men concerned with exchanges. They most strongly opposed clauses (b) and (c). When the government enforced it in complete disregard of the opposition, prices slumped and the amount of transaction dropped. Even after several months, there was no indication that the market conditions would improve. Because of this, the circulation of securities was hampered so that banks stood together and demanded the government's reconsideration on this matter. Hereupon, the Ministry of Agriculture and Commerce issued on April 7, 1903 the Ministry Ordinance, by which it revised the clause on time-bargain (a kind of transaction in futures) intending to make up for the tight two-month delivery in time transactions. That is to say, hitherto, by time-bargain, resale or repurchase was prohibited; but the Ordinance now recognized that if a transfer was made with consent of the parties concerned, the exchange could advance the balance or keep it for them, thus simplifying the transaction proceedings. It also set a new eighty-day delivery time bargain. By this, sellers and buyers could freely resell or repurchase securities without regard to the delivery month of



time-transaction. Besides, they did not have to pay taxes as they would have had to by time-transaction. Now a fair amount of transaction came to be made by time bargain, but the Treasury lost revenue from exchanges because no time-transaction was made at exchanges. In the meantime, the demand for return to the original term of delivery of time-transaction was still so strong among business men that the problem was introduced before the Diet.

On August 14, 1903, the government at last announced by the Imperial Edict No. 127 that the delivery month of time-transaction be restored to the original term and the clause of reserve fund for reparation of damages was also revised. Now the problem that gave rise to such a clamorous public criticism was settled. This, combined with the easier money conditions, led to a brisk trading again.

In order to give full play to stock-exchanges in the time of rapid economic development after the Russo-Japanese war, the government amended the Imperial Edict No. 74 (issued in 1893) by the Imperial Edict No. 283, on November 1, 1906. The important points of amendment were:

a. In time-transaction of national bonds, there shall be no fixed delivery month so that the transaction of the suddenly increased war bonds may be freely made.

b. Transaction in blocks is recognized in direct and time-bargain transactions as well as in time-transaction.

c. Transaction of barley, raw silk and raw cotton by market quotation is added to that of rice.

In December, the same year, the Ministry Ordinance No. 33 provided for the guarantee of transaction to protect customers against brokers who might make sales or purchases by their own hand.

## 2. SHÖGYÖ-KAIGISHO:

The Shōgyō-Kaigisho Regulations issued in September 1890

was revised In March 1895 by the Law, No. 23. Another revision was required, however, as Japanese economy developed rapidly as the result of the Sino-Japanese war. Accordingly, on March 24, 1902, by the Law No. 31 the government published the *Shōgyō Kaigisho-Hō* (Law). The Ministry of Agriculture and Commerce supplemented this law by publishing the Rules for Application of the *Shōgyō-Kaigisho-Hō*; the Rules for Election of Members of the *Shōgyō-Kaigisho*; and the Rules for Property-Qualifications to vote for members of the *Shōgyō-Kaigisho*. Thus, the foundation of the *Shōgyō-Kaigisho* was firmly laid, ready to fulfil its function.

The 54-article-*Shōgyō-Kaigisho-Hō* amended the *Shōgyō-Kaigisho* Regulations in many points and added important provisions. Especially, Article-9 revised the qualifications for voting the members of the *Shōgyō-Kaigisho*; Article-31 authorized the *Shōgyō-Kaigisho* to collect expenses for its operation and the rider provided for the reorganization of the existing *Shōgyō-Kaigisho* by the election of new members according to the new law.

This law went into effect on July 1, 1902, replacing the *Shōgyō-Kaigisho* Regulations. Following this law, every *Shōgyō-Kaigisho* reorganized itself by re-electing its members and worked out its new statute.

### 3. TRADE ASSOCIATIONS:

Trade Associations which were formed according to the Trade Association Rules and to the Important Commodity-Trade Association Law as well as industrial associations which were organized according to the Industrial Association Law, played an important role in the development of Japanese industry. The number of trade associations around 1909 was as follows:

Year	Number of associations	Number of federations
1909	220	6
1910	239	6
1911	248	8



Trade associations formed according to the Trade Association Rules or to the Important Commodity-Trade Association Law were different from industrial associations in that the objective of trade associations was to keep its eyes on illegal or immoral practices of traders, a negative function which added nothing to the advance of trade itself. Further, their field of activity was narrowed, for in May 1905 the government, on the ground that the conditioning of fancy mats could not be left to the trade association, transferred the conditioning of mats to the Ministry of Agriculture and Commerce. As regards *habutae* silk, the government took over the function of conditioning from trade associations in the producing prefectures. Some prefectural governors further recommended the setting-up of government inspection offices for matches. However, the government, wishing to foster the self-government of industrial enterprises, hesitated to set up such government conditioning offices, although it recognized the necessity for such a system. To tackle this contradiction, the government found it necessary to study more carefully the structure and function of the trade association, to put it under strict administrative control and to help it attain its objectives. Thus, after deliberation on the reform of the trade association, it worked out a draft which was an improvement over the Important Commodity Trade Association Law and sent the copies of the draft to all the prefectural governors and every chamber of commerce, asking for their opinion. On March 7, 1916, it was published as the Revised Important Commodity Trade Association Law, effective on July 1.

#### 4. GOVERNMENT POLICY ON INSURANCE BUSINESS:

The first of the government policy on insurance business as a part of commercial policy is found in the 1898's Ministry of Agriculture and Commerce Report. However, it was in the latter period of the Meiji Era that insurance business came

into full play.

From the Ministry of Agriculture and Commerce Report, the details on the application for and approvals of business licenses, license of promotion of companies and of establishment of companies follow: (The figures in parenthesis show licenses given by the government)

Year	Applications for business	Applications for promotion of companies	Applications for establishment of companies
1898	19(2)	21(8)	1(1)
1899	19(13)—Japanese 63(2) --foreign	13(8)	7(7)
1900	11(3) —Japanese 82(36)—foreign		

In 1900 the Commercial Bureau of the Ministry of Agriculture and Commerce investigated the management and financial conditions of 52 insurance companies and gave two companies suspension of business, nine companies suspension of further contract, and ordered six companies to make financial readjustment. This kind of supervision of insurance companies was continued after that, according to the Insurance Business Law issued on March 23, 1900. In 1896, the Ministry of Agriculture and Commerce set about drafting this law, and when a draft was ready, it was presented for the deliberation of the Code Investigation Committee, and passed the Cabinet Bureau of Legislation and then the Diet. It consisted of five chapters: (1) General Rules; (2) the Limited Company; (3) the Mutual Company; (4) Finance and (5) Penal Clauses, with one hundred and fifty additional clauses. The additional clauses mostly provided for mutual companies. It went into effect on July 1, 1900. Further, on July 2, the Rules for Application of the Insurance Business Law was published. Thus, legally, the insurance business was consolidated.

With the rapid economic development after the Russo-Japanese war, the insurance business came to have a higher position as



an enterprise, which even tempted the government to run its own insurance business. In February, 1908, several members of the House of Representatives belonging to the Seiyūkai party introduced a motion of setting up the government-run insurance business, on the ground that private insurance companies were unreliable and difficult to supervise. As all the insurance companies in the land stood up together against this motion, it did not pass the Diet.

In May, 1911, along with the revision of the Commercial Law, the Insurance Business Law was also revised, and the revised law took effect on April 8, 1912.

### **B. Foreign-Trade Policy:**

The rapid progress in Japanese economy around the Russo-Japanese war brought about a great change in the trade policy of Japan. With the political and economic development of our country, Japan came to occupy a higher position in the international society, and, getting rid of the unequal treaties that shackled Japan for half a century, could carry out her protective trade policy with tariff autonomy, which was the keynote of the Japanese trade policy in the latter period of the Meiji Era.

#### **1. TREATY-REVISION AND TARIFF-REVISION:**

By the Ansei treaties, Japan had to recognize not only extraterritoriality but also the unilateral tariff. This was the fate a backward country like Japan had to submit to. However, as Japanese economic conditions gradually improved, the people began to feel the fetters of the unequal treaties more and more acutely. The strong nationalism and patriotism of the people could not tolerate such insulting treaties.

Thus, pressed by the strong demand of public opinion, treaty revision and tariff revision came to be placed on the agenda of the Diet. The Japanese effort for treaty-revision began with

the sending of Iwakura Tomomi and his staff in 1871 to Europe and America. Subsequently, all the ardent and active maneuvers of successive Foreign Ministers—Terajima Munenori, Inoue Kaoru, Ōkuma Shigenobu, and Aoki Shūzō—ended in failure.

In August, 1892 when Mutsu Munemitsu became Foreign Minister, he entered into negotiation with England again and succeeded in having the Anglo-Japanese Treaty (revised treaty) signed in 1894. Other nations followed suit. The revised treaties became effective in July, 1899. The main points of the revised treaties achieved by Mutsu Munemitsu were: a) abolition of extraterritoriality, in return for Japan's opening the interior of the land to foreigners and b) a partial tariff revision.

The gist of Mutsu Munemitsu's original plan for treaty revision concerning tariff was that, a) the customs agreement be limited to the important trade nations.....England, United States, France and Germany; b) the commodities to be included in the agreement be confined to goods with annual import of over 50,000 *yen* c) munitions, vessels, drugs, raw cotton, wool, ramie, coal and lead be excluded from the customs agreement, because they were, from their nature, not liable to heavy duties; and d) Japan treat the other countries according to the unconditionally most favored nation clause, instead of concluding customs agreements with them. The negotiations along the line of his plan took a zig-zag course. When the treaty-revision was realized, the items included in the customs agreement were 68 commodities, including the most important goods imported from England, France and Germany. The government exempted wheat flour and petroleum imported from the United States and zinc plates, nails and sugar from England from tariff duties under the raw material clause, while it imposed heavy protective tariff on rubber goods, celluloid ware and bicycles which fell under autonomous customs category.

Export duties were gradually decreased till at last in 1890 all export duties were abolished. No import tariff was imposed on machines which were essential to the industrial progress of



Japan. With the tariff revision, the government enforced the Tariff Law on January 1, 1899.

Even after the treaty revision, Japan had to impose conventional tariff from the minimum rate of 5% to maximum rate of 15% on most imports. They were much better for Japan than the import duties under the unequal treaty (which had been, on an average, 3.79%). However, Japan was not content with this, for the government was pressed to take a protective measures for her industry.

With the rapid industrial and economic advance after the Russo-Japanese war, the cry for a complete tariff autonomy became louder while the real tariff rate became very low as the prices of home products rose. Thus the government had to do something to protect internal industry. Accordingly, it made all-round revision of the Tariff Law and published it on March 31, 1906, which went into effect on October 1, the same year.

The main points of the revision of the Tariff Law were:

a) The imports of raw materials which had no rivals in Japan should be duty free; very light duty should be imposed on the imports of raw materials which had rivals in Japan; heavy duties should be imposed on imports which had rivals in Japanese industry, and a specially high tariff duties be imposed on imports of luxuries.

b) A retaliative tariff method was to be adopted.

c) A tariff refund system was to be set up.

d) Specific tariff duties were to be imposed.

By this revision, the Japanese tariff policy got nearer to tariff autonomy. In addition to this, the revised treaty concluded in 1899 with a 12 year-term of validity expired on July 16, 1911. The new treaties concluded in 1911 carried with them a complete tariff autonomy for Japan.

The main features of the new treaties concluded in 1911 were:

a) As regards tariff duties, the interested nations were to follow the most favored nation clause; while a special tariff agreement could be reached with the treaty-nations on import

duties, or the national law could be applied to them. Thus, Japan obtained a complete tariff autonomy.

b) The national (Japanese) law was to be applied to the duties on coastal trade.

c) Japan concluded a fair trade agreement on import duties with England, Germany, France and Italy.

d) A provision for perpetual lease concerning the possession of real estate was set along the line of the most favored nation treatment.

At the conclusion of the new treaties Japan aimed either at excluding, from tariff agreement, items which would impede the progress of Japanese industry or at raising the duties of such items high enough to protect internal industry. As a result, the items included in the tariff agreement greatly decreased: with five tax items in the agreement with England; fifteen with France; eleven with Germany and nine with Italy. The amount of imports on the agreement list also decreased to 11.5% of the total amount of imports. Besides, the new treaty brought an increase in customs revenue. Thus, Japan could, for the first time, enjoy a complete tariff autonomy and consolidate its protective trade policy.

## 2. INCREASE OF CONSULATES AND TRADE OFFICIALS:

The Japanese consulates in foreign lands increased in number with her overseas expansion. As of September 1903, just before the Russo-Japanese war, the number of consulates in foreign lands were 7 in Korea; 9 in China, 3 in South East Asia (British Territory) 2 in Australia, 1 in the Philippines, 3 in Russia, 4 in the United States, 1 in England, 1 in France, 1 in Belgium, 1 in Brazil, 1 in Mexico, 2 in Canada,—36 in all. Besides these, Japan appointed an honorary consul in Australia, India, France, Belgium, Holland, Denmark, Germany, Austria, Switzerland, Russia, the United States, Italy, Peru, Argentina and fifteen other places. At Vladivostok, the Japanese trade office did the function of a consul.



As of 1914, the number of Japanese consulates increased by twenty-five and twenty-nine more honorary consuls were appointed while five were dismissed.

Despite the fact that the number of Japanese consulates was greatly increased, owing to the pressure of official business such as sending home information on trade conditions, business which required prompt action or proper steps on the spot was often delayed. To eliminate this delay, the Ministry of Agriculture and Commerce planned to station its official who would devote himself exclusively to the business of trade and industry at the consulate. In 1910, after consultation with the Ministry of Foreign Affairs, it set up a system of trade officials on duty with the diplomatic representative of Japan. Thus, a trade official was stationed at London, Shanghai, New York, and Hong Kong. The trade officials were of great service to the nation's trade, but in 1913, the system was abolished when Prime Minister Yamamoto carried out the readjustment of financial affairs.

### 3. FOREIGN TRADE MUSEUM:

As has been mentioned, a foreign trade museum was established in 1897, which was renamed The Commercial Museum in 1897. The function of this museum was as follows:

- a. It exhibited commercial samples and specimens for reference, both Japanese and overseas.
- b. At the request of Japanese and overseas businessmen, such goods as mentioned above were to be exhibited in the museum at any time.
- c. It opened correspondence with various industrial and commercial organizations both at home and abroad, exchanged publications and leased or sold samples or specimens for reference.
- d. It gave various informations and reports on commercial and industrial matters to those who called for them.

- e. It gave lectures on commerce and industry.
- f. It tried to improve the quality, device, design, method of display and decoration of commodities.
- g. It collected books on commerce and industry and catalogues of commodities both at home and abroad for display in the museum.
- h. It published its organ which carried informations and reports on foreign trade.

#### 4. CONDITIONING OF IMPORTANT EXPORT GOODS:

As some export commodities fell into disfavor due to their mass production of inferior quality, the government set up the conditioning system for them as follows:

a. The conditioning of raw silk was started in 1896. The business got busier and active with the increase of silk export.

b. As there arose bitter complaints against inferior fancy mats, the consuls of the places to which they were exported often reported home of the complaints and requested the Ministry of Agriculture and Commerce to take some steps to supervise the production and exportation of fancy mats. The Ministry issued in March 1905 the Imperial Edict No. 74, by which it announced the establishment of the fancy-mat-conditioning system, and in May, the same year, published the Rules for Conditioning Fancy-Mats. A conditioning office was set up at Kōbe where export-mats were strictly examined to restore their overseas reputation.

c. The conditioning of *habutae* silk had been carried on by the trade associations of the producing centers. However, in May, 1911 the Ministry of Agriculture and Commerce announced by the Ministry Instruction No. 13 that the prefectural governments should do the business of conditioning *habutae* silk, in order to improve the quality and standardize the commodity. The conditioning by the prefectural governments was started in the same year with the government subsidy of 30,000 *yen*.



Through the conditioning system, the government tried to prevent the production and exportation of inferior goods. It subsidized the organs which supervised and conditioned export goods, such as matches, glass-ware, enameled iron-ware, plated goods, and knit-wear.

### C. Government's Encouragement of Light Industry:

The government's policy of fostering light industry in the latter period of the Meiji Era was as follows:

#### 1. THE SENJU SEIJUJO:

This wool factory was transferred from the Ministry of Agriculture and Commerce to the Ministry of War in 1890. Here is a brief history of the factory after the transfer.

The factory was gradually enlarged by the hand of the War Office. In 1890 its fixed assets were 200,000 *yen*, which swelled to 1,820,000 *yen* at the end of 1910. Its working capital of 380,000 *yen* in 1890 increased to 1,000,000 *yen* at the end of the Meiji Era. The amount of production in 1900 was 273,000 lbs, while in 1910 it rose to 747,000 lbs. The proceeds of woolen goods produced here in 1890 was 590,000 *yen*. In 1910 the proceeds rose to 2,240,000 *yen*. In 1890 the aggregate number of workers was 188,600, while in 1910 it rose to 364,800.

#### 2. SILK INDUSTRY:

After the Sino-Japanese war, with the rapid development in industry and economy, silk exports also showed increase, which in turn stimulated sericulture. However, some powerful and efficient trade associations of all-round silk industry were necessary to make up for the loss from poor crops of cocoons, to solve the problems of industrial management, to carry out laboratory work, and to take adequate measures to meet

emergencies.

According to the Important Export Commodity Trade Association Law, issued in April 1897, all the export raw silk producers and those who were closely connected with them in one region, had to join the local association while even a big producer of domestic consumers goods was excluded from the association. Accordingly, the Important Export Commodity Trade Association Law was revised in March, 1900, into the Industrial Trade Association Law by which mulberry-nursery trade associations, silk yarn trade associations, silk-worm egg card trade associations, raw silk trade associations, sericultural industry associations, cocoon trade associations and dupion silk trade associations were organized. This contributed to the progress of the silk industry as a whole.

As the Industrial Trade Association Law issued in March 1900 was intended for economic development and facility in free economic activities, many associations were formed. Except the silk reeling trade associations and cocoon storage associations, most of them soon fell into inactivity and gradually went out of existence.

After the Russo-Japanese war, as Japanese raw silk won an international reputation in the world market, there arose a necessity to regiment all the silk industrialists in the land. Thus, in December, 1906 the government issued the Ministry of Agriculture and Commerce Instruction encouraging the setting-up of industrial associations.

In 1910 the government requested the Industrial Research Institute to make an estimation of the prospect of Japanese silk industry from the tendency of the demand and supply of silk in the world and to make a plan for the improvement and standardization of raw silk. The Institute sent in its findings in July the same year and recommended the government to set up the Raw Silk Bureau for the improvement of silk, to encourage joint enterprises in the sale of silk, to take adequate measures for training and protecting silk girls, and to establish



a silk laboratory and other institutions for the improvement of silk.

### 3. REVISION OF CUSTOMS DUTIES ON COTTON TEXTILES AND COTTON GOODS:

During the middle of the Meiji Era, the government had to take steps to tackle the problem of export tariff duties of cotton thread and import duties of raw cotton. In the latter period, however, the cotton industry reached, so to speak, its maturity, and most of its problems were solved by the Cotton Spinning Federation. The only thing the government did for cotton industry in this period was the tariff revision which was in the new treaties concluded in 1911.

Against the expiration of the treaties concluded in 1899, the government had been studying and working out plans for new treaties which would be favorable to Japan. The existing treaties with England, Germany and France had unilateral tariff agreements so that Japan had no tariff right on some imports. That was why the government set the internal tariff duty rules on the one hand, and decided to request, on the other, the conclusion of a collateral trade agreement to minister to each other's wants according to the basic principle of trade. At the same time, the National Federation of Shōgyō-Kaigisho published its opinion on tariff revision.

There were various opinions on the tariff-revision. As regards the important imports of that time, such as calico, cotton print, satin and woolen cloth, some said that if the import duties were raised after the expiration of the agreement according to the internal customs law, it would be a big blow to the consumers as well as to the importers, while others said that it would mean the protection of domestic industry. Another opinion contradicted this protection of home industry by pointing out that, despite the low import duties, the production of Japanese woolen goods and calico and their exportation to many Asian countries were yearly increasing. Still another

opinion was that if the internal tariff law was enforced, the import trade would be hampered, the prices would rise, and although the domestic producers would profit for a time, the cost of production would soon rise to the same level as the prices of imported goods under heavy duties, thus nullifying the object of the protective trade. The Federation of Shōgyō-kaigisho, taking these opinions into consideration, thought it appropriate to make the tariff rate lower than the government plan but much higher than the agreement rate, especially to impose heavy duties on imports of luxuries.

In April, 1910 the government enacted the Tariff Rate Law. If one compares the table of rates annexed at the end of the Law with the plan of the Federation of Shōgyō-Kaigisho, one can easily see that the government acted according to public opinion.

#### **D. Government Policy on Heavy Industry:**

It was in the field of light industry that mass production by machine was established after the Sino-Japanese war. The characteristic industrial development after the Russo-Japanese war was in the field of heavy industry. This development of heavy industry was brought about by various factors, such as the predominant position the Japanese light industry came to enjoy, Japan's access to raw materials as the result of her victories over China and Russia, and the rising military demand. In this period, the government heavily subsidized heavy industry.

##### **1. IRON WORKS:**

The wars, especially the war with Russia, spurred the rapid development of the iron industry. The Yawata Iron Works run by the government occupied the predominant position in this field. It made its inaugural kindling of its furnace on February 5, 1901 and started the manufacture of steel in May, the same



year. At first, the government planned to obtain iron ore for the works from Kamaishi, Akaishi and iron sand from Hokkaidō, but in 1899 China offered the supply of ore from Ta-yeh mine. Japan made a contract for the purchase of 50,000 tons of iron ore annually from China. The works held its inaugural ceremony on November 8, 1901. As the Russo-Japanese war increased the demand for iron and steel, the government appropriated its emergency fund of 4,670,000 *yen* for the enlargement of the works to manufacture steel ammunition. Then, as the demand for steel grew, a plan for an annual production of 180,000 tons of steel was made. To realize this plan the addition of necessary equipment was started with a fund of 10,880,000 *yen* in 1906 and finished in 1909. In 1911, to meet the still greater demand for steel, the government appropriated 12,390,000 *yen*, to enlarge the works for the annual production of 350,000 tons of steel a year.

As regards other iron works, the Iron Research Institute of the Ministry of Agriculture and Commerce made, by using the Suzuki plant of Kamaishi Iron Works, a trial manufacture of bar iron and iron plates in 1895. The preparation for the operation of the two 25 ton-furnaces built by the Ministry of Industry was completed in 1901. Later, the plant was enlarged and in 1903 the production of steel was started.

The government subsidized the Hokkaidō Coal Mining Company in its manufacture of iron.

## 2. SHIP-BUILDING:

As has been mentioned, the ship-building industry of Japan also developed with the aid of the government. As Japanese style wooden craft could not match the Western style-wooden ones, the government issued in December, 1884 the Western-Craft Inspection Rules for the purpose of encouraging the building of Western style wooden vessels. In 1885, the government published an order prohibiting the building of Japanese

style vessels over 500 *koku* capacity after 1888.

Because of the shortage of iron and steel, in the beginning of the Meiji Era, it was thought to be advantageous to build small merchant ships of wood. So, except for a few big ship-yards, about two hundred ship-yards engaged in building wooden craft. However, due to the rapid development in the shipping industry and the high price of wood-material, steel vessels gradually replaced wooden craft, with only small craft under 500 tons built of wood. The Ship-building Encouragement Ordinance issued in 1896 marked an epoch in the history of the ship-building industry of Japan. However, it was impossible at that time for Japanese industrialists to compete with Western ship-building enterprisers even with the government subsidy, because of the lack of knowledge and training in the techniques as well as the shortage of materials. Accordingly, in March, 1899 the government revised the Navigation Encouragement Law which provided that from October, 1899 on, the navigation subsidy be cut by half for vessels built in foreign countries. Needless to mention, the objective of this revision was to protect home ship-building. This revision was indeed favorable to the ship-building industry, but gave a heavy blow to ship-owners. However, as the fifteen year subsidy-cut by half would have hit them harder than the high cost of ship-building or delay in the time of completion, more and more shipowners came to have ships built at home.

This brought about a sudden boom in the ship-building world. Specifically, after the Russo-Japanese war, the rapid development in the shipping business spurred the ship-building industry, which gradually raised its techniques to the world level. The number of vessels that came up to the standard set by the Ship-building Encouragement Law was 9, with the aggregate tonnage of 15,600 tons; 9, with the aggregate tonnage of 13,000 tons in 1905; 13, with the aggregate tonnage of 220,000 tons in 1906; and 13, with aggregate tonnage of 530,000 tons in 1907.

The development of the ship-building industry was remarkable.



Later, in 1909, the Law No. 16 announced the revision of the Shipbuilding Encouragement Law, straightening out many defects that had developed with the growth of the business.

### 3. MACHINE INDUSTRY:

The most significant thing about the development of machine industry was the Tariff Rate Law published in April, 1901, as this revision did most for the progress of the Japanese machine industry. The customs rate for machines was generally 15 to 20 % ad valorem. However, the rate of printing machines, railway locomotives, and carriages had been, according to the tariff agreement, 5 % ad valorem. Now, the rate of steam boilers was raised to a specific tariff equivalent to 25 % ad valorem, that of railway carriages and freight cars was raised to 30 % ad valorem; that of machines for metal processing and machines for civil engineering, spinning machines, paper manufacturing machines and sugar refining machines was raised to a specific tariff equivalent to 15 % ad valorem; and that of other machines was raised to 20 % ad valorem. This brought about a great increase in demand for machines and developed the machine industry at home.

As a matter of fact, the government had taken steps to help the development of machine industry even before the tariff revision. In 1905 a system of granting a subsidy to the building of fishing craft was set, which led to the building of many fishing boats with gasoline motors.

As regards locomotives, before the private railways were nationalized in 1907, each private railway company chose its locomotive as it liked, but after the nationalization, the government increased the production of locomotives, using the most-up-to-date ones for the main lines. By the end of the Meiji Era, the locomotive industry was firmly established with its remarkable progress.

### E. Other Industries:

Besides the light and heavy industries, the government made efforts to encourage the progress of the chemical industry.

#### 1. SUGAR REFINING INDUSTRY:

The sugar refining industry gradually declined around 1877, because since the opening of the ports to foreign trade, excellent and cheap sugar came to be imported. In 1882, the government sent its engineer to inspect the refining conditions and instruct the refiners in the way of improving their method of making sugar. Thus, the sugar extraction rollers and refining equipment were improved, iron apparatus replacing wooden machines. This improved the quality of sugar to some extent. Later, the sugar refining process showed gradual progress when the government subsidized the industry for five years from 1902 to 1906, enabling it to improve its equipment. In 1907, the Ministry of Agriculture and Commerce set up the Ōshima Branch office of the Sugar Improvement Bureau to encourage the sugar industry there. In 1912, the business of the Sugar Improvement Bureau was transferred to the prefectural government, the central government sharing half the expense.

As regards the sugar industry of Taiwan, the government set up a provisional Taiwan Sugar Office in 1902, seven years after Taiwan became Japanese territory. This was the first step the government took for the sugar industry of Taiwan. The main task of this office was to grant bounties and help in the matters of supplying the raw material. This measure led to the establishment of many sugar refineries.

#### 2. HABUTAE DEGUMMING: (REFINING)

Japanese *habutae* silk which occupied an important position



in Japan's export was first exported to the United States in 1880. It came to enjoy popularity and the amount of export yearly increased. *Habutae* goods of those days were mostly handkerchiefs hemmed with colored thread or appliqué. They were very crude. In Kiryū and Fukui, chief *habutae* producing places, the prefectural governments tried to improve the quality of *habutae* by granting subsidies.

In 1906 the government issued the *Habutae Degumming Rules*, and in the next year granted subsidy to the *habutae* producers.

### 3. GLASS INDUSTRY:

With a view to fostering and encouraging industry, the Ministry of Agriculture and Commerce adopted the policy of purchasing various machines from Europe and leasing them to private enterprisers or trade associations. For the glass industry, too, the government purchased various machines and samples from Germany in 1909 and leased them to the glass trade associations in Tokyo and Osaka for five years. As a result, the report made in July 1911 states that while in the previous year two workers could make four thousand glasses a day, one worker could produce three hundred and forty thousand glasses a day in that year. Furthermore, the glasses were much better than those made in the previous year.

### 4. METHOD OF TESTING CEMENT:

For a long time, Japan had no standard method of testing cement, so that users put it to their own test. This gave much difficulty to cement producers. Accordingly, in 1905 the government appointed a cement committee consisting of representatives of each Ministry to discuss the standard method of testing Portland cement. Following the committee's decision, the Ministry of Agriculture and Commerce published by its

notification the method of testing Portland cement, which was revised in 1909; and the revision was announced by the Ministry Notification. The official as well as private users were required to follow this method of testing cement.

#### F. Government Policy on Mining Industry:

Due to the improvement in the techniques of mining after the Sino-Japanese war, the mining industry showed a great progress. After the Russo-Japanese war, it made even more remarkable advance. The government policy toward big mining business during this developing period is shown in the following legislation:

##### 1. MINING INDUSTRY LAW:

As has been mentioned, the Mining Regulations were set in September, 1890 and went into effect on July 1, 1892, replacing the Japan Mining Law. The bill of the Mining Industry Law which replaced the Mining Regulations was introduced before the Diet by the Katsura Cabinet as a government plan. The bill passed the Diet in March, 1905. The Mining Industry Law clarified the nature of the mining right, and the difference between the mining right and the prospecting right; provided for the control of mines; prescribed for the protection of miners; and opened the door to appeals and administrative litigations. In short, it amended the Mining Regulations. The main points of amendment were as follows:

a. As the Mining Regulations had no provisions for the mining enterprise run by the government, a precedent developed that the government could engage in mining without any proceedings for it, on the ground that the government did not have to obtain license for its own enterprise. The Mining Industry Law, however, prescribed that even the government had to go through the proper legal proceedings before it could



exploit mines.

b. As the Mining Regulations imposed no taxes on prospect-mines, mining speculators came to possess huge lots intending to sell them to advantage later, instead of exploiting them. This hampered the development of the mining industry. The Mining Industry Law provided that taxes should be imposed on prospect-mines, too.

c. The Mining Industry Law specifically aimed at the protection of miners.

This law was enforced on July 1, 1905 and was revised in 1907, 1910 and 1911.

## 2. MINE-MORTGAGE LAW:

The Mine-Mortgage Law was enacted on March 13, 1905. The Law No. 55 published it together with the Mining Industry Law. It holds a unique position in the history of the mining industry of Japan. The Mine-Mortgage Law, the Factory-Mortgage Law and The Railway-Mortgage Law which were enacted at the same time have an important meaning for the Estate-Mortgage Law of Japan. The Mine-Mortgage Law recognized the blanket mortgage of the mine and equipment to finance the mining business and so, to help develop mines.

## 3. MINE-REGISTRATION ACT:

The Mine-Registration Act was set on the basis of Article 19 of the Mining Industry Law. It was published by Imperial Edict No. 183 in June, 1905, and went into effect at the same time with the Mining Industry Law. Before that time, there was no legal system of registration for mining rights. However, the Mining Industry Law provided that the creation, modification, transfer, lapse, and restriction on disposal, of the mining right and the mine-mortgage right, could not have legal force unless the mine was registered, except in the cases of inheritance, expiration, revocation or sale by auction of the mining right.





## *Chapter Four*

### DEVELOPMENT OF THE MONETARY SYSTEM

BY KATŌ TOSHIHIKO

#### I. CURRENCY CONDITIONS AT THE BEGINNING OF THE MEIJI ERA

##### A. Confusion of the Currency System and Its Standardization:

OPENING her door to foreign countries had a grave effect on currency system of Japan. It threw into greater disorder the already crumbling exchange of that time on the one hand and on the other expedited the establishment of a capitalistic monetary system. Money conditions just after the opening of the ports have been detailed in Chapter One, but a recapitulation will help the reader's understanding of its later development.

During the Tokugawa Shogunate, devaluated money first appeared in the Genroku period (1688-1703). Although in the following period of Shōtoku and Kyōho (1713-1735) the reformation of the coinage system restored it to its former standard for a short time, the minting of worthless money returned after 1740 because of the Shogunate's financial difficulties. When in 1853 Commodore Perry knocked at the door of Japan, he startled the Japanese from their dream of permanent security. The Shogunate's financial conditions were aggravated due to the expansion of armaments and other expenses, which led the government to minting still baser money. Furthermore, the conclusion of treaties and opening of foreign trade resulted in the outflow of a great amount of gold from Japan. Consequently,

still baser coin came to be minted.

According to the treaty of amity the Shogunate concluded with the United States in March, 1854, Americans could buy Japanese goods with American gold and silver money. Furthermore, the treaty of amity and trade Japan concluded with the United States, England, France, Russia and Holland stipulated that foreign coin should have currency in Japan; that the Japanese government was to comply with foreigners' demands for exchange of any amount of foreign money for Japanese coin; and that the exportation of Japanese coin should be authorized. (1) In those days because the parity of gold and silver was 1 to 6-10 while that of foreign money was 1 to 15, many people brought foreign silver into Japan, exchanged it for Japanese gold and exported it with a fabulous profit. This resulted in a significant outflow of Japanese gold. Seeing this, Mr. Harris, American minister to Japan, advised the Shogunate by official letter to reform the currency system. (2)

Hereupon, the Shogunate ordered the governors of trade ports to take steps for checking the outflow of gold and at the same time reminted silver coins with a value equivalent to foreign coins. This was the so-called "doro-gin" (cheap silver). Debased gold coins—new *nibu-ban* and new *nishu-ban*—were also newly minted. According to the *Kaseikōyō* (Essentials of Currency Policy) the above measures were "simply a temporizing make-shift without any basic plan to better the condition. No good result was obtained from such measures. Worse still, the Shogunate, by debasing the currency, only increased the currency confusion so that prices all over the land were thrown into disorder, causing endless suffering to the people at home, without being able to stop the outflow of gold." (3) However, we can assume that the minting of depreciated coins . . . . . the revision of the parity of gold and silver—did much to check the outflow of Japanese gold. (4) It is clear that it was only a stop-gap policy, and the disorder of the Japanese currency system was at its worst at the end of the Shogunate. (5)



In this sense, the opening of the ports to foreign trade was the greatest contributing factor to the confusion of the Japanese coin system. Also this disorder proved to be a great disturbance in the development of smooth trade. For this reason, foreign nations demanded that the Shogunate establish a consistent currency system. The result was the conclusion of the *Kaizei yaku sho* (Duty-revision Contract) between Japan and Britain, France, the United States, and Holland. By these contracts, Japan promised to establish a currency system: "Japan would facilitate foreign trade by giving Japanese currency a fixed value . . . all the silver and gold foreign currency paid either by the Japanese or foreign merchants should be reminted into Japanese coin and, after the reduction of reminting expenses, foreign currency and Japanese currency should be exchanged on a par. (6) This meant the standardization of Japanese currency and the establishment of freedom in minting silver and gold coins.

Thus, both Mr. Harris's advice and the Duty-revision Contract did much for the establishment of a sound currency system in Japan. In this sense the opening of Japan to foreign countries expedited the establishment of a capitalistic monetary system in our country.

However, the standardization of Japanese currency and the setting-up of a free minting system were beyond the power of the Shogunate. It was incumbent on the new Meiji government to achieve this task.

At the beginning of the Meiji Era, there still existed the confused currency condition so that there were diverse kinds of money, different in value and different in shape, some round, some square, some large and small. (7) The Meiji Government promptly began to plan for coordination of the confused currency. In March, the first year of Meiji, the government ordered Kuze Jisaku to study matter of reminting Japanese coins. Following Kuze's recommendation, it set up a coin assay office where various coins were assayed. The result of the

tests proved that the quality of Japanese currency was very base and could not gain currency in the field of international trade. (8) Accordingly, the government decided in April, the same year, to mint new standard coins of genuine metal.

However, in those days the Meiji government was struggling with an extreme financial difficulty. The government tried to tide over this difficulty by issuing inconvertible paper money; but this paper money was barely accepted in the Kinki district even with a reduction in value. While planning, on the one hand, to coin new standard money of sterling metal, the government, at the self-same moment, suddenly decided to set up a minting branch office at Nagabori, Osaka, where they at once started to mint base coins. In Tokyo, too, the government took over the Tokyo Kinginza (the Shogunate mint) and began to produce base coins. This set an example to the feudal governments. As many feudal governments coined their own private base coins, a huge amount of false money prevailed in Japan, leading to many evils. Not only the Japanese but all the foreign merchants resident in Japan suffered great hardship and inconvenience from it. "They raised a loud protest against this, and frequently requested their ministers and consuls to take some measure to put a stop to this practice of the Japanese government." (9) On February 17, 1869, the French minister accompanied by the British and Italian ministers lodged a protest with the government, blaming it for its breach of the Duty-Revision Contract by coining base "*ichibu gin*" (silver coin). Mitsuoka Hachirō, (later, Yuri Kimimasa) who was responsible for the financial and monetary affairs of the nation was severely criticized by Ōkuma Shigenobu and Gotō Shōjirō. Ōkuma, vice-governor of the Office of Foreign Affairs, asserted to Sanjō and Iwakura (highest executives) that the first requirement for the solution of diplomatic problems was the establishment of a currency system, and that a diplomat should be authorized to have a voice in the financial affairs of the nation, too. (10) Soon after this, Mitsuoka was succeeded by Ōkuma.



He set about the task of standardizing the currency and ending the currency problem. He first set up the government Minting Bureau; and prohibited the minting of base money by closing the Tokyo Kinginza. The establishment of the Minting Bureau, however, did not accompany the establishment of the mint. Consequently, instead of new standard currency, an increased paper money issue ensued. The Minting Office planned that the shape of the new coin should be round and the value be decimalized.

The reform of the currency policy thus took one step forward, but the diplomatic problem concerning the base currency still remained unsolved. On March 4, 1869, the foreign ministers to Japan again demanded that the government settle this problem. By official letter, they pressed the government on April 2 for its answer. Date Muneki, governor of the Office of Foreign Affairs, asked them for the postponement of a negotiation, informing them that the government had already prohibited the minting of base coins. In the meantime, Ōkuma proceeded with the reform of currency and prepared for negotiation with Britain, France, the United States, Germany and Italy. The foreign ministers to Japan stated that they were not satisfied with just the prohibition of coining base currency and insisted that the government should make reparation for the base money in the possession of foreign merchants. To settle this problem, *Takanawa Kaigi*, (conference at Takanawa) which is famous in the diplomatic history of Japan, was held on July 12, 1869. At the request of British minister Mr. Parkes, the Japanese representatives were to be the highest officials of the government. They were Sanjō, Iwakura, Sawa, Terajima, Ōkuma and Itō. It was a knotty problem, but the government at last agreed to set the standard of *nibu-kin* (gold coin). 100 yen of *nibu-kin* should weigh 160 *mom'me* (x) containing 35.2 *mom'me* of gold and 124.8 *mom'me* of silver; and to prohibit other currency by regarding it as false money. The government

(x) 1 *mom'me* = about 3.8g

also agreed to compensate for the false money possessed by foreign merchants. According to Mr. Sawada's study, the amount of money converted by the government from September 15, 1869, to April 9, 1870, was 340,000 *ryō*. (11)

The establishment of the modern currency system was thus given impetus by the foreign diplomats. As the conversion of false currency could not be confined to foreign merchants, the government tried to find a method of settling this problem and decided "that there was no other way than to mint new currency and to exchange it for the false money possessed by the people." (12) So, an effort was made to establish the mint as soon as possible. In fact, however, it took time to set up the mint. As an expediency, the government converted the false money to paper money at a very unfair rate, however.

The task of setting up the mint and liquidating the old currency was steadily carried forward. At the end of 1869, a fire broke out which "reduced to ashes all the minting equipment which was in preparation." The work was restarted at once. The government ordered through the Tōyō Ginkō (bank) all the necessary equipment from England, and invited ten British engineers also through the good offices of the same bank, for the instruction of the Japanese in the operation of the machines. On February 15, 1871, the inauguration ceremony of the mint was held (13), which Vice-Prime Minister Sanjō and many dignitaries of the time attended. The ministers of foreign countries also offered their congratulations.

Before the government put the new currency into circulation, it issued a notification explaining the necessity for minting new currency. Later this notification came to be called the *Shinka Jōrei* (New Currency Regulations). After explaining in its introductory statement the purport of the new coinage, it clarified that the monetary unit was to be the *yen* with notations based on a decimal system. It also confirmed that the new currency was the gold standard system with five kinds of coins, the twenty-yen piece, the ten-yen piece, the five-yen piece,



the two-yen piece and the one-yen piece, one-yen being the basic unit. In principle, it was a gold standard system but in fact it was a double-standard system, for at the request of the traders, both Japanese and foreign, a one-yen silver coin was also minted to facilitate trade at the ports. (14) It was Itō Hirobumi that recommended the gold standard system. Itō had studied in the United States. While he was abroad, he investigated the monetary systems of Western countries, and finding that the gold standard system was established in the West, advised the Finance Minister to adopt the gold standard system in Japan also. Ōkuma agreed with Itō, but many foreign residents were of the opinion that a silver standard system was preferable. For example, Adams, British Acting Minister to Japan, and Cargell, manager of the Tōyō Ginkō, insisted on the silver standard on the ground that silver currency was prevalent in the East, so, from the standpoint of trade, a silver standard was more convenient. Therefore, silver coin was minted to facilitate trade. Besides, the gold standard system itself was soon to collapse.

With the establishment of the mint and publication of the New Currency Regulations, the Japanese currency system was gradually emerging from its confused condition. The government made efforts, on the one hand, to liquidate the old currency, and on the other, to create the new currency in a great hurry. By 1874 "the currency in Tokyo, Osaka and in most other places consisted of paper money and the new gold and silver money, showing that a proper supply of new coin was attained." (15) Now the government could completely prohibit the circulation of old money without causing any trouble among the people. So, the government decided on the suspension of the circulation of old gold and silver coins and ordered their conversion into new coin by December, 1876. The time-limit of conversion was deferred, but it can be assumed that the standardization of Japanese currency was achieved about 1876. However, the government had other things to accomplish along

with the standardization of its currency—the liquidation of the inconvertible paper money, and the setting-up of a conversion system, two matters still under pressure of the foreign diplomats.

As has been mentioned, the Meiji government was forced to issue inconvertible paper money in order to tide over its financial difficulties. As a matter of fact, this paper money also helped the development of Japan's industry, but historically it can be said that the government's issue of inconvertible paper money was mainly for coping with its financial difficulties. On the suggestion of Mitsuoka Hachirō, the government decided to issue this *kinsatsu* (paper money) in May, 1869. The paper money was loaned to feudal governments. The amount of the loan was fixed by the size of the domain. The money was to be repaid in thirteen years by a ten per cent installment payment at the end of every year. The government also ordered that the loan should be used exclusively for the development of industrial enterprises. Money was also loaned to the merchants in Kyoto and that vicinity as well as to farmers and merchants in other parts of the land. (16) The actual fact was, however, that almost all the paper money was spent by the government, especially for the war expenses in subjugating the remnants of the Shogunate.

The circulation of this paper money was accompanied by great difficulties from the outset. In those days a commodity-money economy had to some extent developed, but because of the political instability, the Meiji government was not yet firmly established. Naturally it was not appropriate for the government to issue inconvertible paper money, which either did not pass as currency, or if it did, at a reduced value.

The reduction in the value of the paper money caused a grave international problem. Foreign merchants and ministers to Japan strongly protested against this system of inconvertible paper money. The reason for this protest follows: As soon as this paper money was issued the government notified foreign consuls resident in Osaka that, as it was inconvertible, the



foreign merchants who received it had to spend it in Japan. (17) However, the money did not have currency in the Kantō district, or if it had, the value was greatly reduced, so that the merchants who received it had to suffer a loss. This hampered the transaction of trade. In October, 1868, Terajima Tōzō, governor of Kanagawa prefecture, reported to the Ministry of Finance that the foreign consuls there demanded the setting up of a paper money conversion office. He added his opinion that "the demand was reasonable and that further delay in complying with this demand would lead to some unreasonable demand which might endanger the port of Yokohama." He further asked for prompt action by the government. (18)

Parkes, British minister to Japan, demanded to know about the government's policy on the inconvertible paper money. When the government denied a definite answer by reason of a pending question, he pressed repeatedly for its answer. As it was impracticable for the government to convert the paper money, it was decided to allow foreign merchants to pay their duties at the ports with it. Thus the government had to receive paper money of reduced value as duty instead of specie-payment.

This circumstance forced Mitsuoka Hachirō to retire from his office. Ōkuma Shigenobu, who succeeded Mitsuoka, was for a sound currency policy, but in actuality it was impossible for the government to set up a conversion office. Instead, it had to issue 50,000,000 ryō (x) of paper money for the purpose of liquidating counterfeit coin. By this time, however, the government came to realize the necessity of setting up a conversion system. In April, 1869, it fixed the top-limit of the paper money issue; ordered the destruction of the equipment for making the paper money; and then committed itself to convert all the paper money to the new coin by 1872. After 1872 it would convert at interest the remaining money if there

(x) ryō=equivalent to yen, a unit before the yen system was established.

were any. It also communicated its commitment to the ministers of Britain, France, the United States, Germany and Italy in the name of Date Muneki, governor of the Office of Foreign Affairs. The question of inconvertible money was grave in those days.

On receiving this information, the British minister severely criticized the government's practice of issuing inconvertible money, which, he warned, was liable to lead to serious trouble even in a rich nation. He further advised the government to adopt a democratic open policy of finance, by explaining to the people the existing international conditions and giving a detailed account of the money spent by the government, to gain the confidence of the people. (19)

After this the value of this inconvertible paper money was to some extent stabilized, partly because people came to prefer the government money to the bad coins which had been minted abundantly about the end of 1869, but chiefly because the civil war was over and the Meiji government was established. This gradually led to a consolidation of the nation-wide market. The circulation of commodities hampered for a time by the civil war, was restored on a larger scale by the government's effort to bring about a capitalistic economy.

As the government could not carry out its commitment to convert its inconvertible money, government bonds, (predecessors of the bank notes) were issued to exchange for the inconvertible paper money. This time the government took measures to make the government notes (bonds) of superior material so as to avoid the evils of counterfeit paper money. On the recommendation of von Brandt, German minister to Japan, the government had a machine made in Germany for making its notes. By this means the government could standardize the paper money by exchanging these for all the inconvertible paper money. Although the government did not drop its plan of setting up a conversion system, it could not be realized since government spending had swelled with the abolition of the



feudal governments in 1872, and the nation's tax system had not yet been established. The issue of notes by the national banks which followed soon was a substitute means of establishing a conversion system. This was also pushed forward by the interference of foreign diplomats. Thus, the opening of foreign trade at first threw the monetary order into confusion, but soon it served to establish the capitalistic monetary system in Japan.

## References:

- (1) Kasei Kōyō; Meiji Zenki Zaisei-keizai Shiryō Shūsei; v. 13
- (2) Kasei Kōyō; p. 46
- (3) Ibid; p. 46
- (4) Yamaguchi Kazuo; Bakumatsu Bōekishi; p. 139
- (5) Kasei Kōyō; p. 47
- (6) Kasei Kōyō; p. 49
- (7) Shinka Jōrei Jobun
- (8) Kasei Kōyō; p. 53
- (9) Ibid; p. 72
- (10) Ōkuma-kō Hachijū-go-nen p. 208 shi; pp. 225-226
- (11) Sawada; Meiji Zaisei Kiso-teki Kenkyū; p. 338
- (12) Ōkurashō Enkakushi; Shusei; v. 2, p. 59
- (13) Kasei Kōyō; p. 79
- (14) Ibid; p. 67
- (15) Ibid; p. 107
- (16) Ibid, p. 158
- (17) Ōkurashō Enkakushi; Shūsei; v. 2, p. 20
- (18) Ibid, v. 2, p. 29
- (19) Ibid, pp. 58-59

## B. Introduction of Banking System.

The Meiji government made every effort to introduce the capitalist system and to foster its rapid development. The so-called *Shokusan Kōgyō Seisaku* (the National Prosperity

through Industry) was the government's slogan of that time. The development of the monetary system of Japan had a significant bearing on this industrial development policy. The *Meiji Zaisei-shi* (Financial History of the Meiji Government) says "the first and the most important economic policy of the Meiji government was to establish a consistent monetary system and to encourage industrial production." As Japan was forced to turn to capitalism by the pressure of Western capitalist countries while the original capital accumulation was not yet made nor had the natural growth of industrial capital begun, its greatest problem was how to create its industrial capital. As a matter of fact, the capital accumulation of merchants and money lenders had existed at the end of Shogunate, but in order to divert it into productive industries, there had to be a system of lending. In this sense the banking system which was created by the government played an important role as a financing agency. In other words, the Meiji government began its encouragement of industrial production by setting up financial facilities.

At first the government, thinking that this business of financing industrial enterprises could be achieved by means of an increased issue of currency, issued the inconvertible paper money. This led to various troubles. From this lesson policy was changed to the establishment of a banking system in order to liquidate the inconvertible paper money and check the inflation that threatened to follow. Under the economic conditions of Japan in those days, it was not easy to set up a banking system. However, if the government did not do this it could not stabilize the paper money nor prevent the depreciation of government bonds.

To encourage the establishment of banks the government had to study the banking system of the Western countries and spread the knowledge of this financial machinery among the people. For this purpose the government did various things. In 1871, for example, the Ministry of Finance published the *Kaisha-ben* and the *Tachiai Ryakusoku*. The former was the



abridged translation of the work of F. Wayland, an American economist. The word "kaisha" here was the translation of the English "bank". This was the first book on the explanation of banking. The other was Shibusawa Ei'ichi's work, in which he summarized his observations in Europe, and insisted on the necessity of the freedom of industrial enterprises and of a system of financing facilities. In 1873 Katō Yūichi, official of the Osaka Trade Office, published the *Ginkō Ryakusoku* (A Sketch of Bank-Rules). Prior to this, in 1872, the government engaged Mr. Shand. According to the *Meiji Zaiseishi*, the Ministry of Finance, wishing to have some foreign expert in this field to help in various matters concerning the banking business, appointed Shand, an Englishman with a bachelor's degree in banking, as official of the *Shiheiryō* (Paper Money Office) on May 1, 1872. Mr. Shand was then a clerk of the Tōyō Ginkō in Yokohama." (1) He stayed in the employment of the Ministry of Finance till 1877, helping the Ministry in the meantime in the work of bank inspection, bank book-keeping, bank business reports and other matters of banking. He also published the *Ginkō Tai'i* (Essentials of Banking Business) and the *Ginkō Boki-seihō* (Precise Method of Bank Book-keeping). In 1874, when a Section for the Study of Banking was set up in the Banking Department, he taught the Japanese in the method of establishing banks. Copies of the *Ginkō Tai'i* were distributed to the business men in various parts of the land in 1877, and the Ministry of Finance published *Ginkō Boki-seihō* with a preface by Yoshikawa Akimasa, Head of the Shiheiryō. The management of the First National Bank was also carried on under Shand's guidance. When he was leaving Japan for England in 1877, Ōkuma Shigenobu, Minister of Finance, expressed the profound gratitude of the Japanese for the great service he had rendered to the development of the Japanese banking system. While he was the chief of Lombard Street Branch Office of the Bank of Birth in London, he held out a helping hand to the flotation of Japanese foreign loans. The

service and influence of Mr. Shand were so great that after he left Japan there arose among all Japanese bankers and planners of banking business a tendency to regard the English commercial bank as an ideal. The Banking-Regulations Act issued later, made provisions for ordinary bank after the commercial bank of England. Many leading bankers also had in mind the English-type bank as an ideal of a solid bank. All these things, it can be said, were the result of Mr. Shand's influence in the initial period of the Japanese banking system. Furthermore, in 1875 the Ministry of Finance published two books, the *Ginkō Jikken-ron* (Experiences of Banking Business) and the *Jinjō Bokihō* (Elementary Book-keeping), both of which were either directly or indirectly produced by Mr. Shand. At the Section for the Study of Banking which was set up in the Ministry in 1872, specially chosen young officials were instructed in economics and banking business. In 1875 not only the officials of the Ministry, but also the clerks of the national banks and other institutions were allowed to study here.

Thus the Meiji government made great efforts to spread the knowledge of banking with a view to inaugurating the banking system of the Western countries and fostering its development. The first banks set up in Japan were the Kawase Kaisha (Exchange Companies). When the government set up the Trade Bureau, trade companies and exchange companies were established under its direction. The trade companies engaged in trade while the exchange companies "financed trade companies and at the same time other private enterprises."<sup>(2)</sup> The exchange companies were set up with the support of the government in six large cities including Tokyo in 1869. The word "company" here meant "bank", with the function of a bank, privileged to issue bank notes.<sup>(3)</sup> The founders of exchange companies were rich merchants such as Mitsui, Ono, Shimada and Okuda. With a view to diverting the money of these exchange companies into the industrial production, the government urged and supported the establishment of these companies (banks). This was



characteristic of the financial policy at the beginning of the Meiji Era.

The exchange companies did, for a time, a thriving business of deposit, loan, exchange and bank-note issue. The capital of such exchange companies did not consist of deposit, but consisted of securities, (it was a company-system) government loans, and the bank notes which it issued. These banks advanced money to the producers of export goods such as tea, silk and marine goods. With the closing of the Trade Bureau in 1871, these exchange companies also went into decline. However, their existence did much for the spread of the forms of enterprise, banking business, and the method of financing practiced in Western nations, which gave a stimulus to the later establishment of private banks.

Just before the decline of the exchange companies, there appeared many people in every prefecture who wanted to set up private banks. According to the *Kahei Kōyō*, as soon as these two books (*Kaisha-ben* and *Tachiai Ryakusoku*) were published, many applications for the establishment of banks or other companies with the function of banks were filled one after another with the government. (4) Chief among such applicants were the Mitsui gumi (bank), the Ono-gumi (bank) and the Tokyo ginkō. Such a phenomenon was welcome to the government, but if it authorized all these applicants, it would be unable to control them. They would become corrupt and share the fate of the exchange companies. Accordingly, the government did not give its permission. (5) In the meantime the Ministry of Finance, wishing to set up a good banking system in Japan, was drafting the Bank-Regulations. The draft of the Bank-Regulations adopted by the Ministry was the *Draft of the Establishment of the National Bank* sent home by Itō Hirobumi from America.

In 1870 Itō Hirobumi, official of the Ministry of Finance, went to the United States to inspect and study economic matters, such as minting, flotation of public bonds, and methods

of trade and exchange, in order to set up a solid system in Japan by introducing the American system. (6) About this time, the American government was endeavoring to tackle the inflation caused by the Civil War and the problem of preventing the depreciation of the increased number of public bonds. The system of the national bank just fitted this purpose. The capital of this national bank consisted of the public bonds, which the bank deposited with the government. The government granted bank-notes in exchange for public bonds. This system stimulated the demand for public bonds and maintained their prices. It was quite natural that Itō who had been struggling with the problem of the increased issue of inconvertible paper money, should have wished to adopt this system in Japan to liquidate the inconvertible paper money. His plan was to issue public bonds to exchange for the inconvertible paper money and to set up national banks which were to issue their bank notes. Yoshida Kiyouari, who was for a complete conversion system and a central bank for the issue of bank-notes, after the British fashion, strongly opposed Ito's plan of the system of national banks issuing bank-notes. (7) Each party insisted on its argument. According to Shibusawa Ei'ichi, "Mr. Itō and Mr. Inoue Kaoru were for the American method so that the inconvertible paper money could be liquidated. After all, Mr. Inoue decided to adopt the American national bank system, at least for this time." (8) In November, 1872 the Bank Regulations were issued and in March 1873 the Regulations for National Bonds to Exchange for Paper Money were published. According to the above regulations, a business that wanted to set up a national bank had to deposit six-tenths of the entire capital with the government in *Dajōkansatsu* (inconvertible paper money issued in the first year of Meiji) and receive in return the same sum of national bonds with six per cent interest. The bank then was to deposit these bonds with the government as security on the issue of its bank-notes. The four-tenths of the bank's capital was to be reserved in specie. Thus, if such national banks



were to successfully develop, all the inconvertible paper money could be converted to bank-notes, it was expected, through the national bonds, and in the end, a conversion system could be established.

As has been mentioned, foreign diplomats often urged the government to set up a conversion system. The Meiji Government, seeing the evil effects of the inconvertible paper money, decided to establish a conversion system by means of introducing the American national bank system.

According to the provisions of the Bank Regulations, the first, the second, the fourth and the fifth national banks were set up. The first national bank founded by Mitsui-gumi and Ono-gumi was the first bank in Japan with Shibusawa Ei'ichi as president. The second bank was converted from the Yokohama Exchange Company. The fourth was set up by Ichishima, a rich landowner of Niigata prefecture, while the fifth was set up by a *shizoku* group of Kagoshima. The third bank failed to develop because of a dispute that arose in the first general meeting of the shareholders, although Kōnoike and ten others had applied for it.

These banks which were set up by rich merchants or landowners, just as in the case of the exchange companies, handled government revenue and expenditure, operating mainly with funds from government deposits and bank notes, but soon they were deadlocked. In 1874 when Ono-gumi and Shimada-gumi went bankrupt, the government, wishing to control the money itself, withdrew its deposits from the banks. Thus, the banks were drained of their working fund. Another reason for their business depression was the fact that they could not use the bank notes. These bank notes had been ready, as the Ministry of Finance ordered Nakajima Nobuyuki, who was stationed in New York as trade official, to have the Continental Bank-note Company make them. (9) However, these bank notes became virtually useless.

In those days, the government issue of additional paper

money continued. (During 1873, 7,000,000 yen of additional paper money was issued). This brought about the instability in the price of paper money. In addition to this, the government had to pay a great amount of gold to foreign countries to cover expenses when it sent a punitive expedition to Taiwan. Furthermore, from 1873 on the price of silver in the world market gradually fell, causing the outflux of Japanese gold. These circumstances made the circulation of the convertible bank notes very difficult. As soon as they were issued, they were converted into gold money, causing a shortage of working funds and financial difficulty of the national banks.

Under joint signature these banks petitioned the government for the abolition of the conversion of bank notes. In response to this petition, the government revised the Bank Regulations for the benefit of the banks. *Kahei Kōyō* gives the reason for this revision as follows: "Although the request of the national banks was unworthy of considerations since they thought only of their own profit without regard to the nation's economic conditions, the banks could not be allowed to go bankrupt, for they were the first in Japan. Were they to go bankrupt, the monetary conditions of the nation would be affected; besides, the people would lose confidence in banks." (10)

Since the banks were the most important organs for the nation's industrial development, the government could not afford to let these banks be ruined.

The main points of revision were two; (a) the bank notes were made inconvertible, and (b) 80% of the capital was to be deposited with the government in public bonds with the same amount of bank note-issue permitted, and the remaining 20% of the capital was to be reserved in government paper money. In other words, 80% of the whole capital could be used in bank notes while hitherto only 60% could be used. The chief factor that led the government to revise the Bank Regulations was the 174,000,000 yen government outlay in hereditary pensions to peers and ex-samurai. If this huge amount of



hereditary pension was to be paid in public bonds at one time, the price of the bonds would inevitably fall, making the *shizoku* class more destitute. Suppose these bonds were diverted into the capital of banks, which the government could absorb again as a pledge on the bank-note issue, the bonds would be employed to advantage and their price would not depreciate, while money circulation among the people would be facilitated. This notion on the part of the government was the chief motive of the revision of the Bank Regulations. (11)

By this revision, the government's ideal of establishing a sound financial system was pushed backstage, while its policy of facilitating circulation of money and encouraging the industrial enterprises of the nation through the establishment of banks came to the front. Now, banks could be easily set up. From 1877 on, as inflation developed, the number of banks steadily increased until at the end of 1879 there existed 153 banks.

Another remarkable thing about introducing a banking system in this way was that the Japanese banks came to take on the nature the so-called *Kikan Ginkō* (a bank as an instrument of industrial development.) As has been mentioned, the government first encouraged the establishment of banks through which to facilitate the supply of industrial funds and to help develop industrial production. This policy was strongly pushed forward in 1876. However, there existed no productive enterprises which banks could finance at that time. Takizawa Naoshichi states the conditions of those days as follows: "The profit of the national banks consisted in bank notes. In order to advance their bank notes, the banks either had to canvass for industrial enterprises, or the directors of banks concerned themselves directly or indirectly with enterprises so that they could lend their own banknotes to these enterprises. (12)" "In some extreme cases, banks were set up for the purpose of getting funds to begin enterprises. Thus the Japanese banks were, from the outset, closely connected with industrial enterprises and came to have a tendency to function for industrial enterprises. Thus

they came to be called the *Kikan Ginkō*.

These banks privileged with the right to issue their own bank notes were, however, divested of this right in the 1880's when the Bank of Japan was set up and inflation was successfully dealt with. Through this process, the modern monetary system of Japan was to be consolidated.

Notes:

- (1) Meiji Zaisei-shi; v. 12, p. 621
- (2) Meiji Zaisei-shi; v. 12, p. 332
- (3) Ibid.
- (4) Kasei Kōyō; p. 413
- (5) Ibid; p. 416
- (6) Ibid; p. 417
- (7) Segaikō-Jireki; Gekan; pp. 325-327
- (8) Segaikō-Jireki; Gekan; p. 325
- (9) Kasei Kōyō; p. 434
- (10) Ibid; p. 441
- (11) Meiji Zaisei-shi; v. 13, p. 112
- (12) Kōhon-Nihon Kinyūshi-ron, p. 190

## II. THE CONSOLIDATION OF MODERN MONETARY SYSTEM

### A. The Outflow of Gold and the Fate of the Gold Standard System.

As has been mentioned, when the government published the New Currency Regulation, silver one-yen coins were made to facilitate trade. The use of this silver money was limited to business transactions between the Japanese and foreign merchants and duties paid by foreign merchants to the government. "This silver money does not pass among the Japanese, nor can it be paid in taxes. It is not illegal, however, to use it in private dealings by mutual understanding." (1) This silver money was different in weight from the subsidiary silver currency. The ratio of it to the standard gold money was 101 to 100. This ratio was accorded with the parity of gold and silver



as 1 to 16, provided in Article-4 of the Mint Act which was issued at the same time with the New Currency Regulations. This clause also provided that silver ingot or silver coins could be bought at the mint for standard gold money, evidence enough that the Japanese currency system was technically a gold standard system but in reality a silver and gold system. This double standard system came to be undermined when the price of silver began to fall in the world market in 1874. As is common in a double standard system when the parity of gold and silver changes, the metal which is undervalued in the currency, . . . . gold in this case . . . ceases to be currency. It is either hoarded or exported. Thus, Japanese gold began to flow out again and instead Mexican dollars flowed abundantly into the country. In February, 1875, the government increased the weight of trade silver and called it *bōeki-gin*. The Mint Act: Art. 4 was revoked and all the silver ingot sold to the mint was to be paid in trade silver coins. By this the Japanese double standard system shifted to a silver standard system. As the trade silver proved to be a good currency, the outflux of this money again started while an increased amount of Mexican dollars flowed into Japan. The Japanese currency system really became a silver standard in 1878 when Decree No. 12 announced: "From this time on, trade silver is put into circulation among the people. It can be used in the payment of taxes and all business dealings whether private or public. No limit shall be put on the amount of payment in this money." In November, the same year, these trade silver coins were reduced in weight so that they became equivalent to the former one-yen-silver-coin used for trade. (2) In September, 1879, it was announced that the silver coins should be used side by side with foreign silver coins in all transactions, whether private or public. Thus, the Japanese gold standard system, which was from the outset unworkable in the East where silver currency was common, had to shift to a silver standard system due to the fall of the price of silver.

While the Japanese currency system was shifting from a gold to a silver standard, the internal inflation was increasing, accompanied by the outflux of its silver money. In an attempt to cope with this grave governmental problem the Yokohama Specie Bank and the Bank of Japan were established.

#### **B. The Inflation and the Yokohama Specie Bank.**

Inflation is an inevitable accompaniment to the inconvertible paper money system. The great amount of the government paper money issued at the beginning of the Meiji Era was gradually stabilized with the growth of the political power of the Meiji government and with the expansion of commerce. However, the Japanese finance was always exposed to inflation. When the Seinan Civil War occurred in 1877, an inflationary spiral started. A brief explanation on this inflation may help to clarify the relationship of the opening of the ports to foreign trade and the development of the monetary system of Japan. Because of the Seinan Civil War which can be said to have been the last resistance of the feudalistic force to the Meiji government the government had huge military expenses, amounting to 40,000,000 yen. With the nation's total revenue only 48,000,000 yen, it was a colossal expenditure. Clearly enough, the taxes could not meet this expense even if the government increased the rate of land taxes, the only taxes in those days. However, this tax increase was out of the question, for the farmers' uprisings in Ibaraki, Mie, Aichi and Gifu prefectures had already forced the government to reduce the land taxes. Neither could the government meet its commitments by issuing public bonds since the security market was not established yet and the public bonds issued in payment for the hereditary pension were already accumulating. Faced with its only alternative the government made a loan of 15,000,000 yen from the 15th National Bank and increased the issue of paper money by 27,000,000 yen.



This paper money was put into circulation in 1877 and 1878. The total sum of the paper currency rose to 107,000,000 yen at the end of 1876: 119,000,000 yen at the end of 1877; 165,000,000 yen at the end of 1878; and 164,000,000 yen by the end of 1879. As the inevitable result, prices suddenly rose. According to Takizawa Naoshichi's *Nihon Kinyū-shiron* (History of The Financial Conditions of Japan) the price indexes of staple commodities and of rice showed 100 in 1877: in the case of staple commodities, 103 in 1878; 114 in 1879; 130 in 1880; 136 in 1881; and 134 in 1882: while the rice index was 122 in 1878; 157 in 1879; 203 in 1880; 185 in 1881; and 173 in 1882. As is clear from the above indexes the price of rice always rose ahead of other prices. The depreciation in the paper money resulted in the rise in the value of silver coin. A one yen silver coin was worth 1.01 yen in paper money in January, 1877; 1.03 yen at the end of the same year; 1.09 yen at the end of 1878; 1.26 yen in March, 1879; 1.33 yen at the end of the same year; 1.65 yen at the end of 1880; and 1.73 yen in October 1881.

This inflation raised the rate of interest, on the one hand and, on the other, brought down the price of public bonds with fixed interest. Outwardly the people seemed to be enjoying a general boom. It is said that some rich farmers made an enormous profit by the high price of rice, and the consumption of luxuries increased. "The increase in import almost drained Japan of its standard gold coin. The merchants and business men, dazzled by the price fluctuation, were bent on making a quick profit in speculation." (5)

At first the government took no definite measure to counter the inflation. It tried to explain away the inflation, saying "During 1878 and 1879, the price of paper money did not fall, nor was the issue particularly large; the difference in value of paper money and silver coins was caused by the rise in the price of foreign silver coins, which in turn was caused by the unfavorable trade balance. The only remedy for the situation

was to increase industrial production." (6) Thus, instead of tackling the problem of liquidating the paper money in real earnest, the government merely took makeshift measures such as setting up a foreign silver exchange to facilitate the selling and buying of silver coins; or trying to bring down the price of foreign silver coins by selling the reserve fund of standard money kept in the National Treasury through the rich merchants or banks of Tokyo and Yokohama.

In retrospect, however, such measures were taken not only because the government did not understand that the real cause of the inflation was the increased paper money but also because the government was forced to focus its efforts on the solution of the problems of the rising price of foreign silver money, unfavorable trade balance, and the outflux of Japanese specie, phenomena which were crucial to Japan's developing capitalism. The Yokohama Specie Bank was, it is said, set up as a means of checking the price-rise of foreign silver money. (7) The fact that of the many chartered banks, the Yokohama Specie Bank which was closely linked with foreign trade was the first to be set up, shows how Japanese capitalism in its initial stage was dependent upon the development of foreign trade; and how important the government policy on currency—foreign silver and trade silver . . . was.

The purpose of setting up the Yokohama Specie Bank was "to operate in specie, to invite the deposit of specie held by private persons and, thereby to increase the specie supply in the market, to open foreign exchange (money order) and documentary bill business, to facilitate trade by easing financial conditions and to check the rise of specie." (8)

This bank was set up with the support of the government with a view to checking the price rise of silver money and the outflux of Japanese specie. It differed from the Nippon Kangyō Ginkō (the Hypothetic Bank of Japan) and the Nippon Kōgyō Ginkō (The Industrial Bank of Japan) in that private persons took the initiative in the establishment of this bank. According to



the *History of the Yokohama Specie Bank*, "the original plan for the establishment of the bank was worked out by Mr. Hayashi (one of the promoters of the bank), Mr. Nakamura (the first president of the bank) and twelve others, with a view to retrieving the fortune of the Maruya Firm (run by Mr. Hayashi). They concocted various schemes, dabbled in speculation in silver money, and after failing in all their trials to save the firm, planned to set up a small bank with a capital of 200,000 yen or 300,000 yen, half in silver money and half in paper money, and lend this money to the traders and speculators of the port at daily interest. Mr. Hayashi consulted Mr. Fukuzawa, his friend, about this plan. Mr. Fukuzawa's adequate and wise advice improved the plan and made it feasible. Then Nakamura took it to Marquis Ōkuma through Mr. Fukuzawa's recommendation. Fortunately, Marquis Ōkuma not only approved the plan but gave every assistance possible. The result was that a big bank with a capital of 3,000,000 yen was set up." (9) The Yokohama Specie Bank was in this way founded by trading merchants and graduates of the Keiō-gijuku (university) under the patronage of Marquis Ōkuma.

From the outset, the protection of the government was particularly liberal, despite the fact that it was set up by private persons. The promoters wished that when the permanent property was established with the increased holding of specie, they would get the right to issue bank-notes by giving public bonds (which were exchanged for the inconvertible paper money) in pledge. Although this wish was not realized, Marquis Ōkuma contemplated authorizing the bank with public bonds as a pledge to issue its bank-notes for exchange for specie, when the trade balance was restored and specie increased. The government assisted the bank by supplying it with 1, 000,000 yen, one third of the capital, in silver money from the reserve fund in the National Treasury.

Thus, the bank opened its business in February, 1880. It could not achieve its object of checking the price rise of silver

money since that was caused by the increased paper money issue. However, it played an important role in the encouragement of export and acquisition of specie. In those days, only trade silver and Mexican dollars were current in foreign trade. Exporters received silver money for the sale of their commodities and sold it for paper money while importers had to buy silver money for paper money in order to pay for the imported goods. However, the supply of trade money was monopolized by foreign banks. Foreign exchange was exclusively handled by the Tōyō Ginkō and Hongkong-Shanghai Bank, whose arbitrary transaction often placed the Japanese merchants at a great disadvantage. The foundation of the Yokohama Specie Bank served to put a stop to their high-handedness. Furthermore, through exporters, the bank advanced working funds to the producers of tea and raw silk, which spurred on the production increase and active direct export. For such things, the bank needed a much larger capital. Several months after its foundation, the demand for more money amounted to 2,000,000 yen. Thereupon, the bank "had to ask the government for help, as its capital was too small to handle foreign exchange business. The government deposited 3,000,000 yen (from the special account) with the bank on condition that it be exclusively used for the business of documentary bills. The government intended to return specie received for the sale of Japanese goods to the reserve fund and at the same time, save the trouble of sending money overseas as the expenses of overseas offices and the redemption fund for foreign bonds." (10) The 3,000,000 yen deposited by the government was called *Goyō Betsudan Yokin* (Government's Special Deposit). Concerning this deposit, the government set the Rules for Employment of the Special Deposit and the Rules for Repayment of the Deposit. According to the Rules for Employment, the Specie Bank was to advance the government deposit to Japanese exporters in paper money on export goods as security and the exporters were to repay the loan in the specie of the country to which the goods were



exported. The Japanese consul of the place was to receive the money from the clerk of the Specie Bank stationed there or from the bank's proxy. In this case, the Specie Bank was to be free from the responsibility of the fluctuation in the exchange rate. By this means, the government was able to have its paper money lent to the Specie Bank repaid in specie of foreign countries, in order to pay the expenses of its officials stationed abroad, and at the same time it could promote export.

The Yokohama Specie Bank was set up early in 1877 as a means of promoting trade, checking the price-rise of silver money, and outflux of Japanese specie. However, since such phenomena arose from inflation, some drastic measure to tackle was needed. Later, as inflation came to hamper the development of internal industrial production, it became a grave problem that the government had to solve by some means.

### C. The Bank of Japan Founded

On the surface the inflation brought about a boom, which gave rise to a craze for speculation. The high interest rate came to hamper the development of large scale productive enterprises. The adverse balance of trade and the outflow of Japanese specie made it impossible for the government to realize its long cherished plan of setting up a modern conversion system. When Matsukata Masayoshi became the Minister of Finance, he resolutely set about the task of tackling inflation.

Matsukata Masayoshi rejected the makeshift measures hitherto taken and decided to liquidate the huge amount of paper money and to set up a system of convertible notes issued by one central bank. For this purpose he examined the nation's accounts, and made a definite plan for the liquidation of the paper money. He decided to carry out a conversion system, when the restoration of the price of paper money and the replenishment of specie came to be well balanced, by paying off the paper money on the one hand, and on the other increasing the specie

holdings. (12) He also tried to establish a sound finance by leaving the budget for 1882, 1883 and 1884 unchanged, by creating a system of taxes on medicine stamps rice exchanges, stock exchange-brokers, soy and confectionary manufacturers, and by increasing taxes on *sake* and tobacco. He also endeavored to increase the specie holdings by having the Yokohama Specie Bank engage in the Foreign Documentary Bill Business. According to the *Jumbikin Shimatsu* (Particulars of Reserve Fund), at first this business was started to promote export and to provide facilities for sending money overseas, but seeing that this was the best way to increase the specie holdings, he (Matsukata) presented his idea to the Prime Minister. (13) In order to carry on the foreign documentary bill business, consulates had to be set up at London, New York and Lyon, the largest markets for Japanese goods, to take care of the business. At that time, the consulate in London had been closed to cut down expenses. The only one that remained was the one in New York. The government reopened the consulate in London and set up one in Lyon in 1883. Now these three consulates could cooperate in taking charge of the documentary bill business carried on by the Yokohama Specie Banks. (14) Besides these, the government bought cereals and marine goods with the reserve fund and exported them by its own hand. Thus, it tried every means available to increase its specie holdings.

The above mentioned methods of dealing with inflation were the most orthodox ones. Even though the liquidation of paper money brought about an acute economic depression, the prices fell; the difference in prices between paper money and silver money gradually vanished; the rate of interest lowered; the price of public bonds rose; and socially, the feudalistic farming villages disintegrated and the foundation for the industrial development was laid. At the same time, in the field of foreign trade, the excess of imports began to decrease in 1881; and from 1882 on, Japan enjoyed a favorable balance of trade, which brought about the inflow of foreign gold and silver. (15) The



reserve fund in the National Treasury rose to 7,160,000 yen in 1880; 12,690,000 yen in 1881; 16,730,000 yen, in 1882; 28,870,000 yen, in 1883; 33,560,000 yen in 1884; and 42,260,000 yen in 1885. (16) In the meantime, the Bank of Japan was set up in 1882 while the government was still struggling to tackle the inflation. The establishment of the Bank of Japan was epoch-making in that a conversion system was at last realized and that the foundation of the Japanese banking system was firmly established.

The Bank of Japan had the right to issue its bank notes, according to Article-14 of the Bank Regulations. However, at first it could not issue these notes, because of the inflation. In 1884 the Convertible Bank Note Regulations Act was published, which provided that bank notes could be issued only after a substantial amount of silver money was accumulated as a reserve fund. On May 9, 1884, the Bank of Japan first issued its bank notes. By that time the difference between paper money and silver money had vanished and the specie-reserve-fund had been fully replenished, giving the government confidence that it could safely convert its paper money into silver money. This conversion was started in January, 1886. In 1888 the government revised the Convertible Bank Note Regulations, by which all the government paper money should be converted into the bank notes of the Bank of Japan, which were soon to become the only paper currency of the land. (17) The revision of the Convertible Bank-note Regulations provided that bank notes could be issued (1) by preparing a reserve fund in specie, (2) by placing public bonds or other reliable securities on pledge, or (3) by excess-issue of notes. The *Shihei Seiri Shimatsu*, after introducing and commenting on the limit method of England, the elastic limit method of Germany and the proportional reserve method of Italy and Spain, states that "the Japanese method has eliminated the short-comings of the limit method, and has adopted the good points of the elastic limit method and the proportional reserve method." (18) Soon after the publication of the revision, in 1890

the government set up a Paper Money Exchange Fund Special Account for the prompt liquidation of the paper money. Prior to this, the government revised the National Bank Regulations in March, 1883, with a view to placing the issue of bank notes in the hands of the Bank of Japan. The revision prescribed that the tenure of national banks be twenty years; that their right to issue their bank notes expire and that their bank-notes should have been redeemed by the time their tenure expire. Now, a modern monetary system—a conversion system—was at long last established after twenty years' persistent advice and warning by foreign diplomats. The Bank of Japan was intended for the promotion of industrial production of Japan by supplying national banks and other companies with funds and, thus, giving full opportunity to them. This completely modern monetary system came to pass, as in the earlier transition period, because the government took the initiative with this fixed objective. To repeat, the Bank of Japan was set up in order to facilitate money circulation all over the land and to reinforce the resources of national banks and other companies. The national banks of that day had a kind of feudalistic isolationism, with no cooperative spirit, nor any connection among themselves, which hampered the smooth mutual accomodation of the circulation of capital. The government intended to put the Bank of Japan at the center of these banks and make it survey the prosperity and slackness of business in the land, and equalize the circulation of money so that there would be no tight-money condition or stagnation of money-circulation in the land. By this means the rate of interest would, it hoped, be lowered and the industrial production be promoted. In this sense, the Bank of Japan was set up to reinforce the monetary system imported in the earlier period of the Meiji Era, to modernize it and to give it a full scope of activity. The establishment of this central bank marked the starting point of the modern banking system of Japan.

It must be remembered, however, that Finance Minister Matsukata based his plan on the idea that Japanese national



banks and ordinary banks fell under the category of British-type commercial banks. Accordingly he considered that if the Bank of Japan was set up as the bank of banks, it would be able to make the circulation of money within the land smooth and uniform. By this token the Bank of Japan's business was limited to bill-discounting, bill-purchasing, and buying and selling of gold and silver bullions, while it was prohibited to make loans on real estate or stock-certificates. (19) It became gradually clear, however, that Japanese banks were not more English-type commercial banks, and that the Bank of Japan could not make loan-discounting its main business. This misapprehension was caused, as has been mentioned, by the copy of English banking system in its initial stage.

Lastly, the Bank of Japan was to expedite the modernization of the financial system of Japan by handling the national funds.

#### References:

- (1) Kahei Kōyō, p. 83
- (2) Ibid, p. 116
- (3) Ibid, p. 158
- (4) Shihei-seiri Shimatsu; Shūsei, v. 11, p. 284
- (5) Ibid, p. 216
- (6) Ibid, p. 212
- (7) Ibid, p. 214
- (8) Ibid, p. 214
- (9) Yokohama Shōkin Ginkō-shi, pp. 6-7
- (10) Jumbikin Shimatsu; Shūsei, v. 11, p. 30
- (11) Yokohama Shōkin Ginkō-shi, p. 27-28
- (12) Shihei-seiri Shimatsu, v. 21, pp. 6-7
- (13) Ibid, p. 32
- (14) Ibid, 217
- (15) Ibid, pp. 291-292
- (16) Ibid, p. 288
- (17) Ibid, p. 267
- (18) Ibid, p. 271

## (19) Nihon Ginkō-jōrei, Art. 12

III. MONEY CONDITIONS BEFORE AND AFTER THE  
SINO-JAPANESE WAR.A. The Fall of Silver-Price and the Establishment of the  
Gold Standard.

The Japanese currency system became virtually a silver standard system after 1878. Its sound conversation system was established when the Bank of Japan came to issue its bank notes in 1885 and the government began to convert its paper money into silver money in 1886. However, the Japanese currency system was again undermined by the fall of the price of silver in the international market.

For two hundred years the parity of gold and silver had been 1 to 15, but from 1873 on the price of silver rapidly dropped. The parity of gold and silver was 1 to 16.1 in 1874; 16.5 in 1875; 17.8 in 1876; 18.4 in 1879; 19.4 in 1885; 20.7 in 1886; 21.1 in 1887; 21.9 in 1888; 22.1 in 1889. In 1890 the price rose to 19.7 by the Sherman Act in the United States, but it again fell to 20.9 in 1891; 23.7 in 1893; 26.4 in 1893 and 32.5 in 1894 (1).

This devaluation of silver was caused by the discovery of huge silver mines and the improved refining method of silver. It inevitably had a grave effect on the currency system of Japan. As has been mentioned, the low price of silver in 1873 invited the outflow of Japanese gold and the shift from a gold to a silver currency standard. To cope with the fall of silver, which was a big blow to the capitalist system of Japan of that day, the government set up the Currency System Research Committee. This committee consisted of the most learned and experienced persons in the field of finance and economy, who were entrusted with the task of finding out the cause and effect of gold and silver price fluctuation, particularly its past and future effect on the Japanese economy, whether or not there



was a necessity for revising the currency system, and if there was, what standard the government should adopt, and what method of enforcing it would be the best for Japan." (2) The Tokyo Shōgyō-Kaigisho also set up the Committee for the Investigation of the Conditions of the Fluctuation of Silver-currency.

The Currency System Research Committee set up its subcommittee consisting of Sakatani Yoshirō, Soeda Juichi, Kanai En, Sonoda Kōkichi, and Taguchi Ukichirō. This subcommittee made researches and gave the following sixteen items as the effects of the fall of silver price on the Japanese economy: 1) increase of export; 2) high prices of commodities; 3) lighter burden for debtors and fixed-rate tax-payers; 4) boom in farming villages; 5) development of commerce and industry; 6) increase in taxes and other revenue; 7) increased demand for labor power; 8) increased national spending; 9) hardship of salaried men and wage-earners; 10) disadvantage to creditors; 11) craze for speculative enterprises; 12) high prices of import-goods from gold standard countries; 13) evils of extravagant living; 14) inducement to increased import of silver; 15) difficulty in trade between Japan and gold standard countries; 16) decreased capital investment in Japan by gold standard countries. (3) These phenomena showed a inflationary tendency, because the fall in the silver price brought to the silver-standard Japan a kind of inflation.

However, the opinions of the committee members were divided on the question of whether or not these phenomena were good or bad for the Japanese economy. Kanai, Sonoda and Taguchi were of opinion: "The fluctuation of the parity of gold and silver has brought, on the whole, a good effect on the Japanese economy. We know that the low price of silver and the high prices of goods do no good to the Japanese economy. Furthermore, it would be a grave matter to Japan if its standard currency slumped and threw its economy into confusion. However, we cannot believe that the price of silver

will go on falling indefinitely when we compare the advantages and disadvantages of the fluctuation in the parity of gold and silver that were brought on Japan and on gold standard countries, we find that our advantages are greater than those of gold standard countries and our disadvantages are far smaller than those of such countries." (4) Because in those days Europe was struggling with economic depression, these members attributed the depression to the shortage and high price of gold and called it a disadvantage of gold standard countries.

The report of the Committee for the Investigation into the Conditions of the Silver Price agreed with the above opinion. The Committee, presided over by Sonoda Kōkichi, concluded that "even though our country was affected by the price fall of silver, and our economy was thrown into confusion, the advantages of increased export amply made up for this disadvantage." (5)

Sakatani and Soeda were of the opinion that "the low price of silver to some extent increased export and promoted international commerce and industry, but it brought about a workers' hardship and hampered import trade, which did more harm than good." They further argued that "the increase of export induced the inflow of silver, causing the inflation of currency, which would inevitably be followed sooner or later by an adverse balance of trade."

While the former insisted that the economic development in the decade from 1887 to 1897 was "due to the fluctuation of the parity of gold and silver," the latter argued that the economic development was mainly due to the liquidation of the government paper money and the progress of transportation facilities as well as the wide application of scientific and technological knowledge, and that the effect of the fluctuation of the parity of gold and silver was very small." (6)

This difference in opinions inevitably resulted in a difference in opinions on the currency policy of Japan. The former who saw the good effect of the low price of silver, were naturally



for the silver standard system or a double standard system. Their primary reason for this was that it promoted export trade. Shibusawa Ei'ichi, a member of the committee, was also for the silver standard system. According to him, "the low silver currency facilitated the export of Japanese goods to gold-standard countries in Europe, and the fact that the low silver price made it difficult for Japan to import goods from gold standard countries served as a kind of protective tariff to Japan which had no tariff autonomy. By this means, the internal industry would be protected and promoted as was proved by the development of cotton spinning, silk textiles and foreign paper manufacture."

(7) Sonoda Kōkichi, who was the most ardent advocate of the silver standard system argued that for Japan which should promote trade with China and Korea in the future, it was essential to make her currency identical with that of China if Japan was to monopolize trade with China. (8) Nakakamigawa Hikojiro was also for the silver standard system. Most advocates of the silver standard system were private persons who had in view the industrial development of Japan; particularly the development of the cotton spinning industry.

On the other hand, Sakatani Yoshirō, Soeda Juichi and other government officials were for the gold standard system. They opposed the silver standard on the ground that as the price of silver fell, the government's payment in gold increased. They expressed their concern that the prices of munitions and equipment for industrial production which had to be imported from gold standard countries would rise. They argued that "as the result of the fall of the silver price, the government's payment in gold to foreign countries has enormously increased. This fact not only makes the purchase of munitions difficult but also makes the prices of industrial machines cost the government so much gold that it has often had to drop the plan of the purchase of industrial machines, retarding, to that extent, the progress of our industry." (9) Their basic reason for the gold standard system was that by it Japan could carry on trade

with gold standard countries smoothly. Sakatani pointed out that in 1894 the trade with gold standard countries occupied 70% of the total amount of the foreign trade of 237, 120, 000 yen. (10) Since Japanese trade with gold standard countries consisted of raw silk and tea produced with cheap labor in farming villages in export, and munitions and industrial equipment in import, our trade with gold standard countries was very important to Japan in quality as well as in quantity. Besides, the advocates for the gold standard believed that the excess of export caused by the fall of the price of silver was temporary while on the other hand, the gold standard system would invite the investment of foreign capital in Japan. This problem of importation of foreign capital was of greater concern to the government officials for the nation's finance than to private business men.

At the time when the members of the Currency-system Research Committee were actively arguing, the advocates of the gold standard were in the minority. However, the evident ill effects of the low price of silver after 1894 turned the tables. In the first place, there was the problem of the high prices. Theoretically, the fall of the standard currency is inevitably accompanied by the rise in prices. In reality, however, the fall of the currency is not always reflected in the prices immediately and uniformly. Commonly, wages rise last of all. The price of each commodity is conditioned by its own circumstances and rises in its own way. It is possible, therefore, that while the prices are still low compared with the fall of silver, export is promoted; and while the wages of workers are still low compared with the high prices, capitalists can cut down their real wages and increase their profit (The point made by Sakatani and Soeda on the hardships to workers.)

The price index of fifteen commodities in Tokyo shows from 100 in 1888 a rise to 104 in 1893; and 11 in 1894; 118 in 1895; and 130 in 1896. (11) In the period from 1888 to 1893, prices did not show a conspicuous rise, despite the fall in the silver



currency, but after that year prices jumped suddenly, and were further spurred by the huge expenditures for the Sino-Japanese War. The wage-index showed 100 in 1888 through 1890, 111.2 in 1892 but 121.3 in 1897. Foreign trade showed an excess of export before 1893, but in 1894 the tables were turned reflecting an adverse trade balance. Thus, after 1893 the evil effects of the silver standard system became evident and prices rose out of all proportion, accompanied by high wages and excess import.

The depreciated silver currency was not the only cause of these phenomena, for there was another side to this picture. These phenomena came from the sudden growth of Japanese capitalism after the Sino-Japanese War. The high price was the result of the sudden expansion in the national finance due to the post-war economy. The increased imports came from the expansion in the industrial equipment and the armament expansion in preparation for a possible war. When the expansion in these things is seen in relation with the currency system, the importance of the gold standard is quite clear. To put it more concretely, Japan had to import all the munitions and industrial equipment from advanced Western countries with a gold standard. The silver currency with depreciated value would raise the real prices of these imports to a fabulous sum, as Sakatani and Soede had pointed out.

Even the business men who had insisted on the silver standard had to drop their opinion as they had to import their industrial equipment for the expansion of their business from the gold standard countries. Specially, raw cotton which had been imported from silver standard China gradually came to be imported from gold standard America. Besides, in 1893 India, upon whom Japan relied for a great part of its raw materials, ceased to coin silver money. All these circumstances combined to make Japan shift to the gold standard system. In addition, Japan's victory over China raised her position in the market of the East, so that it was not necessary for Japan to follow China

in her currency system.

Lastly, the war indemnity Japan received from China solved the problem of her gold reserve which was needed to establish the gold standard currency system. Under such conditions, Matsukata Masayoshi steadily pushed forward the preparation for the gold standard system until at last on March 1, 1897, the Currency Act passed the Diet and was promulgated. By this Act Japan could join the capitalist nations of the world.

#### **B. British Commercial Banks and Japanese Ordinary Banks.**

As has been mentioned, the National Banks Regulation Act was revised in 1883, providing that national banks had either to become ordinary banks without the right to issue bank-notes or to close their business. Most national banks were converted into ordinary banks by 1897; these formed the nucleus of ordinary banks of those days.

Other banks were set up from the beginning as ordinary banks. The first of such was the Mitsui Bank. Prior to this some companies which actually functioned as banks existed, but the National Bank Regulations Act prohibited the use of the name "bank" except for national banks. They were all called by the name of companies analogous to banks. In 1876 when the revision of the National Bank Regulations Act lifted this ban, the Mitsui Bank at once announced itself as an ordinary bank. Soon after this, because of the inflation, many other national banks were set up so that their total funds exceeded the amount the government had previously decided on. So, the further establishment of national banks was prohibited and instead, ordinary banks came to be set up one after another.

The government always intended to use banks for the encouragement of industrial enterprises. With this in view it made bank regulations and other rules for the encouragement of the banking business. Just as in the case of national banks, a law was contemplated to promote the progress of ordinary



banks. For instance, during the period from 1874 to 1877 it tried several times to formulate the Ordinary Bank Regulations Act. However, at that time as the policy on banks was centered on national banks, and the government was about to enact the company law, it put off the enactment of the ordinary banks regulations. (12) So, after the liquidation of the national banks, government policy for ordinary banks was required. In 1884 the rules for the establishment of banks were made and in 1888 the government ordered all banks to make their statements after each half-year-settlement. In 1890 along with the commercial law, the Bank Regulations Act was set and published in August, the same year, by the Law No. 72. This Act was scheduled to go into effect in 1891, but actually became effective in 1893.

A remarkable thing about this law was that it showed the obvious intention of the government to enlighten and promote Japanese banks by this law. "Except for such large banks as the Mitsui Bank and Yasuda Bank, ordinary banks of those days were mostly unaware of their proper function. They engaged sometimes in the dealing of commodities or real estate, doing anything and everything that seemed profitable, and driving the shareholders into unexpected bankruptcy, as Matsukata explained at the meeting for the Bank Regulations Act." (13) In short, most small and unsound banks raised their funds under the name of bank and spent them in speculation.

Seeing this, Matsukata intended to instruct bankers that banks were public institutions and organs of credit. He also clarified the proper functions of banks in articles 1, 3, 4, 9 and 10, which provided for the qualifications of bank clerks, limitation of bank loans, various books, and of bank business reports. (14)

Matsukata took his guiding principles from the commercial bank of England. Article-5 limited loans on discount made to private persons or companies to less than one-tenth of the paid-up capital. This limitation reveals Matsukata's intention to turn Japanese banks into genuine commercial banks instead of ordi-

nary banks which were to function as organs for industrial enterprises.

However, the fact that Japanese banks functioned as organs for industrial development was not the result of the bankers' subjective decisions but resulted from the circumstances under which the banking system was introduced into Japan and was rooted in the characteristic nature of Japanese capitalism. To put it concretely, the banking system was introduced and developed before the industrial capital was accumulated. Consequently, this fact could not be cancelled merely by a legal precept. The bankers found this provision a great restraint on the freedom of their business operation.

A movement for the amendment of this provision was actively developed by the Tokyo Bankers' Association and backed by the Kantō Bankers' Association. In 1893 an amended bill of the Bank-Regulations Act was brought before the House of Representatives by the members who were interested in the banking business. The bill passed the House and was sent to the House of Peers when the Diet was dissolved. In 1895, however, it passed both Houses and Article 5 was revoked.

Here we see the banking system which was introduced into Japan over twenty years before stand on its own legs, rejecting the law which was a mere copy of a foreign system.

### C. The German and French Systems of Bank Credit on Real Property and the Hypothec Bank of Japan.

The ordinary bank was not the only banking system that the government introduced into Japan with a view to achieving industrial development. In 1881 Matsukata Masayoshi, who had taken charge of the financial and monetary policy of the government since the Restoration, tried to set up the Nihon Kangyō Ginkō (Japan Hypothec Bank) modeled after German and French banks which give credit on real property as security and the Nihon Kōgyō Ginkō (Japan Industrial Bank) copied from the



French bank which granted credit on personal property.

The study of this system of banking was started by the Meiji government as early as the end of the first decade of the Meiji Era. In 1867 Ōkubo Toshimichi, Minister of Home Affairs and Ōkuma Shigenobu, Minister of Finance, presented under joint signature their Request for Instruction on the Question of Setting up a Loan Office and Issuing Bills to the Prime Minister. (15) From this request, which stated that the idea of the loan office was taken from the system practiced in Germany and Austria, it can be assumed that the government began to think about this problem then. In April the same year, the Ministry of Finance published the *Kampan Taisei Nōgyō Kanshōhō Shohen* (The First Government Publication on the Method of Encouraging Agriculture Practiced in the West). The preface of this book states: "I, Minister of Finance, seeing the difficulty in the smooth operation of financing enterprises with real estate as security, thought something had to be done to eliminate this difficulty." He requested Baron Alexander Siebold, of Austria, to tell in Japanese the contents of Western books on this subject, which Koga Yasutaka, official of the Ministry recorded and later published.

The book, which deals with the problem of financing agricultural industry and of granting credit on real property, mentions the *Landschaft* of Preussen, the Hypothec Bank of Germany and the *Credit Foncier* of France.

About this time, Kawashima Jun (the first President of the Hypothec Bank) was sent to Germany by the Ministry of Finance to study finance and economy. He also studied about bank-credit on real property. After the draft of the Hypothec Bank Regulations was worked out in 1885, Katō Sei, Chief of the Banking Bureau of the Ministry of Finance, was ordered to Germany and France to inspect and study the system of credit on real estate. In the meantime, the Ministry of Agriculture and Commerce was studying the same problem from a different standpoint.

Based on the study and research made in this way, the *Tochi Teitōgashi Ginkō-an* (Draft of the Law Governing Banks for Loans on Real Property) was worked out in 1881 and in 1884 the *Kōgyōginkō-an* (Draft for the Hypothec Bank)(x) was ready. In 1885 this draft was amended.

From its initial period, the government studied the system of bank credit on real property and planned to set up a bank with its debentures as capital, granting credit on real property. This was because the government was forced to use the land capital to promote the nation's industry at the beginning of the Meiji Era, when other capital had not yet been accumulated. Indeed the national banks were set up to divert the capital accumulated in the Shogunate into the channel of industrial production, but this was not sufficient to attain the government's objectives of achieving the "Strength and Wealth of the State" and the "National Prosperity through Thriving Industry."

Among private persons, too, a plan of title-deed banks which would issue their bank notes on title-deeds was made. However, the government, anticipating the danger of inflation caused by them, did not authorize the establishment of such banks, instead, it planned a much sounder hypothec bank on real property.

However, this government plan was not realized. In 1890 when the first capitalistic economic panic hit Japan, the government plan of establishing special financing facilities underwent a change. Instead of a big central hypothec bank in the metropolis, it planned to set up a central hypothec bank (later, the Japan Hypothec Bank), the *Nōgyō Ginkō* (agricultural bank) in each prefecture and the *Dōsan Ginkō* (later, the Nihon Industrial Bank) which would grant credit on movable property. Shinagawa Yajirō and Hirata Tōsuke who studied the credit association system in Europe recommended the setting up of agricultural banks. (16) The *Dōsan Ginkō* was modeled after the Industrial Bank of Belgium and the industrial credit bank and the system

(x) here, *Kōgyō Ginkō* meant "hypothec bank," which was later changed into *Kangyō Ginkō*.



of credit-mobiliers of France. Such financing facilities were planned by the government, because many small farmers were ruined by the liquidation of the paper money at the end of the second decade of the Meiji Era. In addition, there arose a necessity to set up some finance houses as many enterprises in the limited company system developed. None of these plans were realized at that time, for it was in 1897 after the Sino-Japanese War that the Japan Hypothec Bank and the industrial and agricultural banks in each prefecture were set up. The Industrial Bank of Japan started business in 1902.

It must be remembered that although the Meiji government introduced the Western systems of hypothec banks on real property and securities, they were not mere imitations of foreign banks. It is true that the Kōgyō Ginkō Jōrei drafted in 1884 and 1885 resembled the Credit Foncier of France, but it had its own feature not seen in foreign systems. The bank-credit was limited to industrial enterprises, indicating that banks were exclusively for financing industrial enterprises in Japan, while they were not to foreign countries. In the case of the Industrial bank, too, credit was limited to industrial enterprises.

Notes:

- (1) Heisei Kaikaku Shimatsu Gaiyō; v. 12 No. 24
- (2) Ibid, p. 442
- (3) Kasei-seido Chōsa Hōkoku (Report on Researches on Money System) v. 12, Chapter 2.
- (4) Report; pp. 1-2
- (5) Nihon Shōgyō-kaigijo Geppō; Supplement, 1896
- (6) Report; pp. 385-388
- (7) Report; p. 431
- (8) Report; p. 441
- (9) Report; p. 387
- (10) Report; p. 389
- (11) Heisei Kaikaku Sankōsho; p. 49
- (12) Meiji Zaisei-shi; v. 12; p. 492
- (13) Ibid; v. 12, p. 589

- (14) Ibid; p. 589
- (15) Kahei Yōkō; p. 260
- (16) Nihon Kangyō Ginkō-shi Shiryō; v. 1, p. 204

#### IV. MONETARY CONDITIONS BEFORE AND AFTER THE RUSSO-JAPANESE WAR

##### A. The Induction of Foreign Capital and the Gold Standard; the Industrial Bank of Japan.

As has been mentioned, it was in 1897 that Japan instituted the gold standard. This system was maintained until 1917 when the government placed an embargo on the export of gold. During this period, however, the gold standard faced frequent crisis e. g.: from time to time the balance of foreign trade showed an excess of imports, economic panics hit the country several times and Japan was waging a life and death battle with Russia. Japan was able to maintain its gold standard, simply because she could import foreign capital. When the maintainance of the conversion system seemed difficult because of the war, or when the balance of trade was very adverse to Japan due to economic depression, Japan tided over the difficulties by floating foreign loans.

The inflow of foreign capital had started even before the gold standard system was established, a condition observed soon after the opening of the ports. Before the Restoration, the Shogunate borrowed \$500,000 in silver from the Societe General of France to set up the Yokosuka Iron Works. After this, feudal governments in their financial difficulties borrowed money from foreign countries. Following the Restoration, the Meiji government floated a loan of £1,000,000 at 9% interest in 1870 for the construction of the railway between Tokyo and Yokohama, and again a loan of £2,400,000 at 7% interest in 1873 in order to abolish the feudal fee system. With the increase in foreign trade, foreign merchants also invested in Japanese



enterprises, some directly and others by joint enterprise. (1) In such loans, however, foreign countries took the initiative, for the Japanese government had a rather passive and reluctant attitude. The government had to float these foreign loans just because there was no other way out. Itō Hirobumi and Ōkuma Shigenobu were for the introduction of foreign capital, but Matsukata Masayoshi opposed it on the ground that a great amount of foreign capital at the beginning of the Meiji Era would surely lead to Japan's economic domination by its credit nations. When Ōkuma Shigenobu suggested the induction of foreign capital to cope with the inflation around 1877, Matsukata objected to it. Most non-government people were also against the introduction of foreign capital. As a whole, the Meiji government took particular precautions against the domination of the Japanese economy by foreign capital.

The tide changed, however, after the Sino-Japanese War when capitalism in Japan entered into a stage of rapid development. A supply of capital was most urgent to Japanese capitalism, poised for its meteoric rise. In a sense, even the gold standard system was set to facilitate the introduction of foreign capital. Soeda Juichi argued that the disadvantage of the silver standard lay in its inability to facilitate the introduction of foreign capital, saying: "It is not good for Japan to put our country outside the sphere of the Western monetary market and stick to its economic isolationism." (2) Matsukata Masayoshi also pointed out the advantage of the gold standard when he brought the *Kahei-hōan* (the Currency Bill) before the Cabinet and said: "The enforcement of the gold standard will put the Japanese monetary market on the same plane as that of the western countries, which will strengthen a close link between Japan and these countries. This will, I hope, further the development of foreign trade." (3) Among non-government people, too, there arose a strong demand for foreign capital. Many hot discussions for and against this problem followed. The Japanese economy had come to stand on its own legs, and the danger of foreign

domination over the Japanese economy was gone.

In 1899, after the treaty revision was successfully concluded, Japan floated a British loan of £10,000,000 at 4% interest. Japan needed funds to set up railways and iron works for its industrial expansion after the war, but the domestic market was too poor to supply the government with the required funds. This loan had a good effect on the monetary conditions of Japan and was welcomed like rain after a long drought in the financial world. (4) It saved Japan from a sharp decrease of gold reserve, a crisis in the conversion system caused by the economic depression in 1898. At the end of May, 1898, the gold reserve of the Bank of Japan was only 62,000,000 yen but by the end of August 1899 the Bank had 103,000,000 yen. Besides this British loan, Japan floated a war loan of 43,000,000 yen in 1897 and again in 1902, another loan of 50,000,000 yen at 5% interest.

Under such a great demand for foreign capital, the government set up the *Nihon Kōgyō Ginkō* (Industrial Bank of Japan) to facilitate and coordinate the introduction of foreign loans. At first the Industrial Bank was planned as a special financing organ for credit on movable property as security. However, after the Sino-Japanese war, the authorities concerned came to change their idea about the function of this bank. They came to think of it as an organ for the introduction of foreign capital. Soeda Juichi, president of the Industrial Bank, pointed out in his lecture on the Industrial Bank at the National Academy, that the most important function of this bank was the introduction of foreign capital. He further stressed the important mission of this special bank to prevent inflation, the price rise, excess imports, and the foreign domination over Japanese industry, particularly over the railways through an uncontrolled and inadequate importation of foreign capital. In other words, it was considered that if the Industrial Bank of Japan functioned as an organ to handle the importation of foreign capital, it would be able to use foreign loans effectively and efficiently, reassure



the creditors, and avoid the direct control of Japanese industry by foreign capital. (5) Here again we see the remnant of the former precaution against foreign economic domination, but the demand for foreign capital was already too great. Thus, the Industrial Bank of Japan was set up in 1909 and began its business in 1902. The fact that the Bank had much to do with the introduction of foreign capital is shown in Takizawa Naoshichi's *Financial History of Japan* which reads: "the government informally instructed that the directors and other high executives of the bank should be those who were proficient in foreign languages."

Even though public demand for foreign capital became great and the Industrial Bank of Japan was set up to serve this purpose, the size of foreign loans was comparatively small till 1903 just before the outbreak of the Russo-Japanese War.

However, with the out-break of the Russo-Japanese War, Japan had to import an unprecedented amount of foreign capital. From 190,000,000 yen in 1903, the amount of foreign loans rose to 1,700,000,000 yen at the end of 1911. This increase was chiefly due to the loans to meet the expenses of the Russo-Japanese War. The foreign war loans amounted to 800,000,000 yen, consisting of the first and second British loans at 6% interest, and the first and second British loans at 4.5% interest. Besides, a great amount of foreign capital was invested to refund high interest foreign loans and for other purposes so that at the end of 1914, foreign loans occupied 77% of the total amount of the foreign capital.

It must be noted here that a considerable amount of the foreign war loans made to meet the war expenses, was kept as reserve gold by the Bank of Japan. For example, out of the first 5% British Loan of £9,000,000, £300,000 was reserved for the interest due in October, 1897, and £500,000 for the purchase of silver bullion. The remaining £8,200,000 was purchased by the Bank of Japan. In 1903, the reserve gold of the Bank of Japan was 110,000,000 yen, which decreased to

68,000,000 yen in 1904 after the out-break of the Russo-Japanese war. In 1905 the amount rose to 115,000,000 yen and at the end of 1906, to 147,000,000 yen. The sudden decrease of the reserve fund was the result of the war, whereas the later improvement in the gold reserve was entirely due to the foreign loans, and not to the increase of the Japanese economic power. As has been mentioned, the foreign loan floated in 1899 saved Japan a crisis in its conversion system and only by this loan did Japan manage again to maintain its conversion system; a fact which the difficulty the Japanese economy had in maintaining its gold standard. Thus, the decrease of convertible bank notes and the fall of the prices which always follow the outflow of gold reserve did not take place in Japan, because of the gold supplied by the foreign loans. Hence the abnormal inflation under the gold standard system. This was characteristic of the monetary conditions of this period.

Besides the war loans mentioned above, the cities of Tokyo, Yokohama, Nagoya and Kyoto floated local loans and private companies such as the Hokkaidō Coal and Railway Company and the Kansai Railway Company issued their debentures in the foreign market. It is a noteworthy fact that Japanese companies came to be able to float their long-term debentures in foreign markets. Various short-term loans and foreign investments directly in Japanese enterprises were made, too. (The General Electric Company invested in the Tokyo Electric Company.)

The Industrial Bank of Japan played an active part in the floatation of such local loans and company debentures abroad. In 1902 soon after opening its business, the bank succeeded in placing public bonds of 50,000,000 yen (possessed by the Deposit Bureau of the Ministry of Finance) in the London market. "After the Russo-Japanese War when various public bodies were going to float foreign loans, the government required those bodies to obtain permission from the Ministries of Finance and Home Affairs, and, at the same time, tried to have the business



handled by the Industrial Bank of Japan. However, the money market opposed this as arbitrary governmental interference." (7) As is clear from this, the Industrial Bank of Japan owed its activity to the government. In 1906 the bank had the Banmure Golden Firm in London accept 7,500,000 yen of its newly issued stocks, thus strengthening a monetary link between Japan and the advanced country of Britain.

Another remarkable thing about the monetary condition of Japan at this period was that about 44% of the total amount of foreign capital imported from 1902 to 1912 was exported to the Mainland. (used for debentures of the South Manchurian Railway Company and loans to the Korean government). (8) It was extraordinary that Japan should have exported its capital when it was suffering from the shortage in its capital accumulation, groaning under huge foreign loans, and trying to import more foreign capital. Japan set up the South Manchurian Railway Company in 1906 with a capital of 200,000,000 yen. Later the Industrial Bank of Japan helped the company float a foreign loan of £14,000,000.

After the Russo-Japanese War, Japan extended its influence abroad to Korea and Manchuria to the north and Taiwan and China to the south. The First National Bank which had been doing a thriving business since its initiation handed over its business to the Bank of Korea. The Bank of Korea, (later the Korean Bank) and the Yokohama Specie Bank expanded their business in Manchuria whereas the Taiwan Bank, after accomplishing the development of Formosa, expanded its business and granted loans to China.

#### B. Overseas Activities of Japanese Banks.

As has been mentioned, Japan's extension of her influence overseas became positive and active after the Russo-Japanese War. As a matter of fact, financing facilities had begun their

activities overseas even before the political expansion. The First National Bank opened its business in Korea in 1878. With a view to promoting a smooth operation of trade between Japan and Korea, it set up its branch office at Pusan and handled exchange orders, documentary bill business and money exchange. It set up its branch offices at Wonsan in 1880, at Inchon in 1883 and at Seoul in 1888. Even before Sino-Japanese War, it concluded an agreement with the Korean government on the method of handling customs duties in 1884, and engaged in the business accounting the customs duties at the three trade ports. (Inchon, Pusan and Wonsan) It also concluded an agreement of loans and lent 24,000 Mexican dollars to the Korean government on customs duties as security. In those days the currency in Korea was in a confused condition; its coins were of low quality and most of them were false. The value of the currency fluctuated so that at the trade ports and their vicinity, only Japanese coins and the bank notes of the First National Bank were current. More and more Japanese coins came to be used; particularly the number of Japanese silver coins increased greatly in Korea. After the Sino-Japanese war, the Governor General of the Korean Tax Administration Office and Mr. Brian, an English man, agreed, at the insistence of the First National Bank, that hall-marked silver yen should be put in circulation and customs duties be paid in it. However, the Russian government, which had extended its influence in Korea, appointed Alexev financial advisor to the Korean government. In 1898, through Alexev's pressure on the Korean government, it prohibited the circulation of hall-marked silver yen. Mr. Brian, however, kept on accepting silver yen at customs offices. Thus, the British and Japanese influence was pitted against the Russian power. In March, 1898, however, Russia shifted its Oriental policy. It dismissed Alexev and closed the Russo-Korean Bank. In June, the same year, through the efforts of Shibusawa, president of the First National Bank, the ban on the circulation of hall-marked silver yen was lifted. In 1903 the bank made preparation for the



issue of its convertible bank notes, with gold and silver coins and the bank-notes of the Bank of Japan as its reserve fund, and the public bonds, commercial bills and the government securities of Japan and Korea as its guarantee fund. In January, 1905, while the Russo-Japanese war was going on, the Korean government entrusted the bank with the task of handling the national treasury and the business of coordinating the currency of Korea. At the same time, it officially recognized the notes of the First National Bank as the legal tender of Korea. Thus, it virtually became the Central Bank of Korea. In the meantime, the bank extended loans to the Korean government six times for the settlement of Korean currency and also played an active part in Japan's purchase of gold produced in Korea.

The First National Bank was the first bank set up in Japan but it was not a special bank. However, just before Ōkubo Toshimichi was assassinated, he advised and encouraged the extension of the bank's business in Korea. Afterward, the Ministry of Finance spared no efforts in assisting the bank. When the Russo-Japanese War was over, and the Japanese policy toward Korea entered upon a new stage, it was thought that the government could not leave a private bank like the First National Bank to go on functioning as the central financing organ of Korea. A new and proper colonial bank had to be set up.

In 1906 when the Superintendent-General's Office was set up in Korea, Itō Hirobumi, not satisfied with the branch offices of the First National Bank doing the business of the Korean Central Bank, planned the establishment of the Bank of Korea. Concerning this, there arose many opinions—there was no need of establishing a new bank; the branch offices of the First National Bank should be converted into the Bank of Korea; or the Bank of Japan should set up a branch office in Korea—but it was finally decided that the central bank of Korea be set up. In June 1909 the memoranda between the Korean government and the First National Bank were exchanged and

in July, a contract for the establishment of the Bank of Korea was concluded between the Japanese government and the Korean government. The whole task of founding the bank was entrusted to the Japanese government. Matsuo Tomiyoshi, president of the Bank of Japan, was appointed chairman of the Establishment Committee. In September, the bank offered its stocks for subscription and in November it started business.

The Bank of Korea was under the protection and control of the Korean government and was entitled to issue its bank-notes. When Japan actually annexed Korea in 1910, this bank became the Korean Bank. Materially the Bank of Korea and the Korean Bank was the same thing, but the Korean Bank came under the jurisdiction of the Japanese Government and as did the Government-General of Korea. The bank helped the Japanese government in its administration of Korea. At first the Government General of Korea availed itself of the services of the bank for its financial manipulation. More than half of its bank-credit consisted of the money lent to the government and to the Japanese settlement corporation in Korea. The Korean Bank steadily carried forward the task of coordinating the Korean currency, and it actively helped in the development of Korea. Specifically, it advanced abundant funds for the increased production of rice, so that it might alleviate the food shortage in Japan. Later, the bank expanded its business in Manchuria and North China.

As the First National Bank, the Bank of Korea and the Korean Bank formed the financial foundation of Japanese expansion to the north of Japan, so the Taiwan Bank played an important role in the expansion of Japanese influence in the southern areas. When Taiwan became Japanese territory in April 1895 by the Shimonoseki Peace Treaty, it was thought so difficult to govern the island that there was even talk of selling it. According to the *History of the Taiwan Bank*, when Japan began its rule over Taiwan, the economy of the island was in its infancy; there were no transportation facilities by land or by



sea; no production equipment; nor any financing facilities. Naturally its industry and trade were scanty, and the sale of tea, sugar, and camphor—its chief products—was monopolized by a small number of foreigners. (9) As soon as the Government-General of Taiwan was set up in August, 1895, however, the Nihon Chūritsu Ginkō of Osaka opened its branch office in Taiwan. In 1896, the Bank of Japan also opened its branch office in Taihoku (Taipei). Matsukata Masayoshi, the Minister of Finance, however, had a plan of setting up a special financing facility, a bank of issue, for the development of Taiwan. This idea was along the line of the government industrial policy of setting up banks for the development of industrial production. Katsura, the second Governor-General of Taiwan was of the same opinion as Matsukata. The Taiwan Bank Act was approved at the tenth session of the Diet and was published in 1897. The reason for the enactment of the Taiwan Bank Act clarifies the purport of the establishment of the bank; it reads: "it is to finance the commercial and industrial enterprises develop the natural resources, promote economic development, in Taiwan and to expand its business to Southern China and the South Seas, facilitating the development of trade and commerce in these areas adjusting the economic and financial conditions there." In short, the bank was founded for the development of Taiwan and for Japan's economic expansion in the South Seas and Southern China.

The first thing the Taiwan Bank had to do for the development of the natural resources of Taiwan was to coordinate the currency of that island. In those days, with a jumble of coins current, it was really a tough job to standardize and coordinate the currency. Another task was to retrieve the economy of the island which was in the hands of foreigners. To do this, a large amount of capital had to be introduced from Japan. The Taiwan Bank had to play the role of a capital-pipeline between Japan and the island. Furthermore, the bank had to finance the Government-General of Taiwan as well as the entire

industrial enterprise of this colonial island. To accomplish such tasks, the bank required substantial protection of the central government. Thus, in 1899 the Taiwan Bank Aid Act was passed, by which the bank was supplied with its necessary funds.

The Taiwan Bank became a huge monopolistic bank, combining a bank of issue, a hypothec bank and an exchange bank. During the first decade of its initiation, the bank completed its task of currency standardization, and advanced to the task of promoting industrial development. In other words, it established an economic and financial channel between Japan and the Island and advanced funds for the production of rice, sugar, and camphor at a low rate of interest. In 1900 when the Taiwan Sugar Company was set up the bank contributed greatly to the development of the sugar industry of the island by financing the company. It extended huge loans to China both out of its own funds and the funds of the Deposit Bureau of the Ministry of Finance. The first of these loans was given to the Fukien government in 1900. It also financed the Japanese enterprisers in Southern China and the South Seas. It was in the Taishō Era (after 1912), however, that the bank greatly expanded its business in Southern China and the South Seas.

The Yokohama Specie Bank was not simply a foreign exchange bank, for it made its business expansion in Manchuria and Northern China at an earlier date than any other Japanese bank. In 1900 it opened a branch office at Niuchuang, the first financing organ operated by the Japanese. After the Russo-Japanese war, it set up branch offices at Dairen in 1904 and at Port Arthur, Mukden and Tieh-ling the following year. By this, the bank played an important part in the development of the natural resources of Manchuria. When the bank was entrusted with the task of retiring all the military notes issued during the Russo-Japanese war, the government enacted the *Rules for the Note-Issue of the Yokohama Specie Bank*. Soon, the Specie



Bank notes came to be used for dealings, public and private, in Kwantung-chou (Liao-tung Peninsula). In 1910, the government supplied the bank with a low interest fund of 20,000,000 yen. Now the bank could advance long-term industrial loans and even credit on real properties. In 1911 the bank concluded a loan agreement of 10,000,000 yen to China with Chinese government bonds as security. In 1910 when the Ministry of Finance designated the bank as the special financing organ of Manchuria, the Ministry requested the bank to endeavor (a) to facilitate the trade between Japan and China, (b) to expand its business of granting loans on real property (c) to invest as much capital as possible in promising enterprises in Manchuria, and (d) to lower the rate of exchange and remittance charges so as to encourage trade between China and Japan. Meanwhile, the bank did its best to help increase the import of Japanese textiles into Manchuria.

Later, in 1917, of the various functions of the bank, that of the bank-note-issue was transferred to the Korea Bank and that of supplying loans on real property and industrial funds to the Tokyo Takushoku Company.

#### References:

- (1) Horie Yasuzō; *Gaishi Yunyū no kaisō* to Tembō; Chapter 1
- (2) Kasei Seido Chōsakai Hōkō (Report) v. 12; p. 395
- (3) Heisei Kaikaku Shimatsu Gaiyō; v. 11; p. 453
- (4) Takizawa Naoshichi; MS. *Nihon Kin'yūshiron*; p. 568
- (5) Meiji Zaiseishi; v. 6; pp. 953-956
- (6) Horie Yasuzō; *Gaishi Yunyū no Kaikō* to Tembō; p. 105
- (7) Takizawa Naoshichi; MS. *Nihon Kin'yūsho-ron*; p. 826
- (8) Shirai Kikuo; *Nihon Kinyū-ron*; p. 213
- (9) Meiji Zaisei-shi; v. 14; p. 835





## *Chapter Five*

### DEVELOPMENT OF LIGHT INDUSTRY

BY KAJINISHI MITSUHAYA

#### I. THE INTRODUCTION OF LIGHT INDUSTRY ; ITS EFFECT ON THE NATIVE INDUSTRY

##### A. Importation of Cotton Goods at the Beginning of the Meiji Era

EVEN in the last days of the Shogunate, a considerable amount of raw cotton, cotton yarn, and cotton textiles was imported. The increase of imported cotton goods in the Meiji Era almost ruined the cotton industry in Japan. As can be seen in Table No. 1, the money paid for cotton goods imports amounted to 30 per cent—40 per cent of the total value of import of that time. Imported cotton goods outsold Japanese cotton goods, because the foreign goods were cheap and beautiful. In point of quality, Japanese goods could not match them. In 1874, for example, one pound of domestic cotton yarn was 42.46 yen as against 29.66 yen for imported yarn. The difference in the prices became greater in 1879 as the former cost 45 yen while the latter only 25 yen. "Imported yarn is so popular with the people because not only is the price low but it is of superior quality so that one can weave it well on the loom. The result is beautiful." (1) As regards cotton textiles, "the imported cotton print and calico are very beautiful and cheap so that more and more of them have come to be imported. Is it not

a great pity that, while cotton textiles are produced in many prefectures in Japan, so great an amount of cotton textiles should be imported annually from overseas?" (2)

Needless to mention, the great amount of imported cotton goods replaced domestic cotton goods. According to the investigation of the Osaka Shōhō-Kaigisho in 1879, for example, "the low-grade imported calico is used for lining by poor farmers in the country side. The price is the same as that of Senshū cotton. There is, however, a big difference in practical value between them." (3) "The middle grade calico is used for lining the clothes of lower middle class people both in urban and rural areas. The price is the same as that of Hakushu cotton. However, imported cotton is much superior to domestic. (4) The high grade calico is also used for lining. People substitute it for Chichibu silk fadric. Its practical value lies midway between silk and cotton. The single breadth calico resembles Mōka cotton, and is used for lining, and for *shirushi-banten* (livery coat) in the northern part of the country. Taffeta is like *futako ori*. Red calico is used for lining women's and children's clothes and for loinclothes in rural districts. People substitute it for Japanese *beniginu* (red silk). In urdan districts, too, lower middle class people commonly use this cloth. Imported yarn is much more beautiful than that of Tanshu. The amount of imported yarn is increasing day by day, and month by month. No one knows when it will stop." (4) On every hand there was indication that imported cotton goods were strong rivals of Japanese cotton goods.

Naturally, the domestic cotton industry suffered a big blow from the importation of cotton goods. The production of *Mōkamomen* (In Tochigi prefecture) for example, was during its prosperous period from 1800 to 1840, 380,000 *tan* a year, "which dropped to 120,000 *tan* around 1865, to 40,000 *tan* around 1870 and 150,000 *tan* in 1881." (5) *Musashi Tsukakoshi yūkiori* shared the same fate. "With the coming of black ships the demand for it decreasedf and even an improvement made on



it could not restore the demand. There is no prospect of recovering its former prosperity. Other cotton industry of Toyama prefecture, Ishikawa prefecture and Fukui prefecture, "declined due to the importation of foreign cotton goods. Production was reduced by half." (6) The cotton industry of Osaka, Aichi and Hyōgo prefectures was also more or less affected by the importation of foreign cotton, as Maeda Masana points out in his *Kōgyō Iken* (My View on Industry) that the underlying cause of the decline of the cotton industry was the importation of foreign cotton. "This is a disaster common to all cotton business in the land." (7)

Besides the decline in the demand for the cotton yarn of Awaji, the cotton yarn industry of Wakayama prefecture which long enjoyed a reputation began to decline at the beginning of the Meiji Era. Umibe, Nakusa, Itsu, Iga and Hidaka counties of Wakayama prefecture at one time produced a great amount of cotton yarn and shipped it to Tokyo and Osaka. This was the chief industry of this prefecture. However, once the cheap and good foreign yarn and a great amount of cotton goods came to be imported, the industry of this district declined and demand suddenly dropped so that countless producers went bankrupt. (8)

The acreage of cotton which supplied material for hand spinning decreased with the decline of demand for hand-spun yarn and domestic cotton goods. In 1884, for example, in Hōki (Tottori prefecture) "the Inaba farmers grow cotton, chiefly for their own use. Their cotton acreage has gradually decreased with the import of foreign cotton goods. Hitherto the farmers used to weave cotton fabrics for sale from the cotton they grew, but with the wider use of foreign cotton goods, the demand for their manufactures decreased. The smaller demand for their fabrics naturally decreased the acreage of cotton." (9)

As a matter of fact, there were some districts where, through an improved technique in the cultivation of cotton, the producers grew cotton for machine spinning so that, as is shown in table

No. 2, the production of raw cotton in the country as a whole kept on increasing till 1887. After that, however, it suddenly

TABLE NO. 1: AMOUNT OF IMPORTS OF COTTON  
GOODS AT THE BEGINNING OF THE MEIJI ERA  
(UNIT: 1,000 YEN)

Year	Raw cotton	Cotton yarn	Cotton fabrics	Total
1868	422	1,239	2,659	4,320
1869	1,088	3,418	2,777	7,283
1870	628	4,522	3,102	8,252
1871	207	3,520	5,721	9,448
1872	86	5,335	5,214	10,639
1873	264	3,400	6,250	10,184
1874	1,091	3,573	5,705	10,369
1875	109	3,346	4,629	8,084
1876	664	4,155	5,592	10,412
1877	399	6,694	4,724	11,817
1878	106	5,326	5,543	10,975

Note: The table is taken from Review of Cotton Trade, No. 2; Report of Cotton and Sugar Competitive Show held in 1880.

TABLE NO. 2: COTTON PLANTATION (ACREAGE  
AND AMOUNT OF PRODUCTION)  
(UNIT CHŌ-2.45 ACRES)

Year	Acreage	Cotton in the seed (lbs)	Raw cotton (lbs)
1883	99,389.6	104,633,007	36,621,552
1884	96,316.7	97,120,269	33,992,094
1887	98,478.9	139,928,688	48,957,040
1890	80,151.1	82,379,528	28,832,838
1892	71,431.6	78,655,138	27,529,298

Note: This table is taken from *Researches on Raw Cotton* by the Ministry of Agriculture and Commerce, p. 1012



dropped.

The whole field of the cotton industry of Japan, from cotton cultivation through hand spinning to the production of cotton fabrics was defeated by foreign cotton goods; so that the time was drawing near when the modern spinning technique and cotton textile industrial methods had to be introduced into Japan.

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- (2) Ōkoku Hakurankai Kembun Roku (Observations at the Austrian Exhibition); Meiji Bunkashū, Keizai hen; p. 173
- (3) Findings on the Revision of Customs Duties; Meiji-Taishō Osaka-shi; V. 7; p. 530
- (4) Ibid, p. 531
- (5) Dai-Nihon Sangyō Jiseki; Nihon Sangyō Shiryō Taikei, v. 5; p. 63
- (6) Fuken Kangyō-chakushu Gaikyō (1877); Gendai Nihon Kōgyō-shiryō; v. 1 p. 180
- (7) Meiji Zenki Keizai Shiryō; v. 20, p. 39
- (8) Fuken Kangyō-chakushu Gaikyō; p. 193

### B. Cotton Spinning Industry

It was at the end of the Shogunate that modern spinning machines were introduced into Japan. The Kagoshima Spinning Mill and the Sakai Spinning Mill set up by Kagoshima *han* (feudal government) and the Takinogawa Spinning Mill set up by Kashima Mampei, (Edo cotton merchant) imported such machines. All these mills were set up with a view to checking the importation of a great amount of cotton goods into Japan after the opening of the ports. However, only the Kagoshima mill began its operation before the Restoration. The Sakai Mill was put in operation in 1870, the third year of Meiji. In the same year, the Takinogawa Mill was completed. Since the total spindles of these three mills were 6,000, it was absolutely

impossible to achieve the objective of checking the importation of cotton goods.

From the beginning, the Government protected and fostered the modern spinning industry, according to its policy of encouraging industrial production. In 1872 the government bought out the Sakai Spinning Mill and put it under the control of the Encouragement of Agriculture Bureau of the Ministry of Finance. Then in 1878 it purchased two two-thousand-spindle machines from Manchester, England, and installed one in Aichi prefecture and the other in Hiroshima prefecture. The Hiroshima Mill was sold in 1881 to the Hiroshima Spinning Company, which trained people of the *shizoku* class in the operation. The Aichi Mill was a model spinning mill where people were trained in the technique and management of the spinning industry till it was sold to a private concern in 1886.

In 1879 the government purchased ten two-thousand-spindle machines with 220,000 yen from the Enterprise Fund of the Treasury and sold them to private enterprise for ten-year installment payments without interest. Ten spinning mills were set up with these machines, at Tamashima (Okayama prefecture), Ichikawa (Yamanashi prefecture), Mie (Mie prefecture) Shimomura (Okayama prefecture) Toyoi (Nara prefecture), Shimada (Shizuoka prefecture) Nagasaki (Nagasaki prefecture) Shimotsuke (Tochigi prefecture), Enshū (Shizuoka prefecture) and Saga (Saga prefecture). Furthermore, the government advanced the purchase money for three more machines for the spinning mills at Kuwahara (Osaka), Miyagi (Miyagi prefecture) and Nagoya. Besides, there were other spinning mills, such as the Himeji Spinning Mill run by the prefectural government, the Okayama Spinning Mill set up with a fund lent by the former lord of the place, and the Shibuya Spinning Mill run by a private enterprise.

These spinning mills began operation between 1882 and 1885. Each of them popularized the method of machine spinning in its neighborhood, exerting influence on the spinning industry of the place. All the mills had the so-called Mule-two-thousand-



spindle machines. It was the government's idea to use water power for the mills. However, this cost much labor and money for the installation; the working of the machines was controlled by the amount of water, so the machines often got out of order. Besides, the selection of the sites of the mills was an error; and the imported machines could not spin Japanese short fibre cotton. Worse still, the Japanese were not skilled enough to handle and operate the machines. Under the circumstances, the Japanese spinning industry could not establish and operate to advantage the modern spinning mills.

Worst of all, because of the depression caused by the liquidation of the government paper money, there was small demand for their products. The two-thousand spindle machines could not be operated to their capacity. The mills barely managed to avoid bankruptcy by waiving the payment for the machines.

Just at this time, thanks to Shibusawa Ei'ichi's insight and vision, the Osaka Spinning Company was set up and was put into operation with 150,000 spindles run by steam power in 1883. This was an epochmaking event in the history of the spinning industry in that it paved the way for the proper development of the Japanese spinning industry. The Osaka Spinning Company adopted a night-shift operation soon after the initiation of its business and earned a big profit. This example led to the rise of thriving machine-spinning enterprises around 1887. From 1886 to 1890, large scale companies came to be set up one after another, such as the Tokyo-Bōseki (capital: 500,000 yen; spindles: 10,000); the Kanegafuchi-Bōseki (capital: 1,000,000 yen; spindles: 28,920); the Hirano-Bōseki (capital 200,000 yen; spindles: 11,520); the Owari-Bōseki (capital: 500,000 yen; spindles: 10,000); the Kanakin-Bōseki (capital: 1,200,000 yen; spindles: 13,560); the Settsu-Bōseki (capital: 1,200,000 yen; spindles: 19,200) and the Amagasaki-Bōseki (capital: 500,000 yen; spindles: 9,216). They had a far greater number of spindles than the former. Later the Osaka Bōseki increased its spindles to 31,320 in 1886 and to 61,320 in 1889

with a capital increase of 1,200,000 yen. Thus, the cotton spinning industry came to have, as is shown in table No. 3, an increase of spindles from 44,000 in 1883 to 278,000 in 1890, and the amount of cotton yarn produced rose from 12,000 bales to 115,000 bales. The spinning method was shifted from the Mule system to the Link system so that the scale of equipment was enlarged from 2,000 spindles to that of 10,000 spindles. The spinning industry, which developed under the strong protection and encouragement of the government, took quite a different course of progress and a different origin from the native cotton industry that had existed in the early days. That is to say, it was not the outgrowth of the old cotton industry, but was newly started with funds accumulated by former feudal lords, land-owners, or rich merchants. Machine spinning was first aimed at checking the importation of foreign cotton yarn, but in the beginning, the domestic hand-spinning business was its immediate rival, upon the ruins of which it laid its foundation.

In 1889 Yamabe Takoe, founder of the Osaka-Bōseki, said: "Of the total demand of cotton yarn in this country, our company produces only 20 per cent, showing plenty of scope for enlargement of our business. Although we will oust the domestic hand-spinning business, sooner or later, we cannot produce such superior yarn as is imported from England, unless the raw cotton of our country is improved." (1) Thus, machine spinning had to compete with hand spinning at home due to the low quality of raw cotton itself. If it was to produce better yarn than imported yarn, Japan had to import Indian raw cotton, which could be spun into No. 20 count cotton yarn or better. This importation of Indian yarn was realized in 1890. After 1893 a great amount of Indian raw cotton came to be imported.

However, around 1887 when the machine cotton spinning industry was rising, it was the domestic hand spinning industry that it brought to decline. In 1888, for instance, in Nishinari-gun, Osaka, "Since the machine spinning industry came, the wages of hand-spinning women have dropped. Now, they get



less than one-third of what they used to earn. Formerly they earned 8 sen for momme (x) of yarn." In Higashinari-gun, Osaka, "due to the development of machine spinning, the number of women who used to spin on rainy days and at night has decreased. Men have left spinning and came to work in factories, and women are now working in match-factories or factories of other light industry." (2) In Sumiyoshi-gun, "women who used to engage in hand spinning are now employed in spinning mills or rug-factories." (3)

The machine cotton spinning industry which now produced No. 20 count (finer) yarn influenced the cotton textile industry, which came to use the yarn spun in Japan instead of imported yarn. The use of machine spun yarn also put an end to hand spinning of cotton. For instance, as regards Kawachi textile industry, "after the Restoration, as it became easier to obtain imported yarn, many weavers left off spinning cotton yarn themselves, and used imported yarn. When the spinning factory was set up at Ebisujima, Sakai (in 1870), weavers mixed hand spun yarn and imported yarn, calling the cloth produced *hantō momen* (half foreign cotton cloth). Now that No. 20 count yarn came to be spun in Japan from 1883 on, less and less yarn was spun by hand, until in 1887 there was almost no hand spun cotton. All weavers used machine made yarn." (4) As for the Izumi cotton textile industry, "at the beginning of the Meiji Era, weavers came to use imported yarn for warp and hand spun yarn for woof. They also called the cloth *hanto momen*. As payment, the cotton cloth merchants gave the weavers a certain amount of imported yarn,—enough for two *tan* of cloth. At first, the weavers were paid in yarn for the warp only; but with the development of the spinning industry, machine spun yarn came to be used for warp and woof. From this time on, cotton cloth buyers acted as textile manufacturers, who lent looms to farmer-weavers, supplied them with yarn and paid them for the pieces in money they turned out." (5)

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(X) 1 momme=about 0.1325 ounce

Before foreign trade came, weavers were paid in raw cotton for the cloth they made. After the spinning industry developed, they were supplied with yarn instead of raw cotton, which gradually developed into *debata seido* or *chimbata seido* (a piece work system). This made the weavers more dependent on the wholesale merchants, for whom they wove cloth. A further development of the textile industry was seen in textile manufacture under the control of textile industrialists. This development inevitably brought about the machine textile industry, which was also realized around 1887. By this time, several machine textile factories were set up.

#### References:

- (1) Rengō Bōseki Geppō; No. 1; Nawa Tōichi; Nihon Bōseki to Genmen Mondai Kenkyū: p. 39.
- (2) Osaka-fu Nōji Chōsa; V. 7 p. 10.
- (3) Ibid; V. 7. 40.
- (4) Osaka-fu Shi; V. 2; p. 277.
- (5) Nihon Bōsekiyō to Genmen Mondai Kenkyū; p. 135.

### C. Silk Industry

The opening of foreign trade at the end of the Shogunate brought foreign cotton textiles into Japan which led to the decline of the domestic cotton industry. In the silk industry, on the contrary, the increased demand for Japanese silk spurred on the improvement on *zakuri* reeling.

As has been mentioned, the *zakuri* method itself was an improvement made at the end of the Shogunate. After the Restoration, the method had to be further improved. According to the *Yōsan-Shihōgaki* distributed by the Ministry of Mimbū (X) in 1870, "the unpopularity of Japanese raw silk abroad comes from the fact that we have no good equipment for silk reeling. It is most urgent that we set up reeling machines like those used in Europe. Nowadays, the Japanese seem to be

(X) Mimbū=A ministry which took care of engineering, geography, mining, trade, and postal service set up in 1868.



thinking only of the quantity of silk export. They pay no attention to the production of superior quality silk." The Ministry planned in the same year to import good machines for silk reeling. The result was that the Maebashi Silk Factory, the Ono-gumi Silk Factory, the Tomioka Silk Factory, and the Kankōryō Silk Factory were set up one after the other with imported machines.

The Maebashi Silk Factory was set up by Maebashi-han in 1870. Mr. Müller, a Swiss, was employed to supervise the work. They started operation with wooden six-reeler machines. In 1871, with thirteen more machines, the operation was shifted to an Italian method. The business was entrusted to Onogumi in 1872, due to financial difficulty.

The Ono-gumi Tsukiji Silk Factory started operation in October, 1870, under the supervision of Mr. Müller, who had been dismissed from the Maebashi Factory. It used a sixty-reeler-Italian machine, and adopted the European method of boiling cocoons and reeling in a different process. Because of financial difficulty, however, it was closed in 1873. When Ono-gumi went bankrupt, the government forfeited the equipment and sold it to another enterprise. The equipment was moved to Suwa, Shinshū, where it became the driving force of a thriving silk industry of the place. The silk girls were transferred to the Nihonmatsu Silk Factory in Fukushima prefecture and to a few other places.

The Tomioka Factory was the so-called model government factory which started operation in June, 1872. It was a large scale plant with three hundred cocoon-boilers and over two hundred silk girls, mostly daughters of *ex-samurai* of various parts of the land. All the equipment was imported from France and operated according to a French method. For steaming cocoons steam-boilers were equipped. It made a good profit, but it was sold to Mitsui in accordance with the government policy.

The Kankōryō Silk Factory was also set up by the government in 1873. At first it had twenty-four cocoon-boilers, but soon the number was increased to forty-eight boilers. From the begin-

ning, the factory was used for training people of various parts of the land in machine reeling and for the improvement of the silk reeling method. In 1874, it was sold to a private enterprise because of financial difficulty.

The above four machine silk factories paved the way for a remarkable development from a *zakuri* to a machine reeling method. Particularly, the Tomioka factory produced, ever since the equipment was installed, silk of superior quality, stimulating the interest of silk producers all over the land. Besides, this factory recruited many silk girls every year, and trained them in the machine technique. These girls scattered to various silk producing places as instructors of the machine reeling method. There were several hundred trainees. It was entirely due to the effort on the part of this factory that the quality of Japanese raw silk improved; and Japan's reputation for the silk could be restored in the world market. (1) Under the influence of these factories, the French and Italian reeling methods developed in Japan side by side.

In 1873 when Japan was going to participate in the World Fair held at Vienna, the government sent Sasaki Shojun and Tanaka Bunsuke to Italy to learn the technique of silk reeling. After his return, Tanaka Bunsuke taught his new technique at the silk laboratory in the Museum inside the Yamashita-mon (of the Imperial Palace). Later in 1876 he set up a silk reeling laboratory in the Sericultural Experiment Station at Naitō Shinjuku, Tokyo, where he trained many boys and girls in the technique.

The machine reeling method came to prevail widely in Japan as an improvement on the *zakuri* method. In Shinshū, particularly, due to the stimulation of Ono-gumi, it made a remarkable development. In 1872 Ono-gumi started the Kamisuwa Miyamada Silk Factory; in 1874, the Rokkōsha was set up at Matsushiro by an ex-retainer of Lord of Matsushiro; and the Nakayama-sha was launched by Takei Daijirō and his group at Hiranomura, Suwa-gun. The number of factories in Shinshū



increased rapidly: fourteen in 1873; thirty in 1874; forty-eight in 1876; and fifty in 1877. In 1879, the number of silk factories employing more than a ten-reeler machine reached three hundred and fifty-eight, about half of the total number of six hundred and sixty eight machine silk factories of Japan. The Italian method which was introduced by Ono-gumi spread in the southern part of Shinshū, whereas the French method first adopted at the Tomioka factory prevailed in the northern part of Shinshū. The Nakayama-sha blended these two methods. Through this process, the high techniques imported from Europe were simplified and Japanized into the Suwashiki silk reeling machine.

These three methods of reeling silk spread to other parts of the land. The Italian method was adopted by the Konuma Silk Factory in 1872, and by the Kengyō-sha in 1875, both in Gum'ma prefecture; by Iwabuchi Heiemon in 1873 and the Nihonmatsu Silk Factory in Fukushima prefecture in 1873. The French method was adopted by the Muroyama Silk Factory of Mie prefecture in 1873; by the Kanazawa Silk Factory in Ishikawa prefecture in 1874; by the Katsuyama Silk Factory in Fukui prefecture in 1874; and by the Matsuzaki Silk factory in Shizuoka prefecture in 1875. The mixed method was used in the Kangyō Silk Factory in Yamanashi prefecture in 1873. Gradually the tendency to use the mixed method prevailed. For example, the Kaito Silk Factory set up by Katakura Kentaro in Suwa in 1878 and a silk factory started by Sumitomo Kichiemon in Kyoto in 1879 did not show their technical lineage. Besides, there came into existence machines made in Japan like those adopted by Natori Hikobei in his Nihonmatsu Factory.

Generally, "the boiler equipment of reeling silk imported from Europe was very expensive and required a big amount of fixed capital, that was not easy for private producers to purchase. They made reeling machines modeled after European machines, using water power or turning them by hand, and boiling cocoons with firewood instead of using steam boilers. These machines were very crude, little better than *zakuri*. There was, however,

a fundamental difference between such machines and *zakuri*, according to the definition of machine reeling, which says: "it is operated by uniformly turning spools on an axle by water power or some other power, with filature girls engaging exclusively in reeling."(3)

Thus, machine reeling was gradually replacing *zakuri* after the Restoration, but there remained many raw silk producers who used *zakuri*. There were reasons for this. For one thing, even a simple reeling machine required a fixed capital which poor producers of those days could not afford. Secondly, the cocoons had to be of the same quality for machine, but the primitive sericulture of those days could not meet this requirement. Besides, for domestic silk fabrics, fine and even silk of high quality was not needed, as crude and uneven silk was commonly used for warp. Under the circumstances, many people still used *zakuri*. Particularly as summer and autumn silk worm rearing was not common in those days, farmers produced raw silk as a side line by using *zakuri* in their summer leisure season.

However, the foreign demand for a standard raw silk of high quality and the spread of machine reeling gave impetus to improvement on raw silk made by *zakuri*. For the purpose of improving raw silk reeled by *zakuri*, silk trade associations were born, which took care of the business of improving raw silk as well as joint shipping and marketing. The first of such associations developed in Jōshū (Gum'ma prefecture) in 1877, such as the Maebashi Seishi Kaisha, the Kōsui-sha, the Usui-sha, the Kanda-sha, and the Shimonita-sha.

The improvement on raw silk through joint shipping and joint marketing was carried on in Gum'ma and Fukushima prefectures, for in these districts where from old times sericulture was a farmers' side line, most farmers had summer leisure season after the spring crop of cocoons was harvested. This practice was discontinued when the rearing of summer and autumn silk worm developed, and farmers came to sell their cocoons instead of raw silk.



The improvement on raw silk made by *zakuri* through trade associations was carried on by giving the last finish to it. Later, some of these associations adopted the machine reeling method. In 1885, for instance, the Usui-sha started a silk reeling factory with twenty-six boilers. In 1892 it possessed twenty-machine reeling plants with nine hundred and four boilers in all.

The tread-wheel reeling machine was another kind of improvement on *zakuri*. In 1871 Tate Saburō, a *samurai* from Matsushiro, invented two kinds of tread-wheel reeling machines. Besides these, various reeling machines were invented, so from 1911 on, *zakuri* completely fell into disuse.

#### References:

- (1) Tomioka Seishi-jo Shi
- (2) Ōkoku Hakurankai Sandō Kiyō; pp. 78-101
- (3) Hirano-mura Shi; Ge-kan; p. 151

#### D. Textile Industry

The mechanization of the textile industry was expedited by the importation of the Jacquard and Battan (X) looms. Both were brought from Lyon, France, by a student sent by Kyoto prefecture to learn the weaving art. They were exhibited at the Second Kyoto Exhibition in 1873. From January, 1873 on, many people came from various parts of the land to learn the use of these looms. Many imitation Jacquard looms were then manufactured and sent to various places.

Besides these looms, Sano Tsunetami bought an Austrian Jacquard loom at the Austrian Exhibition held in 1873. When it arrived from Austria, it was installed at the Kangyō Shikenjo at Yamashita, Tokyo. After a trial operation there, it was lent to various textile factories. These looms paved the way for the modernization of the Japanese textile industry. For instance, the Jacquard loom operation was adopted at Kiryū and Ashikaga in 1877; in Isezaki in 1884; and in Hakata and Hachiōji in 1887. The use of the Battan loom spread to Fukui prefecture in

(X) The original name of this loom is not identified.

The name was given by the Japanese from the sound it made.

1875; to Kawachi area (Osaka) in 1879; to Ishikawa prefecture in 1881; to Kiryū in 1833; to Iyo area (Ehime prefecture) in 1886; and to west Owari in 1892. By 1890 the chief weaving centers completed the mechanization of their factories.

Along with the introduction of such looms, other technical improvements in the field of the textile industry were progressing. As has been mentioned, the silk reeling method changed from *tebiki* to *zakuri* and was further improved to machine reeling. As for cotton yarn, imported yarn or domestic yarn spun by machine came to be used. European twisting machines were also imported for twisting yarn. Concerning the dyeing process, synthetic dyes were imported and dyeing technique was improved. European finishing machines also came to be used for the finishing process of textile production.

All these improvements brought about a rapid production increase. At Nishijin (Kyoto), for example, *tebiki* raw silk gave place to *zakuri* raw silk or machine reeled raw silk in 1875, and imported cotton yarn came to be used in 1872. Around 1885 domestic cotton yarn spun by machine came to occupy 60 per cent of all the yarn used there. (1) In Kiryū, because of the sudden rise of the price of raw silk with the opening of foreign trade, cotton and silk mixtures with fine imported cotton came to be produced. (2) According to the Kyoto-fu Tōkeisho, in 1890 forty-three factories at Nishijin employed, on an average, 16.6 workers, some employing one hundred and fourteen workers.

The development of export textiles was particularly remarkable. Export *habutae* was first produced at Kiryū around 1878. As early as 1880 it was exported to the United States, and then to France. The method of weaving *habutae* was adopted at Kanazawa in 1885, at Fukui in 1887; and in Toyama area in 1889. In 1886 Kawamata area in Fukushima prefecture also began to produce *habutae*. The *habutae* industry of Ishikawa, Fukui and Toyama prefectures and of Kawamata developed much more than in Kiryū, because in these areas Battan looms or Jacquard looms were used from the start. In Kanazawa and



Fukui, the operation was carried on on a large scale.

The satin industry, which was started with a view to checking the importation of nankeen satin, adopted the European technique from the start. A specific point about this industry was that the production was started by companies, such as the Seiai-sha (Kiryū; 1880), the Nishijin Kyoshin-orimono Kaisha (Kyoto; 1882) the Kyoto Orimono Kaisha (Nishijin; 1887) and the Nihon Orimono Kaisha (Kiryū; 1887). The Seiai-sha used ordinary looms but other companies modernized the operation and used power looms.

The power loom that was first used in Japan was the Uedamura Suisha-kan (water mill) set up by Satsuma-han. This was the forerunner of the Kagoshima Bōseki-jo. The method was adopted by the Shibuya-Mempu-Kōjō in 1885; by the Kyoto Menshi Orimono Kaisha, the Osaka Shokufu Kaisha, the Onagigawa Mempu Kaisha in 1877, and by the Kanakin Seishoku Kaisha in 1888. Thus, the cotton textile industry came to use power looms at the same period as the silk textile industry.

However, a modern large scale cotton textile industry using power looms found it very hard to compete with the existing hand weaving industry. It was almost impossible to beat the hand weaving industry of striped cotton cloth. For instance, the Osaka Shokufu Kaisha could not compete with the hand weaving industry in transaction in small lots, for there were such a great variety of fabrics in demand, and each fabric had to be given different dyeing so that the process was too complicated for standardized power loom operation. (2) The large scale cotton textile industry operating with power looms, therefore, gave up competition with the hand weaving industry and supplied the military demand or tried to expand the market abroad for its products. The Kanakin Seishoku Kaisha "which was started to meet domestic demand so as to check the importation of calico, could not dispose of its products, because Japanese buyers contracted or cancelled their purchase according to market prices, and delayed in calling for the goods sold to

them. Besides, the transactions were made in small lots of three hundred to five hundred *tan* (rolls). It was rare a transaction of one thousand *tan* was made. As this was a disadvantage to a large scale management, it decided to divert its products into export." (3)

Of the hand weaving cotton industry, however, only striped cotton cloth could compete with imported cotton textiles or domestic machine products. The white cotton or crude cotton manufacture went out of business as soon as large scale machine production came. Even in the striped cotton cloth industry, the use of machine spun yarn invited a speedy decline, because it lost its own characteristic strong point. For instance, "*kawachi momen*, produced at Miyake-mura, Tampoku-gun, Kawachi Osaka long enjoyed popularity. It was produced by farmers in the village as their side line with the yarn spun in Kitatsurumura, Sumiyoshi-gun. However, since they came to use machine spun yarn and dyes of poor quality, the demand for it suddenly decreased. Besides, the price fell from 2.50 yen to 1.00 yen. Now, only 30 per cent of the producers continue "their production. (4) "Takayasu momen was famous for its strong texture. It used to be fit for *tabi* (socks), curtains, and *sakabukuro* (bag to strain sake). The demand for it was large and the price was high. However, as the number of producers who used machine yarn increased, the demand decreased and the price fell." (5)

When in 1885 Arakawa Kunizō, official of Home Ministry, investigated the conditions of the destitute people in Osaka prefecture, he reported that a greater number of poor people were found in Nishinarigun, Higashinari-gun, in the southern part of Yamato, and the southern part of Kawachi, the producing center of Kawachi momen. He gave *kawachi momen* as an example of the farmers' declining industry. Thus, *kawachi momen* home industry waned during the general economic depression caused by the liquidation of the government paper money. The liquidation of the great amount of government paper money, the land tax revision, and the abolition of feudal



fee system—the government policies which led to the primitive capital accumulation—were a big blow to the existing cotton textile industry all over the land. This is clearly shown in table No. 4. This tables hows the slump of the cotton textile industry in 1885 in various parts of the land, which had long been at ebb. In Kawachi-gun, the number of producers decreased by half and the number of workers decreased by 40 per cent. In Izumi-gun, Minami-gun, and Hine-gun in Osaka, the production decreased by 40 per cent. In Onsen-gun, Ehime prefecture, and in Gifu prefecture, the number of producers, workers and production remarkably decreased. This decline was attributable to the general depression and machine made textiles, as is shown in the Report on Ehime prefecture's Cotton Industry which states: "Recently the cotton industry of this district has almost lost its business, eclipsed by beautiful and cheap calico and *hanto momen*. The demand for our cotton has remarkably decreased despite the fact that it is very durable. The price has also fallen due to the depression."(7)

Thus, during the primitive capital accumulation period before

TABLE NO. 3: THE DEVELOPMENT OF  
COTTON SPINNING INDUSTRY

Year	Number of companies	Number of spindles	Total production (bales)
1883	16	43,704	11,628
1884	19	49,704	13,221
1885	22	59,704	15,881
1886	22	71,604	15,568
1887	21	76,604	23,159
1888	24	116,275	31,862
1889	28	215,000	67,046
1890	30	277,895	104,839

1890, due to the importation of foreign cotton or exportation of raw silk, the native silk industry and cotton industry underwent disintegration, a disintegration out of which rose the new Japanese textile industry.

THE TABLE NO. 4: THE COTTON INDUSTRY IN 1885

Prefecture	Number of producers	Decrease	Number of worker	Decrease	Amount of product (ten)	Decrease
Osaka : Otori Izumi	13,000				140,000	
Osaka : Others	15,565	6,246	29,610	17,868	1,219,960	670,357
Saitama	73	37	620	462	76,376	80,700
Aichi	476	133	4,454	665	430,078	175,933
Tottori	678	280	780	370	18,600	5,100
Shimane	12,214	845	15,893	4,689	110,583	41,505
Gifu	300	350	800	21,800	170,000	400,000
Hiroshima	2,192	628	6,447	2,887	89,450	42,350
Ehime	1,001	780	947	48	242,542	2,990
Kumamoto	250	50	270	20	3,415	1,409
Ōita	300	30	300	30	9,000	2,000

Note: From "General Condition of Japanese Industry in 1885" by Tsuchiya Takao; Gendai Kōgyōshi Shiryō; p. 1,252

References:

- (1) Gum'ma-ken Orimo no-gyō Enkaku Chōsasho; p. 32
- (2) Hompo Menshi Bōseki-shi; V. 6; pp. 189-190
- (3) Hompo Menshi Bōseki-shi; V. 4; p. 218
- (4) Osaka Nōji Chōsa; V. 9; p. 76
- (5) Ibid; p. 99
- (6) Meiji-Taishō Osaka-shi; V. 7; p. 802
- (7) Gendai Kōgyōshi Shiryō; p. 274



### E. Paper Industry

The Japanese paper industry, with its highly developed technique and its several hundred varieties, was rapidly popularized with the increase of production, but it was still controlled, directly or indirectly, by feudal lords under the special monopoly system of feudal governments. Accordingly the disintegration of the feudal system threw the paper industry into confusion for a time. In addition, the industry underwent a revolutionary change in the use of raw materials and the method of manufacture, due to the introduction of foreign paper manufacture.

A trial manufacture of foreign paper was made as early as 1871. Hyakutake Yasubei, an Osaka merchant, who went with Itō Hirobumi to the United States in 1870, bought a paper manufacture machine there. He set up the Yōhō Chosei Shōsha. This company ended in failure, because the machine was delayed in arrival. However, it was used later by another company for the manufacture of foreign paper.

The first foreign paper company was the Yūkōsha set up by Asano Nagakoto, Lord of Hiroshima, in 1874. The company started operation under the supervision and instruction of Thomas Waters, an Englishman in the employment of the Ministry of Finance. At first the operation did not go well, and when at last paper was manufactured, there was no demand for it for three years. In 1876 the Shiheiryō (Paper Money Bureau) of the Ministry of Finance placed an order with the company for paper for government bonds. When the Seinan Civil War occurred, the circulation of newspapers suddenly increased as did that of other publications. All these got the company off to a good start.

The second paper company was the Hōraisha. This company began operation in 1875 with the machine Hyakutake bought from the United States. The business changed hands several times, and its name altered accordingly: the Osaka Kami-Satō

Kaisha, the Osaka Seishijo, the Shimogō Seishijo and lastly the Nakanoshima Seishigaisha. This company produced paper also for the government's bonds and for newsprint, the demand for which increased with the Seinan Civil war.

The third one was the Shōshi Kaisha. It was set up, on Shibusawa Ei'ichi's recommendation and encouragement, by the Mitsui-gumi, the Ono-gumi and the Shimada-gumi with a capital of 100,000 yen. After buying a machine and inviting an engineer from overseas, they started operation in July 1875. In October, 1876 they succeeded in making paper. The Shiheiryō also placed an order with it from January, 1877 on. This company later became the Ōji Seishi Company.

The fourth was the Mita Seishijo. Hayashi Tokuzemon, the president of the rice exchange at Kakigara-chō (Tokyo), set it up in 1875. It barely managed to do its business by supplying the government with its paper for government bonds. In 1882 it was closed down.

The fifth was the Umezu Seishijo run by the Kyoto prefectural government. Makimura, governor of Kyoto prefecture, intending to start productive industry in Kyoto, set it up with the Imperial grant at Umezu-mura. He ordered a machine and invited an engineer from Germany. It started operation in 1876. When he found out that the company could not expect the government's purchase of its product, he decided to sell it through private sales agents. In 1880 a private business bought the company and renamed it as the Isono Seishijo.

Later, the German machine was replaced for an English one. It continued operation as the Umezu Seishi Kaisha.

The sixth one was the Kōbe Seishijo. It was first planned by a group of promoters who were connected with the Walsch Hall Firm (alias, Ameichi Shōkai). In 1879 the operation was started with cotton rags for pulp-material. Later, a paper making machine was imported. However, with the death of the proprietor, it was sold to the Iwasakis, and was named the Mitsubishi Seishijo:



The above-mentioned paper factories did their business by producing paper for government bonds and newsprint which came to be in greater demand at the Seinan Civil war. Just as the cotton spinning industry, this industry formed an association as early as 1880. At the instance of the Kōbe Seishi, the Ōji Seishi and the Osaka Seishi, a paper manufacturers' meeting was held in December 1880 to confer on such problems as the coordination in dealing in paper, and checking the importation of foreign paper. At the meeting, they agreed on the price of paper and decided to organize a paper makers' association like the Paper Makers' Association of America.

Besides the above paper makers, the Shiheiryō set up the Shōshi-kyoku (Paper Making Bureau) which succeeded in making paper from rice straw. In 1874 Tokuno Ryōsuke, chief of the Shiheiryō, intending to produce paper for bank-notes at home instead of importing it, planned to set up a paper making plant. A plot of land was bought and the building was started in 1876. It was completed in 1876. A trial manufacture was at once made. At first, paper artisans were invited from Echizen to produce hand-made paper. Later the plant was enlarged and a paper-making machine, an imitation of the one possessed by the Mita Seishijo, was installed. This machine was the first that was made in Japan. At the end of 1876 Tokuno Ryōsuke made a statement on the kinds of paper manufactured here and his plan of exporting paper to overseas market; "Originally the Shōshi-kyoku was set up for the purpose of supplying the government with paper for government bonds and bank-notes. However, as the method of making various kinds of paper have been invented here, these inventions shall be published for the benefit of paper makers. This will, I hope, reform the paper making technique and increase the production of paper for export, contributing much to the industrial development of Japan." (1) In the beginning, the demand for such foreign paper was very small, as it was outsold by imported paper. The number of factories and machines reached its peak in 1880 and then began

to decrease as is clear by table No. 5. After the Mita Seishijo was closed in 1882, no paper plant was newly set up until about 1890 when the paper making business began to thrive again.

In 1887 the Ōji Seishi increased its capital to 500,000 yen and set up its second plant in Tokyo. From this time on, the paper making business became active. The Tokyo Hanshi Kaisha was started with a capital of 10,000 yen at Minami Senjū. The Fuji Seishi (capital: 250,000 yen) was set up in Shizuoka prefecture, and the Yokkaichi Seishi (capital: 150,000 yen), in Mie prefecture in the same year. The Ōji Seishi set up its third plant at Kida, Shizuoka prefecture in 1889. In 1890 another paper company was created with a capital of 200,000 yen in Osaka. It was called the Abe Seishijo. A remarkable thing about this industry in this period was that the material for making paper was shifted from cotton rags to wood, making an epoch in the history of the paper industry of Japan. It was Ōkawa Heizaburō of the Ōji Seishi, who returned from his study in the United states, that first succeeded in making paper from wood by the sulphite process at the Kita plant.

The introduction and manufacture of foreign paper led, on the surface, to the confusion and decline of the native Japanese paper industry except for a short-lived active business in the manufacture of Echizen *hōsho* paper used for the government paper money. As a rule, however, Japanese paper is of superior quality, strong and tough enough to withstand any kind of strain so that there was a great demand for it, a demand which was different from that for foreign paper. Besides being used for patching, wrapping and binding things, it was used for various handicrafts such as paper lanterns, paper-covered lamps, and umbrellas as well as for paper screens and old style wood prints. It was a daily necessity with various uses. So, the demand for Japanese paper increased with the increased consumption of all goods after the Restoration. The Japanese paper industry was quite thriving till 1887. (2)

According to the Industry of Japan written by Mr. Rein, a



German geologist who stayed in Japan from 1873 to 1875, Japanese paper was manufactured at Ichikawa in Yamanashi prefecture and Makiya in Mino (Gifu prefecture). Besides these places, the book gives Mino, Tosa (Kōchi prefecture) Iyo (Ehime prefecture) Yamato (Nara prefecture) Suruga (Shizuoka prefecture) Izu (Shizuoka prefecture) Musashi (Tokyo) Echigo (Ni'igata prefecture) and Aki (Hiroshima prefecture) as the Japanese paper manufacturing centers. The annual production of Japanese paper in Tosa was 530,000 *soku* (X) of large sized paper; 2,989,000 *soku* of *hankiri* (half size paper used for letter writing) and 581,000 *soku* of *kasu-gami* (coarse paper), 7,026,000 *soku* in all. About 40 per cent of the hand-made Japanese paper was made in Tosa and Iyo areas. The production was, except for a few factories, a home industry with one or two

TABLE NO. 5: DEVELOPMENT OF FOREIGN  
PAPER INDUSTRY (1874-93)

Year	Number of companies	Number of plants	Number of machines	Amount of production (lbs.)	Amount of Sale
1874	1	1	1	35,035,000	
1875	4	4	4	178,000	
1879	6	6	5	1,697,075	
1882	5	5	5	4,260,919	3,824,839
1887	5	5	5	6,756,810	7,403,546
1889	6	6	7	6,778,149	7,004,045
1890	7	8	10	14,896,629	12,903,003
1891	8	9	11	18,181,802	17,492,298
1862	8	9	12	24,816,901	24,606,869
1893	9	10	13	31,102,192	30,462,475

Note: The table was taken from the Nihon Shigyō Sōran made by the Seishi-Rengōkai Chōsa.

(X) A *soku* = 1,000 sheets

paper making vessels at every household. As very poor farmers engaged in the manufacture of Japanese paper, they stopped their paper making work for several months during the warm season in order to do their dry-field farming.

At the First National Industrial Exhibition held in 1877, Japanese paper was exhibited along with foreign paper made at the Mita Seishi and the Shōshi Kaisha. The kinds of Japanese paper exhibited then were "*mino-gami* from Gifu, Echizen *hōsho* from Ishikawa, and other kinds of paper from Kōchi, Ehime, Shimane, Fukuoka, Ōita, Nagano, Aichi, Shiga, Mie, Hyōgo, Ibaraki, and Tochigi prefectures. Special kinds of paper exhibited were *fuji-seishi* (wisteria paper) and *matsukawa-gami* (pine bark paper) by Tochigi prefecture; *kantenshi* (agar-agar paper) by Kyoto; *waragami* (rice straw paper) by Fukushima and

THE TABLE NO. 6: AMOUNT OF IMPORTED  
FOREIGN PAPER

Year	Amount (lbs)	Price (yen)	Year	Amount (lbs.)	Price (yen)
1868	18,736	2,623	1880	1,048,607	151,845
1869	51,578	7,221	1881	1,128,015	157,922
1870	122,464	17,145	1882	1,356,943	189,972
1871	175,900	24,626	1883	1,455,456	162,469
1872	113,512	15,893	1884	1,104,542	132,182
1873	296,729	41,542	1885	1,186,538	130,572
1874	705,807	98,813	1886	2,367,118	222,262
1875	1,028,786	144,030	1887	4,267,592	381,754
1876	828,271	115,958	1888	10,069,133	751,624
1877	1,700,329	238,046	1889	4,254,025	341,195
1878	2,178,821	305,035	1890	10,391,814	705,571
1879	1,289,657	180,552			

Note: Taken from the Nihon Shigyō Sōran.



Aomori and *Kuwagami* (mulberry paper) by Kumamoto and Shizuoka. (3)

A characteristic of this revival of the Japanese paper industry was that the method of production was to some extent mechanized. A partial mechanization in the process of manufacture was began around 1877. In Okamoto-mura, Echizen, for instance, a roller-calender and a pulverizer (to mash material) were used for making improved Japanese paper in 1886, with about fifty workers employed. In 1895, there were about ten such plants.

Thus, the production of Japanese paper with a partial mechanization in its process developed along with the production of a large amount of foreign paper. The amount of foreign paper imported also increased till 1887, as is shown in the table No. 6.

References:

- (1) Tokuno Ryōsuke Den; p. 409
- (2) The Nihōn Shigyō Sōran
- (3) Ibid.

#### F. Sugar Industry

The sugar industry, which had developed in Ōsumi (Kagoshima prefecture), Satsuma (Kagoshima prefecture), Sanuki (Kagawa prefecture), Awa (Tokushima prefecture) and Izumi (Osaka prefecture), gradually declined with the increased importation of foreign sugar after the opening of foreign trade. In the ten years between 1867 and 1877, 565,000,000 lbs. of sugar was imported at a price of 29,580,000 yen. In 1880 Japan produced only 27,000 lbs. of sugar. (1)

Great quantities of sugar came to be imported since foreign sugar was cheap and much better than the sugar made Japan. Compared with other foreign countries, Japan's productive capacity was 1 to 5. (2) It was felt urgent, therefore, either to modernize the method of refining sugar or to improve the existing technique.

At the end of the Shogunate, Shimazu-*han* tried to modernize

the sugar refining method. In 1865 it purchased sugar refining machines, installed them at four plants in Amami Ōshima, and started producing sugar under the supervision of a foreign engineer. However, as all the materials, sugar cane and firewood as well as man power were requisitioned at the site, various grievances arose among the people. As the result, these refineries were closed one after another between 1860 and 1871 (3).

After the Restoration, in 1874 sugar refining machines were purchased from England and were installed at the Sanuki-Shido plant and the Osaka-Nakanoshima plant. At first it was intended that these two refineries operate in a division of labor system, the former to make crude sugar, and the latter to refine it. But actually they operated independently. Both refineries produced sugar of good quality, which was exhibited at the Second National Industrial Exhibition. It was praised as "being just like imported sugar both in color and crystallization. However, in those days brown sugar was in greatest demand, so its production took priority, especially since it was more profitable. Crystallized or white sugar became unsalable; so, in 1886 and 1887 these refineries were finally closed.

The failure in such trials of refining sugar can be traced to the fact that they tried to refine the crude sugar made in Japan, since Japan could not produce the raw material in quantities large enough for such modernized plants. That was why the Nakanoshima Seitōjo turned to crude sugar made in Taiwan in 1883. The Tokyo Satō Seisei Kaisha also started sugar refining with the raw material imported from Taiwan and China in the same year. It was clear that Japan had to obtain raw sugar from overseas if her sugar industry was to be firmly established. This was realized after 1890.

Along with such modernization of the sugar refining method, improvement on the native method of refining sugar was made, in crusher, earthen furnaces and fule. Crushers of stone were common until 1878 when an iron axle came to be used in Izumi area. As fuel, pine wood was chiefly used, but because of the



shortage and high price of pine wood, coal came to be used in Sanuki in 1879. With the use of coal, the furnace was also improved into a twin furnace. Later the furnace was further improved so as to save fuel.

With a view to avoiding the decline of the native sugar industry, the government encouraged the cultivation of sugar beets and cold-resistant canes called *ashiawa*, as well as the production of maple sugar. Sugar beets and *ashiawa* (canes) were cultivated in the northern part of Honshū and in Hokkaidō where no sugar cane had hitherto been grown as it was too cold. The government purchased machine for refining *ashiawa* from the United States. Many copies of these machines were made and distributed to all the sugar makers in each prefecture. For example, the Mita Nōgu Seisakujo manufactured many imitations of the cast-iron mill-wheel and the Cook evaporator, both imported from America. The Akabane plant also made imitations of the American lateral crusher and the evaporator. The government lent these imitations of American machines to all the sugar refiners in the country. These American-style machines were much more efficient than the native ones, but the people did not grow enough canes to feed these machines. So these machines were not used to full capacity. Worse still, there developed no division of labor between the canegrowers and the sugar refiners, a factor that hampered the development of sugar industry of Japan. (6)

As for sugar beets which were cultivated in Hokkaidō, the Mombetsu Seitōjo was set up by the government to refine beet sugar in 1880. The Sapporo Seitō Kaisha was set up in 1888. For the former, a machine was purchased from France which was later replaced by a German machine. In 1887, the business reached a paying basis and the plant was sold to a private enterprise, to be closed in 1896. The Sapporo Seitō Kaisha also used a German machine, but never became a paying business, so it also was closed in 1896.

Sugar production from *ashiawa* (canes) went out of business

in 1890. Maple sugar production, operated for a very few years was finally dropped. Thus, all the efforts to maintain sugar production in Japan ended in failure.

References:

- (1) Mento Kyōshin-kai Hōkoku; No. 3; pp. 138-39
- (2) Ibid; p. 147
- (3) Sasamori Gisuke; Nantō Tanken; p. 440
- (4) Dai-nikai Naikoku Kangyō Hakurankai (The Second National Industrial Exhibition) Report; p. 229
- (5) Shinobu Seizaburō; Kindai Nihon Sangyōshi Josetsu; pp. 307-308
- (6) Meiji-zenki Kangyō-jiseki Kirōku; v. 2, p. 1442

## II. THE LIGHT INDUSTRY BEFORE AND AFTER THE SINO-JAPANESE WAR

### A. The Cotton Spinning Industry

Machine cotton spinning, developed about 1887 tided the industry over the panic of 1890 by its first curtailment of operations and an expanded overseas market for its products. By 1890 the industry had begun to import raw cotton from India. Further, the abolition of the import duties on raw cotton and export duties no cotton yarn spurred on the rapid development of the industry. Faced with the panic of 1890, the Spinning Industry Association which embarked on the export of cotton yarn, started a movement for the abolition of the import duties and export duties in order to lower the cost of production. The movement bore fruit. The export duty on cotton yarn was abolished in July, 1894 and the import duty on raw cotton was revoked in April, 1896, in the face of strong opposition on the part of cotton growers at home.

The export of cotton yarn to Korea and China which had beed steadily increasing since 1890 was remarkably spurred on by such factors as the Japanese monopoly of Korean market



due to the victory over China; the opening of Sooshow and Hankow to trade with Japan by the Shimonoseki Peace Treaty; the acquisition of the right to navigate and trade along the Yangtze River; and the opening of the sea route to China stimulated by the Navigation Encouragement Act and the Ship-building Encouragement Act. As Table No. 7 clearly shows, the export of cotton yarn yearly increased almost ten-fold until at last in 1897, it surpassed the cotton yarn import. Particularly, the import of Bombay yarn suddenly dropped. The domestic yarn dominated in internal market except for a fine count yarn imported from England. In the Korean Market, the Japanese yarn occupied 87 per cent of the entire yarn imported at Inchon. In China, Japanese yarn surpassed the amount of Bombay yarn at the port of Tientsin. With such rapid expansion of overseas markets for Japanese cotton yarn, the cotton industry made rapid strides. As is shown in table No 8, the number of spindles increased from 354,000 in 1891 to 757,000 in 1896 and to 1,135,000 in 1900. The production increased from 145,000

TABLE NO 7: THE AMOUNTS OF COTTON  
YARN PRODUCTION, IMPORT AND EXPORT

Year	Amount of Production (bales)	Amount of Import (bales)	Amount of Export (bales)
1890	104,839	106,361	31
1891	144,980	57,792	108
1892	204,950	81,028	109
1893	214,758	64,684	1,053
1894	292,400	53,143	11,796
1895	366,689	48,683	11,776
1896	401,614	66,713	43,249
1897	511,236	53,636	140,116

Note: Taken from Naigai Mengyō Nenkan

bales in 1891 to 401,000 bales in 1896 and to 645,000 bales in 1900. This prosperous spinning business brought about an increased import of spinning machines, amounting to 125,000 yen in 1887 and to 5,400,000 yen in 1897.

TABLE NO. 8: DEVELOPMENT OF COTTON  
SPINNING INDUSTRY

Year	Number of Companies	Number of spindles (bales)	Production (bales)
1891	36	353,980	144,980
1892	39	385,314	204,950
1893	40	381,781	214,758
1894	45	530,074	292,400
1895	47	580,945	366,689
1896	61	757,196	401,614
1897	65	970,567	511,236
1898	74	1,146,749	644,504
1899	78	1,189,929	757,315
1900	79	1,135,111	645,432

Note: Taken from Naigai Mangyō Nenkan

Not only the increase in quantity of production but also the improvement in quality was remarkable. From 1892 on, the domestic demand began to show a tendency towards a fine yarn, which stimulated every spinning company to produce fine yarn. This trend established itself after the Sino-Japanese War. As is shown in Table No. 9, a great amount of fine yarn over forties came to be produced. The production of fine yarn resulted in shutting out Indian yarn which had hitherto been imported. The only yarn imported was fine yarn over forties from England. The rapid progress of the cotton spinning industry depending on overseas markets, however, had to cope



with various difficulties, such as the economic depression in Shanghai in 1897, the Chinese government's revision of customs duties on cotton yarn in 1898, and the out-break of the Boxer Uprising in 1900. These events seriously affected the cotton industry. It had to carry out its second curtailment of operations in 1899 and its third in 1900. In the course of the struggle to tide it over these difficulties, the centralization of capital progressed. The number of companies decreased from 79 in 1900 to 56 in 1902 and the number of plants from 83 to 80 accordingly.

With the abolition of the import duties on raw cotton, the cultivation of cotton in Japan rapidly declined, while the amount of raw cotton imported from India and other country rapidly increased. Particularly, more and more American raw cotton came to be imported. The American cotton was first imported, by way of trial, in 1886. At the time of the Sino-Japanese war, the amount was negligible, but it gradually gained upon the Chinese raw cotton as is shown in Table No. 10.

The importation of raw cotton from various countries created the so-called free market of raw cotton for Japan, which supplied the spinning industry with cheap material on the one hand and

TABLE NO. 9: AMOUNT OF COTTON YARN  
PRODUCTION ACCORDING TO DIFFERENT COUNTS

(Unit: kan)					
Year	Below 10s (bales)	Below 20s (bales)	Below 40s (bales)	Over 40s (bales)	Total (bales)
1892	344 (3.8%)	8,147 (93.8%)	287 (3.3%)	1	8,681
1894	681 (4.6%)	12,761 (87.3%)	1,029 (7%)	16 (0.1%)	14,612
1896	1,581 (6.1%)	22,204 (88.3%)	1,009 (4%)	3	25,124
1903	21,230 (2.1%)	53,025 (86.1%)	41,027 (5.1%)	38,474 (4.7%)	801,737

Note: From the Nihon Mengyō Hattatsushi by Sampei Takako

enabled it to develop the unique art of producing a mixed yarn of raw cotton produced in different countries on the other. This propelled the progress of the Japanese cotton spinning industry.

However, this entire dependence on foreign raw cotton also meant the weakness of the industry; so every effort to secure raw cotton within the sphere of Japanese influence was continuously made. Experiments and researches were made several times after 1894 in an effort to get an increased harvest of raw cotton or to discover the kind of cotton best suited for spinning. Trial cultivation of cotton plants was made in Fukien in China in 1900 and in Taiwan in 1902. All these efforts ended in failure.

TABLE NO 10: SHIFT IN IMPORT OF  
RAW COTTON

Year	Chinese Cotton	Indian Cotton	American Cotton	Total
1887	65,345	7,309	81	72,735
1892	438,752	363,132	91,853	893,737
1897	489,334	1,383,112	347,737	2,229,183
1902	780,644	1,805,230	731,800	3,317,674
				(Egyptian cotton included)

#### B. Raw Silk Industry

It was after the Sino-Japanese War that raw silk industry came to have a capitalistic management of plant production with more than ten silk girls. According to the Second National Survey of Silk Reeling Plants in 1896, the silk plants with more than ten reelers produced 62.4 per cent of the entire silk,



consuming 56.6 per cent of the entire cocoons. These plants had, on an average, 61.4 boilers, and 44.1 silk girls. As for the motive power, 28.6 per cent of them used steam power, 37.1 per cent used water and 34.3 per cent depended on human power. For heating cocoons, 52.8 per cent used steam and 47.2 per cent boiled them over on open fire. 78.7 per cent of the entire raw silk was machine produced and the rest was made by *zakuri*.

As is shown in Table No.11, in 1890 machine production was steadily gaining ground over *zakuri* production. The number of machine plants amounted to three or four times the number of *zakuri* plants. Table No. 12 shows that already in 1895, the amount of production by machine was greater than that by *zakuri*, and in 1903 it doubled the production by *zakuri*.

After the Sino-Japanese War, many large scale silk production enterprises arose one after another, such as the Katakura-gumi (set up in 1895) the Gunze-gumi (in 1896), the Okaya Seishi (in 1897) the Tomioka-kan (in 1898) and the Kaikoku-kan (in 1900). Some of them had plants with over 1,000 boilers. Particularly, the Katakura-gumi, which started operation in 1880 as the Kaitō Seishi, in Nagano prefecture, had plants at various places, their boilers amounting to 6,000 in all. The Gunze, another large company, was set up by all the silk producers in one county with its plant at Ayabe, Kyoto.

TABLE NO. 11: THE NUMBER OF MACHINE PLANTS AND OF ZAKURI PLANTS

Year	Number of Plant			Number of Plant with less than 50 reelers		
	Machine	Zakuri	Total	Machine	Zakuri	Total
1893	2,602	601	3,203	2,129	542	2,671
1896	2,283	617	2,900	1,480	474	1,954
1900	2,072	594	2,666	1,269	404	1,673

Note: From Nihon Sanshigyō Shi; v. 2 p. 428

TABLE NO. 12: THE AMOUNT OF PRODUCTION  
BY MACHINE AND ZAKURI

(Unit: 10,000 kan)		
Year	Machine	Zakuri
1893	58	64
1895	90	69
1897	83	70
1899	93	82
1901	103	71
1903	116	68

It was a long time before machine reeling developed into a modern technological production. For one thing, there was difficulty in mechanizing the process of reeling. Another difficulty was that the Japanese silk industry, which chiefly depended on cheap labor, could not easily drop the manual skill. Consequently, machine reeling could not absolutely replace *zakuri* reeling. Even large scale *zakuri* plants with from 100 to 500 reelers were set up while the number of small scale *zakuri* plants with less than 50 silk girls decreased just as in the case of machine production. However, it cannot be denied that the absolute amount of production by *zakuri* was decreasing yearly.

Despite the fact that the plant-production of silk developed about the time of the Sino-Japanese War, there still existed a great number of silk producers on a home industry scale. According to the *Nōshōmu-Tōkei-hyō* (Statistics made by the Ministry of Agriculture and Commerce), the number of silk farming households increased from 331,857 in 1894 to 424,988 in 1900. Such silk farming households extended from Hokkaidō to Okinawa, with a particularly large number in Fukushima, Yamagata, Akita and Miyagi prefectures in the Tōhoku district;



in Gum'ma, Saitama, Tokyo and Kanagawa prefectures in the Kanto district; in Nagano, Yamanashi, and Ni'igata prefectures in the Chūbu district and in Shiga, Tokushima, Kōchi, Saga and Kumamoto prefectures. Gum'ma and Fukushima prefectures had the greatest number of such farmers. The silk guilds that developed in these two prefectures consisted of silk-farming households.

The farmers who produced silk in this domestic industry system were inevitably under the control of enterprising men. This control system was called *degama* or *kamagake seido*. It developed thus: With the progress of machine reeling, the cocoons had to be strictly selected for it, so that a great number of cocoons were left out of selection. Enterprising people who were called *zakuriya* bought these low quality cocoons and had farm-households reel silk from them. The farm households were paid for the work by the piece. Some *zakuriya* had dupion cocoons reeled into silk by farm households instead of low-grade cocoons. In Gum'ma prefecture, some *zakuri* plants carried on "degama." According to the *Maebashi Hanjōki*, "there are three grades of silk producers. A high class producers keeps fifty or sixty silk girls at his home and two or three hundred farming households to do the reeling for him. There are many such big producers, but if one keeps thirty or forty silk girls at home and has fifty or sixty farming households to do the work for him, he belongs to the high class producers. The middle class producers generally keep four or five silk girls at their homes and have six or seven farm households to do reeling for him."

### C. Textile Industry

The textile industry made remarkable progress after the Sino-Japanese War by a combined management of the spinning and textile business. For instance, in 1890 the Osaka Spinning Company combined with the Osaka Textile Company, making

it the branch plant of the company. In 1874 it equipped the plant with 1,200 automatic looms purchased from the United States, with the result that the production of this company suddenly leaped as shown in Table No. 13. From this time on, unbleached calico, unbleached shirting, twilled fabrics, *tenjuku* cotton cloth, and *unsai* fabric were produced exclusively by machine. Further, when the revision of tariff duties was realized in 1899, the import of cotton textiles decreased in amount. Some large plants began to produce broad cloth.

It must be noted, however, that all this development of the modern textile industry was attained through the military demand. In 1890, the Osaka Spinning and Textile Company planned to produce a cotton cloth called *kokura ori* for military uniforms. During the Sino-Japanese War, the company engaged exclusively in the production of cloth to meet the demand of the War Office. The Konagigawa Textile Company also got orders from the Army and the Navy Offices. This military demand relieved the company of its great problem, for it could

TABLE NO. 13: THE DEVELOPMENT OF COMBINED  
MANAGEMENT OF SPINNING AND TEXTILE  
BUSINESS (1890-1901)

Year	Numbers of looms	Amount of cotton production
1890	400	
1895	583	
1896	1,789	
1897	2,105	
1898	2,511	28,652,016 (yds)
1899	2,869	32,589,680
1900	3,010	38,230,120
1901	3,289	47,935,347

Note: This is taken from the Naigai Mengyō Nenkan 1942 edition.



then dispose of its stock pile, resulting from the suspension of exports to China due to the Boxer Uprising in 1900. The Tem'ma Textile Company also supplied the War Office with its products after 1899.

The development of such a large scale combined management of the spinning and textile businesses inevitably brought about the decline of small-scale home industry production. In 1897 in Osaka the number of cotton textile producers amounted to 19,375, with 4,247,000 yen's worth of production, 23.6 per cent of which,—1,005,000 yen's worth—was produced by the three large companies—the Osaka Spinning, the Kanakin Seishoku, and the Temma Orimono.

In 1902, "cotton industry declined, outsold by machine made calico and *tenjuku* in Fukui prefecture; the native hand weaving cotton industry declined and the production of cotton cloth decreased in Ishikawa prefecture; the production of cotton cloth for private use or for piece rate payment decreased in Okayama prefecture; and in Hiroshima prefecture, too, although the production of white cotton cloth, cotton cloth for lining material, and sailcloth used to be a side line of farming households, machine production of such cloths deprived farming households of their side line." (1) However, striped cotton remained as an important item of home industry till the Russo-Japanese War. After that, the striped cotton cloth industry for domestic market developed the use of power looms.

For example, Banshū textile industry (striped cloth) suffered a severe blow in the depression resulting from the liquidation of the government paper money, but as the boom followed the depression, the number of cotton producers reached 100,000, some resuming their former work, and others starting a new business. Particularly, after they began to use machine-spun yarn, could they boost their production. Furthermore, Toyoda-power looms, which were first used by producers in Nishiwaki in 1899, rapidly spread among the cotton textile producers of the area. In Chita area, too, the cotton industry shifted from

home industry to the power loom system in 1898. After 1907, electric power came to be available. As a matter of fact, the use of power looms as was seen in these areas did not prevail in other parts of the land till after the Russo-Japanese War.

In the field of silk textile industry before and after the Sino-Japanese War, the production of export *habutae* was remarkably boosted in Ishikawa and Fukui prefectures. For instance, in Ishikawa prefecture, the number of silk textile manufacturers (employing over 10 workers) increased from 14 in 1891 to 43 in 1895 and to 139 in 1899. (2) In those days, home industry was still predominant, occupying 45 per cent of the entire number of producers. These producers on home industry scale were controlled by big merchants or middlemen. Some were working directly for silk industrialists.

It was after the Russo-Japanese War that the silk textile industry in the domestic-industry-system developed into a large scale manufacturing system. Power looms had to be invented, however, before such large scale management could come into existence. In 1898 Saitō Sotokichi, of Tsuruoka, Yamagata prefecture, invented the Saitō-shiki power loom for silk textile. Another man, named Tsuda Yonejirō of Kanazawa, invented the Tsuda-shiki silk power loom in 1900. After this, various power looms came to be made, all modeled after these two power looms. As a matter of fact, these Japanese power looms were not half as efficient as the Western looms, but because of the cheaper prices, their use rapidly spread all over the land after 1902. The use of these cheap Japanese power looms paved the way for the development of large scale production.

The silk industry for the domestic market, such as Nishijin and Kiryū textile industry, took quite a different course of development. As a whole, home industry was predominant.

As is shown in Table No. 15, the traditional home industry of silk textile as well as cotton textile reached its peak in the number of looms in 1900. After that modern plant production gradually replaced home industry.



TABLE NO. 14: DEVELOPMENT OF TEXTILE INDUSTRY (1894-1902)

Year	Number of Producers	Number of looms	Number of workers	Amount of production	Cotton textile
1894	606	820	943	¥ 71,365,000	¥27,168,000
1897	665	947	1,041	122,482,000	42,453,000
1902	302	710	772	151,187,000	56,165,000

TABLE NO. 15: NUMBER OF LOOMS OPERATED BY SMALL PRODUCERS (NON-COMBINED MANAGEMENT)

Year	Power looms for narrow cloth	Hand looms	Total
1899	32,643	711,895	744,537
1900	26,253	743,717	769,970
1901	16,351	703,199	719,550
1902	17,898	692,497	710,395
1903	24,898	692,497	624,095

The woolen textile industry also made remarkable progress after the Sino-Japanese War. The Senjū Seijūjo run by the government initiated the woolen textile production in Japan. The first of the private woolen textile producers was the Gotō Keori Seizōjo set up in 1881. The development of woolen textile industry actually came after 1887. In this year, the Tokyo Keito Bōseki Kaisha and several other companies were set up. Stimulated by the out-break of the Sino-Japanese War and the abolition of the import duties on raw wool, many new woolen textile companies were set up and the existing ones expanded their business with an increase of capital. For example, the

Tokyo Suije Kaisha, increasing its capital to 1,000,000 yen, added the manufacture of blankets and flannel to its business. The Osaka Keito Bōseki Kaisha which had long been in financial difficulty was reorganized into the Nihon Flannel Kaisha with a capital of 500,000. In 1896 the Osaka Muslin Kaisha and the Tokyo Muslin Kaisha were set up, both with a capital of 1,000,000 yen. In addition, several other woolen textile enterprises were started at this time.

Now, the Japanese woolen textile industry began to produce thick woolen cloth (rassen), mohair, flannel, blankets, muslin and knitting wool, almost all the woolen stuffs in demand at home. However, the crude and poor technique of producing woolen goods could not check the importation of woolen goods from overseas. Thus, imported woolen goods still predominated the Japanese market.

#### D. Sugar Industry

The founding of the Nihon Seitō Kaisha and the Nihon Seiseitō Kaisha in Osaka and Tokyo at the same time in 1895 marks the stage in which the Japanese sugar industry using overseas material was firmly established. The trial refining of sugar was made in 1890. In the next year, Suzuki Tōzaburō set up the Suzuki Seitōjo. He invented a refining machine, with which he refined the crude sugar imported from Hongkong and the South Seas. This was reorganized into a company-system in 1895. Thus, the Nihon Seiseitō Kaisha was born. Before the Nihon Seitō Kaisha was set up, Sano Tsuneki was sent to the South Seas in 1889 to inspect the sugar conditions there. Based on his report, the Sugar Industry Investigation Committee was organized in 1894, and developed into the Nihon Seitō Kaisha in 1895. The company refined the crude sugar imported from the South Seas, especially from Dutch Java. This greatly decreased the mount of sugar imported from Hongkong.



In the same year, the Yaeyama Seitō Kaisha was set up by a sugar business man. In his struggle to save his financial deadlock at home by exploiting Yaeyama island, Nakagawa, Toranosuke, a sugar industrialist of Awa (Tokushima prefecture) opened the Nakagawa Plantation in 1892 in Yaeyama island of Ryūkyū, which he operated on a large scale using Western farming implements. In 1895, he enlarged his plantation and set up the Yaeyama Seitō Kaisha. He produced both white sugar and brown sugar in his plant equipped with semi-Western apparatus. However, he was forced to close his business in 1898.

In the meantime, Japan came into possession of Taiwan, through the Sino-Japanese War, which resulted in the modernized establishment of the Japanese sugar industry. As soon as Taiwan became Japanese territory, The Government-General of Taiwan planned to develop the sugar industry there. It ordered superior varieties of sugar cane from Hawaii, and made a trial cultivation of them in Taiwan, or purchased good seeds from overseas and distributed them to the cane-growers. In 1900, by the assistance of Governor-General Kodama, the Taiwan Seitō Kaisha was set up with a capital of 1,000,000 yen. It placed an order for its main equipment with a foreign maker. In 1902, it started operation with the old machines which Nakagawa Toranosuke purchased from the Mombetsu Refinery in Hokkaidō. "At first the operation did not go well. The Sugar produced there was very crude, quite unlike the sugar it produced later."(5)

Nakagawa Toranosuke who failed in his enterprise at Yaeyama, now moved into Taiwan. He set up a plant for crude sugar in 1902 and then a refinery. However, he could not stand to see the native sugar industry outsold by the newly rising industry with imported crude sugar. He advocated an increase of import duties on crude sugar and on white sugar for the protection of the native sugar industry. For this reason he even sacrificed his business in Taiwan. Thus, the Tainan Nakagawa Seitōjo

was closed in 1904.

It was a long time, however, before the modern sugar industry was established. Nitobe Inazō, Chief of the Industrial Bureau, presented the *Tōgyō Kairyō Ikensho* (Recommendations on the Improvement on the Sugar Industry) to the government in 1901. In these recommendations he suggested, while recognizing the necessity of establishing large scale plants, the improvement on the existing native sugar-producing plants as expedient until transportation facilities became available. Following this recommendation, the *Tōgyō Shōrei Kisoku* (The Rules for Encouragement of the Sugar Industry) was published in 1902. In 1905, improvement was made on fifty-five sugar producing installation, reequipping them with iron sugar crushers. From 1902 to 1904 seven refinery companies were set up—Ishin, Shinko, Kadagumi, Mato, Ensuiko, and Tainan—with the support of the Government-General of Taiwan. All these companies were small scale enterprises with capital ranging from 60,000 yen to 350,000 yen and with the number of workers ranging from 10 to 60. Most of the capital came from the native Chinese. At first none of these refineries prospered. The modern sugar industry was firmly established only after the reorganization and enlargement of the Taiwan Seitō Kaisha, which set up modernized large scale refineries with the capital investment of the businessmen in the home land.

The refining industry which had been developing with imported sugar in the home land augmented by the crude sugar produced in Taiwan gave new impetus to the entire sugar industry of Japan. This naturally brought about a decline in the production of native sugar. For instance, in Sanuki large scale crude sugar producers using manual labor managed to maintain their business till 1907, when one after another they had to shut down. (8) In Hyūga, too, such sugar companies as the Hirose Jusansha, the Tōgō, the Takanashi and the Tonō, were set up about 1888, but they were all liquidated by 1903. (9) At the Fifth National Industrial Exhibition, it was suggested that "the native sugar



industry had better drop the business of refining sugar and be devoted to the production of molasses and raw sugar, leaving the work of refining to better equipped refineries. The cooperation of the producers and refiners is most important to the sugar industry of Japan." (10) The native sugar industry, however, could not even manage the production of molasses or raw sugar profitably, and all these producers went out of existence, except the producers of malasses in the Ogasawara islands and of raw sugar in the Amami Ōshima and Okinawa.

### 5. Paper Industry

During and following the Sino-Japanese War, due to the sudden increase in the circulation of newspapers and the publication of other reading matter, the demand for foreign paper rose accordingly. In 1896, the Tohi Seishi Kaisha was set up with a capital of 1,000,000 yen in Kyūshū; (11) in 1897 the Fuji Seishi opened its second and third plants; in 1898 the Abe Seishijo in Osaka built a large plant and the Yokkaichi Seishi completed its Shibakawa plant. Furthermore; the Ōji Seishi opened its Chūbu plant in 1899; in 1900 the Maeda Seishi Kaisha was set up with a capital of 150,000 yen in Hokkaidō, where clude sulphite pulp was made. Likewise, the other existing paper companies increased their capital, enlarged their plants and installed new machinery; also, the government paper office installed new equipment in its plant. As is shown in Table No. 16, this greatly increased the amount of paper production from 1894 to 1903. Now, except for Kraft paper and slick paper which had to be imported, newsprint, printing paper, vellum paper, art paper, machine made-Japanese paper, and cardboard came to be manufactured in Japan. Still the amount of imported paper increased, due to the increase in demand, which far surpassed the production, as is shown in Table No. 17.

The post-war depression of the Sino-Japanese War to some

TABLE NO. 16: DEVELOPMENT IN THE PAPER INDUSTRY (1894-1903)

	Number of companies	Number of plants	Number of machines	Amount of production (pounds)	Amount of sales (pounds)
1894	9	10	13	36,392,800	34,510,112
1895	10	11	14	38,032,515	38,104,225
1896	10	11	14	40,256,430	39,373,081
1897	9	10	17	38,922,616	37,978,363
1898	10	13	22	45,254,890	41,085,314
1899	11	15	26	63,438,429	63,994,894
1900	11	15	26	78,378,784	74,349,441
1901	11	15	32	88,987,583	84,351,079
1902	11	15	32	103,919,429	90,380,017
1903	12	16	34	103,256,748	119,414,598

Note: From Nihon Shigyō-Sōran; pp. 23-24

TABLE NO. 17: AMOUNT OF IMPORTED PAPER (1894-1903)

	Amount (pound)	Price (yen)
1894	6,451,218	688,186
1895	7,454,118	818,539
1896	17,710,723	1,496,622
1897	21,169,369	1,639,451
1898	53,941,738	3,344,133
1899	20,616,453	1,931,489
1900	48,419,222	4,363,287
1901	23,476,397	2,213,875
1902	38,009,088	3,705,533
1903	33,578,414	3,105,144

Note: From Nihon Shigyō Sōran; p. 31

extent unsettled the price of paper and the paper industry; but it was able to survive the panic easily since there had been no reckless creation of new companies during the boom as was the case with other industries. From 1902 on, the industry



launched a new development, using wood from the forests in Hokkaidō.

The export of foreign paper was first made to Shanghai in 1896, which gradually increased in amount as is shown in Table No. 18.

TABLE NO. 18: EXPORT OF FOREIGN-PAPER

	Amount (pound)	Price (yen)
1896	622,804	54,705
1897	496,904	67,888
1898	568,719	58,792
1899	3,333,365	274,666
1900	2,215,817	228,497
1901	2,454,080	251,898
1902	3,485,749	318,385
1903	5,744,851	739,219

The consumption of Japanese hand-made paper decreased as the introduction of western civilization into Japan (around 1890) greatly changed the Japanese mode of life: paper umbrellas and paper-covered lamps were replaced by cloth-umbrellas and Western lamps, and wood printing gave place to press-printing and lithography. However, the demand for foreign paper for textbooks of elementary schools, Japanese letter paper (*hankiri*) and *mino-gami* continued to increase till the Sino-Japanese War. After the war the production of foreign (type) paper increased with an accompanying drop in price, with the result that expensive hand-made Japanese paper gradually gave place to machine made paper.

For instance, the number of the producers of Japanese paper throughout the country in 1894 was 62,685. Kōchi prefecture had the greatest number of producers with 7,313, and Shimane, Yamaguchi, Gifu, Ehime, Nagano, Shizuoka, Tottori, Toyama, Miyagi, Saitama and Ibaraki prefectures had over 1,000 producers each. (12) These producers were all engaged in the manufacture

of paper by hand, and were called "small scale paper manufacturers by manual labor." (13)

Table No. 19 shows the conditions of the paper industry in Nagano prefecture. About 1891, because of the economic depression and the great earthquake in the Mino area, the business was at its lowest ebb; however, it gradually recovered and after the Sino-Japanese war it reached its highest stage of prosperity, unprecedented in the history of the paper industry in this prefecture. (14) In the meantime, the technique of paper manufacture was imported in various ways: (1) the scale of production was enlarged, (2) *kyokushi* (durable paper of superior quality used for diplomas and bank-notes) and copy paper (thin paper for duplicates) came to be manufactured, (3) the bank of *mitsumata*-trees was substituted for bank of *kōzo* trees (4) wood pulp came to be mixed with true bark and (5) more and more producers came to use pulverizers to grind the materials. However, on the whole, the paper industry still continued as a home industry, operated by manual labor. "The production of Japanese paper by hand in this prefecture was carried on by a

TABLE NO. 19: CONDITIONS OF JAPANESE  
PAPER PRODUCTION IN NAGANO PREFECTURE

	Number of producers	Number of workers	Amount of Production (soku)	Price (yen)
1881	4,192	10,163	183,956	253,614
1883	4,115	—	497,472	—
1885	2,613	5,423	551,732	181,971
1887	2,718	6,072	152,223	227,941
1889	3,294	6,977	180,628	428,612
1891	2,903	6,518	162,658	330,055
1893	—	—	—	—
1895	3,531	—	240,446	1,102,960
1897	3,724	—	317,244	1,871,709
1899	4,457	11,071	—	1,081,627
1901	4,553	14,099	—	1,157,356
1903	4,708	14,552	237,474	1,073,652

Note: 1 soku=200 sheets

From Gifu-ken Tesuki-gami Enkakushi, pp. 239-240



domestic industry system. While all other industries came to have plants, the Japanese paper industry alone remained unchanged. There were some, however, who manufactured paper in mills, but the apparatus they used was the same as that used in home industry. One of the largest paper plants in 1893 had fifteen paper making vessels, three large boilers, a water mill, a roller and a pulveriser, manned by over one hundred workers. (16)

Thus, in those days, the Japanese paper industry could hold its ground despite the rapid progress of foreign paper manufacture. It must be noted, that the Japanese paper industry adopted the technique of foreign paper manufacture by mixing wood pulp with the bark of trees, and showed a tendency toward the unification of the methods of foreign paper and Japanese paper manufacture.

Reference:

- (1) Maebashi Hanjōki; Gum'ma-ken Sanshigyō Enkaku-chōsasho; pp. 414
- (2) Horie Ei'ichi; Kindai-Sangyōshi Kenkyū, p. 94
- (3) Osaka-shi Shuyō-kōgyō Kaisha Enkaku-shirabe: owed by the Osaka-shi Keizai-kenkyūjo
- (4) Kanjinshi Mitsuhaya; On Yaeyamatōgyō Kaisha; pp. 652-655
- (5) Yamamoto Teijirō; Waga Tōgyō no Ranchō-jidai; pp. 22 no 11-13
- (6) Nakagawa Toranosuke; Tōgyō Seisaku Sankōsho-shu; pp. 55-57
- (7) Shinobu Seizaburō; Kindai Sangyōshi-josetsu; pp. 337-345
- (8) Kamata Hisa'aki; Keizaishi-kenkyū: Sanuki no Seitōgyōsha-Shiboriya ni tsuite; 18-3; pp. 43-45
- (9) Kindai-Nihon Sangyōshi-josetsu; pp. 246-247
- (10) Dai Gokai Naikoku Kangyō Hakurankai Hōkoku 3-5; pp. 8-9 It became the Kyūshū Seishi Kaisha in 1903
- (11) Yoshi Genta; Nihon Seishi-ron; Tesukiwashi-kō; pp. 12-14
- (12) Ibid; p. 11

- (13) Gifu-ken Tesukigami Enkakushi; p. 241
- (14) Ibid; p. 278
- (15) Ibid; p. 285

### III. THE LIGHT INDUSTRY BEFORE AND AFTER THE RUSSO-JAPANESE WAR

#### 1. THE COTTON SPINNING INDUSTRY

The characteristic phases of the cotton spinning industry before and after the Russo-Japanese War were the progress of the centralization of capital, that is, the formation of monopolistic enterprises, and the initiation of a spinning industry in China with Japanese capital.

The tendency toward monopolistic enterprises first appeared during the post war depression of the Sino-Japanese War. The Ise-Chūō-Bōseki bought out the Mie Bōseki in 1896; the Hino-Bōseki combined with the Noda Bōseki in 1898; the Tem'ma Bōseki and the Asahi-Bōseki were merged into the Gōdō-Bōseki in 1899; and the Mi'ike-Bōseki, the Kurume-Bōseki and the Kumamoto-Bōseki were incorporated into the Kyūshū-Bōseki. The Kanegafuchi-Bōseki bought out the Shanghai-Bōseki and the Awaji-Bōseki in 1899; the Settsu-Bōseki bought out the Yamato-Bōseki and the Hirano-Bōseki in 1902; the Fukushima-Bōseki annexed the Fukuyama-Bōseki and the Imabari-Bōseki in 1903.

After the Russo-Japanese War, this trend became even more noticeable. The Mie-Bōseki bought out the Nagoya-Bōseki and the Owari-Bōseki in 1905; the Ōsaka-Bōseki absorbed the Kana-kin-Bōseki and the Shiraishi-Bōseki in 1906; the Mie-Bōseki bought out the Tsushima-Bōseki, the Chita-Bōseki, the Kuwana-Bōseki and the Shimotsuke-Bōseki. The Kanegafuchi-Bōseki annexed the Nihon-Kinuito-Bōseki; the Bizen-Bōseki, and the Asahi-Bōseki; and the Fukushima-Bōseki bought out Taisei-Bōseki, the Kasaoka-Bōseki and the Harima-Bōseki.



The condition of the cotton spinning industry before and after the Russo-Japanese War may be seen in Table No.20. In spite of the two-fold increase in the number of spindles and the amount of production, the number of companies began to decrease from 79 in 1900 to 34 in 1911. A small number of large companies established their monopolistic positions because of the depression after the Russo-Japanese War and the decrease of cotton yarn export to China, due to the fall in the value of silver. From 1908 on, the spinning industry had to carry on a curtailment of operations for a long time under the strict control of the Spinning Association. By 1913 the seven largest companies—the Osaka-Bōseki, the Mie-Bōseki, the Settsu-Bōseki, the Amagasaki-Bōseki, the Fuji-gasu-Boseki, and the Osaka-Gōdō-Bōseki—had 57.7 per cent of the entire paid-up capital, and 58.7 per cent of the whole number of spindles out of the forty-four spinning companies that composed the Spinning Association.

The development of the spinning industry after the Russo-Japanese War was characterized by the improvement in the quality of its products and by the export of cotton textiles instead of yarn. In competition with British yarn both in domestic and overseas markets, the industry began to produce fine yarn, similar to the British yarn. With the tariff-revision in 1906 and in 1911, and the opening of markets in Korea and Manchuria, the industry greatly increased its exports to these areas. Above all, calico and shirting, which had been the main items of import, were now produced and exported to these areas. For instance, the Mie-Bōseki, the Ōsaka-Bōseki and the Kanakin-Bōseki which organized the San-ei Kumiai (Association of three prosperous companies) in 1906 almost monopolized the Korean market. Another association composed of these same three companies and the Tem'ma-Bōseki and the Okayama-Bōseki tried to expand the market in Manchuria by tying up with the Mitsui-Bussan. As a result, about 1910 Japanese cotton goods exceeded the cotton goods of other countries in these two areas.

As is shown in Table No. 21, the amount of cotton goods

exported surpassed the amount imported.

TABLE NO. 21: DEVELOPMENT IN EXPORT OF COTTON YARN AND TEXTILES (UNIT: 1,000 YEN)

	Percentage of cotton in total exports	Cotton Yarn		Textiles		Calico, Shirting & Tenjiku
		Import	Export	Import	Export	
1897	9.0%	9,881	13,490	9,612	2,512	412
1906	12.0%	4,685	35,304	19,845	15,617	7,964
1909	11.9%	961	31,657	14,907	17,672	7,926
1911	16.0%	684	43,239	15,077	28,684	7,922
1913	16.7%	466	72,089	10,084	33,606	13,204

Note: From Nihon Mengyō Hattatsushi by Sampei Takako; p. 143

The export of capital to China and Korea in the cotton spinning field developed after the Russo-Japanese War. By the Shimonoseki Treaty after the Sino-Japanese War, Japan acquired the right to carry on industrial enterprises in China and acquired the right to invest its capital there. The Tōka-Bōseki and the Shanghai-Bōseki which were planned in 1896 to be set up in Shanghai were not realized due the unsolved tax-problem on their products. A part of the spinning machines of the Tōka-Bōseki were sent to the Mie-Bōseki and the Shanghai-Bōseki was annexed by the Kanegafuchi-Bōseki. Thus the first chance for capital export was gone. In the meantime, Western capital made inroads into China; spinning factories were set up and railways were laid with capital from the countries of the West. Japanese industrial expansion in China was realized after 1902 when the Mitsui Bank bought out the Ta-shun-Bōeki and converted it into the Shanghai Plant No. 1.

After the Russo-Japanese War, the political expansion of Japan into Korea and Manchuria brought about a full scale export of capital to these area. Japanese capital laid railways,



and started iron works. Spinning factories came to be set up in China with Japanese capital. During the Meiji Era, however, only the Naigai-men Company set up a plant with 20,000 spindles in Shanghai in 1911. Even after World War I, three Japanese companies—the Naigai, the Shanghai and the Nikka—had ten plants with only 400,000 spindles all together. It was around 1925 that the Japanese spinning industry expanded its business in China in rivalry with the British and Chinese industries.

## 2, RAW SILK INDUSTRY

The raw silk industry suffered a severe blow by the Russo-Japanese War. After the war, however, due to a big demand in the United States, and the development of raising summer and autumn silk worms, silk industry by machine reeling made great progress. During the years from 1905 to 1914, the amount of raw silk production increased two-fold, from 1,950,000 *kan* (X) to 3,760,000 *kan*. This increase was made by machine reeling while *zakuri* reeling gradually decreased from 1910 on. As is shown in Table No. 22, the machine reeling plants with less than 50 reelers gradually decreased to 50 per cent of the entire number, while the *zakuri* plants with less than 50 reelers increased to 90 per cent. Machine plants with more than 100 boilers greatly increased and many plants had 500 to 1,000 boilers. Thus, machine reeling became predominant. Machine reeling developed gradually from the beginning of the Meiji Era. In 1885 although the real mechanization with automatic reeling was yet to come, Mihogawa Naozaburō's invention of a reeling machine which was exhibited at the Fourth National Industrial Exhibition marked an epoch. In 1903 at the Fifth National Industrial Exhibition Mihogawa Naozaburō exhibited his invention of twelve line-*jikikuri* (direct reeling) machine, and Tanaka Bunsuke in the preceding year marketed his automatic reeling machine. In 1904 Mihogawa Naozaburō invented a twenty-line

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(X) 1 *Kan* = 3.75kg

direct reeling machine. However, it was in the Shōwa Era that machine reeling was popularized.

TABLE NO. 22: NUMBER OF MACHINE PLANTS  
AND ZAKURI PLANTS

	Total Number of Plants			Plants with Less Than 50 Reelers		
	Machine plants	Zakuri plants	Total	Machine plants	Zakuri plants	Total
1905	2,320	1,074	3,394	1,423 (61%)	654 (60.89%)	2,077
1908	2,385	845	3,230	1,339 (56.14)	769 (91.01)	2,108
1911	2,491	1,039	3,530	1,422 (57.09)	972 (93.55)	2,394
1915	2,260	761	3,021	1,422 (50.58)	674 (88.57)	1,817

Note: From Nihon Sanshigyō-shi; v. 2; p. 428

What hampered the development of mechanization of reeling plants was partly the difficulty of getting cocoons of high quality, but a greater and more fundamental reason was the fabulously low wages of silk girls. In the raw silk industry the wages of silk girls were so low that it was more profitable to employ many silk girls than to purchase a reeling machine at a high cost. Many raw silk producers were imbued with this idea and adhered to this practice and so, were reluctant to mechanize their plants. This caused the delay in the development of the raw silk industry. (1) However, wages were raised and the cost of production rose after the Russo-Japanese War. After World War I, with the rising wages of all workers, raw silk producers had to cope with the high cost of production. Besides, because of the sudden great demand for girl-workers and the active labor movement, raw silk industrialists at last realized the necessity of reducing the cost of production by mechanizing their plants. Thus, many plants came to be equipped with many-lined direct reeling machines partly automatically operated.



The number of the farming households that engaged in silk reeling on the home industry scale began to decrease after 1900, although they still played a fairly important role in raw silk production. For instance, in Gum'ma and Fukushima prefectures, the silk used to bind certain reelfuls of raw silk was all produced by farming households as their side line, using a part of the cocoons they produced or low-quality cocoons bought at cocoon markets. In Gum'ma prefecture the so-called *degama* system under the control of silk merchants was still widely practiced. Particularly, the reeling of dupion cocoons, which easily spoiled in transit to distant places, was mostly done on the spot by this system. The farming households within the radius of thirty miles of Maebashi-city engaged in silk reeling. (2) In Hiranomura, Nagano prefecture, too, because of the increase of rejected cocoons, the wider use of tread-reeling apparatus, and the increased number of married women who had formerly been silk girls, *zakuri* reeling by the *degama* system widely prevailed. Especially about 1910, when the number of boilers in machine reeling plants amounted to over 10,000 in this village, the number of rejected cocoons increased proportionately, leading to wider practice of *zakuri* reeling of these low quality cocoons by the *degama* system. The *degama* was managed by men called *zakuriya* who delivered cocoons to reelers and paid them for the raw silk they produced at piece rate. About the end of the Meiji Era, the rate of reeling one shō (X) of cocoons was 0.025 yen, although the rate gradually rose. About 300 women engaged in *degama* reeling in the village at that time.

The method of tread-reeling, which was included in the category of *zakuri* reeling, was gradually improved. An improved tread-reeling apparatus could operate four reeling frames at a time. Besides, the quality of raw silk thus made was much better than that of hand-made silk, more like a machine made product. Because of this, the amount of raw silk produced by this means greatly increased after 1900 since the equipment of

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(X) shō=1,588 quart

machine reeling plants required big capital. Many people used the tread-reeling apparatus which was very cheap and yet could make silk similar to machine reeled silk. This practice of tread-reeling, however, declined about 1920, giving place to machine production.

### 3. TEXTILE INDUSTRY

As has been mentioned, the rapid development of the combined operation of spinning and textile business brought about the decline of medium and small scale textile businesses. Originally, large combination enterprises were intended to limit the importation of cotton textiles and to produce export textiles. Thus, they depended on overseas markets while medium and small scale producers depended on the domestic market. The production of wide cloth by large combination businesses and that of narrow cloth by medium and small scale weavers, therefore, took quite a different course of development, each with its own characteristics. However, in the course of development, large scale combination-companies had beaten the smaller scale producers in the field of export by 1890 and had expanded their

TABLE NO. 23: COMPARISON OF PRODUCTION  
BETWEEN THE SPINNING ASSOCIATION COMPANIES  
AND GENERAL PRODUCERS

	Amount of production by large scale companies (1,000 bales)	Index-figure	Amount of production by small and medium producers (thousand yen)	Index-figure
1903	76,702	100	51,326	100
1908	147,444	192	101,188	197
1911	289,040	376	140,023	272
1913	461,725	543	165,377	322

Note: From the *Nihon Mengyōshi* by Sampei Takako; pp. 232-233



domestic markets, as a result of the greater demand at home for wide cloth and the modern dyeing technique. Table No. 23 shows the gradual surpassing of large companies belonging to the Spinning Association over small scale producers.

Independent medium and small scale producers, however, did not fail, instead they improved their methods and slowly increased their production. Thus, hand-weavers came to use power looms and piece rate weavers developed into independent producers after the Russo-Japanese War. Furthermore, farming villages that were disintegrating at that time turned out many people who engaged in piece rate weaving. As is shown in Table No. 24, the production of textiles about 1911-1912 was made by different managements, in large scale plants as well as by a large number of producers in the domestic industry system and by piece rate weavers.

The shift from the use of hand looms to that of power looms is shown in Table No. 25. The number of hand looms increased for a short time about 1903, but after that gradually decreased.

TABLE NO. 24: NUMBER OF TEXTILE PRODUCERS,  
WORKERS, AND LOOMS (1911-1912)

Managements	Number of producers	Male-workers	Female-workers	Power looms	Handlooms
Plants	5,106	15,554	117,318	65,887	68,052
Home industry	139,705	12,649	217,792	3,425	215,081
Orimoto	294,154	5,498	30,120	845	28,635
Piece-rate weavers	294,150	7,877	373,669	2,254	375,462
Total	490,815	38,578	738,899	72,511	687,233

Notes: From Nihon Mengyō Hattatsushi By Sampei Takako ;pp. 232-233

1. Orimoto were those who produced textiles themselves or contracted for piece work.
2. Home industry and piece rate weavers were both farming households.

TABLE NO. 25: INCREASED USE OF POWER  
LOOMS (1903-1912)

	Number of power looms for narrow cloth	Number of hand looms
1903	24,836	599,259
1907	29,156	754,449
1912	111,686	621,382

Note: From the *Nihon Mengyōshi* by Sampei Takako; p. 288

At the same time the number of power looms increased. The progress in the use of power looms was brought about by the invention of the *Toyoda-shiki* weaving machines for narrow cloth and for wide cloth. These machines were much cheaper than foreign ones; and besides, the operation was simple, so that they expedited the mechanization of medium and small scale plants.

In Mikawa area (Aichi prefecture) power looms were first adopted in 1902, and tread looms in 1904. Before and after the Russo-Japanese War, to meet a great demand and at the same time to eliminate the evils coming from the piece rate weaving system, a plant-manufacture system was adopted. About 1916 the number of power looms far surpassed that of hand looms and the piece rate system gave place to the plant-production system.

As regards silk textiles, there was a sharp contrast in the conditions of production between the Hokuriku district and Nishijin and Kiryū areas. In the Hokuriku district, the number of export *habutae* producers in the plant-manufacture system, as is shown in Table No. 26, was pretty large by 1905, with a comparatively small percentage of *chin-ori*-producers (piece-rate weavers). In Nishijin and Kiryū, in contrast, the percentage of plant production was very low while that of *chinori*-producers was overwhelmingly great, and was still growing. However,



TABLE NO. 26: NUMBER OF TEXTILE PRODUCERS  
IN THE HOKURIKU DISTRICT

	Plants	Home Industry	Orimoto	Chin-ori	Total
Ishikawa pref.	463 (26%)	796 (45%)	13	53	1,325
Fukui pref.	422 (16%)	1,123 (41%)	128 (5%)	1,039 (38%)	2,713

Note: From "Kindai Sangyō-shi Kenkyū" by Horie Ei'ichi; p. 93

A plant had more than ten workers; home industry was operated by less than ten workers including the family members; Orimoto had no plants nor looms of his own, but provided weavers with materials and paid them for the products on a piece rate system.

TABLE NO. 27: NUMBER OF PRODUCERS IN  
KIRYŪ AND NISHIJIN (1905-1914)

Nishijin	Plants	Home industry	Orimoto	Chinori	Total
1905	291 (5%)	1,704 (28%)	100 (1%)	4,061 (66%)	6,156
1909	313 (3%)	1,805 (22%)	205 (5%)	5,790 (70%)	8,113
1914	98 (1%)	1,537 (3%)	184 (3%)	6,646 (87%)	8,046
Kiryū	Plants	Home industry	Orimoto	Chinori	Total
1905	39 (1%)	307 (7%)	199 (5%)	3,540 (87%)	4,085
1909	41 (1%)	423 (9%)	97 (2%)	4,155 (88%)	4,716
1914	62 (1%)	364 (6%)	73 (1%)	5,786 (92%)	6,285

Note: From "Kindai Sangyōshi Kenkyū" by Horie Ei'ichi; pp. 100-101. Thus, in the Hokuriku district, in 1915 the power loom production surpassed the production of hand looms, while in Nishijin and Kiryū, even after World War I piece rate production of silk textiles predominated.

even in these districts in the field of the so-called *shinkō orimono* (newly rising textile industry) plant production was prevailing. In 1909 the eleven plants belonging to the *shinkō orimono* at Nishijin operated with 3,346 workers, whereas the Kiryū Orimono Nishijin Company had 152 power looms and 718 workers in 1906.

A huge military demand for woolen textiles at the time of the Russo-Japanese War, and the government's encouragement for the domestic production of woolen goods stimulated the rise of woolen textile enterprises. Before the Russo-Japanese War the total capital of the existing woolen textile companies—the Tokyo Seiju, the Gotō Keori, and the Nihon Keori—was only 1,800,000 yen. However, in 1906 when their plants were fully equipped, their total capital rose to 6,500,000 yen. Besides these three companies, the Tokyo Muslin Company was newly set up with a capital of 1,000,000 yen. However, since these woolen enterprises expanded their business because of the war demand, they had to effect either a financial re-adjustment or a capital decrease after the war. The characteristic feature of the development of the woolen textile industry after the Russo-Japanese War was the sudden increase of the production of wool-muslin. Already in 1905 the amount of wool-muslin produced in Japan exceeded the amount of import to the extent that some was even exported. The situation of the wool-muslin industry became more favorable due to the boom after the war and the tariff-revisions in 1906 and 1911. Now the wool-muslin industry enjoyed its golden age. During the years from 1905 to 1913 the entire amount of wool-muslin production showed an increase from 16,000,000 yards to 69,000,000 yards. The amount of wool-muslin imported during the period decreased from 12,000,000 yards to 170,000 yards. Thus foreign wool-muslin, which had been one of the chief items of import since the Restoration, was shut out of Japan. Last of all, it must be noted that the amount of production of all kinds of fabric suddenly increased after the Russo-Japanese War, as is shown in Table No. 28. A noticeable fact is that during the period



between 1902 to 1911, while the increase of silk production was barely two-fold, and that of cotton production a little more than two-fold, the amount of woollen fabrics increased five-fold. However, this great increase of production was not accompanied by an increase in export, showing the unbalance between the growth of production and export.

TABLE NO. 28: AMOUNTS OF TEXTILE  
PRODUCTION AND OF EXPORT (UNIT: 1,000 yen)

	Silk Textiles		Cotton Textiles		Woolen Textiles	
	Production	Export	Production	Export	Production	Export
1902	69,947	27,987	56,165	5,998	4,040	—
1903	65,319	29,166	51,326	6,875	4,280	—
1904	57,048	39,099	51,828	7,743	6,760	—
1905	60,349	30,259	71,511	11,492	4,469	59
1906	93,606	35,679	84,991	15,619	11,776	134
1907	94,564	31,640	103,590	16,244	19,851	214
1908	98,857	30,371	95,241	14,611	11,595	206
1909	100,234	28,924	114,529	17,673	15,730	172
1910	112,807	32,797	119,863	40,463	18,508	449
1911	111,670	34,355	140,024	19,680	20,672	569

Note: From the Tōyō Keizai-shimpō; p. 641

#### 4. PAPER INDUSTRY

The Russo-Japanese War had a greater effect on the paper industry than the Seinan Civil War or the Sino Japanese War. During this time the paper industry progressed rapidly. The circulation of newspapers and other publications increased from day to day, so that the increased production of all the paper companies could not meet the demand. The amount of production and imported foreign paper put together was 160,370,000 lbs. This was four times the amount used at the time of the Sino-Japanese War. Even this amount could not meet the demand.

It was about this time that the paper industry began to exploit

the wood from the forests in Hokkaidō. In 1906 the Fuji Seishi set up its plant at Ebetsu, and in 1908 the Ōji Seishi started its Tomakomai plant. The Ebetsu plant began operation in 1908, and the Tomakomai plant in 1910, both engaging in the production of newsprint. As Table No's. 29 and 30 show, the amount of paper production in the period before and after the Russo-Japanese War increased more than two-fold while the amount of paper import gradually decreased after 1910. The importation of newsprint completely stopped after the Tomakomai plant started operation.

In the field of paper industry, too, a monopolistic practice came to be seen after the Russo-Japanese War. It was carried out with the two largest managements, the Ōji Seishi and the Fuji Seishi as the central figures. In 1901, the Ōji Seishi, the Fuji Seishi, the Yokkaichi Seishi, the Kyūshū Seishi and others organized the Kyōdō-Yōshi Gōshi-Kaisha, an organ for the sale of the products of the affiliated companies. In 1911, with a view to tightening their control, the Ōji and the Fuji, with other companies, re-organized the Kyōdō-Yōshi Gōshi with a capital of 220,000 yen. The Fuji Seishi and other enterprises founded another sales-organ for cardboard products also.

An achievement to be noted in the paper industry of this period was the development of machine made Japanese paper, paper ware and cardboard. The machine production of Japanese paper was launched as the demand increased for Japanese paper such as *mino* and Japanese letter paper. It was the Tosa Paper Company that produced the greatest amount of machine-made Japanese paper. This company was founded in 1880 and had been manufacturing Japanese paper by hand. In 1904 the company was renamed the Tosa-Gami Gōshi Kaisha, and it began to produce Japanese paper by machine. Soon the greater part of the paper made in Tosa, the key Japanese paper manufacturing center, came to be produced by this company. The manufacture of paper ware was launched in 1909 by the Nihon Shiki Seizōjo using Western methods. With the increased demand for



paperware, a greater amount of cardboard came to be produced. In 1907 the Hokuetsu Seishi Kaisha was set up, which began to produce various kinds of cardboard. (5)

TABLE NO. 30: IMPORT OF FOREIGN PAPER

	Amount (lbs)	Price (yen)
1904	21,673,937	3,057,257
1905	63,523,771	6,380,949
1906	70,723,505	6,453,454
1907	84,324,968	7,743,901
1908	60,321,874	5,235,576
1909	86,475,099	7,617,715
1910	88,933,343	7,586,276
1911	69,707,410	6,462,008
1912	75,203,210	6,700,637
1913	78,162,370	6,844,505

From the Nihon Shigyō Sōron: p. 31

It was Sakuma Tei'ichi that first made a trial manufacture of cardboard in 1876. In 1886 the Tokyo Itagami Kaisha was set up, which manufactured cardboard by a Western method. The products of this company made Japan self-sufficient in cardboard. When in 1890 the Fuji Seishi installed the newest type equipment in its plants and started the production of cardboard, there developed a keen competition between these two companies. The competition was put to an end by the establishment of the Nihon Itagami Hambai Kaisha, the sole agency for the products of these companies. However, with the increase in demand for cardboard after the Sino-Japanese War, other cardboard manufacturing companies, the Nishinari, the Mimasaka, and the Hiroshima, were born and the competition returned. To eliminate this rivalry, the Nihon Yōshi Gōshi Kaisha was set up in 1899. After the Russo-Japanese War, competition returned for the third time. With a view to eliminating this, six paper companies, the Fuji, the Itagami, the Hokuetsu, the Nishinari, the Mimasaka, and the Okayama reached an agreement to set up the Nihon Itagami Kyōdō Hambaijo.

As regards the production of Japanese paper, the number of producers decreased from 58,515 in 1908 to 53,474 in 1912. This tendency to decrease was caused by the shift from hand to machine production as well as by the development of the centralization of capital. Despite the decrease in the number of producers, the production increased in value from 18,797,000 yen in 1908 to 20,386,000 yen in 1902. The key producing centers were Kōchi, Aichi, Gifu, Shizuoka, Fukuoka, Fukui Yamaguchi and Hyōgo prefectures. Each prefecture had a different system by which Japanese paper was manufactured. An interesting "*oyakata seido*" (master system) in Gifu prefecture was the survival of the practice used during the days of the Shōgun. Since in this district it was the very poor farming-households that produced Japanese paper by hand, they had an advance loan of raw materials and living expenses from their master and delivered their products to him. This master-maker relationship widely prevailed even after the Restoration. Another peculiar custom of this district was the "adopted daughter" system. In order to secure labor for paper manufacture, manufacturers adopted girls, actually a kind of slave labor under the name of "adopted daughter."

Thus, Japanese paper was produced under various systems, such as mass production by machine, hand production in the domestic industry system under the control of merchants for piece rate payment, or by slave labor.

##### 5. SUGAR INDUSTRY; OTHER INDUSTRIES

The Taiwan Seitō purchased a new sugar refining machine from Hawaii and installed it in its new plant in 1905. Quite different from other small scale sugar installations, this company proved its worth as a large sugar enterprise, for their plant was the forerunner of the modern sugar plants that came to be set up later in Taiwan. In 1906 the Nihon Seiseitō and the Nihon Seitō were merged into the Dainihon Seitō with a capital of



## DEVELOPMENT OF LIGHT INDUSTRY

12,000,000 yen. The Meiji Seitō (capital: 5,000,000 yen) and the Daitō Seitō (capital: 5,000,000 yen) were set up in the same year, although the latter was soon annexed by the Taiwan Seitō. In 1907 the Tōyō Seitō (capital: 5,000,000 yen) was founded, while the Ensuiko, the Tainan and Shinkō sugar companies were reorganized and enlarged.

Among these sugar companies there occurred frequent mergers and reorganizations of their company systems. For instance, the Nansho Seitō was annexed by the Daitō Seitō and the Meiji Seitō bought out the Mato Seitō. New sugar companies were set up one after another, such as the Niitaka Seitō (capital: 5,000,000 yen) in 1909, and the Hokko Seitō (capital: 3,000,000 yen), the Taihoku Seitō (capital: 3,000,000 yen), the Teikoku Seitō (capital: 5,000,000 yen), and the Chūō Seitō (capital: 5,000,000 yen) in 1910.

In the meantime the number of improved indigenous sugar installations increased from 4 in 1904 to 60 in 1908. However, they all declined, outvalled in their production capacity by

TABLE NO. 31: PRODUCTIVE CAPACITY OF  
SUGAR BY PLANTS AND IMPROVED INDIGENOUS  
SUGAR INSTALLATIONS

Year	Modern Refineries		Improved Indigenous Refineries	
	Number of plants	Capacity (tons)	Number of installations	Capacity (tons)
1901-02	1	300	—	—
1902-03	1	350	—	—
1903-04	2	390	—	—
1904-05	7	1,326	4	376
1905-06	8	1,556	52	3,276
1906-07	7	1,516	60	3,769
1907-08	9	2,560	61	3,856
1908-09	15	9,310	40	2,826
1909-10	19	9,760	69	5,620
1910-11	21	17,250	74	6,130
1911-22	29	22,840	50	4,290

Note: From the Nihon Tōgyō Hattatsushi by Kōno Shinji; pp. 118-119

larger plants, as is shown in table No. 31.

The Taiwan Seitō rapidly mechanized its plants. In the meantime, many sugar companies were set up in the home land, such as the Ozato Seitō in 1904; the Yokohama Seitō, the Kōbe Seitō and the Nagoya Seitō in 1905. The establishment of these enterprises threatened the monopolistic position of the Dai-Nihon Seitō. So, it tried to defend its position by buying out the Ōsato Seitō in 1908 and concluding a production agreement with the Yokohama Seitō and the Kōbe Seitō. The Nagoya Seitō was bought out by three enterprises, the Dainihon Seitō, the Taiwan Seitō and the Meiji Seitō.

Thus, modern sugar industry was founded on the ruins of the native sugar industry on the one hand, and by establishing a link with the sugar industry in Taiwan on the other.

Other important industries of Japanese capitalism were the hemp-dressing industry and the beer brewing industry both of which showed a monopolistic development.

Hemp spinning by machine developed early in the Ōmi area. In 1884 the Ōmi Asaito Bōseki Kaisha was set up with a capital of 200,000 yen. In 1880 the Shimotsuke Asa Bōseki Kaisha (capital: 200,000 yen) and the Hokkaidō Seima Kaisha were founded. The Sino-Japanese War gave these three enterprises a chance to make rapid progress. To meet the huge military demand, these industries operated day and night. The total capital of these companies rose from 1,200,000 yen before the war to 3,200,000 yen during the war. After the war another hemp enterprise, the Nihon Senshi Kaisha, was set up with a capital of 2,000,000 yen. Then, these enterprises were hit by the economic depression of 1897-1898. After a keen underselling, competition, these four companies reached an agreement for limited production of sailcloth for the government. In the economic panic of 1900-1901, another agreement was reached by the four enterprises concerning the production of thread for mosquitonets. Later they entered on a joint sales agreement. However, even by such means they could not survive the



depression. In 1902 the Ōmi, the Simotsuke, and the Nihon Senshi were merged into the Nihon Seima Kaisha with a decreased capital of 2,000,000 yen. In 1907 in the post-war depression of the Russo-Japanese War, the Nihon Seima became the Teikoku Seima by annexing the remaining Hokkaidō Seima. The company monopolized the hemp-industry of Japan.

As regards the beer brewing industry, the Nihon Beer Company, which was set up in 1887, the Osaka Beer, and the Sapporo Beer were merged into the Dai-Nihon Beer Company in 1906, thus establishing a monopolistic position. However, the beer brewing industry entered into another stage when the Kirin Beer, the Tōyō Beer, and the Oriental Beer Companies were set up in 1907.

References:

- (1) Tōyō Keizai-shōhō; No. 155; Ki'ito Kōgyō-dan
- (2) Nihon-Sangyō Taikei; V. 6, p. 674; On Sanshigyō ni kansuru chōsa.
- (3) Hirano-mura Shi; V. 2; pp. 530-534
- (4) Horie Ei'ichi; Kindai Sangyōshi Kenkyū; pp. 101-102
- (5) Tsūzoku Shigyō Hattatsu Shi; pp. 81-82
- (6) Gifu-ken Tesukigami Enkakushi; pp. 401-407





## *Chapter Six*

### DEVELOPMENT OF HEAVY INDUSTRY

BY ANDŌ YOSHIO

#### I. THE GOVERNMENT PAVED THE WAY FOR THE DEVELOPMENT OF MODERN INDUSTRY.

JAPAN at the beginning of the Meiji Era, under the pressure of foreign goods and military power of the advanced capitalistic nations of the West, had to shift in haste from its feudalistic methods of production to modern industrial methods. With its slogans of "military strength and wealth of the nation" and "national prosperity through industrial development", the government strove to foster and develop modern industry in the land. The fact that just after the Restoration the Meiji government introduced Western industry into Japan proves how important a role the government played in the development of modern industry especially in the field of heavy industry. First, the government took over and operated the munitions plants which the Shogunate imported at the end of its regime. In October, 1870, the Kōbushō (Ministry of Industry) was set up, which fostered "the encouragement of various industries", and later administered mining, railways, telegraphic service, civil engineering, ship-building and iron manufacturing. The greatest objective of the Meiji government was, however, to establish a firm foundation for the supply of armaments. The Kōbushō was intended "to perform the task of developing industries among the people by enlightening and guiding them", and to get financial and military benefits from the government-run

factories. However, a still greater importance was attached to the production of armaments.

#### A. The Meiji Government Succeeded to the Munitions Factories

It was the feudal governments of Saga and Satsuma that first imported at the end of the Shogunate complete munition plant equipment from the West; for these south-western governments were located in a favorable position to import Western civilization, and besides they had a chance to see the formidable military power of the Western countries. As a matter of fact, the munitions works of these feudal governments were on a small scale, as the financial conditions of the feudal governments just before the Meiji Restoration were strained. The armament factories run by the Shogunate were also in the same circumstances. A full and large scale development of armament works had to wait for the unified power of the Meiji government. However, the initial importation of modern industrial equipment by the Shogunate and feudal governments served as an important proto-type for the industrial policy of the Meiji government.

About the end of the Shogunate, from 1848 to 1854, various feudal governments entered into a race for building reverberatory furnaces, which resulted in the change from copper guns to steel guns. In the next period, from 1860 to the Meiji Restoration, various machines for the manufacture of arms and ship-building were imported by feudal governments. The Saga government set up a Dutch-style gun factory in 1842 and then succeeded in building the first reverberatory furnace in Japan in 1850. The Satsuma government began to produce cannons, small arms, swords and gun-powder in 1851 at the Shuseikan factory. A furnace was built at the same place in 1854. The Shuseikan factory was enlarged in 1867. In 1836 the Mito government in the face of great technical difficulty had begun to manufacture cannons, gun-powder and cannon balls, and succeeded in building a reverberatory furnace by 1855. The Chōshū



government set up an iron foundry in 1854 and in 1856 established a shipyard to build warships. The Shogunate set up an armament factory at Yushima in 1853 and manufactured cannon balls, using the reverberatory furnace at Izu. Later the Shogunate came to make cannons at Sekiguchi; but better equipped factories of the Shogunate were the shipyards for building warships and other craft. In 1855 the Shogunate placed an order with Holland for the machines for the Nagasaki Iron Works, and at the same time requested it to dispatch an engineer to supervise the operation of the Works. The Nagasaki Iron Works was completed in 1861. The building of the Yokosuka and Yokohama Works which were to be better equipped and have a higher level technique than the Nagasaki Works were started in 1865. Besides these, in 1853 the Shogunate requested the Mito feudal government to construct the Ishikawajima Shipyard. In this shipyard, the Asahi-maru was built in 1856. After this, various large ships were built in this yard.

The chief reason for such rapid development in the munitions and ship-building industries was the necessity of defense against the pressure of the Western capitalistic powers. These industries were destined to be united and reorganized by the centralized and unified Meiji government. The Meiji government took over all the armament works, equipment and everything and coordinated and reorganized them. It was beyond the power of the feudal governments to carry on the operation of their armament works because of their financial difficulties. Furthermore, at that time, the technical level was very low, and there was no capital in accumulation, nor were there any enterprising persons to undertake such business.

Under the circumstances, the Meiji government decided to take over all the industries. By 1877 the government had finished the reorganization of those factories and set up two large army arsenals in Tokyo and Osaka, and two naval arsenals in Yokosuka and Tsukiji.

## 1. THE TOKYO HÔHEI-KÔSHÔ:

The Tokyo Hôhei-Kôshô manufactured chiefly small arms for the army. The government confiscated the Sekiguchi Seizôjo from the Shogunate in 1868 and remodelled it into the Tokyo Hôhei-Kôshô. The Sekiguchi Seizôjo was a powder mill set up in 1862 at Sekiguchi-chô, Tokyo. Before it came to be called the Tokyo Hôhei-Kôshô, it underwent a change of name several times. The machines for the manufacture of arms and other equipment were requisitioned from feudal governments. About 1875 this war factory had an arms plant, a smithy, a saddle plant, a wood work (carpenter's shop), a puddling plant and a foundry, with a powder plant at Itabashi. The government invited engineers from Belgium, France, and Germany to act as the chief of each plant and to instruct the Japanese in the art of making arms.

## 2. THE OSAKA HÔHEI-KÔSHÔ:

This war factory manufactured artillery. It was set up with the machines and workers of the Nagasaki Iron Works in 1870 in the compound of the Osaka Castle. In 1872 it succeeded in making French-type mountain guns and field guns with the copper produced in Japan. In 1875, the factory brought under its control the powder plants in Wakayama and Kagoshima. Machines to manufacture coast artillery and siege artillery were purchased in 1877. The Iwahana powder plant which was started in 1878 was intended to supply military demands and dynamite for private use.

## 3. THE YOKOSUKA ZÔSENJO:

The building of this shipyard was inaugurated by the Shogunate in 1864. This largest war factory possessed by the Shogunate



was taken over by the new government in 1868 before it was completed. By 1871 the Meiji government finished equipping it with an artillery plant, a puddling plant, a canning plant, a foundry and a dockyard. As of October, 1871, it had 160 machines, 180 h. p. (steam), and 50 furnaces for puddling and founding iron. By this time the yard had produced 10 vessels . . . steamers, dredges and floating cranes . . . with a total tonnage of 740 tons and with 76 h. p. Besides such craft, the plant manufactured mining apparatus for Ikuno Mine in 1870. In the same year it published an advertizement that it would repair any kind of craft in the country. It also made steam machines, steam boilers and other accessory apparatus, and built light-houses, plants, and warehouses. Thus it greatly contributed to the development of heavy industry in Japan. It became the largest shipyard in the country after it had been fully equipped under the supervision of Mr. Wellney. In 1872 when the Ministries of War and Navy were instituted, the yard was transferred to the jurisdiction of the Ministry of the Navy. It was known as the Yokosuka Naval Base.

#### 4. THE NAGASAKI SHIPYARD:

The Nagasaki Iron Works of the Shogunate came under the control of the Nagasaki prefectural government in 1868, and in 1871 it was again transferred to the Kōbushō and came to be called the Nagasaki Shipyard. Before 1876 it did little work worth mentioning. However, at the time of the Seinan Civil War, production increased and the plant equipment was replenished. New buildings were added, and machines were replaced or repaired. When the business showed a loss in the dull period about 1882, there arose an opinion that it had better be leased to a private enterprise. In 1884 the Mitsubishi company leased it and in 1887 bought it.

## 5. THE HYŌGO SHIPYARD:

The Kōbushō bought out an iron works from a Kanazawa firm, and founded a shipyard there. At first the operation was carried on under a man from Saxony as chief of the Machine-Section, but later Charles George Wilson, an Englishman, took his place. From 1874 on, the yard produced ship's fittings and various machines under his direction. Although it did a pretty good business in the beginning, soon it began to decline, being outsold by private enterprises. In 1885 it was transferred to the control of the Ministry of Agriculture and Commerce.

## 6. THE ISHIKAWAJIMA SHIPYARD:

As has been mentioned, the construction of this yard was started by Mito Nariaki in 1853, and was completed in 1854. The Shogunate built warships here. When the Meiji government took it over, the government found it pretty well equipped. This yard first belonged to the Postal Service Bureau. In 1871 it came under the jurisdiction of the Hyōbushō (War Ministry). The yard did repair work on ships and produced small craft and other apparatus. In 1876 all the equipment of this yard was moved to the Naval Arsenal at Tsukiji. Thus the yard was liquidated. Later, however, this place saw a revival of the shipyard, the Ishikawajima-Hirano Zōsenjo, a private enterprise.

## 7. THE KAGOSHIMA SHIPYARD:

The Kagoshima Feudal Government operated a modern factory of the Shūseikan, which matched that of the Saga feudal government in scale. Another remarkable enterprise of this government was ship-building. Already, several months before the Shogunate lifted the ban on building large ships, this feudal government began to build in this yard a large Western type



sailing ship. The yard built Western type warships and other vessels by order from the Shogunate. In 1885 a steamer with Japan-made-steam-engines was completed. After the Restoration the equipment of this yard was all moved to the Tsukiji Naval Arsenal.

Besides operating such military factories, the government made efforts to train technical experts in its educational institutions. In 1870 the government set up the Kaigun Heigakuryō (Naval Academy), and operated the Yokosuka-Kōsha and the Kōgakuryō for the education of engineers and technicians. The government took over the training institute the Shogunate had started at the suggestion of Mr. Wellney in the Yokosuka shipyard and called it the Yokosuka-Kōsha. The Kaigun Heigakuryō had also been the Shogunate's institute to train men in the technique of piloting warships.

The fact that all the industries for the supply of the military demand were directly controlled and run by the military offices came from the urgent necessity to expedite armament production for the defense of the nation. Such government-run factories, however, paved the way for the later development of these industries by private business. It was chiefly to meet the military demand that the government initiated and operated such industries as mining and metal refining as well as transportation and communication facilities. As a matter of fact, the government partly aimed at increasing the national revenue by such businesses, and partly also intended to enlighten and guide the people in these fields. At any rate, it was the most urgent thing for Japan in those days to turn all these government factories on the pivot of the War Office . . . to control them from the military point of view and to make the supply of military requirements its first task.

When the Kōbushō (Ministry of Industry) was set up for the industrial development of the nation, the shipyards, iron-works, machine plants, transportation and communication facilities were put under its jurisdiction.

The most important industries carried on by the Kōbushō were, besides mining business, the Akabane Kōsaku Bunkiyoku for machine production; the Fukagawa Kōsaku Bunkiyoku for chemical products; and the Shinagawa Glass Seizōjo. By means of operating such factories the government strove to foster the development of heavy industry in Japan. The Akabane factory was equipped with machines for making iron plates and iron rods, which the Saga feudal government delivered to the government in 1871. In 1872 the iron works, wood-pattern shop, casting shop and smithy were completed.

By 1878 various shops at the factory were fairly well equipped and a 40 h. p. steam lathe was installed so that it was ready to meet the government and private demand for machines. Gradually, a variety of machines were produced here, such as steam boilers, steam machines, machine tools, civil engineering tools, cranes, manufacturing industrial machines, spinning machines, food-processing apparatus, and farming implements. In 1873 it began to produce infusible white bricks. This factory contributed much to the development of the machine industry of Japan.

The Fukagawa Kōsaku Bunkiyoku produced cement, artificial stone and white bricks, etc. The Shinagawa Glass Works manufactured flint glass and plate glass. The former was first set up by the Home Ministry for the production of cement, and was later transferred to the Kōbushō. The government bought out and enlarged a private glass plant and called it the Shinagawa Glass Seizōjo. These factories were first founded to supply the government demand but more significant was the fact that they took the first step toward the later development of heavy industries by private persons. The Akabane Kōsaku Bunkiyoku was transferred to the Ministry of the Navy in 1883 and came to be called the Akabane Kaigun Zōheijo. The Fukagawa Kōsaku Bunkiyoku was sold to Mr. Asano in 1884 and in the same year the Shinagawa Glass Works was leased and later sold to a private enterprise.

The Osaka Zōheikyoku (mint) which was set up in 1868 had,



as its subsidiary plants, a gas shop, a reverberatory furnace and a sulphate-of-soda plant. The knowledge and techniques supplied by these government works gave an impetus to the development of private industries in the Osaka district. In Hokkaidō, the Kaitakushi-Kōgyō Kyoku (the Industrial Bureau of the Hokkaidō Development Office) set up a steam lumber mill with a machine purchased from the United States in 1872; a foundry in 1873; a saw mill and a water powered machine shop in 1874; and an iron works in 1879. All these works were combined into the Sapporo Kikaijo (machine plant). Here, various machines for lumbering, farming implements and machines for flour mills, were manufactured. This greatly helped to promote the development of Hokkaidō.

In short, the government-run heavy industries for military purposes branched off into divergent enterprises which promoted the progress of modern machine production industries. These government industries were advanced by the strong power of the state and a huge capital that came from taxes and public bonds.

### **B. Modernization of Government Heavy Industry**

The modernization of the government industries was begun with the military plants.

As has been already mentioned, the Tokyo Hōheikōshō which produced small arms had six shops in 1875. It purchased a machine for reconditioning rifles in 1873 and a machine for manufacturing cartridges in 1877. In 1880 the Murata rifle (invented by Major General Murata . . . . translator) was designated as the official army rifle. As of 1879 the Osaka Hōheikōshō had a gun shop, a ball shop, a carriage shop, a smithy and a rifle repair shop. In 1882 the new building with its equipment for large and small caliber guns was completed and a reverberatory furnace was ready so that the factory could make its own guns and balls. In the same year the production of steel guns was started.

In 1878 the Naval Arsenal at Tsukiji was fully equipped. In 1875 when the machines of the Ishikawajima shipyard were moved here, it had only five lathes and one hundred and seventy workers. In 1876 thirteen more machines from the Ishikawajima yard and the munitions-machines from Kagoshima yard were installed in this arsenal. The building of the Krupp crucible furnace was started in 1880 and finished in 1882, enabling the Navy to produce steel to meet its own demand. Thus, the Navy imported the Western technique of making steel earlier than any other government or private agency. The army adopted the same method at the Osaka plant in 1889. Now that steel was produced from the raw materials in Japan, the Navy made several guns with the steel made in the arsenal. The Yokosuka Naval Arsenal which made warships, shifted from its French technique of ship-building to the English method in 1878. In March, 1881 it decided to build warships of iron instead of wood. The Iwaki which was completed in July, 1880 was the first iron warship built by the Japanese. The warship Sengei built in 1881 had a Japan-made-engine, the first in the history of Japan. Thus Japan quickly learned the shipbuilding techniques of the West. Regarding the production of gun-powder, which was vital to armament, a Belgian powder manufacturing machine was imported in 1876. It was installed at the Itabashi Powder Plant under the direction of a French engineer. For the first time, in 1883, the plant produced powder for four-pound field-guns and mountain-guns, enabling Japan to manufacture black gun-powder and became independent of any Western nation's powder.

The Nagasaki Shipyard, which was under the control of the Kōbushō, was equipped with modern machines in 1873. In this year, a foundry, a smithy, and a copper-smithy were set up and in the next year a 50-ton crane, a steam-hammer and a rivetting machine were installed. The Hyōgo Shipyard also completed in 1875 the installation of a flat-car for carrying repair-ships to a dock. In 1885 a machine for manufacturing



iron ships was purchased from England and was installed in the yard. It finished the building of a steam-powered-ship-lift in the same year. Before the yard was transferred to the control of the Ministry of Agriculture and Commerce, it had built twenty-three steamers and three sailing ships and repaired 176 vessels. In February 1883, the Akabane Kōsaku Bunkyo had 139 machines, a drawing shop, a wood-pattern shop, a lathe shop, a foundry, a smithy, a cannery, a finishing shop and a handiwork shop when it was transferred to the Ministry of the Navy.

The improvement in the method of refining iron was closely related to the modernization of the armament plants. The Japanese method of refining iron was crude and primitive so that with the increased demand for iron, the government found it necessary to set up a modern iron refinery, at Kamaishi mine. After the Restoration, a great amount of iron was needed for the building of railways, ships, bridges, iron pipes (civil engineering) and for the manufacture of machines. As the Kōbushō was responsible for the construction of all such things, it set up the Kamaishi Iron Refinery in 1875 at a huge cost of 2,500,000 *yen*. When all the installation of necessary equipment, including the railway and railway pier, was finished in 1880, the blast furnace was kindled. It produced 7 tons of pig iron a day. However, even with such modern equipment, the plant could not produce the tonnage of iron which had been expected. Still less, it could not manufacture steel nor set up a rolling mill. Consequently, it was sold to a private enterprise since it could not be operated without a loss.

With a greater demand for steel to make armaments, the army and the navy urged the government to send men of ability to the West to learn the technique of steel manufacture. The first fruit of this government's effort was the production in 1882 of crucible steel by the Krupp method at the Tsukiji Arsenal of the Navy which needed a great amount of steel for the building of war-ships and manufacture of cannons.

Incidentally, this period was the eve of Japan's great armament expansion. As has been mentioned, the army adopted the Krupp method at the Osaka Kōshō in 1889. However, the annual production was only 1,000 tons until Japan learned to use the open furnace, mass-production method in the third decade of the Meiji Era.

The government-run industries also made progress in the field of chemical industry, especially that of alkalies. The Osaka Zōheisho (mint) for instance, under the technical direction of Roland Finch, an Englishman, in April, 1872 started to make sulphuric acid for the solution of metal bullion. At first, five tons of sulphuric acid was produced daily but the amount gradually increased. The surplus was sold in the domestic market and in China. With a view to utilizing the surplus sulphuric acid, the Shiheiryō, a printing office of the Ministry of Finance, began in 1881 to make soda, caustic soda, and chloride of lime in its plant by the Leblanc method, these to be used for the manufacture of paper for bank-notes and government bonds. The Shiheiryō set up a new plant at Ōji, Tokyo in 1885 where sulphuric acid was also made. Later, the plant came to make, not only soda, and sulphuric acid but also muriatic acid, washing soda, nitric acid, crystalized soda, and bicarbonate of soda in order to limit the importation of such goods. Thus, the government-run plants carried on an all-round alkali production by the Leblanc method. The Shinagawa Glass plant which made table ware by an English method, set up a chemical laboratory where red lead and carbonate of potash were produced.

While the government rapidly introduced Western technical and industrial methods into its plants, it took care to train the workers in them. At the end of the Shogunate only skilled laborers were employed at the munitions plants but now the Meiji government had to train the workers in the operation of modern heavy industry imported from the West. The government invited many Western instructors and engineers for that



purpose. Furthermore, the government published labor-rules, in order to qualify them as modern factory workers. A typical example was seen in the Osaka Hōhei-Kōshō where in 1889 the workers' rules, the discipline law, and the general principles of fines were published. At the same time, the eight-hour work system was shifted to the ten-hour work system.

In short, the Japanese heavy industry developed with munitions production as its starting point. Because of this, heavy industry came to depend on armament demands for a long time afterward. From 1887 to 1897, various plants for the production of electric machines, pumps, steam-boilers, watches, and their parts, accessories and transmitting apparatus of spinning machines increased in number but on a small scale. The only large industry was the shipyard which had made a lucky start with government funds prior to transfer to private ownership.

## II. TRANSFER OF GOVERNMENT HEAVY INDUSTRIES TO PRIVATE OWNERSHIP

The transfer of government plants and mines to private enterprises which began about 1885 marks a turning point in the government's industrial policy. This transfer was made partly because the government wanted to liquidate the inconvertible paper money issued at the time of the Seinan Civil War, and partly because the government found it difficult to continue the operation of its plants as they suffered a total loss of 18,000,000 *yen* during the period from 1877 to 1885. Besides, the government's loan of 23,000,000 *yen* to private enterprises became irrecoverable. In 1880, the government issued General Rules for the Transfer of Government-run-plants to Private Ownership, according to which the plants were to be sold to private enterprises. Matsukata Masayoshi who carried out the liquidation of the inconvertible paper money said that as most of the government-run factories as well as private industries subsidized by the government were run at a series of losses, the government found it urgent to liquidate the paper money

on the one hand and on the other hand, to discontinue the practice of lending the national reserve fund and also to transfer its plants to private hands. Thus except for the armament factories belonging to the War Office and the Navy, all the plants were transferred to private ownership. Another side to this picture was the development of the general economic conditions of the land which made the transfer possible. Despite the government's efforts to enforce its policy of introducing various methods of industrial production from the West, ever since the Restoration, the domestic market did not materialize nor did modern industries develop among private persons until about 1877. However, after 1881 the liquidation of the inconvertible paper money and its resulting depression, which caused bankruptcy of many firms and industries, and destitution among the poorer farmers, consolidated the modern credit system and financial system, thus paving the way for the development of the modern capitalistic industrial system. The fact that the government decision to transfer was made in 1880 but the actual transfer was not realized until 1885 or later tells the economic situation of that time.

#### A. Transfer of Shipyards; Their Later Development

The chief government industries transferred were as follows: In the field of spinning industry, the Hiroshima Bōseki was sold in 1882; the Aichi Bōseki to Mr. Shinoda in 1886; the Shinmachi Kuzuito Bōseki in 1887 and the Tomioka to Mitsui in 1893.

In the chemical industry, the Fukagawa Cement Plant was sold to Mr. Asano in 1884 and the Shinagawa Glass Plant to Mr. Nishimura in 1885.

In the ship-building industry, the Nagasaki Shipyard was leased to the Mitsubishi company in 1884 and the Hyōgo Shipyard to Kawasaki in 1886. Both were transferred to them in 1887.

Now that the government had attained its objective of importing



and developing the Western industrial methods and transferring them to private ownership, the Kōbushō which was responsible for this task was dissolved in December, 1885 and their activities were taken over by the Ministries of Postal Service, Agriculture and Commerce and Education. The private industries with plants thus transferred by the government made rapid progress after 1887.

Besides the armament plants which had a direct bearing on the defense of Japan, the government retained the transportation and communications facilities which were indispensable to the development of capitalism and needed a great amount of capital.

The private business involved in the transfer of those industries made fabulous gains. It was true that the government intended to lighten the burden of the private business by selling them at very low prices; for instance, the Shinagawa Glass Plant for which the government spent 189,000 *yen* was sold at 80,000 *yen* to be paid, after five years' deferment, in 55 year-installment payments; and the Fukagawa Cement Plant which had cost the government 93,000 *yen* was sold for 61,000 *yen* in 15-year installment payments. However, a noticeable fact was that all the persons involved in the transfers were privileged businessmen with political affiliations,—the *Hambatsu Seifu* (Clan Government). These businessmen developed into *Zaibatsu* (Business combines).

After the transfer of the government's plants, the government decided to drop its policy of protection and encouragement of private industries and take a *laissez-faire* policy. However, the government's protection of important industries continued even after the transfer.

In the period between 1887 and 1898, light industries, especially the textile industry, established itself as a modern large scale industry by adopting Western machine production methods. All the spinning plants had been mechanized by 1894, enabling Japan to export its products. However, the heavy industry was far behind the light industry in development.

In this period there was no heavy industry worth mentioning, except for the armament plants, shipyards and factories for the manufacture of railway materials, all run by the government. This is clearly shown in the Investigation on Factories made in 1900 which states: "The factories of our country mostly consist of textile plants of raw silk, cotton spinning and fabrics." The statistics of factories (Table No. 1) made in 1902 proves the situation of this period more clearly.

TABLE NO. 1

Kinds of Plants	Number of Plants	Power-plants	H. P.	Non-power Plants	Number of Workers
Machine-plants	132	107	571	25	7,760
Shipyards	50	24	1,300	26	14,857
Tool-plants	190	96	20	94	10,210
Total	436	249	1,891	187	34,362
Sum Total	7,821	2,991	9,537	4,830	498,891

The chief reasons for such delay in the development of heavy industry were the lack of capital accumulation, the low technical level, and the shortage of materials, especially of iron and steel. In this period all the machines were imported from the West. The payment for imported machines increased from 2,200,000 *yen* in 1887 to 13,210,000 *yen* in 1902. The development of the heavy industry of this period came as the result of military necessity, not as a natural economic development. This explains why the war-plants and shipyards were the only heavy industries of this period.

As for the ship-building industry, the government imported and transplanted Western methods into Japan chiefly for military purposes. It invited foreign engineers for the work. The Nagasaki Kōsaku Bunkyo (shipyard) with its three plants at Akuno-ura, Tatsukami and Kosuge, was leased to Mitsubishi in 1884. The Mitsubishi company deposited with the government,



as guaranty money, one-twenty-fifth of 459,000 *yen* which was the assessed value of the yard. The guaranty money was paid in public bonds and one-tenth of the net profit of the yard was to be paid as rent. Mitsubishi purchased the stored goods of the yard for 80,000 *yen*, to be paid in 20-year installment payments, and started operation on June 7, the same year. In 1887 Mitsubishi paid down 450,000 *yen*, the whole price of the yard and 68,000 *yen*, the remainder of the payment for the stored goods. Thus, on June 6, 1887 the ownership of the Nagasaki Shipyard was transferred to Mitsubishi. The Hyōgo Shipyard was leased to Mr. Kawasaki Shōzō in 1886. It was transferred to him in July 1887. He moved his two shipyards, the Tokyo shipyard and the Hyōgo shipyard here and combined the three shipyards into a large enterprise. The number of workers at the time of transfer was 766 in the Nagasaki Yard and 800 in the Hyōgo Yard. Another large scale shipyard was the Ishikawajima-Hirano Shipyard. After the buildings and equipment of the government shipyard was moved to the Tsukiji Naval Arsenal, Mr. Hirano Tomiji leased the plot in 1876 and started building a shipyard. He moved Yokohama-Ishikawaguchi Iron Works, which the government had leased to him in 1879, to Ishikawajima in 1884 and combined the two into a large shipyard. In July 1887 the ownership of all the equipment possessed by the government was transferred to him for 10,300 *yen* to be paid in three-year installment-payments without interest. Later this shipyard added a machine shop, a steamboiler shop, a foundry, a puddling furnace, and a wood-pattern shop. Thus, the government transferred its fully equipped shipyards, the like of which private businessmen could not afford to start. The "*Statistics of Machine Plants*" made in 1887 shows that the only private factories with more than 50 h. p. steam power were the Tanaka Kikai Seisakujo (forerunner of the present Shibaura Seisakujo) which manufactured machines for the Naval Arsenal with its 85 h. p. steam power; the Ishikawajima Shipyard, with its 132 h. p. steam power; and

the Osaka Iron and Steel Works with 57 h. p. steam power which was set up in 1881.

When the shipping industry boomed after the depression, the shipbuilding business made some progress. In 1888 and 1889, the number of steamers built exceeded that of sailing ships, and 40 per cent of the domestic demand was supplied by the above mentioned shipyards. However, the level of ship-building technique was still very low. Before the Sino-Japanese War, only two steamers of over 700 gross tons were built in Japan. One of them was of wood. All the steamers built at home were small vessels used only for coastal service. As no steel for private use was produced in the country, steel for building steel ships had to be purchased at a very high cost, making the vessels made in Japan very expensive, compared with superior vessels made in foreign countries. Another thing that hampered the development of the ship-building business was that ship owners, who had not enough funds, often bought and used, as a makeshift, cheap worn-out foreign vessels.

*The Zōsen Shōreihō* (Ship-building Encouragement Law) enacted in July, 1896, and the revision of the *Kōkai Shōreihō* (Navigation Encouragement Law) in October, 1899 were to bring about a great progress in the shipbuilding business of Japan. Due to the Sino-Japanese War, the demand for bottoms suddenly increased. The demand could not be met with the purchased vessels and chartered vessels. In addition to it, the amount of foreign trade increased along with the capitalistic production, for the Japanese economy came to expand its overseas market after the Sino-Japanese War. Under the circumstances, the *Zōsen Shōreihō* and the *Kōkai Shōreihō* were enforced in 1896. By the Shipbuilding Encouragement Law, the government awarded, as an incentive to shipbuilders who built steel vessels of over 700 gross tons, a bonus at the rate of 12 yen per ton. If the engines of the vessels were also made at the shipyard, an incentive of 5 yen per h. p. was added. This bonus system was to be continued for fifteen years. This law, revised in 1909,



applied to vessels of over 1,000 tons, with a bonus, ranging from 11 *yen* to 20 *yen* per ton. The law was revoked in 1917 when the ship building business came to enjoy a war-boom caused by World War I. It must be noted, however, that before Japan came to have tariff autonomy, this incentive system helped the development of the ship-building business. The effect of the Navigation Encouragement Law with the special-line-subsidy system was more immediate and greater than that of Shipbuilding Encouragement Law. There were various reasons for this. For one thing, the shipbuilding enterprise needed a large scale comprehensive installation of various kinds of equipment so that it was not easy to raise the technical level in a short time. The iron refining industry did not develop sufficiently to supply it with material. The bonus was too small for the Japanese ship-builders to compete with foreign ship-builders. Lastly, the Navigation Encouragement Law itself stood in the way, for it applied to imported vessels not more than five years old, so that all the shipping business firms placed orders for large vessels with foreign shipbuilders.

In 1899 when the revised Navigation Encouragement Law cut its bonus for imported vessels by half, the ship-building incentive system bore fruit. From 1901 on, many medium-sized vessels came to be built to meet the domestic demand for vessels of over 700 gross tons. The great demand for bottoms due to the Russo-Japanese War spurred this tendency. In 1907 thirteen vessels of over 700 tons, with a total displacement tonnage of 53,000 tons were built.

However, it was only a few large shipyards that benefited from the Ship-building Encouragement Law: for 60.9 per cent of the bonus awarded before 1912 went to the Mitsubishi Company; 28.4 per cent to the Kawasaki company; and 8.9 per cent to the Osaka Iron Works. The Mitsubishi-Nagasaki Zōsenjo which built most large ships was reorganized in 1893 as the Mitsubishi Zōsenjo, with a capital of 6,000,000 *yen*. It began to replenish its equipment and enlarge the yard. Tatsukami

Dock was enlarged and the Awanoshima plant was fuller equipped in 1898. After the Shipbuilding Encouragement Law was enacted, its third dock was completed in 1905; a turbine plant was set up in 1907; and a Gantry crane was installed. The Kōbe Mitsubishi Shipyard was founded in 1906. The number of workers in Nagasaki Shipyard alone was more than 10,000 in 1907. The Kawasaki shipyard adopted a company system with a capital of 2,000,000 *yen* in 1886. Its yard was enlarged and its equipment replenished. In 1901 it increased its capital to 4,000,000 *yen* and in 1906 to 10,000,000 *yen*. At the same time its Hyōgo plant was set up. The number of workers in 1907 was 8,900. The Osaka Iron Works also set up a new yard; bought out the city's harbor plant; repaired its second and third docks; and annexed the In'noshima Dockyard in 1911.

These large shipyards yearly enlarged and completed their installation and facilities. Their shipbuilding techniques were also improved. Above all, the Mitsubishi-Nagasaki shipyard boasted of its superior technique. It marked an epoch in the shipbuilding history of Japan when it completed building the Hitachi-maru in 1898. Before that, only two steel steamers, one of 700 tons and the other of 1,000 tons, had been built there. The Hitachi-maru was a huge vessel of 6,172 gross tons, with an actual horse power of 3,889 and 14-knot speed. She far surpassed the ones which had been built in Japan, in point of horse power and size. Her characteristic feature was that Japanese wood was used for interior ornamentation. She could favorably match vessels built in the countries of the West. With the building of the Hitachi-maru as a turning point, the Japanese shipbuilding business began to turn out large vessels. In 1907 the shipbuilding techniques can be said to have attained world level. In 1908 the Mitsubishi Shipyard built the Tenyō-maru and Chiyo-maru, both of 13,000 gross tons and 20-knot speed. The Kawasaki Shipyard also turned out the Mishima-maru, and the Miyajima-maru, each of 8,500 tons.

In the meantime, with the outbreak of the Russo-Japanese



War, the government placed orders for many war-vessels with private shipyards. In 1903 the Kawasaki Shipyard launched the building of four torpedo boats. After 1905 communications-boats and destroyers for the Navy were mostly built at the private shipyards of Kawasaki and Mitsubishi. The number of war vessels built at private shipyards during the Meiji Era was 19, with a total tonnage of 18,551 tons which was 18 per cent of all the war vessels of the Navy. The rest were built at the Naval Shipyard. During the ten years from 1906 to 1916, private shipyards turned out 26 per cent of the war vessels built during that period. Thus, private shipyards played a role of subsidiary organs to the Navy.

In 1907 the post-war depression, which hit Japan, dealt a blow at the ship-building industry, too. In order to improve the dull shipbuilding business and encourage the building of large vessels, the government revised the Shipbuilding Encouragement Law and enacted the Ocean-liner Subsidy Law in 1910. In the same year, the Navy placed an order for the building of Cruiser Yahagi and Destroyer Yamakaze with the Mitsubishi and of Cruiser Hirato with the Kawasaki yard. This revived the shipbuilding business. At the end of the Meiji Era, the Japanese shipyards supplied 60 per cent of the domestic demand for vessels.

Despite such rapid development of a few large shipyards, the greater number of small shipyards made little progress in ship-building techniques. However, with an increase in sea transportation, even those small shipbuilding concerns which could not benefit by the Shipbuilding Encouragement Law enlarged their installation and did a pretty good business. In 1912 the shipyards throughout Japan numbered 228. Most of them were small scale yards, as shown in Table No. 2.

To conclude, the shipbuilding industry which came to hold a predominant position over other manufacturing industries, such as rolling stock industry or machine-manufacturing industry, attained its technical level not inferior to the best shipbuilders

of the West simply through the government's protection and the expansion of the naval force of Japan. A remarkable thing about the development of machine production was that superior electric machines or steam apparatus for motive power were mostly manufactured at shipyards for vessels and other purposes on the land.

TABLE NO. 2  
IMPORTED STEAMERS AND HOME BUILT  
STEAMERS IN JAPAN

Year	Imported steamers	Home-built steamers	Percentage (home supply)	Vessels over 700 tons	Vessels with bonus	
					No.	Tonnage
1893	4,930(tons)	3,436(tons)	41(%)	0(%)	—	—
1894	8,064	3,425	30	0	—	—
1895	60,180	3,866	6	0	—	—
1896	43,117	8,474	14	2.2	—	—
1897	22,059	6,738	23	0	—	—
1898	41,818	12,431	23	2.4	1	727
1899	44,110	14,627	25	13.6	2	7,691
1900	24,486	15,421	39	30.4	3	9,720
1901	28,492	12,828	31	26.3	4	7,633
1902	19,344	32,385	63	52.8	9	22,699
1903	20,684	15,541	43	35.4	7	16,951
1904	33,440	37,314	53	41.7	9	20,858
1905	77,298	23,264	23	8.0	9	15,668
1906	138,706	33,039	19	12.4	9	13,429
1907	30,142	32,300	52	23.4	13	22,794
1908	32,009	28,838	47	20.5	13	53,368
1909	19,178	72,759	79	unknown	8	40,718
1910	8,032	63,475	89	"	9	47,455
1911	40,264	24,479	38	"	4	10,813
1912	29,454	41,229	58	"	5	22,882

Note: From Nihon Keizai Tōkei-Sōkan; Shōrei-yoka-sen; Kaiji-tekiyō



TABLE NO. 3  
SHIPBUILDING BUSINESS CONDITIONS

Year	Number of companies	Capital	Number of shipyards	Capital unit : 1,000 yen	
				Number of docks	Dry docks
1892	13	522	52	unknown	—
1897	7	3,558	81	2	—
1902	17	11,559	186	31	—
1907	16	14,204	224	51	1
1912	25	35,948	228	58	2

Note: From the Tōkei Nenkan

#### B. Development of Government Heavy Industry

As has been mentioned, most of the government's plants were transferred about 1885 to private ownership according to the Rules for Transfer of Government-plants to Private Ownership. The government retained, however, its military plants and transportation and communications facilities. The government took over the military plants of the Shogunate and finished modernizing them by 1884. From 1882 on the government's policy of military expansion was steadily carried out on the foundation of these plants. Thus, before the Sino-Japanese War, the military equipment was finished, although it could not reach the level of the Western powers. The army equipped the arsenals in Tokyo and Osaka with the necessary installation for the production of munitions; designated the Murata rifle as its regular arms in 1880, and after making an improvement on it in 1885, reached an annual production of 30,000 pieces. Each division was supplied with the Murata rifles in 1886. In 1889 the Murata magazine rifles were produced by the army. The army adopted the Italian type 7mm-field guns and mountain guns and by 1886 supplied all the field artillery corps with the guns of this type.

The navy replenished the equipment of the Yokosuka Arsenal in 1883; completed the Kure Arsenal in 1895, and the Saseho Arsenal in 1897. In 1894 the Cruiser Takao was built. Just when the building of the Akitsukaze was started, the Sino-Japanese War broke out. The arsenals, both army and navy and the powder plants were suddenly enlarged and operated day and night. In 1895 the Kokura Arsenal was founded and when the Kure Arsenal was completed, Uji powder plant was set up. In 1899 the navy set up the Shimose powder plant which proved of a great service in the Russo-Japanese War. In 1896 the navy began its second expansion. It set up the Maizuru Arsenal in 1902. By 1903 the government finished supplying its whole army with its improved rifles and quick-firing guns. At the same time, it started to manufacture 12 cm. and 15 cm. heavy guns for firing shells, and 10 cm. cannons. The navy made progress in the technique of building war-ships. Just before the Russo-Japanese War, Japan almost reached the level of Western powers in the technique of building cruisers, although the materials, especially steel, had to be imported from the West. However, Japan had to reply on the Western powers for the supply of war-ships to realize the navy's second expansion plan of enhancing the naval strength four-fold in the short period from 1896 to 1905. Only 11 per cent of the demand was met by the government's yards and private shipyards.

According to a survey made in 1900, the number of government heavy industry plants had reached 27 with 6,500 horse power and 36,000 workers: Of the above, 15 plants were machine plants with 4,600 horse power and 3,100 workers. According to the Plant Statistics of 1902, the government machine plants had 50 per cent of the workers, and 70 per cent of the horse power, of all the machine plants of the country. The production of munitions occupied the first place and the building of war-ships came next. That is to say, 60 per cent of the plants and 90 per cent of the horse power and workers, of the whole land



were engaged in the production of defense armament. While a private plant had, on an average, 79 workers, a government plant had an average of 2,120 workers. A worker used 0.055 h. p. in the private plant but 0.145 h. p. in the government plant. This difference in the development of heavy industry between the government plants and private plants was also seen in the production of materials, especially of steel. As has been mentioned, the Yokosuka Arsenal started the production of crucible steel by the Krupp method, in 1881. The Siemens method of producing steel was adopted in 1890. The Kure Arsenal installed an improved Siemens steel furnace in 1896. The army also set up a foundry in 1870, a 200 kg.-steel furnace in 1890 and 3-ton blast furnace in 1896 at its Osaka Arsenal. In its Tokyo Arsenal it set up a 2-ton blast furnace in 1896. The government founded the Yawata Iron Works after the Sino-Japanese War chiefly for military purposes. Because of the low technical level of the private heavy industry, the military plants had to produce materials necessary for the production of armament. For instance, the Tokyo Army Arsenal produced blasting powder for mines from 1886 on, iron pipes for water supply between 1892 and 1895, and an 18-inch rolling mill for the Kamaishi mine in 1907. The naval arsenals manufactured machines and steam boilers, also.

The Russo-Japanese War further stimulated the development in armament production. In 1904 the Tokyo Army Arsenal, the Osaka Army Arsenal and the Kokura Army Arsenal were enlarged and the Atsuta Rolling Stock Company was bought out by the army and converted into the Atsuta Army Arsenal. The amount of armament production by private industries also increased. The number of workers in the military plants was the same as at the time of the Sino-Japanese War, but the use of horse power per worker was greater, showing an increase in production capacity. For instance, the monthly production of small arms and of ball cartridges increased two-fold; the annual amount of 10.5 cm. cannons and 15 cm. steel mortars and 9 cm. mortars

increased twelve-fold and the number of shells for quick-firing mountain guns increased six-fold during the war.

TABLE NO. 4  
INCREASE OF PRODUCTIVITY

	At the End of 1900			At the End of 1912		
	Number of plants	Horse power	Number of workers	Number of plants	Horse power	Number of workers
Rolling stocks	3	157	2,855	24	5,979	19,909
Munitions	6	3,420	17,379	9	41,197	46,561
Vessels	3	747	11,132	4	12,182	10,156
Machines	3	300	483	3	243	8,338
Sundry				4	10,784	369
Total	15	4,624	31,849	44	70,385	85,333

Note: 1900 from the Kōjōchōsa Yōryō; 1912 from the Meiji Kōgyōshi

The war experience resulted in improvement in weapons. For instance, 38-*shiki*(\*) rifles, 38-*shiki* machine guns, 38-*shiki* field guns, 38-*shiki* 12 cm. guns to fire shells, 38-*shiki* 10 cm cannons and 41-*shiki* mountain guns were adopted as the army's official weapons between 1907 and 1911. Japan could not import war-ships from overseas, as the Western powers maintained neutrality during the war. Consequently, the Navy had to build vessels not only at its arsenals but also at private shipyards such as the Mitsubishi-Nagasaki and the Kawasaki Shipyards. As these private shipyards improved in the techniques of building destroyers and cruisers, the percentage of the domestic supply for the naval demand rose. During the years from 1906 to 1915, 80.8 per cent of the demand of the Navy was met at home. The Japanese ship-building techniques were also improved. Such large battleships as the Satsuma, (19,200 tons, 17,300 h. p. and 18.25 knot speed) one of the largest battle-ships of the world at that time, was built in Japan. The remarkable fact about

(\*) *shiki* means the year of the Meiji Era in which weapons were invented.



## DEVELOPMENT OF HEAVY INDUSTRY

TABLE NO. 5  
COMPARISON BETWEEN PRIVATE PLANTS AND  
MILITARY PLANTS

Private Plants					
	Number of workers	Index figure	Horse power	Index figure	Horse power per worker
1889	220,183	100	20,565	100	0.09
1893	285,478	130	30,556	149	0.11
1896	434,832	198	64,429	313	0.15
1903	483,830	220	102,797	500	0.21
1907	643,292	229	302,153	1,469	0.47
1912	863,447	392	838,791	4,079	0.97
Army Plants					
	Number of workers	Index figure	Horse power	Index figure	Horse power per worker
1889	2,543	100	563	100	0.22
1893	4,382	172	1,125	200	0.26
1896	7,663	301	2,738	478	0.36
1903	27,129	1,076	7,548	1,348	0.28
1907	34,489	1,356	28,690	5,096	0.83
1912	33,444	1,315	39,930	7,092	1.19
Naval Plants					
	Number of workers	Index figure	Horse power	Index figure	Horse power per worker
1889	4,301	100	769	100	0.10
1893	5,750	134	1,080	140	0.19
1896	9,830	229	1,596	208	0.16
1903	26,464	615	12,295	1,599	0.46
1907	45,072	1,048	38,540	5,012	0.86
1912	43,082	1,002	89,426	11,629	2.08

Note: From the Nōshōmushō Tōkeihyō and the Teikoku Tōkeinenkan

the construction of the Satsuma was that it was launched in six months after the keel was laid.

Although after the Russo-Japanese War, private heavy industry developed somewhat, the government heavy industry was still employing in 1907 60 per cent of the workers and 70 per cent of the horse power in the country, the same as in 1900. However, the percentage of munitions production in 1907 was smaller than in 1900, for in 1900 the arsenals and shipyards employed 90 per cent of their workers and horse power for the production of armament but in 1912 only 60 per cent was used for that purpose, the remaining labor power and machine power being used for the production of rolling stock for the government railways, which were nationalized in 1906. The government had plants at Shimbashi, Kōbe and Nagoya where railway carriages and freight cars were manufactured or repaired. In 1906 it added nine plants at Ōmiya, Morioka, Minato-machi, Yokkaichi, Hyōgo, Yukuhashi, Kokura, Asahikawa and Sapporo. The Shimbashi and Kōbe plants began to produce rolling stock as early as 1871 under the direction of a foreign engineer. In those days the demand for railway cars was small so that the products in these plants could meet the demand. However, with the extension of railways a great number of railway cars came to be imported. After 1900 the production of rolling stock at home gradually increased, as transportation by railway increased. Many bogie cars came to be made. About 1900 an opinion favoring the nationalization of railways arose among men of distinction in and out of the government. Prior to this, (from 1887 on) the military authorities insisted on the necessity of the nationalization of railways as "the facilities essential to the nation's defense" and an "indispensable necessity for the army", saying: "If the railways were not improved, the fortresses could not avail, nor the training of soldiers be of any use." Thus, the railways were nationalized, because the nation had experienced a great inconvenience in the transportation of soldiers and war materials during the Russo-Japanese War.

After 1910 bogie cars replaced all the railway cars and the tracks were widened to the limit of the narrow-gauge. The



carriages and their interior decoration were also improved.

Private rolling stock companies such as the Kisha-gaisha and the Nihon Sharyō-gaisha began their production in 1897, but it was after 1910 when the government decided to have all the rolling stock made at private plants that these companies did a thriving business.

TABLE NO. 6  
COMPARISON BETWEEN GOVERNMENT HEAVY  
INDUSTRY AND PRIVATE INDUSTRY

	Number of Plants	Number of Workers	Horse Power
Government Industry	51	83,482	63,929
Private Industry	703	58,511	25,000

The manufacture of locomotive engines which required a high technical skill was very slow in development. The first locomotive made in Japan was manufactured in 1893 at the government's Kōbe plant. After this, locomotives were manufactured at the Hyōgo and the Ōmiya plants. Private industry, such as the Kisha-gaisha and the Kawasaki Shipyard also began to make some locomotives, but their supply was very small. After 1907 when it was decided that all locomotive engines be manufactured in Japan, the production greatly increased. Furthermore, as Japan came to have tariff autonomy in 1910, the 5 per cent import duties were raised to 20 per cent duties ad valorem. This stimulated the production of locomotives. However, during the three years following 1910 the annual production of locomotives was on an average thirty-four, which supplied only 40 per cent of the demand. Because of the government policy to develop the private rolling stock industry, the government plants produced comparatively small quantities of locomotives and train cars. At the end of the Meiji Era, the production of armament, vessels and rolling stock composed the heavy industry of the government.

### III. HEAVY INDUSTRY AT THE TIME OF INDUSTRIAL REVOLUTION

As is clear from what has been mentioned, the transfer of the government industry to private ownership about 1885 marks a turning point in the system of industrial production in Japan. About 1887, the liquidation of the paper money was completed and the capital, labor and market conditions gradually ripened. Modern machine production came to be carried on in such industries as cotton spinning, railways, silk reeling, textiles, hemp-dressing, foreign paper, cement, glass, pharmacy, electricity, electric lamps, artificial fertilizer, ship-building, sea-transportation, mining, civil engineering and building. Particularly, cotton spinning which is the index of the industrial revolution, entered the stage of machine-mass-production at the beginning of the third decade of the Meiji Era (1887). However, heavy industry developed much later. During this period, heavy industry was mostly carried on by the government and only a few private industries connected with armament manufacture came into being. Japan had to experience two great wars with China and Russia, which stimulated the rise and development of heavy industries before the heavy industry of Japan caught up with light industry which had long before reached its maturity. The founding of the Yawata Iron Works in 1895 played a decisive and most important role in the establishment of the iron manufacturing of Japan, which secured the independence of Japanese armament production and the rise of Japanese technological industry.

#### A. Founding of the Yawata Iron Works

The government iron works of Kamaishi and Naka-kosaka which were set up at the beginning of the Meiji Era resulted in failure. The Naka-kosaka Iron Works was transferred to private ownership in 1884 and the Kamaishi Iron Works in 1885. It is said that the military authorities expressed a deep



concern about the government's transfer of these iron works. According to the *Kōbushō Enkaku Hōkoku* (Report on the History of the Ministry of Industry) the military authorities insisted on the continued operation of the Naka-kosaka Iron Works in 1883, the year after its transfer became official. The military authorities even planned to carry on the work. Prior to this, in 1880 the three Ministers of the Army, the Navy and the Industry presented a proposal to the government under joint signature to the effect: "As the manufacture of iron is urgent since vessels, their engines, arms and guns as well as machines for industrial production are made of iron, the three Ministries want to found a large iron works with the joint capital of the three Ministries and the shortage of funds to be supplied by the National Treasury." At this self-same time the Kamaishi Iron Works was being equipped at a huge cost. All this shows that the indispensability of iron was acutely felt from the beginning of the Meiji Era. In this period the first armament expansion was started. A crucible steel furnace was set up at the Tsukiji Naval Arsenal in 1881. At Kamaishi a blast furnace for the most demanded wrought iron and steel was built.

Under such conditions, the reform of the Hiroshima Mine, which had been manufacturing iron by the traditional Japanese method of low technical level was planned. Obana Fuyukichi, an engineer at this government mine tendered a report to the government in which he expressed his opinion that the importation of iron could be checked if all the pig iron made from iron sand in Japan was collected at one place and made into 10,000 tons of wrought iron yearly by an advanced method, making 2,000 tons of steel out of the amount. This plan was not realized because it was based on small scale plants for pig iron.

As regards private enterprises in iron refining, the Nihon Seitetsu Kaisha, a large company with a capital of 1,000,000 yen, was established by influential businessmen. Although this company attracted attention by inviting subscription for shares

in the names of famous businessmen, it went out of existence at the time of depression in 1891, after manufacturing some copper wire for telephone and wooden craft.

In spite of such failures, plans for founding iron works were made by the government and private enterprises, as the production of iron was very urgent just before the Sino-Japanese War. Although this was the period of rising private industries due to the government transfer, the investment in the iron manufacturing industry by private business was regarded with apprehension because of the technical difficulty in manufacturing iron. Thus, it was up to the government to supply the urgently needed iron by founding a large scale iron works. As a matter of fact there were some people who opposed it on the ground that the time had not arrived yet to risk such an enterprise.

Earl Matsukata Masayoshi who became Prime Minister in 1891 at first intended to place the iron work to be built in the control of the Ministry of Agriculture and Commerce, but later realizing the military importance of iron, set up the Iron Works Founding Committee in the Ministry of the Navy. A bill for an iron works was presented to the second session of the Diet in 1891 as the Ministry of the Navy' plan.

The content of the bill was that an iron works with the Siemens furnace was to be set up at an estimated cost of 2,500,000 *yen* as a six-year program from 1890 to 1897, to produce an annual amount of 30,000 tons of steel, rolled steel and wrought steel. This plan was voted down due to the economic depression that followed 1883 and the political strife between the clan-government and the democratic party. The chief reason for turning down the bill was that the problem of where to obtain iron ore was not settled. Even after the Yawata Iron Works was founded, the problem of obtaining iron ore was a big problem to the iron refining industry of Japan.

After the Third Session of the Diet, the government appointed a Commission For Making Researches On Manufacturing Steel. The commission surveyed the deposit of iron ore, made a trial



manufacture of pig iron and steel, and studied the system of iron works. The commission's report on iron ore was that "the iron ore deposit at Kamaishi, Sen'nin'yama, Akaishi and sand iron of Hokkaidō was estimated at 15,650,000 tons from which a minimum amount of 7,300,000 tons of pig iron could be made. Besides these four mines, there were other mines, though not yet surveyed, from which a great amount of iron ore could be extracted. So the iron works could successfully be carried on." The result of the test manufacture of pig iron and steel was reported as excellent, "by no means inferior to steel made in the countries in the West." These reports removed the last doubts about the iron ore and the technique of refining iron. The iron works was placed under the jurisdiction of the Ministry of Agriculture and Commerce. Thus not only the military demand but also the civilian demands were taken into consideration.

The founding of the Yawata Iron Works was postponed still after the Sino-Japanese War. The military authorities as well as the men in and out of the government acutely felt from this war-experience "the necessity for self-sufficiency of armament." Thus, in 1895 at the Ninth Session of the Diet the founding of the Works was decided, chiefly for the production of munitions and of steel for various other purposes. In 1896 the Imperial Ordinance for the Establishment of the Iron Works was issued and the construction was started in June, 1897. Now, the problem of producing steel to meet the domestic demand, for which many people had debated or advocated so earnestly since 1882, was at last settled. The chief items of the construction expenses appropriated for the fiscal year of 1896 were 2,270,000 *yen* for the machine-equipment, and 960,000 *yen* for the construction of the plant-buildings and civil engineering. The machines to be installed were three 60-ton blast furnaces, two 7-ton Bessemer converters, four 15-ton open hearths, six puddling furnaces, etc.

Besides the above, a hydraulic pressure steel foundry, machines

for manufacturing munitions, various rolling mills and a crucible furnace for the production of armament were to be equipped. It was decided to entrust the task of the plant-lay-out to three Germans, Rürmann, Dahren and Martz. The fact that a hydraulic pressure steel foundry and machines for producing munitions and a crucible furnace were included in the equipment clearly shows the government's intention of expanding armament by this works. All this plan had to be modified after the construction was started. For instance, the original plan of annual production of 60,000 tons of iron and steel was changed into an annual steel production of 90,000 tons. The construction cost was increased from 4,090,000 *yen* to 14,700,000 *yen* plus the working fund of 4,500,000 *yen*, a huge total sum of 19,200,000 *yen*. As regards the equipment, the original plan was greatly enlarged; two 160-ton blast furnaces were installed instead of two 60-ton furnaces, two 10-ton converters instead of 7-ton converters, and four 25-ton open hearth furnaces instead of 15-ton open furnaces. At the same time, the plan of manufacturing munitions was dropped and the iron works was to produce steel for industrial purposes in general. The Ministry of the Navy, which had most ardently advocated the founding of the works, started to produce, at its Kure Arsenal, armor plating steel to supply its own demand, equipping a 25 kg. acid open furnace for the production of special steel. This left the Yawata Iron Works free to engage exclusively in the production of steel for tracks and the construction-materials for other industries. As a matter of fact, tracks and steel for vessels and construction materials which occupied 50 per cent of the entire production of the Yawata Iron Works indirectly served for the national defense. By 1901 the Yawata Iron Works could supply 53 per cent of wrought iron and 82 per cent of steel produced in Japan. The quantities of steel and iron import before and following the Sino-Japanese War are shown in Table No. 7.

Concerning the demand and supply of steel just after the Sino-Japanese War, the greater part of demand for steel was



TABLE NO. 7

	1891-1895	1896-1900	(unit: 1,000 tons)		
			Increase rate	1901-1905	Increase rate
Wrought iron & alloyed iron	24(average)	39	65%	66	66%
Steel	55	227	314%	242	6%

met with imported steel, although during the war, the amount of production increased. Only 18,000 tons of steel was produced in Japan in 1892. As most of the material-iron for steel at the naval arsenals was imported, and only 1,000 tons of steel was made at home against the huge demand of 300,000 tons, the pig iron was mostly used for casting instead of making into steel. At the Yawata Iron Works, which began operation in February, 1901, the operation of the blast furnace had to be stopped due to the technical difficulty and the shortage of working funds. Upon this, the government appointed an Investigation Committee in 1902 to inspect the management of the Works and to work out a plan for its reconstruction. The government took a decisive action and resumed the operation of the blast furnace, according to the report of the Committee, and kindled the second blast furnace in 1904.

TABLE NO. 8

THE DEMAND AND SUPPLY OF PIG IRON AND  
STEEL (UNIT: 1,000 TONS)

IRON				STEEL		
	Domestic production	Import	Total	Domestic production	Import	Total
1896	26	39	65	1	221	222
1897	27	44	71	1	232	233
1898	22	63	85	1	274	275
1899	21	27	48	1	151	152
1900	23	24	47	1	289	290

With the out-break of the Russo-Japanese War, the demand for iron and steel suddenly increased from 70,000 tons to 230,000 tons for iron and from 270,000 tons to 480,000 tons for steel. Even though the amount of production at home substantially increased, 150,000 tons of pig iron and 380,000 tons of steel had to be imported. Thus, the expanded operations at the Yawata Iron Works and the Kamaishi Iron Works could not meet the demand. In addition to the military demand, the demand for steel for heavy industry later increased due to its sudden development after the Russo-Japanese War. A great amount of iron and steel came to be consumed not only for munitions, tracks, and vessels, but also for buildings and civil engineering at the end of the Meiji Era and after it. The demand for iron and steel at the beginning of the Taishō Era was: (1) 100,000 to 150,000 tons for armament; (2) 250,000 tons for tracks; (3) 30,000 to 40,000 tons for vessels built by private businesses; and (4) 60,000 tons (steel: 10,000 tons) for machines. The total demand for iron and steel was 750,000 tons of steel and 220,000 tons of pig iron, amounting to almost 1,000,000 tons in all. At this stage the Yawata Iron Works had to play an important role. Just after the war with Russia, the first expansion of the plant for an annual production of 180,000 tons was started in 1906 and completed in 1909. The second expansions for an annual production of 350,000 tons was begun in 1911 and completed in 1914. The Works, which could supply only 47.8 per cent of the pig iron produced in Japan in 1904, now produced 73.8 per cent of the amount made in the country. The steel production also rose from 19 per cent of the entire demand in 1904 to 48.8 per cent in 1915. In the meantime, the most urgent problem of getting iron ore was settled, for from 1899 on, Japan came to import sufficient iron ore from Ta-yeh Mine in China. From 1910 on, a good-quality coal from Pen-chi-hu and Kaiping mines in China began to be used which raised the capacity of the blast furnaces of the works. The Yawata Iron Works produced all the steel used for the Battle-ship Aki



which was launched at the Kure Naval Arsenal in 1907. From this time on, the Works made a remarkable development as the greatest source of steel supply for vessels, building, tracks and bridges.

TABLE No. 9  
PRODUCTION OF IRON AND STEEL  
(UNIT: 1,000 TONS)

	Yawata	Pig Iron Kamaishi	Sennin	Yawata	Steel Kamaishi	Chūgoku Satetsu	Total Iron Steel	
1904	33	27	3.0	41	4.6	7.1	68	60
1905	88	38	3.8	46	4.2	6.7	80	71
1906	101	29	4.3	70	3.7	7.6	141	69

#### B. The Development of Private Heavy Industry

The development of the iron and steel industry was made exclusively by the government. However, the increased production of iron and steel was accompanied by the development of such heavy industries as ship-building and the manufacture of machines. As has been mentioned, the ship-building industry attained earlier than any other industry its technical independence as a modern industry. Yearly larger vessels were built: in 1904, a vessel averaged 116.4 tons; in 1905, 270.8 tons; in 1908, 782.3 tons; and in 1914, 1,048 tons. In the meantime, the Ten'yō-maru, which was launched in 1907, had 13,500 gross tons with 20.6 knots speed, using a Parsons' steam turbine. The Chiyo-maru (the same type) built in the same year at the Mitsubishi Nagasaki Yard was the largest and most beautiful ship launched on the coast of the Pacific Ocean. In 1911 the Shun'yō-maru (same type) was completed. Besides the above large vessels, the Nagasaki yard built four 8,500-ton-passenger boats and the Kawasaki yard built two boats of the same type in 1909. In 1913—1914, Mitsubishi built a 10,500 ton-vessel, and the Kawasaki

completed a 12,000 ton ship. Although the shipbuilding industry made progress in techniques, the number of vessels built was not so great, because the supply of steel was not sufficient and the shipbuilding machines were not made in Japan. At any rate, the development of the shipbuilding industry by private enterprise was the most remarkable of private heavy industries.

**Production of Machines:** At the end of the Meiji Era, the import of machines greatly decreased, and the production of machines at home increased so that the import and home production became almost equal in the value about 30,000,000 *yen*.

The engines for vessels came to be made in Japan chiefly due to the Shipbuilding Encouragement Law, for stimulated by this incentive system, every shipyard focused its efforts on the manufacture of engines for its vessels. The Arakawa Seisakujo, and the Dengyōsha, both motor manufacturing companies, were set up in 1908 and 1910 respectively. In 1912 the Hitachi's Kameido Plant and the Ebara Seisakujo were born. All these motor companies were large at that time, but the largest steam motor made there had only 1,000 h.p.; the largest water wheel was a 1,000 h.p. generator. As for gas motors, only 400 h.p. motors were made. In 1910 the Dengyōsha set up its water wheel plant, where a great many Tazawa-light water wheels were produced. The Hitachi and Mitsubishi companies also began to produce water wheels. However, the total horse power generated with the water wheels made in Japan was 49,310, 6 per cent of the entire hydraulic power of 820,000; showing how Japan had to depend on foreign power generating equipment. As regards steam turbines, the Mitsubishi shipyard manufactured in 1911 for the Shun'yōmaru a turbine, an imitation of the Parsons' turbine for the Hirau-maru and the Tamura-maru, ferry-boats running between Aomori and Hakodate. The Mitsubishi shipyard also made a geared turbine for its An'yō-maru. The Kawasaki Shipyard in 1911 also began to make Curtis' turbines. In 1913 Mr. Takuma invented a steam motor which was said to be not inferior to motors made in the Western countries, but



it was not popularized for some time. As for internal combustion engines, only Otto's internal combustion motors were used in the days of the Russo-Japanese War before electric power came to be used. Small internal combustion motors for land use were most popular before 1908. In 1914 the Ikegai Seisakujo manufactured by way of trial a 30 h.p. petroleum motor.

In those days it was most important to import foreign engines and copy them. In 1903 the Niigata Iron Works imported a 15 h.p. petroleum motor and made an imitation of it at its Nagaoka plant, and again in 1908 it imported engines for vessels from Denmark and the United States. After studying them it manufactured 22 h.p. engines and 17 h.p. engines. As is clear from what has been mentioned, the development in the manufacture of engines and apparatus for ships was made earlier than that of motors for use on land. This explains why shipyards, government and private, came to manufacture motors for use on land, too.

The manufacture of rolling stock, particularly for railways, progressed to some extent with the government's subsidy. At the end of the Meiji Era, the Kisha-Gaisha Co. and the Kawasaki Shipyard produced 50 locomotives and 60 locomotives a year respectively. However, the manufacture of locomotives was very poor both in point of technique and in materials. In 1909, even after the tariff-revision, only 40 per cent of the demand was supplied at home.

Electric machines: With the sudden increase in the power supply, many factories of electric apparatus were born: the Osaka Electric Lamps in 1907; the Meiji Electric in 1910; the Hitachi Seisakujo, and the Osaka Electric in 1907, the Oki Electric in 1912; and the Koroku Seisakujo and the Kawasaki Shipyard's Electric Department in 1914. As of July, 1914, the number of electric machine factories was 26, with 5,258 workers and 8,500,000 *yen* production per year. The Tanaka Seisakujo developed into the Shibaura Seisakujo (company system) with a capital of 1,000,000 *yen* in 1904. From 1912 on, it

engaged exclusively in the manufacture of electric machines, in technical cooperation with the General Electric Company of the United States. The Mitsubishi Nagasaki Shipyard began to manufacture turbo-generators in 1908 in technical cooperation with the Parsons Company in the United States.

The development in the manufacture of electric machines was prerequisite to the development of large scale manufacturing plants. However, the technical level of these electric manufacturers was still very low, as the electric motors made in these plants were only of several hundred horse power, and the generators were of 2,300 KWA. Machine tools used at the military arsenals and large private plants were all imported in the days before the Russo-Japanese War. In 1889 the Ikegai Iron Works made an English-type nine-inch-lathe, the first of the kind made in Japan, for its own use. During the Russo-Japanese War, the works made many lathes which were a combination of the English-type lathe and the American-type lathe for military use. After the war, it created the Ikegai lathe. In 1905 at the Kuramae Higher Technical School, the students made an American-type lathe (Bradford) under the instruction of an American Professor, Charles Francis, and a screw-cutter, a surfacing lathe, a grinder, a milling machine, a hob-cutter, a fellow gear, a shaver and other machine tools which were indispensable to modern machine production industry, under the instruction of a French professor. This stimulated the manufacture of machine tools in Japan.

Another iron works that produced machine tools was the Ōkuma Iron Works which shifted from its production of noodle-making machines to the production of machine tools in 1904. In 1909 it was renamed as the Karatsu Seisakujo, which established itself as the maker of large-size machine tools while the Ikegai made medium size machine tools.

On the whole, however, machine tool making in Japan in those days was in its infancy so that the greater part of the demand was met with imported tools. According to the *Hompō*



*Shuyō Kōgyō Gairan* (The Outline of Chief Industries of Japan), in 1909 plants employing more than five workers produced goods worth 15,000,000 *yen*, and in 1910, products worth at least 20,000,000 *yen* were turned out by plants employing more than ten workers. Of these products, the electric machine industry headed the list with production valued at 5,000,000 *yen*; motor and engine industry came next with a 3,000,000 *yen* production. In 1911, out of a 20,000,000 *yen* production, the electric machine industry production was valued at 4,500,000 *yen*, the textile machine industry production at 1,200,000 *yen*; the petroleum or gasoline motor industry production at 1,000,000 *yen*; the mining machine industry at 550,000 *yen*; the steam motors at 500,000 *yen*; the food processing machine industry at 1,000,000 *yen*.

Of the above products, goods worth 1,441,000 *yen* were exported in 1910; in 1911 the amount of exports increased to 1,671,700 *yen* but a much greater sum had to be paid for import, amounting to 27,600,000 *yen* in 1907; 34,230,000 *yen* in 1908; 20,280,000 *yen* in 1909; 15,600,000 *yen* in 1910; and 26,040,000 *yen* in 1911. Thus, the proportion of Japan's dependence on foreign machines was very great. Steam engines, motors, electric machines, pumps and cranes which were in greater demand than others, were easier to manufacture but the manufacture of textile machines and of machine tools in Japan had to wait for a long time to come.

As has been mentioned, the Yawata Iron Works was almost the only iron works deserving the name in Japan. However, during the Russo-Japanese War, private iron works gradually came to be set up: the Yonako Steel Works in 1903; the Kōbe Steel Works in 1905; the Sen'nin Iron Works and the Nihon Steel Works in 1907; the Wanishi Iron Works in 1909; the Tobata Casting Works in 1910; the Kansai Steel Works, the Nihon Kōkan and the Nihon Steel Works in 1912; and the Hamuro Steel Works in 1913. However, most of these iron and steel works operated on a small scale and engaged in producing casting steel or forged steel: Steel rolling mills, the

most important part of the steel industry, were not set up yet by any private industry. In 1911, the Yawata Iron Works produced 73 per cent of the pig iron and 95 per cent of the steel production of Japan. In 1913, the total paid-up capital of all the private iron and steel works in Japan was 45,000,000 *yen* as against 38,000,000 *yen*, of the Yawata Iron Works alone.

The Chemical Industry: With a view to limit the import of glass, the Asahi Glass Company was founded in 1907, where glass panes were manufactured by a very crude method. After 1913 many glass plants were added and foreign methods of making glass were adopted. However, the glass industry fully developed in the next period. The cement industry began to develop about 1887, stimulated by the general craze for railway-enterprise. In 1896 the total amount of cement produced in Japan was 170,000 tons, which enabled her to export some of her product.

In short, the only private industries which developed enough to meet the domestic demand with the government aid were the shipbuilding and rolling stock enterprises. Other industries were in their stage of adolescence. They were to grow fully in the next period.



## Chapter Seven

### DEVELOPMENT OF MINING INDUSTRY

BY ANDŌ YOSHIO

#### I. THE DEVELOPMENT OF THE MINING INDUSTRY BY THE GOVERNMENT

##### A. The Mining Policy of the Government

THE mining policy of the Meiji Government can be divided into two stages. The first stage was the period before the *Kōzan Kokoroe-gaki* (Mining Regulations) was issued in March 1872. This first stage can again be sub-divided into two periods, the period before the government decree was issued in December 1896 and the period after it.

The first period: In January, 1868 fighting began between the Meiji government and the Shogunate party, at first off the sea of Hyōgo and at Toba and Fushimi near Kyoto. This fighting developed into a civil war. As the result of the Meiji Government's victory, the government came to possess all the mines and metal refineries of the Shogunate. To secure gold, silver and copper was the most urgent matter to the Meiji government, which barely was able to carry on the civil war with the arms supplied by foreign countries and the funds furnished by rich trade merchants. The government confiscated the stock of copper possessed by private persons, and banned the operation of private mines on the one hand and on the other, took over the Shogunate's *Dōza-yakusho*, offices in Edo

and Osaka which purchased all the gold, silver and copper produced in the land. It converted these offices into *Dōkaisho* and decreed the delivery of all the raw copper, old copper and copper ingots in the land to these offices.

The second period: In the month after the fighting in the Tōhoku district was over, the new government sent Francisco Coinier who was in the employment of Satsuma-han to the Shogunate's Ikuno Silver Mine. In December, 1868 the government decided to operate this mine. (Francisco Coinier was the first foreign mining engineer in Japan). The *Dokaisho* was renamed first as *Kōzankyoku* in July, 1868 and in December as *Kōzanshi* which became independent of the *Kaheishi* (Mint Office). These measures of the new government show that, after the fighting in the Tōhoku district was over, the government for the first time got confidence in itself and established itself as the new government of Japan. From this time on, the Meiji government carried out various mining measures such as:

- (1) The government interference with private mining industry and its permission system: In April, 1869 the *Kōzanshi* issued a decree that the government prohibited mining of gold, silver, and copper by private persons; in the next month the same mining office decreed: "that the government did not exercise control over gold, silver and copper mines in the feudal dominions; another decree said that if one submitted an application for a license of mining to the competent office of the place, he was free to engage in mining, provided that the government officials be sent to instruct him in the method of mining.

- (2) The government policy of the sale of metals: the government decided to purchase all the gold and silver after they were well refined at the mines. At first it permitted the sale of these metals among private persons, but in April, 1869 the sale of these metals were prohibited. In August, the same year, the business of purchasing these metals was transferred to the *Shiheiryō* (Paper Money Office) in the Ministry of Finance. Minting was begun in November 1870.
- (3) The Government



policy for acquisition of gold, silver and copper: the government decreed that the prefectural governments should report to the Ministry of Finance of the annual amounts of gold, silver and copper production in their dominions. In October, 1870, coal was included in the number. In June, 1871, the Ministry of Finance issued an order that the prefectural governments should report not only the annual amounts of gold, silver, copper and coal, but all the minerals produced in their dominions.

The second stage came after the *Kōzan Kokoroe-gaki* was published. This stage can also be sub-divided into two periods, the period before the *Nihon-Kōhō* (Japan Mining Law) was issued and the period after it. (1) Publication of the *Kōzan Kokoroe-gaki*: This was the declaration of the government's possession of all the mines of the country. In April, 1871, the government sent an order to all the prefectural governments to investigate the applications for mining licenses and after licenses were granted, to impose taxes on them. Soon after that, however, the government put all the mines under the direct control of the *Kōbushō* (Ministry of Industry). In March, 1872, the *Kōzan Kokoroe-gaki* was proclaimed. The gist of this proclamation was that all the minerals in the country belonged to the government, whether they were on the surface of the ground or buried under the ground of privately owned land. Since the right of extraction of minerals was held by the state, private mining enterprises could do the business only by contract with the government. (2) Publication of the *Nihon Kōhō*: The government's purport of the *Kōzan Kokoroe-gaki* was formulated into the *Nihon Kōhō*, with eight articles and thirty-three clauses, which governed the mining industry of Japan till 1892. Mr. Godfrey, chief mining engineer in the employment of the Ministry of Industry, drafted this law after having studied the mining laws of England, Austria and Spain. It is said that Yoshi'i Tōru amended this draft. The main points of the law were: a) the declaration of the government possession of all the minerals with the definition of the mineral and the non-

mineral; b) only the Japanese were to be allowed to engage in mining enterprise; c) the term of trial digging should be one year, and during this time the mineral from the place should not be sold nor taxes imposed; d) rules were provided for the payment of rent to the owner of land which had to be used for mining; e) when the trial digging was successful, an application for a mining license should be submitted to the government which the owner of the land could not obstruct; f) the term of the lease of mining lots was 15 years, and the lease could be renewed when it expired; g) the mining enterprise should carry on an annual business at the rate of a healthy man's three hundred days' labor per-500-tsubo-mining-lot; h) tunnels could be cut under other persons' land for draining, transportation of the mineral, or prospecting purposes; i) a tax of one yen per-500-tsubo-mining-lot and 3-20 per cent of the sale of the mineral extracted from the mine should be paid to the government (for iron and non-metals, taxes should be 50 sen); j) the mining enterprise should combine the refining business of the metal extracted at the place.

Thus, with the publication of this law, the mining industry of Japan was legally systematized. However, more important was the fact that the government operated the mining industry by importing modern mining techniques from overseas. The number of mines directly operated by the government in the period between the Restoration and 1880 amounted to sixty-seven. Furukawa Jūkichi says in his *History of Mining Industry*: "In the history of the development of the mining industry of Japan, there was not one private person who ran any of the mining enterprises, not only in the days of the Shōguns but also after the Restoration. Rich and large mines were operated either by the government or ex-feudal lords of the places." (1) The government could not take over the mines run by such influential feudal lords as Satsuma or Kaga (Shimazu or Maeda). However, it sent out its mining engineers to all the other mines in the land and decided to run the rich



mines itself. Of the sixty-seven mines taken over during the years from the Restoration to 1880, fifteen were gold mines, fifteen silver mines, eleven copper mines, eight iron and lead mines, six coal mines, four stannaries and one mercury mine. The remaining four are unidentified.

Although in the Shogunate days, some rich feudal governments hired foreign engineers and improved the mining equipment, the Meiji Government improved the mining equipment and invited foreign engineers to introduce foreign techniques in mines all over the land.

Mr. Thompson, a Presbyterian missionary, said, "At the time when the new Meiji government came to power, the Japanese, thinking that a foreigner knew anything and everything in the world, asked me not only about matters of art and literature, but also of politics and even military affairs." The Ministry of Industry was set up in 1870 with the task of developing and encouraging a hundred industries in Japan. The Ministry expressed its opinion that as the Japanese mining methods were crude and wasteful, the best way to develop the mining industry was to invite foreign mining engineers and have them teach the Japanese the mining methods. Thus, all the leading personnel in mines—mining engineers, business managers, miners and doctors—were foreigners invited from various countries of the West. Between 1868 and 1884 the Ministry of Industry invited eighty-seven foreign mining experts to work in mines all over Japan. Six were sent to Hokkaidō. Of the remaining, thirty-five were British, twenty-five were French, eighteen were German, eight were American and one was Dutch.

#### **B. Modernization of the Government-run Mines**

From 1600 the Japanese mining techniques continued to progress under the strict control of the feudal government. At the end of the Shogunate, the mining and refining techniques by hand reached their limit and water power came to be used

at various places. However, the progress was extremely sluggish. At the end of the Shogunate, these were the difficulties the mining industry could not surmount:

(1) Deep digging was impossible because of the difficulty to pump out the water in the pits.

(2) Inability to remove sulphur and other foreign material from the ore.

(3) Lack of fuel (other than wood) for refining.

As the miners did not know how to extract gold and silver from molten copper, except by a method called *Namban Shibori*, it is said that much gold and silver were extracted from the copper exported from Japan by an advanced method of the West. For such reasons, there were many abandoned mines at the end of the Shogunate. Even such rich mines as Ikuno, Ashio and Besshi were on the point of being abandoned. This resulted in a yearly decrease of metal production about the end of the Shogunate.

Toward the end of the Shogunate, the government sent lesser and lesser supplies of firewood, rice and money to mines so that the managers of mines had to tide over their financial difficulties by lowering the wages of miners. The weaker the Shogunate's power became, the greater financial difficulties the mines had to cope with so that there arose miners' uprisings at various places at this time when natural calamities also hit Japan.

That Japan was far behind the Western countries in civilization was fully realized by the intelligentsia of the last period of the Shogunate. So, the government introduced armament manufacturing techniques and other industrial techniques and equipment one after another toward the end of the regime. Coinier and other mining engineers in the employment of the Shogunate and feudal governments showed the Japanese how advanced the Western techniques were. It was quite natural, therefore, that the Meiji government should have striven to import the Western mining methods into Japanese mines by inviting foreign experts. The task of these British, American,



French, and German engineers was to make geological surveys of mineral, coal and oil deposits; and on the basis of their findings, to work out plans of installation of new equipment for a greater production; to estimate the cost of the equipment and to carry out the plans with the Japanese engineers and miners whom they instructed and trained.

What the Western mining engineers found was a primitive condition in the Japanese mines, while their work at the mines was of an exact and detailed nature. For instance, Godfrey, who was at the Ministry of Industry Lyman, an American geologist who was invited to help develop Hokkaidō, and other mining experts, made geological surveys at various mines, prospected for minerals with a scientific boring method, and trained Japanese engineers for more than ten years.

Besides opening up mines, various facilities were completed. Rivers or harbors were dredged for water transportation, and for land transportation, roads were repaired or widened for horse-carts or ox-carts. At some places tracks were laid on which horse-carts ran.

In the pits, the levels were widened two-fold; tracks were laid; separate holes were cut for ventilation and drainage. Black powder, dynamite (1878), rock-boring machines, (1881), steam cranes, draining-pumps and winches were also installed.

**Dressing Ore:** Before that time, miners took ore home to select it, but dressing became an independent process. A dressing plant was set up where ore crushers, ore grinders and water-powered or steam-powered buddles were installed.

At rich mines the dry method was still used for refining, using improved kilns (Ani-reverberatory furnace in 1879), brick melting furnaces, or improved concentrate furnaces. Coal and coke came to be used instead of wood for fuel. As early as 1882 electric power was used for refining silver at Innai. For refining iron, a special oven for making coke was set up. In 1880 a continuous operation of pig iron and steel was started at Nakakosaka. For the treatment of poor non-ferrous metals,

a method of mixing corrosive sublimate was used and a wet method of refining (Hung Doubles' method in 1875 at Kosaka) was also used.

The contributions these foreign engineers rendered covered the whole field of mining. The coal mines revived by them reached the highest level of the mining industry of Japan, leaving private coal mines far behind in point of equipment.

This modernization of production methods had nothing to do with the labor problem, for each engineer did his work in his own way without any relation with the others.

It was after 1890 that these mining methods were gradually adopted by private coal mining concerns. It cannot be denied, however, that they were so wholly absorbed in following the foreign techniques introduced one after another that they had no time to make inventions or discoveries that would have been better suited to their situation. This trend was seen not only in the mining industry but in all the industries in Japan.

#### References:

- (1) Furukawa Junkichi; Kōgyōshi, p. 512
- (2) Nihon Sekiyū-shi, pp. 93-94
- (3) Kōbushō-Enkaku Hōkoku; p. 51
- (4) Kōbushō Enkaku Hōkoku; Ōkurashō-Enkakushi; Nihon Sekiyū-shi

## II. TRANSFER OF MINES TO PRIVATE OWNERSHIP

### A. The Conditions of Private Mining Industry before the Transfer

At first the Meiji government prohibited private persons from engaging in mining, but later it lifted its ban. This lifting of the ban created a craze for mining enterprises among wealthy *ex-samurai*, merchants and land-owners.

These private mining enterprises continued the old Japanese



crude and wasteful method of mining, but in the second decade of the Meiji Era, some of such private mining enterprises were doing quite a thriving business. The amount of production by private businesses gradually rose. For instance, such rich mines as Yamagano and Serigano were owned by private persons. About 30 per cent of the five richest copper mines were also operated by private enterprises.

TABLE NO. 1: PRODUCTION OF  
PRINCIPAL MINERALS

Year	gold	silver	copper	iron	coal	oil	sulphur
1872	7.8	126.4	270.5	1.4	13.7	—	84.5
1874	2.6	72.8	351.6	0.5	20.8	0.4	96.8
1875	4.6	186.5	399.8	0.3	56.7	0.5	97.6
1876	5.9	233.0	530.3	0.6	54.5	0.8	232.9

Note: Unit: gold and silver-10,000 mom'me; copper and sulphur-10,000 lbs; iron and coal-10,000 tons; oil-10,000 koku

Most of the private mine-owners were court nobles, feudal lords or their retainers. After the abolition of the feudal government system, they sold their mines to rich merchants in Tokyo, Osaka and Kyoto, except such rich and influential lords as Shimazu and Yokoyama.

These mines were operated by a contract system, the owners buying the ore or metal produced. Because of this system, mines changed hands often according to the rise or fall of metal-prices. Even under direct management, the management did not make labor contracts directly with miners, but continued the traditional labor-management relations and encouraged the labor of women and minors in the pits. The simplest way of supplying labor was to borrow prisoners from the government. It can be said that prison labor paved the way for the rise of Japanese mining enterprises.

These private mining enterprises also tried to import modern mining techniques into their mines. Some imitated the techniques

used by the government-run mines, others invited foreign engineers or employed the graduates of the Tokyo University. Sumitomo, Furukawa and Shimazu dispatched young people abroad to study modern techniques. These private mining companies also tried to westernize the production methods of their mines through the instruction and guidance of the foreign mining engineers in the employment of the government. (1) In their efforts, however, they never tried to improve labor conditions of the miners.

As a matter of fact, it was only rich and influential mining companies with the government protection that could afford to modernize their production methods. Thus, they were ready to receive the government mines when it began to transfer its mines to private ownership in 1880.

As has been mentioned, after the Seinan Civil War Matsukata became the Minister of Finance to save the situation which had been thrown into confusion by inflation resulting from the civil war. Under the circumstances the government found it necessary to part with its factories and mines, which had been suffering loss upon loss since 1878. In November, 1880, on the recommendation of Minister Matsukata, the government decided to transfer its various plants to encourage private industries. The Principles for the Transfer of Government Plants were issued to the Ministries of Home Affairs, Finance, the Army and the Navy, Education and Industry. (2)

#### **B. The Government Transfer Policy**

The Ministry of Industry which had fulfilled its task of encouraging various industries was liquidated in 1885 and its business was divided among the Cabinet and three Ministries. The business of the mining industry was transferred to the Ministry of Agriculture and Commerce which was to carry out the transfer of various plants and mines smoothly and provide the necessary aftercare and protection to these industries.



Thus the government-run mines, which were started with the reserve fund of the National Treasury in the hope that "the metals from these mines could either be minted as coins, or sold, yearly adding proceeds to the reserve fund," (3) were now ready to be transferred to private ownership. At first the government retained such rich mines as Sado, Ikuno and Mi'ike which were doing a good business. It was decided that the mines be transferred to companies or individuals that had capital enough to carry on the operation after the transfer. This decision was modified many times, but after all the government transferred them to wealthy businessmen who had political affiliation with the government party and after the transfer, gave them generous assistance. These government plants and mines were transferred at absurdly low prices in long-term-installment payments. There is no doubt that the government favored and protected specified persons in these transactions. Although it called for bids, it is questionable if the bids were handled fairly, so at the time of transfer, there arose grumbling among the people. It is true that the government intended to encourage private industry, but what cannot be overlooked was the objective result that the transfer laid the foundation of the Japanese *Zaibatsu* (financial combines). (4) Kamaishi and Chinuma mines were transferred in 1880; Kosaka, Towada, Yuto, In'nai, and Nakakosaka in 1881; Ani and Taro in 1885; Mi'ike in 1889; Horonai in 1890; Ikuno, Akenobe, Nakase and Sado in 1896 and Hiroshima in 1904—all to the big businesses which developed into *Zaibatsu*.

The government continued to operate the munitions plants, postal service and tele-communications service as well as eighteen coal mines to supply coal to the Navy, such as Tagawa, Hiyoshi, Shimoyamada, Toyokuni, Shin'iri, Kuhara, Mitoku, Ni'ihara, Karatsu, Chikubu and others. The coal mines of Futase, Inatsuki and Kanomachi were attached to the Yawata Iron Works when it was set up in 1895.

After this, the government mining policy which became deeply

colored with military purposes, was seen in its occupation of the Fushun coal mine in 1905, the Manchurian Railways under a mandate in 1806 and its opening of Pyong-yang hard coal mine in Korea in 1907.

From 1879 on, the government gradually dismissed "one after another of the foreign mining engineers and put Japanese engineers in their places" (5) by issuing a directive that foreign engineers should be replaced by Japanese engineers and Japanese equipment be used as much as possible. For the purpose of replacing one hundred-thirty foreign mining engineers, the government sent many students to study abroad. There was some criticism among the foreign engineers about this policy, but in 1887 no foreign mining engineers remained in the government service. The government operated the mines that were not transferred after 1887, solely by the hand of Japanese engineers with the techniques learned from the foreign engineers. After this period the purchase of mines by Zaibatsu rapidly increased and the rate of production in their mines rose accordingly.

#### References:

- (1) Hirose Shimpei's Todokesho; Besshi-shiwa
- (2) Meiji Zaiseishi; v. 12, pp. 231-232
- (3) Kōbushō-Enkaku-hōkoku
- (4) Tsuchiya Takao; Nihon no Sangyō
- (5) Kōbushō-Enkaku-hōkoku

### III. THE MINING INDUSTRY IN THE PERIOD OF CAPITALISM

#### A. Progress in the Equipment of Mines in the Latter Half of the Meiji Era

At the end of 1885 the liquidation of the inconvertible paper money was completed and the rate of interest was lowered when the conversion of paper money for silver coins began in January, 1886. This low interest rate created a passion for enterprise



## DEVELOPMENT OF MINING INDUSTRY

in the spinning, railway and mining industries. Japanese capitalism became gradually established after its experiences of the first depression in 1890, and another panic after the Sino-Japanese war in 1898. With her victory in the Russo-Japanese war (1894-1895) Japan emerged as a power in the Far East.

The ways of improvement in mining equipment were manifold and complicated, because new mining machines were imported one after another. Foreign engineers were also invited to install the imported machines. For power, more and more steam and electricity came to be used for rockboring machines, winches and transportation facilities. In this period, not much progress was seen in the equipment of mines, particularly of coal mines. At Chikubu coal mine which produced 30 per cent of the entire coal production of Japan, rock-boring machines for making shafts were adopted after 1907. It was in the Taishō Era that coal cutters came to be used here.

TABLE NO 2: NUMBER OF MINING LOTS AND  
PER-LOT AREA (UNIT: 10,000 tsubo)

Whole country										
Year	Lots				Area		Number of tsubo per-lot			
1889	3,561				5,513		2.2			
1896	4,882				37,390		7.7			
1904	5,858				83,850		14.3			
1912	5,410				117,848		21.8			
Itemized table										
	coal mines		Iron		Non-ferrous		Oil		Other non-metalics	
	lots	area	lots	area	lots	area	lots	area	lots	area
1889	—	—	—	—	—	—	—	—	—	—
1896	1,766	18,538	63	734	2,446	14,870	307	1,185	200	2,065
1904	2,248	42,823	95	1,824	2,631	29,381	578	6,707	306	3,115
1912	1,774	52,591	57	1,215	2,725	53,760	519	5,915	440	4,367

Note: From Statistics by the Ministry of Agriculture and Commerce

**B. Production-scale Enlarged and Capital Concentrated**

As is shown in Table No. 2, in the latter half of the Meiji Era, the mining industry made a rapid progress, particularly in the period between 1896 and 1903. After the Russo-Japanese war and toward the end of the Meiji Era, the mining area kept on increasing but the number of mining lots decreased due to the greater size of the units, showing that the production scale was enlarged.

The number of miners is shown in Table No. 3. Remarkable was the sudden increase of miners in 1907. According to the estimate of this writer, of 240,000 miners in 1911, 60,000 were settled at the places of their work, the rest were temporary workers. The number of miners who were settled at their place of work was larger than that of workers in other industries. This fact made it easier for miners to start labor movements than other industrial workers.

TABLE NO. 3: NUMBER OF MINERS  
(UNIT: 10,000 persons)

Year	Metal mines	Coal mines	Non-metallic	Sand iron	Total
1896	6.0	5.4	0.5	0.6	12.5
1903	6.5	8.5	0.7	0.6	16.3
1907	7.7	12.9	0.9	0.4	21.9
1912	7.4	15.2	0.8	0.2	23.6

Note: From the Statistics by the Ministry of Agriculture and Commerce

Table No. 4 shows the motor power used by important mines. It is very difficult to present exact figures since the literature used varied in content. However, it can be said that the use of electricity was rapidly increasing. It is also to be noted that water power was still used.

Table No. 5 shows the investment in the mining industry,



## DEVELOPMENT OF MINING INDUSTRY

TABLE NO. 4: MOTOR POWER USED AT  
IMPORTANT MINES (Unit: 1,000 h.p.)

Year	Water power		Motors		Engines		Electric power		Gas power	
	Number	h. p.	Number	h. p.	Number	h. p.	Number	h. p.	Number	h. p.
1898	286	4	778	37	1,514	47	39	4	—	—
1907	177	16	1,413	107	2,253	85	588	21	127	1
1912	202	23	—	—	1,186	94	461	200	95	5

Note: From Kōzan Hattatsushi by the Ministry of Agriculture and Commerce; Nihon Tankōshi (Motor power); Statistics by the Ministry of Agriculture and Commerce.

which increased greatly after the Russo-Japanese war. The rate of increase in the investment before and after the war was 3.0 times in manufacturing industries, and 1.3 in commerce. The amount invested in the mining industry increased 8.0 times, amounting to 8.6 per cent of the total capital in Japan, an evidence of the people's craze for the mining industry at that time.

Table No. 6 shows the production increase in the mining

TABLE NO. 5: AMOUNT OF INVESTMENT IN  
VARIOUS INDUSTRIES (UNIT: 10,000 YEN)

	1902			1908			1912		
	Number of companies	Investment	%	Companies	Investment	%	Companies	Investment	%
Mining	121	1,560	2.23	136	11,525	8.62	143	13,083	7.45
Manufact. industry	2,306	15,364	17.48	3,065	44,086	32.97	4,260	54,696	31.14
Commerce	5,325	44,030	50.10	6,555	59,670	44.62	8,004	86,444	49.21
Transportation	646	26,268	29.89	768	16,476	12.32	1,005	18,804	10.70
Sum-Total	8,612	87,876	100.00	10,856	133,728	100.00	13,887	175,661	100.00

Note: From Nihon Kyōdo-shiron by Ōshima Kiyoshi

industry. The amount increased in every field, but the absolute amounts of iron and oil were relatively small. This fact is reflected in the international trade as is shown in Tables No. 7 and 8. As the transportation service progressed, the import of iron and oil naturally increased. It is a fatal fact to Japan that iron and oil which are indispensable to industry and defense are not available in Japan. A part of the coal produced was exported, but Japan had to depend on the coal imported from China for refining iron.

The above facts also show the trend of capital-centralization.

TABLE NO. 6: AMOUNT OF MINERAL PRODUCTS

	Coal	Copper	Gold	Iron	Oil	Sulphur	Lead	Silver	Anti- mony
1896	502.0	3,236.5	20.7	2.7	20.8	2,086.3	325.7	1,715.7	86.1
1903	1,017.0	5,531.2	115.8	7.6	106.5	4,154.2	286.6	1,562.7	72.2
1907	1,393.9	6,709.4	111.8	19.3	152.0	5,774.2	523.2	2,563.7	27.0
1912	1,964.0	10,403.7	137.3	?	145.8	9,092.3	622.2	2,999.6	10.5

Note: From the Statistics of the Ministry of Commerce and Agriculture and the Nihon Kōgyōshi

Unit: Coal: tons; copper: 10,000 lbs; gold: 10,000 mom'me; iron: 10,000 ton; oil: 10,000 koku; sulphur, lead: 10,000 lbs; silver: 10,000 mom'me; antimony: 10,000 lbs.

TABLE NO. 7: EXPORT OF MINERAL PRODUCTS  
(UNIT: 10,000 YEN)

	Copper	Coal	Sulphur	Ex. total A	Ex. total B	%
1893	460.1	481.8	23.9	1,080.4	9,043.4	11.9%
1898	726.7	1,516.9	47.7	2,334.3	16,824.0	13.9
1903	1,490.6	1,926.1	94.7	3,565.7	30,416.0	11.9
1907	1,926.3	1,905.3	103.7	4,565.9	32,968.7	13.8
1912	2,492.1	2,028.5	174.5	4,707.7	54,836.5	8.6

Note: A: total export of metals; B: total export of Japan. From the Teikoku Tōkei-Nenkan and the Statistics of the Ministry of Agriculture and Commerce



TABLE NO. 8: IMPORT OF CHIEF MINERALS  
(UNIT: 10,000 YEN)

	Iron & steel	Oil	Zinc	Lead	Coal	Tin	Ex. total A	Ex. total B	%
1893	536.7	440.1	46.3	?	8.2	9.1	1,130.0	8,943.0	12.6
1898	867.9	755.3	72.5	41.6	49.6	22.7	1,831.8	32,476.0	5.6
1903	2,193.1	1,145.6	151.1	93.1	175.2	54.5	3,910.4	32,139.4	1.2
1907	4,294.7	1,432.5	233.2	138.4	68.3	139.4	6,416.5	50,406.5	12.7
1912	6,145.9	1,243.3	368.8	314.8	285.7	207.2	8,633.0	64,399.3	13.4

Note: A: total mineral imports; B: total imports of Japan. Tables No. 7 and 8 are taken from Statistics by the Ministry of Agriculture and Commerce. Export-goods were sent to China and England and its colonies. Imports of oil came from the United States, and iron, steel and zinc came from England, and Germany.

As is clear, mining requires more capital than other industries, that is to say, the rate of fixed capital of the mining industry is higher than that of any other industry. The accumulation of capital, therefore, was the first requisite to the mining enterprise. The fact that the mining right was separate from the estate right also helped the centralization of capital. As has been mentioned, big mining business (*zaibatsu*) had already been formed at the beginning of the third decade of the Meiji Era. This trend continued to develop and the *zaibatsu* bought out many mines after that. Thus, all the rich mines fell in the hands of the *zaibatsu* during this period, establishing an economic system characteristic to Japan.

Table No. 9 shows the number of accidents in mines. What cannot be overlooked concerning accidents in mines was the fact that while the industrial revolution and the establishment of capitalism was taking place in the period from 1900 to 1907, the number of accidents and casualties in 1903 increased 15 to 20 times that in 1900, and in 1907 the number increased almost 80 to 100 times that in 1900.

This great number of accidents and casualties occurring in coal mines played an important role in the industrial revolution

of Japan.

Even before large scale mining came, most accidents in coal mines came from fires, cave-ins and crumbling of walls. When large scale mining came to be operated, the lack of ventilation caused spontaneous combustion of gas and coal-dust in mines. Another cause of accidents was the break-down of transportation apparatus in mines such as engines, winches or pumps. Table No. 11 shows most accidents resulted from spontaneous combustion of gas and coal-dust in mines.

Every one with common sense knows that accidents in mines, not like natural calamities, are the result of negligence on the part of persons in charge, even though they happen as suddenly as natural calamities. This means that the true causes of accidents were the lack of appropriate measures to prevent them.

Ishiwata Shintarō says in his book: "It is a mistake to regard accidents in mines as unavoidable calamities. In most cases, they could have been prevented by means of careful operation as well as the installation of facilities to prevent accidents. In the Yūbari Coal Mine in Hokkaidō such an accident would not have happened if President Inoue Kakujiro and his staff had known something about the techniques of mining and had listened to the opinions of the engineers. Another instance is last year's spontaneous combustion of gas in Futase Mine in Kyūshū. Since the government did not spare expense for the equipment of this mine, this gas combustion may seem to have been unavoidable. But it was avoidable. There may be, it is true, some danger in the operation of mining as in navigation in the ocean. However, it is a most deplorable thing that the persons concerned regard accidents and casualties in mines as natural and unavoidable and do not take measures to prevent them." (2)

The rate of accidents in Japanese mines was strikingly high in contrast with that in mines of other countries. This is shown in Table No. 12. Mr. Ide who worked out this table criticizes the idea that the high rate of accidents in Japanese mines was



## DEVELOPMENT OF MINING INDUSTRY

caused by the nature of coal beds:

"One may say that Japanese coal beds are far more dangerous to mine than those in England or America. It is, to some extent, true. However, the coal beds in Germany and France are of uneven strata, and besides, their pits are two to three thousand feet deep. In Belgium, the average thickness of coal

TABLE NO. 9: NUMBER OF ACCIDENTS AND CASUALTIES IN MINES

Year	Accidents	Deaths	Wounded	Total number of miners	Per Thousand	
					Deaths	Wounded
1893	28	63	35	8.7	0.70	0.40
1899	58	674	99	12.0	5.63	0.83
1900	173	171	306	13.1	1.31	2.34
1904	985	267	952	16.5	1.62	5.77
1905	3,562	330	3,479	15.5	2.06	22.45
1906	6,620	763	6,519	18.8	4.06	34.69
1907	13,291	581	13,409	21.4	2.71	62.53
1912	31,030	989	30,747	23.4	4.22	131.20

Note: From the Nihon Kōzanshiryō Kyōkai. Unit of the total number of miners is 10,000.

TABLE NO. 10: NUMBER OF ACCIDENT CASUALTIES IN MINES IN 1912

	Whole Mines			Pits			Surface		
	Pits	surface	total	metal	coal	others	metal	coal	others
Accidents	22,901	8,123	31,030	5,931	16,919	51	6,334	1,716	79
Deaths	942	47	989	90	848	4	30	12	5
Seriously-wounded	1,839	577	2,416	554	1,238	2	467	106	4
Slightly-wounded	20,817	7,514	28,331	5,321	15,448	48	5,858	1,598	58
Total of casualties	23,598	8,138	31,736	5,965	17,534	54	6,355	1,716	67

Note: From the Statistics by the Ministry of Agriculture and Commerce.

strata is one yard and the pits are one to three thousand feet deep, yet Belgium produces more coal than Japan. Compared with the conditions in these countries, Japanese coal mining conditions are much better. (3)

TABLE NO. 11: CAUSES OF ACCIDENTS AND CASUALTIES IN MINES IN 1903

	Metal Mines				Coal Mines			
	Cave-ins	Explo.	Disord. in shaft	Total	Cave-ins	Gas	Disord. in car	Total
Accidents	41	19	11	99	183	53	66	212
Deaths	37	7	8	68	43	125	9	212
Seriously-wounded	17	9	5	40	101	77	59	268
Slightly-wounded	8	11	1	25	65	52	23	161
Total casualties	62	27	14	133	209	254	91	641

Notes: From the Statistics by the Ministry of Agriculture and Commerce.

TABLE NO. 12: COAL-MINE ACCIDENTS IN VARIOUS COUNTRIES

Year	New South-Wales	Austria	France	Belgium	U. S.	England	Germany	India	Japan
1903	1.83	3.87	4.42	6.06	5.08	4.06	6.88	8.78	19.33
1907	1.75	4.91	4.99	5.63	6.93	4.91	8.15	7.55	30.76
1910	2.29	4.28	5.04	5.16	5.66	4.28	7.18	12.54	17.76

Note: Ide Kenroku; Tankō Bakuhatsushi. The above is the death rate per 1,000,000 tons.

During the Meiji Era, no effective measures for the prevention of accidents were taken. Ishiwata Shintarō again says: "It is astonishing that we have no Organization for Accident Prevention in Mines when Japan has an annual mineral production of 100,000,000 yen value. In order to dig this amount of national wealth out of the ground, Japan suffers 10,000 accidents, 500



deaths and over 10,000 injuries yearly. These sacrifices are the prices Japan has to pay for 100,000,000 yen in mineral products."

References:

- (1) Nōshōmushō-Kōzankyoku; Kōfu Chōsa-gaiyō
- (2) Nihon Kōgyōkai-shi: NO. 337
- (3) Tankō Bakuhatsumushi
- (4) Ishiwata Shintarō





## *Chapter Eight*

### DEVELOPMENT OF TRANSPORTATION AND COMMUNICATION SYSTEMS

BY KAJINISHI MITSUHAYA

#### I. THE INTRODUCTION OF MODERN SYSTEMS OF TRANSPORTATION AND COMMUNICATION INTO JAPAN.

##### A. Railways

THE Meiji government made efforts to promote the development of modern systems of transportation by laying railways and assisting the shipping industry. It also tried to coordinate and modernize the system of communication by introducing the postal service and telecommunication into Japan. This modernization of transportation and communication facilities served greatly to expand the internal markets.

It was in 1853 that a miniature train was first seen in Japan. In August, 1853, the *Palrada*, a Russian warship, brought a miniature train to Nagasaki. An imitation of it was manufactured at the iron refinery at Saga. In February, 1854, Commodore Perry brought another miniature train. When it was shown at Yokohama, the people were deeply impressed by it.

In 1867, the Shogunate issued a license, under the name of Ogasawara Iki-no Kami, authorizing the members of the American Legation in Japan to lay a railway between Tokyo and Yokohama. However, the Meiji government cancelled this license and the American diplomats' plan did not materialize.

In December, 1867, Ōki Tamihei recommended in his proposition for Transfer of Capital to Edo that a railway should be

laid between Tokyo and Kyoto to facilitate the communication of the two cities. In the next year the Ministry of Foreign Affairs recommended the construction of railways "to transport rice and other food stuffs to famished people in the land; to develop wasteland for more food and to move armed forces in an emergency." The Ministry proposed the construction of a railway line between Tokyo and Osaka and another line reaching as far as Mutsu (north of Sendai). The government estimated the construction cost of the line between Tokyo and Yokohama at 150,000 *ryō* (yen) and invited applicants to undertake the work.

After that, the government asked Mr. R. Henry Blunton, an English lighthouse engineer in the employment of the government, to present his opinion on the railway. Mr. Blunton advised the government to place railways under government management, and to start with the Tokyo-Yokohama line. This gave the government a concrete idea and plan for the railway.

When the railway plan was about to be carried out, the government succeeded in negotiating a £1,000,000 loan agreement with Mr. Nelson Ray through the good offices of Mr. Parkes, British minister to Japan. This agreement was realized by the English *Tōyō Ginkō* (Oriental Bank), which floated Japanese loans in London. Thus, the government raised the money for the construction of railways. In March, 1870, the Tokyo-Yokohama line was started.

The 18-mile Tokyo-Yokohama line was opened in 1872. It was an epoch-making event in the history of transportation in Japan. In May, 1874, the Osaka-Kōbe line was completed and the Kyoto-Ōsaka line was opened in February, 1879. In 1882, the government decided to lay a railway between Tokyo and Kyoto by way of the Nakasendō highway. The work was started in 1883. However, so many obstacles stood in the way of construction along this line that the plan was dropped and instead, the Tōkaidō line was started in July, 1884. The Tōkaidō line between Tokyo and Kōbe was opened in 1889. At first the



government planned to operate all the railways in the land, but finding that the nation's financial conditions did not allow a speedy extension of railways, it decided to encourage private railway enterprises.

The Kansai Tetsudō Kaisha which planned to lay a line between Osaka and Kyoto in 1871 was the first private railway company in Japan, but it was soon liquidated. In 1872 an application for laying a line between Osaka and Sakai was submitted to the government, but this plan was not realized. In 1873, a group of nobles organized the Tokyo Tetsudō Kaisha with a capital of 2,500,000 yen. The company planned to lay a line between Tokyo and Aomori. Just when its first program of laying tracks between Tokyo and Utsunomiya was about to be started, this plan was dropped. The company was liquidated in 1877. In 1881, however, another railway company, the Nihon Tetsudō Kaisha, was set up by a group of nobles with a capital of 20,000,000 yen. This company also planned to lay a line between Tokyo and Aomori. The government protected this company by exempting taxes on the strip of land for the line, awarding 8% interest a year for the paid-up capital, and making the Ministry of Industry undertake the laying of tracks between Tokyo and Maebashi. The work progressed steadily; it was begun in March, 1882, the line between Ueno and Kumagai was finished in July 1883, and the remaining tracks between Kumagai and Takasaki, in May, 1884. The whole 529-mile line between Tokyo and Aomori was opened in 1891.

This first successful undertaking of a private railway company inspired a craze for railway enterprises among the businessmen. Many railway companies were set up one after another; the Bankai Tetsudō in 1884, the Iyo Tetsudō in 1886, the Ryomo Tetsudō and the Mito Tetsudō in 1887. In 1887 the government issued the Private Railway Regulation Act which provided for a definite standard according to which permission for private railway companies was to be given. After 1887 many other railway companies were formed; the Sanyō, the Osaka,

the Sanuki, the Kansai, the Kōbu, and the Kyūshū railways were founded in 1888, and in 1890 the Hokkaidō Tankō Tetsudō, the Chikubu Kōgyō and the Sōbu Tetsudō were set up.

At the end of 1891, the total track mileage of private railways reached 1,165 miles as against 551 miles of the government railways.

The development of transportation facilities stimulated a sudden progress of commerce and industries in Japan, expanding the scope of its capitalistic economy.

However, the opening of railway lines had various effects on towns and post-towns along the lines. Along the Tōkaidō line, before the railway was opened Fujisawa had a carrier business employing one hundred-fifty pack horse drivers and forwarding 18,000 *kan* of luggage daily between Fujisawa and Kanagawa. After the line was opened, this forwarding business was forced out of existence. Chigasaki, on the contrary, became a thriving town with 50 rickshaws and 37 luggage carts waiting for customers at the railway station. Fuji station inspired the development of industries such as paper manufacture after the Fuji Basha Railway was opened in 1889.

Shimada and Kanaya on both sides of the Ōigawa, which had been thriving towns in the days of the Shogunate, began to be deserted and Akasaka, Fujikawa and Narumi in Aichi prefecture declined sooner than other towns because they were located away from the railway line. In this prefecture after the railway was opened the number of rickshaws decreased, from 14,946 to 6,360 in 1888. The number of horse carts also decreased from 114 to 52 in 1889.

Maibara enjoyed prosperity as the center of commodity distribution for Kyoto and Samegai, Nagaoka and Kashiwabara, towns across Lake Biwa connected by water transportation. The town had eight large forwarding businesses which had twenty-five 20-ton boats, handling 200 tons of goods a day. However, after railway line was opened, Samegai and other towns used trains instead of boats across the lake and Maibara declined.



Another example of the effect of railways on a village was shown in the case of Yamashina, on the outskirts of Kyoto. The villagers of Yamashina carried their products of bamboo-ware, bamboo-shoots and polishing powder to Kyoto by cart and to Osaka by boat. After the railway service was opened, the demand for their goods came from Shimbashi, Yokohama, Shizuoka, Nagoya, Ichinomiya, Biwajima, Kanazawa, Takaoka, Kōfu, Ueno and other towns in the Kansai district.

On the whole, with the opening of railway service, other transportation facilities for long distance service, declined but the number of rickshaws, carts, horse-carts and ox-carts doing business near railway stations greatly increased with the increase in passengers and goods transported by railways. (2)

#### B. The Rise of the Shipping Industry

Although the Shogunate lifted the ban on the building and purchasing of large ships in 1861, it was only after 1869 that Western ships began to increase, and ship-building techniques to develop. Gradually, sailing boats, *Higaki-Kaisen* (a kind of lighter) *Taru-Kaisen* (barges for transporting sake barrels) and *Choga-sen* gave place to steamers. As early as 1868, a regular steamer service was opened between Osaka and Kōbe, Osaka and Yokohama as well as between Yokohama and Tokyo. However, this shipping business was soon liquidated owing to financial difficulties. In January, 1871, the *Yūbin Kisen Kaisha* (mail steamer company) was newly set up. It took over all the steamers and business of the liquidated company. The government protected this company by leasing to it government steamers and other steamers confiscated from feudal governments, giving it subsidies, and having it transport rice from various parts of the land. However, because of its worn-out vessels, it was outrivalled by the Mitsubishi Company and had to close its business in 1875. The Mitsubishi Company took over all its eighteen steamers.

The Mitsubishi Company was founded by Iwasaki Yatarō. About 1870 he borrowed three steamers from the Tosa feudal government, and started a shipping business on the line of Kōchi-Osaka-Tokyo. In 1871 when the feudal government system was abolished, he purchased these boats and founded the Mitsubishi Shōkai. In a very short period, the Mitsubishi Company came to control all the shipping business of the land under the generous protection of the government.

In 1874 when Japan invaded Taiwan the government purchased thirteen steamers and entrusted them to the Mitsubishi Company, later giving them to Mitsubishi for nothing. At the same time it decided to give a subsidy of 250,000 yen a year to the Mitsubishi Company. When Mitsubishi entered into keen competition with the Taiheiyō Kisen Kaisha, the government bought out the steamers and the landing equipment from the Taiheiyō Kisen for 810,000 yen and gave them to Mitsubishi. During the Seinan Civil War, the government advanced \$700,000 to Mitsubishi to purchase steamers and expand its business. The total sum the government gave to Mitsubishi under various names amounted to 8,000,000 yen, of which 3,990,000 yen was given as subsidy and the rest was to be repaid in ten to fifteen years, almost without interest. Thus the Mitsubishi Company came to have a predominant position in the shipping industry of Japan through the government's help. Of seventy steamers which were eligible for marine insurance, fifty-six belonged to the Mitsubishi Company. (3)

When public criticism against the monopolistic operation of the Mitsubishi Company became strong, the government founded in 1882 a semi-governmental shipping company called the Kyōdō Un'yu Kaisha, with a capital of 3,000,000 yen, of which 1,300,000 yen was invested by the government. Keen competition arose between this company and Mitsubishi. When in 1885 the competition was pushed to extremes, the low-class fare from Yokohama to Kōbe, which had been 5.50 yen, was lowered to less than one yen. As a result, Kyōdō suffered a loss of 680,000 yen in half a year. Hereupon, the government issued an instruction



to these companies to this effect: "the government has encouraged and protected these two companies so that they might develop the shipping industry of the nation. However, they have been given to competition, bringing decline to the industry with their reprehensible behavior. Hereafter, the two companies should agree on fares and speed in mutual friendship." In September, 1885, under order of the government these two shipping companies were merged into the Nihon Yūsen Kaisha. The government protected this company by guaranteeing 8% dividend for fifteen years.

In Osaka and the areas west of Osaka, keen competition developed among small steamers that plied along the coasts of the Inland Sea. In 1880, just after the Seinan Civil War, the number of small steamers in the waters of the Inland Sea amounted to one hundred and ten, belonging to seventy ship-owners. In 1881 the prefectural governor of Osaka conferred with thirteen other prefectural governors concerned, on the problem of preventing an evils coming from competition. They issued Regulations for Small Passenger Boats, but could not attain their objective. In 1884, however, forty-eight of the ship-owners came to realize the disadvantages of their competition, and decided to set up the Osaka Shōsen Kaisha by combining their steamers. From 1888 on the government gave this company a subsidy of 50,000 yen a year for eight years.

The Nihon Yūsen Kaisha and the Osaka Shōsen Kaisha became the two largest shipping business of Japan. The business conditions of these companies at the time when they were set up were as follows:

Capital	Vessels	Total tonnage
The Nihon Yūsen Kaisha: ¥ 11, 000, 000	58 (steamers)	62, 021
	11 (sailing boats)	4, 725
The Ōsaka Shōsen Kaisha: ¥ 1, 200, 000	95 (steamers)	13, 200

Under the protection and order of the government, the two

companies carried on regular shipping service as follows:

### THE NIHON YŪSEN KAISHA:

Yokohama-Kōbe-Shimonoseki-Nagasaki-Shanghai...once a week  
Kōbe-Shimonoseki-Nagasaki-Pusan-Wonsan-Vladivostok

.....once a month

Kōbe-Shimonoseki-Nagasaki-Tsushima-Pusan-Inchon-Chefoo-

Tientsin-Nyuchan.....once a month

Yokohama-Kōbe.....once in ten days

Yokohama-Yokkaichi.....once a month

Yokohama-Oginohama-Hakodate.....twice a week

Hakodate-Nemuro.....undecided

Hakodate-Otaru.....undecided

Aomori-Hakodate-Muroran.....once a month

Kōbe-Onomichi-Sakai-Tsuruga-Fushiki.....undecided

Naoetsu-Ni'igata-Sakata-Tsuchisaki-Hakodate-Otaru...undecided

Otaru-Masuge-Reibun-Rishiri-Sōya.....undecided

Kunashiri-Etorofu-Kitami.....four times a month

### THE OSAKA SHŌSEN KAISHA:

Kōbe-Shimonoseki.....once a month

Kōbe-Tadotsu-Moji.....ten times a month

Kōbe-Uwajima.....six times a month

Kōbe-Tsukudajima.....three times a month

Kōbe-Kagoshima-Okinawa.....once a month

Kōbe-Pusan.....three times a month

Osaka-Sumoto.....once a month

Osaka-Tokushima.....once a month

Osaka-Wakayama.....once a month

Osaka-Hyōgo-Shizuki.....30 times a month...daily

Osaka Sakagoe.....30 times a month...daily

Onomichi-Moji.....once a day

Moji-Hagi-Hamada-Sakai.....four times a month



Moji-Hakata	.....six times a month
Hakata-Nagasaki	.....six times a month
Nagasaki-Mitsui	.....six times a month
Misumi-Wakatsu	.....six times a month
Aburatsu-Kagoshima	.....three times a month

Thus by order of the government the regular coastal service was coordinated and extended as far as Korea, China and Vladivostok. Besides these two large shipping business, there were the Tokyo Bay Shipping Company, the Hokkai Kisen Company in Hakodate, the Echigo Kisen Company in Ni'igata, the Chūetsu Kisen Company at Fushiki, the Kyōeisha in Osaka, and the Kyōdōsha in Tokushima. There were innumerable smaller shipping businesses also along the Inland Sea coast.

Table No. 1 shows the number of coasters in the three years from 1890 through 1892. In 1891, of 607 vessels 410 (73%) were small vessels of less than 100 tons, and only 24 ocean-going vessels were over 1,000 tons. As for sailing ships, only two out of 830 vessels were over 500 tons.

TABLE NO. 1  
THE NUMBER AND TOTAL TONNAGE OF  
COASTERS (1890-1892)

	Western-type craft				Japanese-type craft
	Steamers		Sailing ships		Tonnage
	Number	Tonnage	Number	Tonnage	
1890	586	93,813	856	51,880	19,375
1891	607	95,588	835	50,137	18,589
1892	643	10,322	778	45,994	19,193

Note: From The Nihon Kaiunron by Tsuboya Zenshirō (1894); p. 106

The Osaka Shōsen Kaisha gradually weeded out its worn-out vessels and by the end of 1892 it had 54 vessels with a total of 17,000 tons. In 1894 it increased its capital to 2,500,000 yen. Then the Nihon Yūsen Kaisha opened service on the

Yokohama-Hawaii line in 1886. Following a government order, it also opened service on the Inchon-Tientsin line in 1886, the Taiwan-Amoy line in 1891, and the Kōbe-Bombay line in 1892 for importing Indian cotton.

The Kōbe-Bombay line out-rivalled the British P. O. shipping company and paved the way for further development of ocean liner service.

Despite the fact that the Nihon Yūsen Kaisha and the Osaka Shōsen Kaisha made such development, Japan had no ocean service to the United States and Europe, therefore she had to rely on foreign bottoms for the transportation of her increasing export goods. The shipping industry in this period was still considered to be in its infancy.

### C. Modernization of Communications Systems

#### 1. POSTAL SERVICE

In 1868, in the first year of Meiji, the Meiji government devised regulations for a postal system and in 1870 revised them. However, the system was not very different from the courier system of the Shogunate. The modern postal service system can be traced back to the Notification issued by the \*Mimbu-shō. A clause in this Notification said: "Because there is no facility for free and simple communication in the land, not only do many inconveniences and troubles result but also the scope of government administration becomes limited, and a warm mutual relationship among the people is impossible. The government should institute a postal service system to make communication in the land simple and easy. For the present, a postal service between Tokyo and Kyoto-Osaka must be set up." According to this notification, a new method of communication was set up between Tokyo and Osaka in March, 1871.

This new postal service system owed much to the efforts of

\* (A Ministry that lasted for a few years after the Restoration.)



Maejima Mitsu. When he was appointed as post-master-general in 1870, he was "delighted that his long cherished plan of a government-run postal service system could be realized." (4) He worked out a plan and submitted it to the *Shūsei-kyoku* (Bureau of Modification) for deliberation. Having received approval from the Bureau, he set about drafting a practical mail system. By June, 1871, his final plan was ready. He presented it to the responsible Ministry. Thus the seed of the Japanese postal service system sprouted, which was to grow into a huge organization. (5) The Notification of the Mimbushō mentioned above was also drafted by Maejima. Soon after this he was sent to the United States and Europe to inspect and study the postal service systems there. By actual observation he learned many things which books could not teach him, such as the use of post marks to prevent the repeated use of postage stamps, the uniform postage fee regardless of distance, and the institution of postal money orders and postal savings. He returned home in August, 1871.

New post offices were set up at Yokohama, Kōbe, Nagasaki, and Niigata in August, 1871. In March, 1872, mail was delivered three times a day within Tokyo. In July the mail system was extended to the whole land and post offices were set up at the seats of prefectural governments and port cities, except Shiribetsu and Ibetsu prefectures in Hokkaidō. The Postal Regulations Act was issued in March, 1872, which provided for all the items necessary for the service. According to this act, however, the postal fee varied according to distance. It was in April, 1874, that the postal fee became uniform regardless of distance. The U. S.-Japan Postal Convention was concluded in 1873, and became effective in January, 1875. In 1874 Japan joined the Universal Postal Union.

## 2. TELEGRAPH

The telegraph was brought to Japan along with the miniature train in 1854 by Commodore Perry. He took his telegraph

engineer on land with him, and had him erect the embossing-Morse-telegraph and showed the officials of the Shogunate its operation. After that, Perry presented the Shōgun with the apparatus. Stimulated by this, the Shogunate ordered from France the Briguette's telegraph and the necessary equipment. Before the telegraph reached Japan, the Shogunate collapsed.

In the meantime, Shimazu Nariaki, Lord of Satsuma, ordered Matsuki Koan (Terajima Munemori) and his staff to study the use of electricity and manufacture a telegraph. It is said that a telegraph was operated in the castle of Kagoshima. After the Restoration, Terajima Munemori (then, judge at the Yokohama court) presented to the government his opinion on the urgency of setting up the telegraph system in Japan. His opinion was approved. In 1869 the telegraph between the light-house at Yokohama and the Yokohama court house was erected. An English engineer was invited to train the Japanese to operate it. The telegraph wire was extended to the Tsukiji Unjōsho (customs house). In December the same year public telegraphic service was opened between the Yokohama telegraph office in the Yokohama court house and the Tokyo telegraph office at Tsukiji. The number of telegrams handled was small, but the fact that it was carried on in so early a period is worth recording.

In 1872, the government decided to prohibit the installation of telegraphs by private persons, but as there were many persons who wanted such installation, the government provided the rules for private telegraph and telegraph wires. The private wires were connected with the government lines.

In 1870, telegraphic service was opened between Osaka and Kōbe; in 1873 between Tokyo and Nagasaki, between Tokyo and Aomori, and between Hakodate and Sapporo in Hokkaidō. Thus the artery telegraph line running through the land of Japan was complete by 1873.

The submarine cables were installed in the Kam'mon Channel in 1872 and in the Tsugaru channel in 1875.



Telegraph wire connected all the important cities of Kyūshū in 1876, of Shikoku in 1879, and of the San'in, Hokuriku and Ōu districts in 1882. When the central telegraphic office was set up in Tokyo in March, 1878, the inauguration ceremony of telegraphic service was held there. In 1879 Japan joined the Universal Telegraphic Union.

### 3. TELEPHONE

It was in November, 1877, the year after Alexander Graham Bell invented the telephone that telephones were introduced into Japan. A telephone service was installed between Tokyo and Yokohama and then between the Ministry of Industry and the Ministry of the Imperial Household. The Ministry at once manufactured copies of the imported telephone and at the same time imported various telephone apparatus in preparation for opening telephone service. However, at first the public showed little interest in the telephone. Only a very small number of the government offices used it.

Opinions were divided as to whether government should run the telephone service or a private business operate it, but at last the government decided to run it. In 1890, it opened telephone service, at first between Tokyo and Yokohama, and invited subscribers. Despite the government's great efforts, there were only 237 subscriptions in Tokyo and 48 in Yokohama.

#### References:

- (1) Ishi'i Mitsuru: *Nihon Tetsudō Sōsetsu Shiwa*, pp. 146-158
- (2) *Hompō-Tetsudō no shakai oyobi keizai ni oyoboseru eikyō*; V. 2; pp. 1372-1407.
- (3) *Kaiun Kōkoku shi*; pp. 221-225
- (4) *Yūbin Sōgyō-dan*
- (5) *Yūbin Sōgyō-dan*, p. 17

## II. TRANSPORTATION AND COMMUNICATIONS SERVICE IN THE PERIOD OF THE INDUSTRIAL REVOLUTION

### A. The Development of Transportation Facilities and the Railway Nationalization

At the end of 1891, there were 1,700 miles of tracks in Japan. However, various problems yet remained unsolved. In July 1891, Mr. Inoue, Director of the Railway Bureau presented his view on the Nation's Railway Policy in which he said: "If a Japanese railway system with good connections with the main lines and branch lines all over the land is to be realized, another 3,550 miles of tracks have to be laid. This requires a huge fund. Besides, new lines have to be laid through thinly populated outlying places so that immediate income cannot be expected. On these grounds, private railway companies cannot afford to undertake this task. It is up to the government to lay new railway lines. The government should choose the most urgent lines as its first construction program, and present a bill to the Diet for the construction. As the railway service should be the nation's function, all the private railways must be bought out by the government. The nationalization of railway is inevitable."

The advocacy for the nationalization of railways gradually came to be supported by many of the ruling class. As private railway companies were groaning under financial difficulties at this time, they welcomed this nationalization plan. In 1891 the government brought before the Diet the Bill of the Public Loan for Railway Construction and the Bill for Purchase of Private Railways. Both bills were turned down that year, but in the following year, the Diet passed the Railway Construction Bill, with some modifications and under the name of the Railway Construction Law. It became effective in June, 1892. By the Railway Construction Law, the artery railway lines with carefully planned branch lines were authorized to be laid. The



government at once started the survey of the lines projected by the law. The construction work was started with the Hokuriku line and the Ōu line and the preceded to the Shin'etsu line, the Chūō line, the Kure line, the Maizuru line and other lines in the San'in, Kagoshima and Hokkaidō districts. By 1904, the total track mileage of the government railways was 1,520 miles.

The private railway companies also laid 670 miles of the lines projected by the Railway Construction Law. As is clear from Table No 2, the general economic boom just after the Sino-Japanese War stimulated the railway enterprises. Many railway companies were founded, but in the reaction from the boom, fifteen companies had to close down due to the difficulty of raising funds. Other smaller companies were annexed by larger companies so that the number of railway companies de-

TABLE NO. 2  
LICENSED PRIVATE COMPANIES (1892-1905)

Year	Number of companies	Amount of capital	Track mileage of Projected lines
1892	5	840	77
1893	11	6,610	145
1894	5	10,628	257
1895	17	19,559	467
1896	19	24,760	520
1897	22	39,475	879
1898	16	18,240	431
1899	10	11,525	176
1900	13	25,100	392
1901	2	247	7
1902	3	915	19
1903	4	2,997	80
1904	5	9,443	146
1905	4	2,352	50
Total	136	172,691	3,646

creased from sixty-six in 1896 to thirty-nine in 1906. The Ryōmō Railway, the Bansai Railway, the Chikuhō Railway, the Toyokawa Railway, the Karatsu Railway, the Naniwa Railway, the Osaka Railway, the Settsu Railway and the Banta Railway ceased to operate during this period.

Thus, in the field of the railway industry, too, the trend of the centralization of capital became evident and the so-called "big business period" came. Chief railway companies were the Hokkaidō Tankō, the Sanyō, the Nihon, the Kansai, and the Kyūshū. The Sanyō Tetsudō company finished laying the tracks from Kōbe to Shimonoseki in 1901. The Nihon Tetsudō completed the coast line (present Jōban line) in 1898. After it bought out the Ryōmō Railway Company, it became the largest private company with a total track mileage of 857 miles. The Kansai Tetsudō finished the line between Nagoya and Osaka by completing the Tsunashima line in 1901. In 1897 the Kyūshū Tetsudō bought out the Chikubu Kōgyō, the Imari, the Toyokawa, and the Karatsu railway companies, besides laying other lines authorized by the government. By November, 1892 the Hokkaidō Tankō Tetsudō finished its construction of over 100 miles of tracks.

In the course of fourteen years from 1892 to 1905, the private railways added 2,082 miles. At the end of 1905, the total track mileage of private railways reached 3,248, three fifths of the entire track mileage of the land. Because of this, the transportation system became complicated, even along the main lines, causing much loss in the matter of fares and in the delay of transportation.

In the meantime, the problem of the nationalization of railways was again brought to the fore by private businesses, because of the financial difficulties of the private railways. In 1898, the Tokyo Chamber of Commerce published its opinion: "This is the best time to nationalize the railways of the nation. The government should buy out all the private railways. The purchase does not have to be done at once, but can be begun



with the lines essential to the defense of the nation." In the next year, the Kyoto Chamber of Commerce also presented the same opinion to the government. In February, 1899, the House of Representatives decided to purchase the main lines run by private companies and notified the government of its decision. Following this decision, the government organized the Railway Nationalization Investigation Committee. The government drafted the Railway Nationalization Bill based on the findings of the committee and submitted it to the Diet in 1900. It was voted down. Thereupon, the government issued, in March, 1900, the Private Railway Act and the Railway Business Act which expanded the right to the control of all the railways of the nation.

The problem of the railway-nationalization remained untouched for several years, but it was brought forward, for the third time, with the outbreak of the Russo-Japanese War. In 1905 the government organized the Investigation Committee which worked out The Purport of the Nationalization of Railways and the Essential Points for the Purchase of Private Railways. The government stressed the necessity of the railway-nationalization on the ground that only by nationalization could the low rate of through-ticket fares, the elimination of wasteful equipment and the economy of transportation and management expenses be realized, saying "At no time is the necessity for it so acute as today. The present is the most opportune moment for doing it."

In March, 1906 the Railway Nationalization Bill was submitted to the Diet. It passed the Diet with some modifications concerning the number of private companies to be bought out and the prices for the purchase. The Diet gave its reason for the approval of the nationalization as follows: "Railways should, as a rule, be managed by the state. The establishment of private railway companies has been permitted as an expedient measure of transportation. Now that the nation's economy is in full stride, it is most urgent to nationalize all the railways of the country in order to give full play to the military and

economic development."

In the seven years after 1906, seventeen private railway companies with a total track mileage of 2,823 miles and a rolling stock of 25,000 pieces, were purchased by the government for 480,000,000 yen. According to Mr. Satō Katsuyoshi, "the estimate of the prices of the railways was very rough". (1) The railways were sold to the government at prices which amounted to twenty-three times the cost of construction. (2) As the result of this purchase, the total capital of the national railways swelled from 189,960,000 yen in 1906 to 753,887,000 yen in 1908. However, 80% of the capital was borrowed money in various forms so that from the point of capital, the railways were not wholly nationalized. By the purchase, the government came to have 4,444 miles of tracks, 90% of the entire railways of the country. As Professor Ōuchi pointed out, "by this nationalization, the shareholders of the private railway companies gained in public bonds more than twice the invested capital. Moreover, these public bonds were most sound, safe even in the depression of 1908". (3)

After the nationalization, the government proceeded with the extension of the railways. It completed the Kagoshima line running across Kyūshū in 1909; the Ujina line in 1910; the Tokachi and the Kushiro lines in September, the Rumoe line in November, the same year; the Chūō line in 1911; the Toba line in September, the same year; the San'in line in March, and the Ōita line in November, 1912.

As regards private railways, the government passed the Light Railway Act in 1910 and in the next year, the Light Railway Subsidy Act, in order to encourage the laying of light railways for the development of local districts. As Table No. 3 shows, there appeared many private railway companies which applied for permission to lay light railways. As of 1912, the total track mileage of the national railways was 5,217, that of private railways 224 miles and that of light railways was 545 miles.



As a matter of fact, the rapid development of railways brought about the disintegration of the traditional transportation systems. For example, before the railway was opened, there were at Hara-machi, on the Tōkaidō highway, many rickshaws and pack-horses. Goods were generally carried on horse back or on the shoulders of men. After the railway was opened,

TABLE NO. 3  
LICENSED PRIVATE RAILWAYS AND LIGHT  
RAILWAYS (UNIT: CAPITAL: 1, 000 YEN)

	Number of Private-rail- ways	Number of light rail- ways	Projected mileage	Capital
1910	1	33	19 (private railways) 595 (light railways)	3,500 (p. r.) 30,415 (l. r.)
1911	2	95	61 (p. R.) 1,291 (l. r.)	4,800 (p. r.) 56,226 (l. r.)
1912	-	70	1,012 (l. r.)	46,335 (l. r.)

Note: Hongo Tetsudō no Shōkai oyobi Keizai ni oyoboshita Eikyō: p. 59  
transportation by horse or man (coolie) was completely dropped.  
In Gifu, two forwarding companies used to handle the goods  
to be sent to Kyoto and Osaka, using pack horses and large  
carts. After the railway was opened, there occurred a big

TABLE NO. 4  
TRANSPORTATION FACILITIES IN GIFU

	Before Railway service was opened	In 1914
Forwarding businesses	2	9
Rickshaws	116	430
Tram-cars	-	3
Large carts	200	-
Wagons	50	8,711
Horse wagons	-	292

Note: From Hongo-Tetsudō no Shōkai oyobi Keizai ni oyoboshita Eikyō;  
p. 1394

change in the form of the transportation facilities as is shown in Table No. 4.

Kawaguchi-machi, Saitama prefecture, from early days was a famous cast iron-ware manufacturing center, which made a rapid development due to the two wars with China and Russia. When a railway station was set up here in 1910 the town came to do an even more thriving business with pig iron, coke and fire wood transported more easily, increased production resulted.

It was in 1894 that the Sōbu line was first opened. Before the railway service was opened, travellers had to use stage coaches, rickshaws, or boats. The opening of railway service gave a blow first to the stage coach business, and then to rickshaws and even to the hotel business. About 65 stage coaches, 1,350 rickshaws, 39 inns and 63 passenger boats went out of business due to the opening of railway service between Tokyo and Sakura.

### B. Development of Shipping Industry

As the Nihon Yūsen and the Osaka Shōsen developed into large shipping businesses, the vessels belonging to these two large companies came to be called *sha sen* (company vessels) and the rest were called *shagai sen* (tramps). The chief owners of the tramps were the Asano-Kaisō-bu (this later developed into the Tōyō Kisen Company), the Tokyo Bay Kisen, the Essa Kisen, the Chū'etsu Kisen, the Sesshu-Nada Kōgyō, Ōya Shichihei, Ukon Gonzaemon, Hiromi Nisaburō, Baba Michihisa, Hamanaka Hachisabu, Hachima Kensuke and Kishimoto Gohei. The tramps operated along the coasts of Japan, but after 1887, new routes were opened to the Korean and Chinese coasts. In 1891, the Nihon Kaiungyō Dōmeikai (the Japanese Shipping Business League) was founded in Osaka.

With the outbreak of the Sino-Japanese War, all the vessels, both *sha sen* and *shagai sen*, amounting to 140 vessels with 220,



000 tons, were mobilized. Still there was a great shortage of bottoms. The government and the Nihon Yūsen Company purchased many vessels and chartered many more. The number of vessels increased from 400 with 167,480 tons in 1893 to 528 with 331,370 tons in 1895. The increase in tonnage shows the tendency of using large vessels from this period on.

The sudden increase of vessels during the Sino-Japanese War resulted, just after the war, in a surplus tonnage of bottoms. However, this paved the way toward the development of long distance lines. The government realized, after the difficult experience during the war, the necessity of protecting the shipping industry, and decided to subsidize the ocean liners. For this purpose, the government passed the Navigation Encouragement Law and the Ship-building Encouragement Law in 1896. The Navigation Encouragement Law provided for iron or steel vessels of over several thousand tons and over 10 knots speed, as well as for special liners to Australia, Bombay, Vladivostok and Korsakov.

The Tokyo Kisen Company was found as the direct result of the law. In 1897 the Asano-Kaisōbu was liquidated and instead, the Tōyō Kisen Company was set up with a capital of 5,000,000 yen, chiefly to operate ocean liners. In 1898, it opened the San Francisco line and the Hong-Kong line.

Stimulated by the law, the Nihon Yūsen Company, by increasing its capital to 22,000,000 yen, had ten large vessels built and in 1896 opened three regular lines to Europe, the United States, and to Australia. The Osaka Shōsen Company also increased its capital to 5,000,000 yen in 1890 and to 10,000,000 yen the following year. It newly opened the Kōbe-Kirun line, the Osaka-Chinnampo line, the Osaka-Wonsan line and the Osaka Tientsin line.

Thus, the government's policy of protecting the shipping industry bore fruit; large vessels were built and new ocean lines were opened. In 1896, when the Navigation Encouragement Law was issued, only the Tosa-maru of the Nihon Yūsen

Kaisha was eligible for the bounty. The number of eligible vessels increased in 1897 to fifteen (68,675 tons); to twenty seven (162,182 tons) in 1898; and to twenty-nine (133,718 tons) in 1899. The number of steamers increased from 570 (363,323 tons) in 1896 to 1,088 (657,268 tons) in 1903.

The Russo-Japanese War had a remarkable effect on the development of the shipping industry. For the wartime transportation, not only all the vessels on the regular subsidized lines but also all large steamers were mobilized. Just as in the case of the Sino-Japanese War, many vessels were purchased and chartered. The number of chartered vessels amounted to 286 (886,000 tons) in 1904 and to 199 (592,000 tons) in 1905. During the period from January, 1904 to October, 1905, 203 vessels (53,022 tons) were newly built and 150 vessels (307,278 tons) were purchased, amounting to 352 vessels with a total tonnage of 362,198 tons. As the result, the number of steamers at the end of 1905 was 1,390 with a total tonnage of 922,740 tons. At the end of 1903, Japan ranked eighth in the world in

TABLE NO. 5  
TONNAGES OF REGISTERED STEAMERS

	1903		1905	
Tonnage of vessels	Number of steamers	Total tonnage	Number of steamers	Total tonnage
20-100 (tons)	467	21,732	643	29,521
100-500	303	68,955	337	76,299
500-1,000	66	43,116	118	82,190
1,000-2,000	81	118,880	122	182,167
2,000-3,000	60	150,810	96	233,349
3,000-4,000	17	59,493	39	132,215
4,000-5,000	4	17,961	11	48,662
5,000-6,000	2	10,899	5	26,755
Over 6000 tons	18	111,817	19	119,601
Total	1,018	603,666	1,390	930,759

Note: From the Kaiun Kōkoku-shi: p. 295



vessel holdings, next to Italy, but in 1906 Japan occupied the sixth position, next to France. As Table No. 5 shows, the vessels which were added after 1903 were all large ocean liners.

Outstanding in the government's policy of encouraging the shipping industry following the Russo-Japanese War was its subsidization of ocean liners only. The Ocean Liner Subsidy Act was issued in March, 1910. This Act provided for subsidy of the liners of over 3,000 tons with over 12-knots speed, to Europe, the United States, South America and Australia. They had to be steel vessels not over 15 years old. As Table No. 6 shows, the greater part of the subsidy was given to the Nihon Yūsen, the Osaka Kisen and the Tōyō Kisen. Since the subsidized liners were confined to the four lines, the capital was, as a result, centralized in these three large shipping companies.

Thus, the government's subsidy policy for the shipping industry which was begun in the beginning of the Meiji Era, was continued along the line of fostering the huge monopolistic operation.

TABLE NO. 6  
AMOUNT OF SUBSIDY GIVEN TO FOUR  
LARGE COMPANIES (UNIT: YEN)

	1907	1908	1909	1910	1911
Nihon Yūsen	4,598,751	4,561,591	3,896,730	4,985,909	4,824,336
Osaka Kisen	1,201,168	1,178,449	1,830,758	2,046,411	2,499,780
Tōyō Kisen	1,056,191	1,174,531	2,316,144	2,530,846	2,811,892
Nisshin Kisen	791,943	796,588	308,323	799,159	799,526

Note: From Kaiun Kōkoku shi; p. 316

The Nisshin Kisen Kaisha came to the fore along with the three huge shipping companies. It was founded in 1907, with the combined steamers belonging to the Osaka Shōsen, the Daitō Kisen, the Kōnan Kisen, and Nihon Yūsen, which were operating sea service along the Yangtze River, in an effort to win in the competition with lines of other countries. Japan gained

the right of navigation in the Yangtze River by the Shimonoseki Peace Treaty, and her steamers operated a regular line service in keen competition with the steamers of Britain, France and Germany.

Besides the above mentioned subsidized lines, the Osaka Shōsen opened a regular line service to the west coast of South

TABLE NO. 7  
AMOUNT OF MONEY GIVEN TO SUBSIDIZED  
LINERS (UNIT: TEN)

Year	Amount of money	Year	Amount of money
1896	134,775	1904	1,853,935
1897	538,702	1905	1,665,339
1898	671,321	1906	4,695,988
1899	896,898	1907	7,016,077
1900	4,132,629	1908	6,859,261
1901	5,333,959	1909	7,518,780
1902	6,132,517	1910	9,816,954
1903	6,077,306		

America in 1905, and another to Tacoma in the United States in 1909; while The Nihon Yūsen opened a line to Calcutta in 1911. As the result of the Russo-Japanese War, there arose a necessity to open regular sea service between Japan and Kwantung, Korea and Sakhalin. In 1905 the Osaka Shōsen opened the Dairen line and the Antung line; and in 1906 the Nihon Yūsen opened the Sakhalin line. In 1907 the Chōsen Yūsen Kaisha (Korean Shipping Company) was founded for the coast-wise service of Korea. Soon after the Russo-Japanese War, the Osaka Shōsen opened the Osaka Vladivostok line. In 1907 it opened the Tsuruga-Vladivostok line and the Otaru-Vladivostok line. It had been operating the Hong Kong-Canton line for some time at the request of the Government-General of Taiwan, and in 1911 it extended its service lines to the Taku-Shanghai (line) and the Taku-Dairen (line). Thus, regular service



was expanded in the waters of the Far East.

The so-called tramps which carried cargo along the coast of Japan and in the waters of the Far East, were used to carry coal to Australia when the coal miners strike hit that land in 1911, and once more one tramp was chartered by Britain to carry coal when there occurred a short-age of coal due to a coal miners' strike. As Table No. 8 shows, the number of incoming and outgoing vessels in Japanese ports greatly increased as tramps increased to do active business.

Table No. 9 shows a great increase of Japanese vessels both in number and total tonnage compared with the figures for 1903.

TABLE NO. 8  
SHIPPING MOVEMENTS IN JAPANESE  
PORTS (1911)

	Japanese steamers		Foreign steamers		Sum Total	
	Number of vessels	Total tonnage	Number of vessels	Total tonnage	Total vessels	Total tonnage
Incoming	23,270	30,003,852	2,496	13,716,658	25,766	43,720,510
Outgoing	23,311	29,970,242	2,471	13,684,049	25,782	43,654,292

Note: From Kaiun Kōkoku shi; p. 330

TABLE NO. 9  
TOTAL TONNAGE OF REGISTERED VESSELS (1911)

	Vessels	Tonnage		Vessels	Tonnage
20-100(tons)	875	20,856	5,000-6,000	11	37,407
100-200	267	23,575	6,000-7,000	26	99,297
200-300	96	12,748	7,000-8,000	1	4,627
300-500	95	22,442	8,000-9,000	6	31,667
500-1,000	141	64,363	9,000-10,000	1	5,657
1,000-2,000	132	130,116	Over 10,000	3	21,744
2,000-3,000	110	175,778			
3,000-4,000	67	150,804	Total	1,854	870,235
4,000-5,000	23	69,154			

### C. Development of Communication System

#### 1. POSTAL SERVICE

The Postal Service Regulations Act was issued in December, 1882, by amending the Postal Service Law of 1872. This Act divided mail into four classes, abolished the different fees according to distance, and listed regulations for postal money order and postal savings.

From the first, mail was carried by car and boat. Inside the city, mail coaches were used. Mail coach service was first opened between Tokyo and Takasaki in 1871. In 1872 when railway service was opened between Tokyo and Yokohama, mail was carried by train between these two places. For long distance mail, such as mail to Kōbe, Nagasaki or to Hakodate, steamers were used. In order to remove the troublesome business of making a contract with each operator of transportation facilities to carry mail, the Postal Service Regulations Act decreed that no owner of transportation facilities could deny the service of conveying mail at a fixed rate. The Private Railways Regulations Act issued in 1887 also decreed a fixed fee for conveyance of mail by railway. With the development of railway and steamer service, the amount of mail greatly increased.

The setting up of the parcel post system was realized in 1892 by the Parcel Post Law. However, due to financial reasons, only 240 out of 4,000 post offices started the parcel post service. In the course of that year, only 40,000 postal packages were handled in the whole land. At first the parcel post service was complicated and troublesome because of the different fees according to distance. It was in 1902 that a uniform fee system was adopted.

During the Sino-Japanese War, the military post service was opened for free communication between the military personnel at the front and their families and friends at home, by setting up field post offices and post offices on warships.



TABLE NO. 10  
PIECES OF MAIL HANDLED (UNIT: 1,000)

	Ordinary mail	Increase rate	Packages	Increase rate
1882	99,328	18 %		
1883	106,754	7		
1884	112,862	5		
1885	115,073	2		
1886	121,265	5		
1887	135,655	13		
1888	164,595	20		
1889	192,766	17		
1890	224,127	16		
1891	249,199	11		
1892	277,806	12	40	
1893	302,896	16	735	85.2 %
1894	392,518	22	1,207	64
1895	446,385	14	1,687	40
1896	503,360	13	2,733	62
1897	550,916	9	4,108	50
1898	605,347	10	4,917	20
1899	621,486	3	5,844	19
1900	793,526	19	7,646	31

Note; From Yūbin Jigyō 50 nen-shi; pp. 62~63

Increase rate is the comparison with previous year.

Table No. 10 shows the increase of mail handled caused by the economic development in Japan. The postal service law was revised several times, but after the sudden development in every field of social life after the Sino-Japanese War, another revision was found necessary. In 1900 the Bills of the Postal Service Law, the Telegraph Law, the Postal Money Order Law and the Railway-Steamer Mail Service Law passed the Diet and became effective in October, 1900.

The Postal Service Law established the legal side of the postal service system. The law laid down rules for the reparations, the C. O. D. mail system, and the Declaration of Value system

and confirmed the privacy of personal correspondence. By this law, the charge for mail which had been regarded as tax became the postal rate or fee.

The Railway-Steamer Mail Service Law prescribed the legal obligation of railways and steamers to convey mail, and the rules for rewards and punishment.

With the establishment of the postal service system by this law, the number of post offices increased to 5,000 at the end of 1901; to 6,000 at the end of 1904; and to 7,000 at the end of 1910. In the colonial areas after the Sino-Japanese War and the Russo-Japanese War, the Postal Service Bureau or the Communication Control Office was set up. This operated in the same way as in the home land.

Table No. 11 shows the development of the postal service by the number of pieces of mail handled after 1901. A remarkable

TABLE NO. 11  
NUMBER OF MAIL HANDLED AT HOME  
(UNIT: 1,000)

	Ordinary mail	Increase rate	Packages	Increase rate
1901	806,827	9 %	9,273	21 %
1902	889,542	10	10,299	11
1903	905,077	2	10,285	-0.1
1904	1,075,165	19	11,865	15
1905	1,236,326	15	13,696	15
1906	1,212,858	2	14,929	9
1907	1,357,447	12	17,677	18
1908	1,438,615	6	19,172	8
1909	1,450,199	2	20,193	5
1910	1,508,526	3	22,120	9
1911	1,630,223	8	23,078	4
1912	1,630,295	-	24,277	5

Note: From Teishin Jigyō 50 nen-shi; p. 63

Increase rate is the comparison of the number handled in the previous year.



feature is the increase of foreign mail. The amount of foreign mail handled increased from 11, 700, 000 in 1900; to 16, 000, 000 in 1903; to 50, 000, 000 in 1907 and in 1908, to 56, 000, 000 pieces.

## 2. TELEGRAPHIC SERVICE

The Telegraphic Service Law was first enacted in 1873 and in the next year, the Japan Telegraphic Service Regulations Act was issued. After another revision, the uniform telegram charge was established in 1885.

Unlike the post office system which developed rapidly, the number of telegraphic offices was 18 as against 1, 000 post offices in 1872; and 228 as against 4, 500 post offices in 1887, because it was conditioned by the development of industry and commerce on the one hand and by a great cost of equipment on the other.

However, the telegraphic network connected all the important places of Japan. In 1892, the aggregate length of telegraphic

TABLE NO. 12  
NUMBER OF TELEGRAMS HANDLED AND  
LENGTH OF TELEGRAPHIC WIRE (UNIT: 1, 000)

	Number of telegrams handled at home	Number of foreign telegrams	Total	Length of wire
1871	19	?	19	19 ri
1877	853	16	869	947
1882	2, 963	16	2, 979	1, 990
1887	2, 607	34	2, 641	2, 352
1892	5, 360	44	5, 404	3, 557
1897	13, 980	107	14, 087	5, 872
1902	17, 212	290	17, 502	7, 611
1907	26, 197	698	26, 895	9, 030
1912	33, 026	313	33, 339	10, 222

Note: From Tsushin Jigyō 50 nenshi; pp. 76-78; 82-84

wire was 10,000 *ri* (1 *ri*: 2.44 miles). Table No. 12 shows the development of the telegraphic service by the number of telegrams handled and the length of the telegraphic wire.

The Telegraphic Service Law enacted in 1900 was the amendment of the Telegraphic Service Regulations Act, and provided for various incidental clauses. It prescribed the rules for the system of the delivery of unsealed telegrams, expanded the scope of immediate delivery areas, and abolished the system of giving receipts to telegram delivery men.

After the Sino-Japanese War, due to the sudden development of various industries, the demand for the expansion of telegraphic service arose at various places. In 1903 a Petitions System for the Establishment of Telegraphic Offices was set, by which a community, a town or a village could start a telegraph office if it bore the cost of installation of the equipment and a part of the operation expense. A number of telegraphic offices were set up by this means.

The telegraphic service played an important role during the two wars. Particularly in the Russo-Japanese War, the wide use of field telegraph by the army and wireless by the navy proved to be very helpful. As the battle front widened, the telegraphic circuit wire at home was extended by 2,900 *ri* and the submarine cable to Guam was laid.

### 3. TELEPHONE SERVICE

For several years after the telephone service was started, it was confined to Tokyo, Yokohama, Osaka and Kōbe. At the end of 1893, the number of subscriptions, mostly in Tokyo, was 2,600. The number of telephone calls increased yearly as is shown in Table No. 13. Because of the Sino-Japanese War, the government's austerity policy restricted new installation of telephone during that time.

After the war, when the government floated public bonds to raise funds for the government industries such as railways, iron



works and tobacco, the government appropriated 12,800,000 yen, a part of the money raised by the bonds, for the expansion of telephone service under a seven-year plan. In the first expansion work, telephone exchange offices were set up in Kyoto, Nagoya and twenty other important places. By the special telephone installation system, another twenty telephone exchange offices were founded with private funds which operated the government telephones. Two public telephone booths were set up, one at Ueno and the other at Shimbashi and a long distance telephone service between Tokyo and Osaka was opened. When the telephone service expansion program was completed in 1903, the number of subscriptions rose to 35,000. Because of the Russo-Japanese War, the government could not expand the telephone service in response to the increased subscriptions. However, from military necessity, telephone exchanges were set up at Yokohama, Saseho, Kokura and Aomori with the special war fund, and at the same time, an extra long distance direct telephone line was set up between Tokyo and Saseho. The Ministry of Postal Service took it over when the war ended.

After the war, as various industries suddenly developed, the demand for telephones increased. The government began to set up telephone exchanges at Kōfu and eight other large cities with 2,000,000 yen as part of its second expansion program. The government also got an appropriation of 20,000,000 yen from the Diet, for its second expansion program of starting telephone service in smaller cities and towns all over the country. The number of exchanges increased to 3,000 when the program was completed. New techniques were continually adopted to improve the system. The number of subscriptions increased rapidly so that at the end of the Meiji Era, 120,000 applicants for telephone installation were on the waiting list.

#### References:

- (1) Shimizu Keijirō; Kōtsū Konjaku Monogatari; Tetsudō Kokuyū no Kei'i; p. 26

- (2) Gendai Hōrei Zenshū; v. 8; Tetsūdō Kokuyūhō Shikō  
tōji no Omoide
- (3) Nihon Zaiseiron; p. 120





## *Chapter Nine*

### DEVELOPMENT OF AGRICULTURAL AND MARINE INDUSTRIES

BY YAMAGUCHI KAZUO

#### I. THE AGRICULTURAL SYSTEM UNDER THE FEUDAL RULE: ITS DISINTEGRATION

##### A. Characteristics of the Agricultural System Under Feudal Rule

THE prototype of modern Japanese agriculture was established during the first half of the Meiji Era, although indications had already appeared in the last period of the Shogunate. In order to examine the agricultural system of the Meiji Era, one must have the knowledge of the agricultural conditions under the Shogunate.

The agricultural system under the Tokugawa feudal regime had four characteristics. First, the economy in those days was predominantly primitive, exclusively dependent on nature. About 80 to 90 per cent of the population were farmers. These farmers produced not only food, but also clothing, farming implements, furniture and even made their own shelter. They were self-sufficient in most of their daily necessities, depending on the artisans in their villages or peddlers for only a small part of their wants. The feudal domains or the direct domains of the Shōgun consisted of such self-sufficient dominion. Second, those farmers, the so-called serfs, were given the right to till a

fixed plot of land, but were tied to the land without freedom to change their domicile or their occupation. Neither could they sell the land, distribute it among their children, nor mortgage it. They were even divested of the freedom to choose the crops they grew. Even in their daily life, they were strictly controlled in every way. Third, under such limited conditions the farmers had to pay taxes. The taxes were paid mostly in rice, at a rate equal to half of their entire yield. This was the individual farmer's share of the taxes. However, if one farmer could not pay his tax, the neighborhood unit consisting of five households to which he belonged, had to bear the responsibility of paying it. If that group could not pay it, the villagers among whom he lived had to bear his share of the tax. Fourth, as the result of such a system, the farming techniques remained crude and there was no prospect of improvement for production increase.

The fundamental element of farmers under the regime of the Shogun were called *hombyakushō* (regular farmers) who were registered in the land-survey book of the feudal dominions. They were divided into three types. The first type of farmers were those who cultivated, by their own labor, one or two *chō* (\*) of land and barely managed to make both ends meet. They formed the mainstay of the feudal farming society, and their feudal lord must have wanted to preserve them. The second type of farmers were landowners of a kind. One such farmer had more than ten *chō* of land. He rented some of the land to poor tenant farmers and he himself tilled a wide area employing poor farmers permanently attached to the family. However, from the middle period of the Tokugawa Shogunate, the number of this type of farmers decreased. As they gave independence to the dependent farmers, they themselves joined the first group of farmers. The third type of farmers were the so-called *mizunomi hyakushō*—(water drinking farmers)—with less than one *chō* of land to till. As they could not support themselves by

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(\*) 1 *chō*: 2.44 acres



tilling the land allotted to them, they had to earn a livelihood by working for other richer farmers.

Besides these three types of farmers there were a great number of very poor farmers. As a rule, they had no land to till. They were called by various names such as *nako*, *hikan* or *mabito*. As a rule, they were not registered in the land-survey book. Some of them, however, were registered under some special items. Generally they belonged to regular farmers whose land they tilled, for whom they worked by way of rent. Since they did not pay taxes, they had no rights which the regular farmers enjoyed.

#### B. Disintegration of the Farming System under the Shogunate

Because of the long undisturbed peace, the consolidation of the transportation and economic systems, the development of castle towns, and the system of the *daimyō*'s alternate year residence in Edo, money economy made a remarkable progress in the later period of the Shogunate. This progress had an effect on the economy of farming villages in two ways. An immediate effect was seen in the fact that the farmers came to sell, as the special products of their land, their surplus rice, barley, (after paying taxes, and keeping a reserve of rice for their food) raw cotton, raw silk, fabrics, paper, wax, seed oil, raw lacquer, saffron, indigo, tea and sugar, and to buy salt, fish, sea-weed, commercial fertilizer, farming implements, and other sundry goods. As Ogyu Sorai said: "In those days, farmers had no money. In my country-side, farmers paid in rice or barley for what they bought. Recently, especially after the Genroku period (1700,) however, farmers came to have money to spend for goods." He continued: "If I remember right, it was after the Genroku period that merchants invaded the country-side to do business." (1) It is clear that merchants brought about the circulation of money in the country. According to his *Seji Kembunroku* (The Record of My Personal Observation of the World) published in 1816; "Rich

farmers forgot their social standing and indulged in luxuries like the aristocracy of the city. Even the wives, sons and daughters of poorer farmers imitated the rich. Out of envy, they became proud and despised such nightly work as rope-making, sandal-making, spinning or weaving. They followed the manner of rakes clad in beautiful expensive clothes of cloth made in other districts, such as silk crepe or cotton crepe made in Echigo, Nara or Ōmi. Formerly, they used to do up their hair with a piece of straw, but they have come to use paper cord for tying their hair, perfumed pomade, and rouge and powder for make-up. They have come to adorn their hair with tortoise-shell combs and silver hairpins. Instead of straw sandals and straw raincoats, they have come to use umbrellas, and leather-soled sandals or lacquered wooden clogs. They even wear *tabi*." (2)

As a matter of fact, such conditions could be seen only in farming villages in the neighborhood of large cities. In remote villages, old customs remained much longer. As a whole, however, the commodity-money economy considerably permeated the whole land.

On the other hand, this commodity-money economy affected the ruling class and paralyzed it. All the *daimyō* were suffering from exorbitant living expenses due to the system of alternate year residence in Edo. They had to maintain two residences, one in Edo and the other in their dominions. In addition, their luxurious living and high prices almost ruined them. As a stop-gap measure, they borrowed money from rich merchants in Tokyo, Osaka and Kyoto. The result was that about the end of the Kyōho period (1842), out of 4,000,000 *koku* of rice stored in Osaka belonging to various feudal lords, 3,000,000 *koku* were taken as the interest on debts (amounting to 60,000,000 *ryō*) which feudal lords had incurred. Thereupon, the feudal governments imposed heavier taxes on the farmers in their domains. They not only raised the rate of taxes, but collected them in most cruel ways, and even pressed the farmers for advance payment of taxes. Matsudaira Sadanobu, a member of



the Shōgun's Council of Elders, said: "The farmers experience many miseries and troubles, but their greatest hardship is the advance payment of rice as taxes for the next year. The cunning officials of the feudal governments summon the chiefs of the villages and tell them that the treasury is lacking in funds for such and such expenditures and ask them to pay next year's share of taxes. The village chiefs bow their heads and retire. Weeping over their hard lot, they manage to pay the next year's share. The officials' promise to pay back the taxes in the coming autumn or winter is never kept. If the farmers complain, they are whipped on the back and put in fetters. They fear this and weep in silence. In this way the farmers have to pay several years' taxes in two or three years." (3)

Directly or indirectly, the development of a commodity-money economy brought about the disintegration of the farming village system. Impoverished farmers had to mortgage the land, the only means of subsistence, or even sell it against the ban. On the other hand, rich farmers "bought fertile fields, woods and homesteads at very low prices from the distressed farmers in time of famine. There were rich farmers at the rate of one in one hundred farmers." (4) Concerning such rich farmers, the *Minkan Shōyō* says: "It is very rare that farmers have inherited fields and homesteads from generation to generation. Most well-to-do farmers generally combine farming with some other commercial pursuits." (5)

Again the *Kannō-Saku* points out:

"When most farmers are in distress, there are some who are very rich. They have got rich not because of their farming, but by dealing in *sake*, or oil, or running pawnshops. Even those, who have no particular trade at all, lend money at high interest and so have become rich." (6)

It is a recognized fact that there were many people who ran pawnshops, *sake* shops or fancy-goods shops in farming villages. Some urban merchants who came into farming villages, practiced usury and gradually bought wide areas of farming land.

Thus, toward the last period of the Shogunate, farming communities disintegrated into two classes, a few rich land-owners and a great number of impoverished farmers. Some land-owners tried to do the farming themselves by employing farm-hands. When they actually engaged in farming "maintaining many servants, buying horses, and paying for fertilizers, they realized for the first time that farming did not pay." (7) After all, they rented their land to tenant farmers for a high rent. Poor farmers who had parted with their fields had to become tenant farmers or farmhands. Some left their villages, and going up to Edo, worked as servants in the households of *samurai*, or proprietors of shops, day laborers, artisans or hawkers. This disintegration of farming communities was different in degree at various places, but at the last period of the Tokugawa regime, there were a great many poor farmers with less than 5 *tan*<sup>(\*)</sup> of land to till. According to Mr. Ono Takeo, the rate of land taxes was 37 per cent, that of rent was 28 per cent so that the tenant farmers could keep only 35 per cent of what they produced. (8) Mr. Kobayashi Heizaemon's study shows a slight difference. According to him, the rate of land taxes was 37 per cent, that of rent 20 per cent and that of a tenant farmer's share was 43 per cent of what he produced. (9) The rent may have differed in different localities. However, it may safely be said that it was, on an average, 20 per cent of what the tenant farmers reaped. It seems that at the end of the Shogunate, the tenant land was about 25 per cent of the whole arable land.(10)

Because the progressing disintegration of farming communities was a menace to the feudal system which was founded on the small scale regular farmers, the ruling class tried to stop it by enacting laws such as the Land-Redistribution Law or the Tempō Reform Law. However, they could not check the flood of the times. Thus in farming villages, the unreasonable weakness of the feudal system showed itself in the decrease of the population

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(\*) 1 *tan* : 0.245 acres



due to the practice of thinning-out of offspring and the exodus of farmers into urban areas, on the one hand and on the other, in frequent farmers' uprisings. As Table No. 1 shows, the farmers' uprising became more and more frequent and their scale larger toward the end of the Shogunate. Their grievances also were not only against the ruling class but also against the land-owners and loan sharks of their villages. The farmers' uprisings were not led by a revolutionary movement with any leading principles or causes, but they were the blowing-up of the people against the unreasonable feudal system, typical symbols of its collapse, and the driving force, if not the motive power, of the Meiji Reformation.

The weakened feudal system of the Tokugawa Shogunate, with farmers' unrest on the one hand and certain crises precipitated by the opening the ports to foreign countries on the other, was overthrown by a force with enlightened low-class *samurai* groups of the south-west areas as its leaders.

TABLE NO. 1: NUMBER OF FARMERS' UPRISINGS

Years	Per year rate
1601-1650	0.78
1651-1700	0.80
1701-1750	1.72
1751-1800	3.44
1801-1850	3.64
1851-1868	3.29

## References:

- (1) Nihon Keizai Taiten; V. 9; pp. 76-78
- (2) Kinsei-Shakai-Keizai Sōsho; V. 1; pp. 48-51
- (3) Nihon Keizai Taiten; V. 13; p. 238
- (4) Nihon Rinri I-Hen; V. 2; p. 193
- (5) Nihon Keizai Taiten; V. 5; p. 5
- (6) Ibid; p. 453
- (7) Ibid; pp. 56-57
- (8) Ono Takeo: Tokugawa Jidai no Nōka Keiei; pp. 79-82

- (9) Kobayashi Heizaemon, Tokugawa Jidai ni okeru Nōmin no Sozei to Kosakuryō; Nōgyō Keizai Kenkyū; V. 4; No. 3
- (10) Toda Shintarō: Nihon Shihonshugi to Nihon Nōgyō no Hatten; pp. 50-51

### C. Abolition of Feudal Controls by The Meiji Government

The political reformation of the Meiji government began with the Restoration of the Highest Authority to the Emperor by Tokugawa Yoshinobu in October and the Declaration of the Imperial Rule by the Meiji government in December, 1867. Politically, the new polity in this transition period from feudalism to capitalism was a kind of absolute monarchy. However, it was different from the monarchies of the West.

First, in an absolute monarchy of the West, local lords retained their dominions, so that only a revolution by the people could accomplish a modern centralized nation. In Japan, the establishment of an absolute monarchy abolished feudal dominions and substituted prefectural governments for them, with a supreme authority above them. This supreme authority itself carried out various social reforms. Second, in the West, the most powerful of the feudal lords generally came to govern over them, but the Japanese Imperial family at the end of the Shogunate was materially in the position of a small feudal lord and even after it took the reign of the government, it did not assume the power of the strongest lord. Third, the economic policy of the absolute monarchy of Japan was more advanced than that of the mercantilists of the West.

The greatest objective of the Japanese absolute monarchy was to accomplish the primitive accumulation of capital with its absolute power over the nation. The primitive accumulation of capital is a historical process in which producers are deprived of their means of production,—farmers are divested of their land. The means of livelihood and the means of production are



combined to produce the accumulation of a huge capital, with masses of proletarian wage-earners.

In order for an absolute monarchy to establish a modern nation in the midst of the advanced capitalist powers of the West, it had to develop its industries to make the nation wealthy and powerful.

As its agricultural policy, the new government prohibited, in February, 1869, the feudal lords from controlling the shipment of rice produced in their own dominions, with a view to establishing a nation-wide rice market. In May, 1871, it proclaimed the freedom of farmers to sell their surplus rice in the market, and in September, the same year, it announced that farmers had the legal right to cultivate the land. In 1871, the permanent ban on the sale of land was lifted, and in August, farmers were told by the government that they could engage in any other occupation they liked. At the same time, the social discrimination of farmers such as *kusawake* (pioneers) *hombyakushō* (regular farmers), *mizunomi* (very poor peasants) and *iekakae* (peasants with nothing but shelter) was abolished.

These reforms legally confirmed the disintegration of the feudal system along the line of modern farming communities. In 1872, farmers were legally emancipated from serfdom so as to play a part in the development of modern capitalist economy as free citizens.

As for the legal right to property in land, the government confirmed only the right to cultivate the land, although virtually the right to the land was in the farmers' hands since the last period of the Shogunate. The government's first step in this direction was its directive issued in 1868 that the land farmers cultivated should belong to them. As for the land taxes, the government decided, for the time being, to continue the feudal practice as the new government had no knowledge of the conditions of feudal dominions. It was in 1873 when land taxes were revised that farmers' property rights were legally established.

## II. THE REVISION OF LAND TAXES

## A. Various Opinions on Tax-revision

In order to import modern industrial equipment, and communication machines, to introduce a modern monetary system into Japan, to build up a strong defense force and to abolish the feudal system by paying hereditary pension to feudal lords and their retainers, the new government needed a huge sum of money. However, the government's only source of revenue was the land-taxes, to which it succeeded from the Shogunate and the feudal lords. Table No. 2 shows the land taxes occupied almost 80 per cent of the entire national income.

TABLE NO. 2.

Year	National income	Land Taxes	Percentage
1867-1875	282,870,871(yen)	232,711,465(yen)	82 %
1875-1876	64,279,586	50,345,327	78
1876-1877	55,684,996	43,023,425	77
1877-1878	49,967,722	39,345,774	79
1878-1879	53,558,117	40,281,517	75
1879-1880	57,716,323	41,889,695	73
1880-1881	58,036,573	42,374,181	73
1881-1882	64,304,512	43,274,031	67
1882-1883	69,888,873	43,342,187	62
1883-1884	76,425,687	43,537,648	57

Note: Asahi Shimbun; the Nihon Keizai-tōkei Sōkan; p. 63

In 1871 when the central government was firmly established by substituting prefectural governments for the feudal governments, the government found it urgent to coordinate the land system and reform the tax system. At the same time, the development of a money economy made it essential to reform the tax-payment in money instead of rice. The government recognized



the importance of the tax-revision in the Declaration of the Imperial Rule saying;

"With the restoration of the Imperial Rule, the new government is going to make a hundred reforms. The most important and urgent one is the revision of taxes."

The first person that advocated the revision of taxes and pointed out the shortcomings of the feudal tax-system was Kanda Kōichi, an official of the *Shūgi'in* (the highest council of the government). He presented his *Recommendation for Tax-revision* in June, 1870. In it he pointed out the incompatibility of the rice tax system with the commodity-money economy, and said: "After all, the present rice tax system is very troublesome for the tax-payers, and wasteful for the government, for much of the rice is plundered by cunning officials before it reaches the government stores. The system is harsh on the people, is defective in the law, and a waste to the nation's treasury. Many evils come from the system." As a concrete plan, he suggested that the government should permit the sale of land and fix the tax rate by the price of the land. He further argued: "Some people are against the tax-revision, saying that in the old days, the fields were divided among people according to the number of the family members, so that there would be no gulf between the rich and the poor. If the government permits the sale of land, great harm will ensue. To this I want to give this answer: people are by nature different; some are intelligent, some diligent, and some stupid and some lazy. It is quite natural that the lazy should be poor while the intelligent and industrious be rich. If the government should deprive the rich of their wealth and give it to the poor in order to equalize the wealth of the nation, it would encourage laziness and discourage diligence. Thus, the government will make all the people poor."

It is true that it is not a good thing that there should be the rich and the poor in society. However, it is most difficult to remove the gulf between the rich and the poor. The best thing for us is to leave the punishment of the lazy to Heaven." His reasoning

that the social stratification of the rich and the poor was the natural outcome of the tax-revision represented the view-point of the rising class of that time.

In July, 1870 the Mimbushō (Ministry of Civil Engineering, Postal Service, Mining and Law Suits, from 1869 to 1872), in an answer to the Prime Minister's question, said: "The land tax is the prime source of the national income. Any small piece of land should be taxed, except the grounds of the government agencies. However, at present, there is no standard about the taxation on feudal lords' castles and mansions; some are treated as government land and others are regarded as private property. Hitherto no tax has been levied on the temple grounds or shrine grounds, nor on the mansions of the peers, and of *sotsu*. Even rich farmers have been exempt from taxation on their residential lands. After all, there can be no fair taxation unless an equal and uniform tax-system is in effect all over the land." (3) Thus, the land tax reform was extended to residential lots.

In March, 1871, the Ministry of Finance presented its opinion to the government which said: "The inhabitants of the three *fu* (Tokyo, Kyoto and Osaka) living on the government land under the warm protection of the government pay no tax at all, while farmers, living far from the cities with little protection from the government, groan under heavy taxes. Nothing is so unfair as this. The government should first of all set a tax-system on the residential lands of these three cities and the port cities and then proceed to other districts." (4)

Two months later, the Ministry protested against the Mimbushō proposal of immediate land tax reform in order to establish the foundation of the nation's administration, by saying: "If the tax reform is carried out in haste, it will surely give rise to some unexpected harmful results. As taxation is the most important thing upon which the fortune of the nation as well as the well-being of the people rests, the tax system must be made perfect by gradual improvement and in reference to the systems of foreign lands." (5)



Thus, in the Prime Minister's Decree issued in July, 1871 for the abolition of the feudal governments and setting up of prefectural governments, mention was made of the tax system: "The tax-revision shall be deferred till the end of this year, as each district must have its own long established practice, and a sudden reform would be against the well-being of the people." (6)

However, the tax revision had to be carried out sooner or later. In September 1871, Ōkubo Toshimichi, Finance Minister, Inoue Kaoru, Vice-Minister, expressed their opinions again: "Now that the reins of government are held in the hands of the Emperor, and the necessary administration systems have been established, a uniform tax law, which is of utmost importance to the government, must be set up. After having studied the history of the tax system of our country, and those of foreign lands, we have found out that the existing tax system must be dropped, and a new tax system imposing a fixed rate on the price of land should be established." (7)

In the next month, they proposed again: "Farmers' taxes have been paid but the land taxes of the inhabitants of great cities have not been fixed. This is very unfair. As most legislation has been completed, the government should issue the title-deeds of Tokyo as the first step." (8) In accordance with their opinion, title deeds were issued in Tokyo city, and the ban on the sale of land was lifted in February, 1872.

About this time, Inoue Kaoru, Vice-Minister of Finance, Yoshida Kiyonari, his staff, and Mutsu Munemitsu, prefectural governor of Kanagawa, presented their opinions concerning the land tax reform, all confirming Kanda Kōhei's plan. After this, the land tax reform program progressed smoothly. In May, 1872, the Tax Revision Bureau was set up, (9) and Mutsu Munemitsu, chief of the Bureau, issued an order to all the prefectural governments to make estimates on the value of land in each prefecture, according to the *Rules for the Estimation of the Value of Land*, copies of which were sent along with the order. At the prefectural governors' conference held in

April, 1873, the problem of land tax revision was discussed. The opinion of the governors was divided. One group believed that the new tax rate should be the conversion of the existing tax rate into money. The second thought that a fundamentally new tax system should be drawn up without regard to the existing tax system and the third wanted the existing tax system continued several more years till the government found reasonable methods of taxation. (10) Seeing that the majority was for a fundamentally new tax system, the government worked out a draft of the tax revision. In May, 1873, Ōkuma Shigenobu, chief official of the Ministry of Finance, submitted the draft for the Cabinet's deliberation. The draft was approved.

Before the new tax reform was carried out, gradual improvement had been made in the payment of taxes such as: a directive of 1870 which ordered that the tax on rice fields should be paid in rice but that on dry fields be paid in money: other surtaxes also came to be paid in money in 1871. After title deeds were issued in Tokyo in December, 1871, other cities followed suit. In 1872 taxes on rice fields came to be paid in money, too.

References:

- (1) So-Kankei Shorui Isan; Meiji Zenki Zaisei Keizai Shiryō Shūsei: V. 7; p. 301
- (2) Ibid, pp.301-203
- (3) Ibid; pp.305-304
- (4) Ibid; p. 305
- (5) Ibid; pp. 305-307
- (6) Ibid; p. 307
- (7) Ibid; p. 308
- (8) Ibid; p. 308
- (9) Ibid; p. 312
- (10) Ibid; p. 328



## B. Content of the Revised Land Tax

In July 1873, a government-decree was issued along with the Land Tax Revision Law and the Rules for the Land Tax Revision. The gist of the decree was that the standard of the rate of the land tax should be the value of the land instead of the amount of the crop; the rate of the land tax should be 3 per cent of the value of the land; and all the taxes should be paid in money.

Here are the examples of fixing the rate for land taxes found in Chapter 12 of the Instruction for Local Government Officials.

## Example 1.

1 *tan* (\*) of rice field

1 <i>koku</i> (*) 6 <i>to</i> .....	estimated yield
4 <i>yen</i> 80 <i>sen</i> .....	price of the rice
72 <i>sen</i> (15%) .....	price of seed rice and fertilizer
1 <i>yen</i> 62 <i>sen</i> 2 <i>rin</i> .....	Total taxes
40 <i>sen</i> 8 <i>rin</i> .....	Village expenses (tax)
1 <i>yen</i> 22 <i>sen</i> 4 <i>rin</i> .....	Remainder (6% interest)
40 <i>yen</i> 80 <i>sen</i> .....	Value of the land
1 <i>yen</i> 62 <i>sen</i> 2 <i>rin</i> = $3/100$ of 40 <i>yen</i> 80 <i>sen</i>	

## Example 2

1 *tan* of rice field

1 <i>koku</i> 6 <i>to</i> .....	Estimated yield
1 <i>koku</i> 8 <i>shō</i> 8 <i>gō</i> .....	Rent
3 <i>yen</i> 26 <i>sen</i> 4 <i>rin</i> .....	Price of the rice
1 <i>yen</i> 63 <i>sen</i> 2 <i>rin</i> .....	Total taxes
40 <i>sen</i> 8 <i>rin</i> .....	Village tax
1 <i>yen</i> 22 <i>sen</i> 4 <i>rin</i> .....	land tax
1 <i>yen</i> 63 <i>sen</i> 2 <i>rin</i> .....	Remainder (4% interest) (1)
40 <i>yen</i> 80 <i>sen</i> .....	Value of land
1 <i>yen</i> 22 <i>sen</i> 4 <i>rin</i> = $3/100$ of 40 <i>yen</i> 80 <i>sen</i>	

(\*) *tan*: 0.245 acres

(\*) *koku*: about 5 bushels

Example 1 is the case of an owner who paid 34 per cent of his entire income as taxes, and example 2 is the case of the rent from a tenant farmer who paid 68 per cent of his entire income as rent. The actual evaluation may have been more flexible, for the same Instruction Article 13 says: "However, there may be different conditions in various places. If the example given above cannot be applied, you should try to evaluate in some other way in reference to the examples of particular cases." (2) At any rate, the rate of land tax was 34 per cent of the produce, which was only 3 per cent less than that of the Shogunate. The Ministry of Finance explained this fact in its Notification issued in December, 1873, which says: "Lately people are worried about the heavy taxes, because there is a rumor that the rate of the land tax to the entire produce is 50 to 50, 60 to 40 or even 2 to 1. They do not know the actual facts, for the rate of the tax to the entire produce is 30 to 70, at some places even to 20 to 80." (3) The Ministry of Finance's Comparative Study of Tax Income between it and the Shogunate, however, showed that while the total income of the Shogunate was 36,000,000 yen in rice, the government's total tax income was 36,720,000 yen, 720,000 yen more than that of the Shogunate.

In fact, however, the Report on the Revised Land Taxes (4) published by Matsukata, Finance Minister, showed that the total amount of the land taxes was 49,462,945 *yen* and 59 *sen* 2 *rin* as against the three-year-mean tax of 52,368,054 *yen* and 77 *sen* before the tax revision. (5) If one third of the amount of village expense is added to it, the rate of taxes the farmers paid was much higher than it was before the tax-revision was made. Under any consideration, the rate of land tax was very high.

In the evaluation of the land price, only 15 per cent was given to the seed rice and fertilizer. Furthermore, neither profit nor cost of farm labor were taken into consideration. The land value was inversely computed from what ought to have been taken as the wages for the farmers' labor. Regarding the inter-



est, 6 per cent in example 1, and 4 per cent interest in example 2 were improperly low compared with the interest paid by the banks of those days. The Mitsui Bank's interest rate in 1873 was 12.8 per cent and the Tokyo Bank Association's study showed that the average interest of banks in 1874 was 11.7 per cent.(6) The low rate of interest at the evaluation of land was intended to give higher prices to the land, with greater taxes to the government. This, however, proved to have a grave effect on the farming industry in later days.

About 80 per cent of the expenses for the enforcement of this tax revision, amounting to 37,000,000 yen, was a burden exclusively to the farmers. Worse still, in the enforcement of the revision, the government officials asserted their authority high-handedly. For instance, Kiriya Sumitaka, prefectural governor of Ishikawa, tried to force the official estimation of the *per-tan* yield of rice on farmers instead of using the report on the yield presented by the farmers. When the farmers protested against it, he said: "The official estimation cannot be changed. Even if Mt. Fuji went to pieces, or even if one struck it with an iron hammer, it could not be changed. So, you, farmers, have to accept it. If you do not, you must fight it out with the government. Even if you try to fight with the government, such humble farmers as you are no match for it, for the government is very powerful. If you do not accept the official estimate, you shall be regarded as traitors to the Imperial government and be banished from the country naked." (8) Another example is seen in what happened in Komaki-machi, Higashi-Kasugai-gun, Aichi-ken. Araki Toshisada, a government official, tried to force his own estimates on the farmers. When the farmers refused to put their seals on the estimation paper, he threatened them, saying: "If you disobey the government order, and reject the official estimation, you shall be taken as the traitors of the Imperial government. Such farmers shall not be allowed to live in the Empire. They shall be banished with their families from the country." (9) This was the cause

of the farmers' uprising there.

For the enforcement of the land tax revision, six years was spent in the evaluation of land. Although it had shortcomings such as has been mentioned, it brought to an end various feudalistic practices like the eternal ban on the sale of land. At least the tax revision realized: (1) a uniform rate of taxes in the whole land, (2) a kind of profit tax instead of the crop tax of the Shogunate, and (3) the tax payment in money instead of rice. This paved the way toward the gradual improvement and the establishment of a modern taxation system.

#### References

- (1) Chiso Kankei-shorui Isan: Meiji Zenki Zaisei Keizai-Shiryō Shūsei, V. 7; pp. 328-329
- (2) Ibid: p. 329
- (3) Ibid; p. 336
- (4) Ibid; p. 337-338
- (5) Chiso Kaisei Hōkokusho; Meiji Zenki Zaisei Keizai-Shiryō Shūsei; V. 7, p. 79
- (6) Tōyōkeizai-shimpōsha-hen; Meiji-Taishō Kokusei Sōran; p. 102
- (7) Chiso Keizai Hōkokusho; Meiji Zenki Zaisei Keizai-Shiryō Shūsei; V. 7; pp. 142-147
- (8) (9) Tsuchiya Takao-Ono Michio; Kinsei Nihon Nōson Keizai-shi-ron; pp. 382-383

#### C. The Changes in the Land-Tax Rate

The rate of land taxes underwent changes as time went on.

In 1874, 1875 and 1876 there arose farmers' uprisings in many parts of the country in protest against the high rate of the land taxes. In addition, when the hereditary pension was paid to the former feudal lords and *samurai*, malcontent *samurai* all over the land showed a threatening attitude toward the government. To cope with this situation, the government published the land tax-reduction in 1877. With the Imperial Edict, which



said: "Feeling for the difficulties of farmers, we hope to lighten their tax burden," the government proclaimed the decrease of the land tax rate from 3 per cent to 2.5 per cent of the land value. The problem of the land tax was not settled by this measure alone, for two problems remained unsettled, coming from Article-6 of the Land Tax Revision Regulations and, Article 8 of the government Decree No. 53 issued in 1874. They were:

Article 6: In the rice tax system, the commodity taxes were included in the rice tax itself, but by the revised taxes, a clear line is to be drawn between the land tax and the commodity taxes. The land tax rate is temporarily fixed as 3 per cent until commodity taxes can be collected. Hereafter, when the commodity taxes on tea, tobacco, lumber and other goods amount to 2,000,000 yen, the rate of land tax shall be gradually reduced till it becomes 1 per cent of the value of the land.

Article 8: Although the price of the land may change in a sale after it is fixed by the tax-revision, the rate of the land tax shall remain the same for five years after it is fixed.(3)

Already in 1875, (fiscal year from July 1875 to June 1876) the brewery tax amounted to 2,500,000 yen, for which a tax reduction was realized in 1877. When the time drew near for the revision of the value of land in 1880, the president of the Land Tax Revision Bureau requested the government to postpone the re-evaluation of land on the grounds: "For one reason, although the evaluation of the land only once cannot bring a satisfactory result, frequent re-evaluation will surely affect the sentiment of the people. If it is not made timely, the government's efforts for equality may result in the resentment of the people. Second, frequent change in the rate of taxes is troublesome both to the government and tax-payers. Third, if the tax rate is left unchanged inspite of the recent rise in the price of rice, it may suit the Emperor's purport of lightening the farmers' burden."

This request was approved and the land value was left unchanged for another five years.

When the time-limit of 1885 was drawing near, the problem was again brought to the fore, along with that of tax reduction. In the 1880 fiscal year, the total commodity taxes amounted to 6,858,903 yen and in 1883, to 16,736,676 yen, 8 times the amount fixed by Article 6.

Naturally various opinions arose; some saying that the land re-evaluation should be made at once; some insisting that not only the re-evaluation of land but the tax reduction should be carried out according to Article 6; and others proposing that as the existing tax system was too complicated, a new tax system of simpler form should be drawn up.

The Tax Bureau, however, in its *On Merits and Demerits of Changing the Tax Rate*, rejected all these opinions as deviations from the main issue, and insisted on the repeal of Article 6 and 8 as both were dead letters. The reasons the Tax Bureau gave for its insistence were that owing to the tense international relations in the Far East, Japan was in urgent need of military expansion, and reform in its domestic and foreign policies so as to make Japan a wealthy and powerful nation, it was not the time to reduce the national revenue from taxes and that since the existing system of land tax, the greatest source of the national revenue, gave no inconvenience to the nation's finance, there was no need to change it.

In 1883, Matsukata Masayoshi, Finance Minister, recommended that the government enact the Land Tax Law based on the above opinion. Regarding the repeal of Article 6, he said: "it is not too late to discuss this problem when the manufacturing industries of Japan come to supply enough taxes to cover the national expenditure." He apologized for the repeal of Article 8, saying: "To increase the tax rate frequently, while lawabiding citizens are trying hard to improve their poor soil into fertile fields, is to hamper their efforts and the development of fertile land in the nation. This is against the establishment of the property right of the people and the enrichment of the nation."

His recommendation was accepted and the new Land Tax Law,



abrogating Article 6 and Article 8, and fixing a 2.5 per cent tax rate, was promulgated in March, 1884. Thus the land value fixed by law as the basis of the land tax became quite different from the sale price of land as the basis of the rent, establishing agricultural system characteristic of Japan.

References:

- (1) Chiso Kankei Shorui Isan; Meiji Zenki Zaisei Keizai Shiryō Shūsei; v. 7; p. 356
- (2) Ibid; p. 326
- (3) Ibid; p. 340
- (4) Ibid; pp. 357-353
- (5) Hosokawa Yūjirō; Nihon Zaisei Sōran; p. 7
- (6) Chiso Kankei Shorui Isan; pp. 361-364
- (7) Ibid; p. 384

#### D. The Result of the Land Tax Revision

The enforcement of the revised land tax had an unprecedentedly grave effect on farmers.

The amount of rice in which farmers used to pay their taxes since the feudal days varied according to the size of the harvest for the year. However, by the revised tax law, a fixed amount of money had to be paid regardless of whether the harvest was good or poor. Now the price of rice became the greatest concern of farmers. The time limit for the payment of taxes on rice fields was as follows:

##### 1877-1880

Between December 1 and January 31.....	50%
Between February 1 and March 31.....	30%
Between April 1 and April 30.....	20%

##### 1881-1884

Between November 1 and December 15.....	50%
Between January 1 and February 28.....	50%

##### 1885-1890

Between November 1 and December 15.....	25%
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Between December 16 and January 25.....25%

Between January 26 and March 31.....25%

Between April 1 and April 20.....25%

Thus, the land taxes had to be paid during autumn and winter. Consequently the price of rice fell in this season. The result was that poor farmers who had to part with their rice in this season, whether willing or not, to pay their taxes suffered while the rich who did not have to sell their rice when the rice price was low realized a great profit.

In 1883 a man commented on this condition:

"The tax payment in money is a good thing since it saves the trouble of transportation of rice and the inspection of crop conditions during the year. However, we can easily imagine what will happen if farmers have to sell their rice in a short period to pay their taxes when there are only a small number of rice merchants to buy their rice. The farmers of the whole land try to sell their rice at harvest time, but as there are a very few rice merchants to buy their rice, the farmers have to sell it at a sacrifice price to get money for their taxes. As the natural result, the rice price suddenly falls at harvest time and rises prior to harvest. It comes to this that farmers pay more than they used to pay in rice on the one hand and rice merchants gain a fabulous profit by buying rice cheap and selling it at a high price later. While rich rice merchants have their stores full of rice, farmers suffer with empty stomachs."

Not only in the years of poor crops, but also in bumper years, farmers were in distress because of low price of rice. Thus in the bumper years of 1875, 1876 and 1877, there arose many farmers' riots. To cope with this situation, the government purchased the rice and tried to export it. In 1876 it set a rice deposit system and in 1877 allowed the payment of taxes in rice. As regards this system, the government announced: "When a farmer has no other way to pay his taxes, he can deposit one-third's worth of rice with the competent government agency store. When the rice price increases he can sell it and



pay his taxes with the money he gets. However, this is a temporary measure. Farmers should be careful lest harmful effects should come from this practice." Concerning the payment of taxes in rice, the government notified: "Half of the taxes on the rice fields can be paid in rice when farmers apply for it." In 1877 farmers all over the land deposited their rice, which amounted to 351,000 *koku* (about 1,755,000 bushels). 34,621 *koku* of rice was paid as taxes by the farmers of nine prefectures. As a matter of fact, these measures were provisional, and were discontinued in 1881 when the rice price rose. However, the fact that the government had to resort to a tax payment in kind even for a short period, shows how grave the effect of tax payment in money was on farmers. Thus, the land tax revision paved the way toward the development of the commodity-money economy since farmers had to sell their products to pay their taxes. The actual facts were, however, that small and medium farmers were forced to sell even the rice needed for their own private consumption while landowners and rich merchants amassed fortunes thereby.

Another grave effect of the land tax revision on farmers was the loss of their common land in farming communities called *iriai*. Before the tax revision was carried out, each farming community had a certain area of woodland or mountain area where all the villagers could gather leaves for fertilizer, feed for their horses, and firewood. In 1872 the Ministry of Finance recognized this as the common property of each village.

However, when the tax revision was carried out, such common properties became the targets of taxes. Article 6 of the Tax Revision Law said: "Taxes shall be levied on the public forests or meadows belonging to villages by fixing land value." Later all such common properties were included in the government land.

The exact area of the woodland or mountain area that had been the common properties of farming communities is not known. However Table No. 3 shows that the areas of government wood-land and private forest-land were almost the same.

In 1890 the government opened a way for farming villages to apply for the recovery of the right to their village common properties. Many villages tendered their applications for re-investigation. However, such efforts on the part of villages bore no fruit as they had no material evidences to prove their right to them.

The government's seizure of these woodlands developed the government lumber industry and that of a few private modern forest enterprises, but farmers who were deprived of their source of fertilizer, feed for their horses and firewood, had to depend on the market for such things.

As is clear from what has been stated, the land tax revision violently shook the economy of farming villages and expedited the development of commodity-money economy and the disintegration of farming communities. The disintegration of the farming villages was further accelerated when an economic depression hit the country as the result of the liquidation of the paper money.

The price of rice showed an upward tendency from 1873 on. In the inflation caused by the Seinan Civil War, the high price of rice seemed to bring a boom to small and medium farmers as well as to landowners. However, in 1881 the rice price began to fall, reducing farmers to extreme misery. Small and medium farmers lost their land through the compulsory seizure due to the arrearage of tax-payment, or unredeemed pledges to pawn sharks. A foreigner who was serving as advisor to the Ministry of Agriculture and Commerce at that time commented on the conditions:

"During the years from 1883 to 1890, 367,744 farmers could not pay their taxes and their land was compulsorily seized and put to auction by tax officials. Because of a small sum of 114,178 yen of tax default, 47,281 *chōbu*,<sup>(\*)</sup> worth 4,944,393 yen at that time, was confiscated by the government. For an average per-person tax default of 0.31 yen, the farmers lost, on an average, 8.13 yen per-person, which was 27 times the amount of

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(\*) 1 *chōbu* = 2.45 acres



taxes. According to the statistics made by the government, the cause of tax default for 263,965 farmers was poverty." (8)

As is clear from Table No. 4, the amount of the sale and mortgage of arable land in 1884 shows a high rate to the value of the entire arable land.

TABLE NO. 4.

Whole amount of sales.....	69,482,212 (yen)
Value of entire arable land .....	1,482,554,482
Rate per sale .....	4.7
Total value of mortgages on arable land .....	190,247,144
Total value of fields and housing lots.....	1,618,252,713
Rate of mortgage .....	11.8%

Note: From the Daigo Tōkeinenkan: 1883 and 1884

TABLE NO. 5.

	Area owned by farmers	Area of tenant land	Rate of tenant land to entire arable land
1883	2, 106, 599 ( <i>cho</i> )	1, 255, 107 ( <i>cho</i> )	36.75
1887	2, 795, 707	1, 813, 465	39.34
1892	3, 049, 046	2, 031, 958	39.99

Note: Tsuchiya Takao; Zoku Nihon Keizai-shi Gaiyō; p. 114

TABLE NO. 6.

	Rate of ownerfarmers	Rate of owner-tenants	Rate of tenants
1883	39.83 %	38.65 %	21.94
1891	32.12	45.14	22.69

Note: Hirano Gitarō; Nihon Shihonshugi Shakai no Kikō; p. 77

The land thus deprived of poor farmers went into the possession of usurers, landowners, and merchants. The farmers became tenant farmers and cultivated the same land that they had once owned. This increased the number of tenant farmers and semi-

farmers (who cultivated partly their own land, and partly tenant land) as is shown in Table No. 5 and Table No. 6.

The qualification for running as candidates for the prefectural

TABLE NO. 7.

	Number of farmers with tax payment or 5 to 10 yen		Number of farmers with tax payment of over 10 yen	
	Number of farmers	Com. with pre. year	Number of farmers	Com. with pre. year
1883	877,496		840,542	
1884	833,175	5% decrease	849,244	1% increase
1885	796,175	4%	840,965	0.9 %decrease
1886	722,072	9%	809,880	3% dec.
1887	685,132	5%	802,975	0.8% dec.

Note: Tsuchiya Takao; Zoku Nihon Keizaishi Yōran; p. 111

assembly was the tax payment of over 10 yen and that of voters was the tax payment of over 5 yen. If we calculate five yen tax in terms of the land value of that time, a voter had 8 *tan* of land and a candidate had 1 *chō* and 6 *tan* of land. As Table 7 shows, the number of small landowners greatly decreased.

Thus, the land tax revision combined with the retrenchment policy of the government brought about the farmers' loss of their land and the centralization of land in the hands of rich land-owners. Although this process was quite different from the primitive capital accumulation and the formation of capitalism in England, the fact that wage earners who had to leave their land supplied labor for the accumulation of capital, was fundamentally the same.

#### References:

- (1) Chiso Kaisei Jōrei; Article 2; Chiso Kaisei-shorui Isan: p. 326
- (2) Ibid; p. 355
- (3) Tokyo Keizai Zasshi; V. 1; No. 1. pp. 3-4
- (4) Tsuchiya; Ono; Kinsei Nōson Keizai-shiron; p. 368
- (5) Meiji-nenkan Beika Chōsetsu Enkakushi; Meiji-Zenki



Zaisei Keizai Shiryō Shūsei: V. 11; p. 642

(6) Ibid; p. 644

(7) Chiso Kaisei Shorui Isan p. 326

(8) B. Mayett; Nihon Nōson no Hihei oyobi sono Kyūsai-saku; Nihon Sangyō Shiryō Taikēi; V. 2; p. 424-425

### III. CHARACTERISTIC FEATURES OF THE JAPANESE TENANT SYSTEM

As has been stated in the previous chapter, in the process of capital accumulation, a great number of farmers lost their land and the tenant system established in this way continued to be the most characteristic of Japanese farming conditions still the farm-land reform made after the surrender.

Although the land tax was revised in 1873, the rate of taxes was almost the same as that in the Shogunate days. Later, through the farmers' demand, it was lowered from 3 per cent to 2.5 per cent of the land value and was further decreased through the high price of rice. Table No. 8 shows the changes in the rate of shares of the farm products.

TABLE NO. 8.

	Nations's share	Landowners' share	Tenant-farmer
Rice-tax in the Shogunate	37 % (31)	28 % (20)	35 % (43)
Tax-payment at the tax-revision	34	34	32
Tax reduction through high price of rice	23	55	32
Tax reduction in 1877	12	56	32
Tax rate in terms of mean rice price from 1878 to 1887	11.5	56.5	32

Notes: Tsuchiya Takao and Ono Michio; Kinsei Nōson Keizai-shiron; pp. 435-436

The nation's share gradually decreased while the landowner's

share increased. As a matter of fact, the actual shares may have been a little different from this. It seems that the rate of rent which was agreed on between the landowner and the tenant farmer was lower than this. According to the Result of Researches on the Tenant Practices made by the Ministry of Agriculture and Commerce in 1885, the rent of rice fields was 58 per cent of the yield and that of dry fields was 44 per cent of the yield. (1) All this shows that the surplus value of the farm products went to landowners.

The most important problems of the Japanese tenant system were the rent which was established by the abolition of feudal serfdom, the government's recognition of the right to property in land, and the enactment of a modern land tax system.

There were five types of rent. The first type was what can be called the labor service rent, which was seen in remote mountain areas. The second type was rent in the form of a fixed share of the harvest. In this type of rent, too, the relationship of landowners and tenant farmers was that of master and servant. This type was seen in the Tōhōku districts, the Nagano district and a part of the Kyūshū district.

The most widely practiced types were rent in a certain amount of rice (rent in kind); rent in money equivalent to a certain amount of rice, (rent in price); and rent in a fixed sum of money (rent in money). The Data for Investigation into the Rent System in 1912 presents a conclusion to this problem as follows:

"The rent of rice fields is paid in rice all over the land. There are a few cases of rent in unhulled rice and in rye or barley for the second crop in two-crop areas. Unhulled rice rent is practiced in Yamanashi and Nagano prefectures in the east and Matsuuragun in Nagasaki prefecture and Amakusa-gun in Kumamoto prefecture in the west. The rent in rye or barley for the second crop is practiced in Tokushima prefecture. The rent for rice fields is rarely paid in money.

The rent for dry fields varies in places according to the type



of crop. The payment in rice as the rent for dry fields is most widely practiced, and payment in soybeans, barley, and money come next in order. In Aichi prefecture, Nagano prefecture and in the Hokuriku districts, rice is paid as the rent of dry fields, while payment in soybeans is common in the Tōhōku district. In the Kantō district and Hokkaidō, money is paid as rent. The rent for dry fields is paid in barley plus soybeans in Saitama, Ibaraki and Tochigi prefectures. In some places, rye, millet, wheat, red beans, buckwheat, and sweet potatoes are paid as rent. In very rare cases is the payment of rent in mulberry leaves, raw silk, ramie, paper, the bark of paper mulberry trees, corn, rape-seeds, sugar and raw cotton. In the suburbs of large cities and in silk raising areas, money rent is more common." (2)

From the above, it is clear that even in 1912 rent was mostly paid in kind (rice) not only for rice fields but also for dry fields. In form, rice payment in the Meiji Era and in the Shogunate days was the same. However, in the Meiji Era, when commodity-money economy developed, farmers were producing rice as a commodity. As the rice price became the measure of all other agricultural products, rice came to be regarded in terms of money, as Mr. Kushida Tamizō said; "In our country, the rent is paid in rice, but rice is seen in terms of money. So, it must be distinguished from rice payments of the feudal ages." (3)

It was because the rate of rent was very high that even after the commodity-money economy developed, rent was paid in rice. If rent were to be paid in money, there was a danger that tenant farmers had to bear all the burden coming from the fluctuation in the price of rice. As the rent was paid in kind, tenant farmers could be relieved from the fluctuation in the rice price. That both landowners and tenant farmers wanted the rent in kind is shown in the survey made by the Hyōgo prefectural government. According to this survey, 83 per cent of the landowners and 75 per cent of the tenant farmers wanted

the rent in kind.

According to the Study of Rent made by the Ministry of Agriculture and Commerce in 1912, money payment as rent was confined to the surrounding areas of large cities and silk raising districts. The *Study of Rent in Practice* shows that even in 1921 rice was the most common rent of dry fields as well as of paddy fields. This was because rice was the most common standard for measuring the rate of rent all over the land. Money rent for dry fields gradually prevailed in the Taishō Era. The *Study of Rent in Practice* made by the Ministry of Agriculture and Commerce in 1921 gives the reasons for this as follows:

- (1) Development of sericulture (in 26 prefectures)
- (2) Development of horticulture (in 13 prefectures)
- (3) Development of sugar industry (in Okinawa)
- (4) Development of vegetable growing (in Kyoto, Osaka, Kanagawa, and Yamaguchi)
- (5) Development of growing special products (in Shizuoka and Okayama)
- (6) Shortage of rice for private consumption (in Ōita, Fukui, Ehime, Nara and Wakayama)
- (7) Development of various manufacturing industries (in Saitama)
- (8) Fluctuation in prices of farm products (in Saitama)
- (9) Increase in the number of absentee landowners (in Aomori)
- (10) Convenience in handling (in Kanagawa, Nara)
- (11) Development in the understanding of economic reality (in Saitama)

It is true that landowners had to bear various expences such as: taxes on tenant-farmland, and payment for irrigation rights; expenses for repair of water ways, levees, drain pipes, narrow roads between fields, bridges, intake-dams, and of large construction works on the tenant land; the supply of water-wheels, water pipes and other apparatus where such were necessary.



However, even with these expenses included in the fixed capital investment, the rate of rent was too high. Mr. Okazaki's study shows in Table No. 9 the mean cost of production from one *tan* of rice field all over the land in the years from 1899 to 1901.

TABLE NO. 9.

(Unit: yen)

	One crop area	Two crops area
Yield	24,679	36,191
Rent	12,086	15,025
Surplus value Profit	6,853	8,057
Surplus value Expenses	3,022	3,801
Price of labor	9,143	14,630
Capital	5,679	9,701

The rate of rent was 49 per cent of the entire yield in the case of one crop areas and 42 per cent in two crops areas. In both cases the rent seems too low compared with the mean rate of the whole nation. Even so, 12,086 yen rent exceeds the surplus value (profit plus expenses) by 2.29 yen in the case of one crop and by 3.165 yen in the case of two crops. The capital here includes seed, fertilizer, and rice straw bags and other necessary things which farmers had to reserve for the next year's production. Since proportion of rent was as large as the whole of surplus value and one-fourth of labor price, tenant farmers could not go on with production on the same scale in the following year if they did not earn extra money by some side line, or cut down their spending.

Most important about this problem of rent is: what caused this fabulously high rate of rent. As the result of the efforts for the primitive capital accumulation in the beginning of the Meiji Era, a great number of small and medium farmers were deprived of their land. However, the manufacturing industries of Japan did not develop so as to absorb this large mass of landless farmers. As a matter of fact, the government did make

every effort to import the Western capitalistic methods of production into Japan. The industrial manufacturing methods Japan introduced into the country were, however, those of advanced machine production, which required a comparatively small number of workers. Even the light industries such as raw silk reeling, cotton spinning and textiles, which developed earlier than other industries, depended on the labor of women and children. In farming communities, on the other hand, there remained old customs of a large family system and master-servant relationship, which served to maintain a large surplus population in them. This mass of potential labor force meant a constant threat as an industrial reserve army to proletarian workers in large cities on the one hand and on the other, they themselves were in constant competition with each other for more land to cultivate. These conditions created a premium for the right to tenant land. Even though all the surplus value went to landowners as rent, tenant families could go on with their farming on the tenant land with the bare subsistence money. All these conditions established the high-rate-rent system of Japan, and once established, this system expedited the growth of a rich landowner class that carried on a capitalistic farming management.

This rent system does not exactly belong to the feudalistic system, neither does it fall under the category of capitalistic rent system. We can call it a semi-feudalistic system, for this feudalistic form of rent in kind developed with the establishment of modern property rights under the un-developed capitalist system.

#### References:

- (1) Dai Nihon Nōkai-hen; Hompō Kosaku-Kankō; p. 138
- (2) Ibid; p. 10
- (3) Kushida Tamizō; Nōgyō Mondai; p. 339
- (4) Yamada Seitarō; Nihon Shihon-shugi Bunseki; pp. 211-212
- (5) Nihon Kosaku-kankō; pp. 51-52 (1921)



- (6) Ibid; pp. 53-57 (1912)
- (7) Tsuchiya Takao-Okazaki Saburō; *Nihon Shihon-shugi Hattatsushi Gairon*; pp. 504-506

#### IV. THE DEVELOPMENT OF AGRICULTURE IN THE MEIJI ERA

##### A. The Meiji Government's Agricultural Policy

As has often been repeated, the Meiji government depended on the land taxes of farming villages for the national revenue to develop and modernize various industries. It is true that the government focused its efforts on the importation of the Western industrial methods of production, but it also made efforts to develop the agriculture of the country and to reclaim wasteland.

In 1872 the government set up an agricultural experimentation station, the first of its kind, at Naitō Shinjuku and put it under the jurisdiction of the Mimbushō. The business of the Agricultural Section of the Mimbushō was carried on here, such as the study of agriculture, compilation of books on agriculture, business of reclamation, sericulture, horticulture, stock-farming, study of herbery, microscopic examination, study on insects and vermin, seed-improvement, and tea-manufacture. The area of the land belonging to this station was 30 *chō*, which was divided into an orchard, a botanical garden, a pasture, an herb garden, a timber forest, a vegetable garden, and a rice field. The object of this station was "to collect various plants at home and overseas, to learn their uses, methods of cultivation, and pest control, by means of studying books on agriculture at home and overseas, and making experimentation, to order seeds from abroad, sell them at the request of people, and to give information on any new discovery in agriculture in the *Kangyō Hōkoku* (bulletin) for the progress of agriculture of Japan." (1)

The Agricultural Sub-section collected books on agriculture and invited experts from abroad to train the young students in the techniques. The Sericultural Sub-section experimented with the cultivation of mulberry plants and invited silk raising experts from sericultural districts to engage in the improvement of silk worms and raise foreign silk worms here. As regards tea, one of the chief items of export, the Tea Sub-section planted tea plants and did experimental manufacture of green tea, black tea and Chinese tea, sent samples to the United States and the countries of Europe, and tried to expand the market for tea. It also set up institutes at various places for instructing people in the methods of manufacturing tea.

In addition to the station at Naitō Shinjuku, the government set up the Mita Ikushujō (nursery) in 1874. The aim of this nursery was to expand the work of the experimentation in a larger and more fertile garden. At this nursery, many plants were cultivated and cross-breeding of horses was carried out.

The government's model stock farm was the Torika Livestock Breeding Station which was set up in 1875. (3) The government's expenditure on this breeding station in ten years from 1875 to 1885 was 1,053,785 yen and its income was 172,557 yen with a loss of 881,228 yen. However, this work did much to further the live-stock farming industry of Japan. (4)

As regards land reclamation, the Mimbū-shō set up the Land Development Bureau in 1869. As its initial work, the reclamation of Koganegahara in Chiba prefecture was made. In the years between 1869 and 1872 the government supplied land development companies with 426,642 yen and gained 2,069 *chō* of arable land, where 6,044 settlers were sent. (5) This kind of reclamation was carried on as a semi-governmental enterprise. The development of Mukaibara, Asaka-gun, Fukushima prefecture was started in 1878 by the government at the suggestion of Ōkubo Toshimichi, and by the end of 1887, 369 *chō* of land was developed where 489 *shizoku* families settled with 335 horses. For the development of Nasunogahara, in Tochigi



prefecture, the government helped Mishima Yatarō and his Nasu Kaitakusha with a loan of 1,000 *chō* of land for reclamation in 1881. Many other development plans were realized, chiefly for the help of the *shizoku* class to find livelihood there.

As another agricultural policy, the government held various fairs. It was initiated by Matsukata Masayoshi. When he was sent to France to attend the International Fair, he studied the French government's agricultural policies, and found competitive fairs a very effective incentive for the promotion of the agricultural industry. The first fair was held in 1879 at Yokohama, at which tea, raw silk and cocoons were exhibited. In the following year, another fair was held at Osaka. In this fair sugar and cotton were exhibited. These items were chosen for fairs, because tea and raw silk were the most important export goods while sugar and cotton were the chief items of import at that time. In 1881 the *Kannō-kyoku* (Bureau for Encouragement of Agriculture) sponsored a meeting of expert farmers from all over the land. In April, 1881 the Ministry of Agriculture and Commerce was set up. The Motion for Setting-up of the Ministry of Agriculture and Commerce states: "At present the most important business of agriculture and commerce, such as the overall supervision, enactment of laws for encouragement and promotion, and fair and uniform administration of agriculture and commerce, is overlooked and instead, the government agency itself engages in enterprises, interferes with private enterprises by supplying funds, or protects a very small number of merchants and farming enterprises. The Ministry should change its policy and make the administration of commerce and agriculture its proper function."

Following this resolution, the government gradually dropped its policy of directly engaging in enterprises in its efforts to promote agricultural industry. The Ministry, finding that imported farming implements were of little use to Japanese farming, ceased the importation of farming implements and instead, encouraged the use of imported fertilizers. It also

studied the method of making a better fish fertilizer. The fact that the government's agricultural policy shifted from importing farming implements to importing fertilizers shows the government's new policy of continuing the traditional small scale intensive farming, instead of adopting large scale capitalistic farming methods.

References:

- (1) Tsuchiya Takao; *Ishin Keizai-shi*; p. 189
- (2) *Ibid*: p. 190
- (3) Shimofusa Shuchikujigyō-Mondō-hikki; p. 33
- (4) Tsuchiya Takao; *Ishin Keizai-shi*; p. 193
- (5) *Meiji-Shi*; Dai 4 hen; *Sangyō-shi*; (Taiyō; *Rinji-zōkan*) pp. 38-39
- (6) Ono Takeo; *Nōson-shi*; p. 229

B. Small Scale Farming and Its Transition

Characteristic of Japanese farming was the ultra-small scale of the farming area. The *Nōkai Chōsa Nōji-Tōkei* (Statistics on Farming Conditions) made in 1888 gives the following figures:

	Percentage
Households with over 1 <i>chō</i> 5 <i>tan</i>	15 %
Households with less than 1 <i>chō</i>	
5 <i>tan</i> and over 8 <i>tan</i>	30 %
Households with less than 8 <i>tan</i>	55 %

Note: From *Nōji Chōsa-Hyō*; V. 1, p. 18

Farmers with larger tillage were found in the Tōhōku district, and Ni'igata prefecture in the north and Saga and Miyazaki prefectures in Kyūshū, while farmers with smaller tillage were found principally in the Kinki district, Shikoku, the Chūgoku district and the Tōkai district. Table No. 10 shows area per farming household according to districts.

According to the next table, about 70 per cent of the farmers in Japan tilled less than one *chō* of land. Farmers with a smaller area of land were found in the Tōkai, the Kinki,



and the Chūgoku districts and farmers with a larger area of tillage were, in Hokkaidō, the Tōhoku, Kantō and Kyūshū districts. Not only the acreage but also the extent of intensive cultivation must be noted in a consideration of Japanese farming condition. From the point of intensive cultivation, the country can be divided into three parts; Hokkaidō with one crop a year both in paddy fields and dry fields; the Tōhoku district with one crop in paddy fields and two crops in dry fields a year; and the districts in south-western part of the country with two crops both in paddy fields and dry fields. From the point of management, a farmer who could harvest enough to support his family with the labor of his family belong to the small-farm class; one who had not enough land to support his family and had to do some other work to make up his shortage belonged to the ultra-small-farm class; one with a larger tillage than a small farmer who worked with his farmhands belonged to the middle-farm class; and one who managed his large farm land on a capitalistic scale belonged to the large-farm class. According to Ōuchi Tsutomu, in Hokkaidō, farmers with less than 5 *chō* of land belong to the ultra-small-farm class; those with less than 10 *chō* of land belong to small-farm class; and those with more than 30 *chō* belong to the large-farm class.

TABLE NO. 10.

Districts	-5 tan	5-9 tan	1-1.9 chō	2-2.9chō	3-3.9cho	5-5.9chō	Total
Hokkaidō	17,478	12,784	14,497	30,860	34,543	39,206	149,368
Tōhoku	153,205	134,435	128,658	71,764	35,819	11,870	535,751
Kantō	353,998	318,627	233,519	71,360	31,934	11,176	1,020,614
Hokuriku	124,665	129,589	120,852	37,476	11,313	2,153	426,048
Tōkai	275,646	275,548	131,917	19,340	4,091	1,208	707,678
Kinki	266,562	236,774	90,452	10,596	2,703	901	607,988
Chūgoku	323,211	235,336	102,078	17,688	3,945	856	683,114
Shikoku	179,715	144,680	54,774	11,895	5,542	1,727	398,333
Kyūshū	328,124	292,294	170,547	55,309	23,465	8,549	878,315
Total	2,022,604	1,780,067	1,047,321	326,282	153,292	77,616	5,407,183

In the Tōhoku district, farmers with less than 2 *chō* of land belong to the ultra-small-farm class; those with less than 5 *chō* of land belong to the small-farm class; those with less than 10 *chō* of land belong to the middle-farm class and those with more than 10 *chō* of land belong to the large-farm class. In the areas of the south-western part, farmers with 1.5 *chō* of land belong to the ultra-small farm class; those with less than 3 *chō* of land belong to the small-farm class; those with less than 5 *chō* of land belong to the middle-farm class; and those with more than 5 *chō* of land belong the large-farm class. Table No. 11 shows the percentage of farmers according to this classification.

TABLE NO. 11.

	Ultra-small farmers	Small farmers	Middle farmers	Large farmers
Hokkaidō	73.7%	26.3%		
Tōhoku	81.8%	16.7%	1.5%	
South-west areas	92.6%	3.5%	1.5%	0.6%

Note: Ōuchi Tsutomu; Nihon Shihon-shugi no Nōgyo-mondai; p. 14

The table above shows at a glance how overwhelmingly large the number of small scale farmers was. Such conditions continued with little change throughout the Meiji Era. A study of the farming conditions of 1884 shows that in thirty prefectures the average tillage per farming household was 0.96 *chō* while in 1909 the average tillage per farming household in the mainland (Honshū, Shikoku and Kyūshū) was 0.97 *chō*. Even during the Taishō Era, the conditions remained almost the same.

The problem is why the capitalist system did not develop in the field of agriculture when in all other industrial fields the capitalist system was established. The answer can be found in the high rate of rent. Under the Japanese capitalism which made an abnormal development and gave rise to the high rate



of rent, it was impossible to make a profit by carrying on large scale farming employing workers, while rich landowners found it much more profitable to rent their land than to cultivate their land themselves.

This small scale farming did not change but a change was seen in the ownership of the land. As Table No. 12 shows, farm owners decreased by 17 per cent during the years from 1883 to 1908 while the tenant farmers increased by 25 per cent. In 1883 the area of tenant land was 36.75 per cent of the entire arable land but it increased to 45.42 per cent in 1911 as is shown in Table No. 13. Mr. Okazaki Saburō's estimation of the number of owner farmers and their tillable holdings in 1909 are shown in Table No. 14. According to this table, landowners with more than 5 *chō* of tillage, only 9 per cent of the entire number, possessed 41 per cent of the entire tillable land while small farmers with less than 1 *chō* of land, 61 per cent of the entire number, cultivated only 16 per cent of the whole arable

TABLE NO. 12.

	Owner farming households	Semi-owner farming households	Tenant farming households
1883	39.8%	36.65%	21.94%
1891	32.12%	45.14%	22.69%
1908	33.27%	39.15%	27.58%

Note: Hirano Gitarō; Nihon Shihon-shugi no Kikō; p. 76

TABLE NO. 13.

	Area of owner farmers	Area of tenant land	Comparison of tenant land to entire area
1883	2,106,599 ( <i>chō</i> )	1,255,105 ( <i>chō</i> )	36.75%
1887	2,795,707	1,813,465	39.34
1892	3,049,046	2,039,046	39.99
1903	2,923,261	2,342,909	44.49
1911	3,109,402	2,587,502	45.42

land. The number of small farmers was large but they were gradually changing from farming to some other occupations in large cities, becoming small shop-keepers, wage-earners, company employes or bank clerks. Only a small number of large landowners remained in the country as proper landowners.

TABLE NO. 14: ESTIMATION OF AREAS OWNED  
BY OWNER FARMERS AND LANDOWNERS (1909)

	Over 50 chō	Over 10 chō	Over 5 chō	Over 3 chō	Over 1 chō	Less 1 chō	Total	Tenant land of owner- farmers
Number of land- owners	3	40	48	121	173	631	1,006	
Areas of tillage	151	600	288	423	259	310	2,031	523

Note: Tsuchiya Okazaki; Nihon Shihon-shugi Hattatsu Gairon; p. 481  
Unit: 1000 households and 1000 chō, each.

The *Teikoku Nōkai*<sup>(\*)</sup> made a survey in the *Hompo Jisakunō Jōkyō Chōsa* (Survey on Japanese Owner Farmers' Conditions) which gives particulars of the mobility of owner farmers. Table No. 16 and No. 17 shows the mobility of owner farmers in 18

TABLE NO. 15.

Owner farmers' change of trade	Number of households that moved out of villages	Per-village rate	Percentage
Landowners	23	1.3	8.4%
Tenant farmers	188	10.4	68.9
Wage earners & other trades	41	2.3	15.0
Propertyless class	21	1.2	7.7
Total	273	15.2	100

Note: Teikoku Nōkai's Organ: Hompo Jisakunō no Jōkyō; No. 1; p. 6

(\*) *Teikoku Nōkai*: The Central Organ of the Prefectural Agricultural Associations; After the war, it was replaced by the *Nōgyō Kyōdō Kumiai Hombu* (Headquarters of Agricultural Cooperative Federation)



villages in Kyoto, Osaka, Shiga, Fukui, Tottori, and Fukuoka prefectures from 1899 to 1916.

According to these two tables, during 17 years the number of owner farmers decreased by 57,—3.1 per cent of the number of farmers in 1901 in 18 villages. 23 owner farmers became

TABLE NO. 16.

Number of those who became owner farmers	Number of Households	Rate per village	Percentage
Landowners	25	1.4	11.4%
Tenant farmers	168	9.3	78.5
Branch-families	18	1.0	8.4
From other trades	3	0.2	1.4
Total	214	11.9	100

Note: The same as Table 15

landowners while 25 landowners became owner farmers. The number of owner farmers who became tenant farmers was greater by 20 than that of tenant farmers who became owner farmers. Many owner farmers became tenant farmers or changed their trade to some other occupations. It is noticeable that very few people changed from other trades to farming.

As for the movement among owner farmers themselves, the same survey gives particulars of movement in 7 villages in

TABLE NO. 17: MOBILITY OF OWNER FARMERS

	To land-owners	To tenant farmers	To property less class	To A	To B	To C	To D	Total
From A	0	70	6	—	39	0	0	128
From B	3	5	3	55	—	30	0	100
From C	9	1	2	0	22	—	1	36
From D	0	0	0	0	0	0	—	0
Total	12	76	11	55	61	30	1	264

Note: The same as Table 15 and 16; pp. 11-15

Kyoto, Shiga, Gifu and Nagasaki prefectures in the years from 1899 to 1916. The classification in the Tables are: A: owner farmers with 0.5 to 1 *chō*; B: those with 1 to 2 *chō*; C: those with 2 to 3 *chō*; and D: those with over 3 *chō*. From these tables we can see that the position of farmers with 1 to 2 *chō* of land was most precarious and the greatest number of A group farmers became tenant farmers.

It is clear from the tables that A group farmers were on the verge of losing their land. Mobility among other groups was of almost the same degree.

TABLE NO. 18.

	From land- owners	From Tenant farmers	By branch family	From A	From B	From C	From D	Total
To A	6	48	9	—	55	0	0	118
To B	0	0	3	39	—	22	0	64
To C	9	0	5	0	30	0	0	44
To D	1	0	0	0	0	1	0	2
Total	16	48	39	39	85	23	0	228

The survey of the tillage the owner farmers of 17 villages lost is shown in Table No. 19.

TABLE NO. 19.

People to whom land was trans- ferred	Area of land	Per village rate	Percentage
Large landowners	1,649,815 (tan)	97,015 (tan)	31.81%
Tenant farmers	828,125	48,705	16.47
Other than farmers	2,550,416	150,008	50.72
Total	5,028,356	295,728	100.00

Note: The same as Table 15; pp. 144-145

The explanation made by the drafter of this survey follows: "Most of the land transferred to landowners and others was expropriated from owner farmers. Because there was no system



of financing medium and small owner farmers, or if there was, they did not know how to use it, landowners and others, by crafty means, deprived them of their land at far lower prices than the current prices, and rented it at very high rates. Such people were absorbed in their immediate gains and none of them had any thought of improving the land, or promoting the national economy, or the benefit of the people. Particularly to those absentee landowners who possessed land for the sake of their social position, the agrarian reform meant nothing. It is quite a deplorable thing that the greater part of the tillage formerly possessed by owner farmers should have fallen in the hands of such people."

### C. Capitalism and Development of Agriculture

As has been stated, the development of the Japanese agricultural industry was abnormal due to the fact that a great number of small scale farmers carried on farming with the labor of the family members.

Table No. 20 shows the increase in production of rice and wheat in contrast with the increase of production in other industries with the index figure of 100 in 1894. We can clearly see how slow the progress of agricultural industry was.

TABLE NO. 20.

year	Agriculture		Marine Ind.		Manufact. Ind.				Mining Ind.		Forestry Ind.	
	rice	wheat	catch	salt	silk	cott'n	tex'le	ship	iron	copper	coal	lumber
1878	71.4	47.5		64.4	26.1	0.7		23.6	52.3	21.4	16.0	
1885	91.3	80.9		85.2	52.8	5.3	22.6	29.2	70.8	49.1	32.2	43.7
1894	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1902	125.9	93.0	226.8	96.6	139.0	263.6	211.9	401.8	165.3	145.8	224.1	929.2
1910	140.7	104.4	392.4	115.2	228.2	388.1	403.0	632.9	345.9	247.8	368.0	1707.6

Note: Asahi Shimbun; Nihon Keizai Tōkei-sōran; p. 681

Both in yield and area under cultivation, rice, wheat, barley and rye were steadily increasing. The per-*tan* yield of rice increased in 30 years by 44 per cent, and that of wheat, barley and rye by 56 per cent. There was little change in the labor power since a great number of the farming population left the villages to work as commercial or industrial wage earners in great cities. This fact means that per-capita production increased, which was shipped as commodities to market, as is shown in Table No. 21. Table No. 22 shows a greater increase of the production of potatoes, with a smaller production expenses, for the materials used for processed food.

TABLE NO. 21.

		1878-1882	1888-1892	1898-1902	1905-1912
Rice	Yield	29,811 (thousand- <i>koku</i> )	38,860	42,480	50,588
	Area	2,547,951 ( <i>chō</i> )	2,736,982	2,836,059	2,957,178
	Per- <i>tan</i> yield	1.16 ( <i>koku</i> )	1.08	1.50	1.70
Barley	Yield	5,290 (thousand- <i>koku</i> )	6,919	8,620	9,437
	Area	601,229 ( <i>chō</i> )	643,191	650,542	618,261
	Per- <i>tan</i> yield	0.88	1.08	1.33	1.53
Wheat	Yield	2,100	3,077	4,161	4,735
	Area	361,521	431,791	474,221	475,589
	Per- <i>tan</i> yield	0.58	0.71	0.88	1.00
Rye	Yield	3,660	5,067	7,081	7,492
	Area	459,239	610,876	282,131	680,462
	Per- <i>tan</i> yield	0.80	0.83	1.03	1.10

Note: Takahashi Kamekichi; Meiji-Taishō Nōson Keizai no Hensen; pp. 148-149

The yield of millet began to decrease in 1877, that of Indian



millet in 1897, and that of buckwheat in 1907. On the whole, the agricultural products which had low market value gradually decreased in total yield, as is shown in Table No. 23.

Of the processed agricultural products, tea came first. Next to raw silk, it was the most important export item. In the first half of the Meiji Era, about 80 per cent of the entire tea

TABLE NO. 22: SWEET AND WHITE  
POTATO PRODUCTION

		1879-1883	1894-1898	1899-1903	1908-1912
Sweet-potatoes	Yield	282,000,000 (kan)	662,000,000	718,000,000	938,000,000
	Area	150,000 (chō)	225,000	273,000	297,000
	Per-tan yield	188 (kan)	259	282	316
White potatoes	Yield	9,000,000 (kan)	46,000,000	67,000,000	172,000,000
	Area	11,000 (chō)	27,000	40,000	66,000
	Per-tan yield	84 (kan)	168	166	260

Note: Agatsuma Tōsaku; Nōson Sangyō Kikōshi; p. 155

TABLE NO. 23.

		1878	1887	1899	1909	1919
Hie (Millet)	Yield	1,081,000 (koku)	1,103,000	861,000	816,000	685,000
	Area	109,000 (chō)	87,000	77,000	59,000	50,000
Awa (Millet)	Yield	1,947,000	2,575,000	2,217,000	2,228,000	2,000,000
	Area	243,000	243,000	239,000	194,000	149,000
Moro- koshi (Indian Millet)	Yield	185,500	275,000	378,000	391,000	339,000
	Area	27,000	26,000	36,000	32,000	29,000
Buck- wheat	Yield	732,000	1,117,000	999,000	1,274,000	1,133,000
	Area	156,000	158,000	176,000	157,000	137,000

Note: Tōkei Nenkan

crop was exported and 60 per cent in the latter part of the era. To meet the demand tea was increasingly produced till 1895. Except in Shizuoka prefecture, tea was produced as a side line of farming households. According to a survey made

TABLE NO. 24: INDUSTRIAL CROPS

		1879	1889	1899	1909
Tea	Yield	2,612,000 (kan)	6,908,000	7,519,000	7,990,000
	Area	?	60,700 (chō)	57,883,000	49,222
Rape- seed- oil	Yield	1,199,000 (koku)	1,143,000	1,115,000	1,052,000
	Area	?	167,295,000 (chō)	148,663,000	140,167
Hemp	Yield	1,646,000 (kan)	2,397,000	2,922,000	2,487,000
	Area	?	14,840 (chō)	17,911	12,712
Indigo	Yield	9,072,000 (kan)	15,424,000	18,786,000	4,995,000
	Area	?	50,257,000 (chō)	47,825	9,223
Cotton	Yield	20,947,000 (kan)	22,389,000	5,232,000	977,000
	Area	?	98,479 (chō)	33,773	4,006
Tobacco	Yield	4,692,000 (kan)	5,987,000	13,299,000	11,110,000
	Area	?	21,804 (chō)	42,220	29,375
Sugar Cane	Yield	81,974,000 (kan)	111,314,000	?	188,185,000
	Area	?	16,348 (chō)	?	21,366

Note: Tōkei Nenkan :



in 1910, 17.5 per cent of all the farming households of Japan engaged in making tea, on an average area (per-household) of 0.5 *tan*, and with an average proceed of 14 *yen*. Although the area and proceeds were both small, it composed a pretty large proportion of the income for farming households as most of the product was sold as a commodity.

Another processed farm product was rape seed oil. However, with the wider use of kerosene lamps, the demand for rape seed oil to be used as lamp oil began to decrease in 1897. The cultivation of indigo plants for dyeing material flourished till 1900, but outrivalled by imported chemical dyeing stuff, it suddenly decreased.

As the result of the encouragement on the part of the Meiji government, the production of raw cotton showed an upward trend for a very short time, but cheap and superior imported raw cotton brought it to a sudden decline. Hemp, tobacco and sugar gradually ceased to be important items of agricultural production as is shown in Table No. 24. Table No. 25 shows that such special products as peppermint and pyrethrum came to the fore as big items of export.

TABLE NO. 25.

		1905	1909	1913
Peppermint	Yield	3,369,000 (koku)	1,305,000	11,076,000
	Area	3,864 (chō)	1,797	11,373
Pyrethrum	Yield	34,000 (kan)	59,000	221,000
	Area	157 (chō)	316	894

Note: From the Meiji-Taishō Kokusei Sōran; p. 521

Concerning sericulture, raw silk composed 40 per cent of the entire amount of exports of Japan at the beginning of the Meiji Era, and 30 per cent even at the end of the era. The development of sericulture during the Meiji Era was remarkable. Silk worm raising became the most important side line of farming

households. As Table No. 26 shows, 28 per cent of the entire farming households of the country engaged in raising silk worms, using 6 per cent of the entire arable land for the culture of mulberry trees.

Sericulture was most actively carried on in Nagano prefecture.

TABLE NO. 26.

	Number of households	Rate to entire farming households	Area of Mulberry plantation	Rate to entire land	Amount of cocoons
1879	?	?			9,929
1889	?	?	217,911(chō)	4.3%	11,847
1899	?	?	299,596	6.0	25,126
1905	1,484,750	28%	399,972	6.0	27,233
1911	1,500,409	28%	453,627	7.9	42,535
1917	1,860,004	34%	485,735	8.2	63,704

Note: Nihon Keizai Tōkei-sōran; pp. 709, 712

The unit of cocoons is 1,000 *kan*

At the end of the Meiji Era, a farming household there tilled, on an average, 3.5 *tan* of rice and 4 *tan* of mulberries, harvesting, in terms of money, 97 *yen* from the rice fields and 191 *yen* from the mulberry lands. From this we can note that sericulture was the chief trade, with rice growing for their own private consumption only. Besides in Nagano prefecture, sericulture was actively carried on in Gum'ma, Saitama, Yamanashi, Gifu, and Fukushima prefectures.

It is an economic law of the social division of labor that when an agricultural product becomes a commodity, special localities for it develop, which makes other agricultural products commodities.

In Japan where rice is the chief item of agricultural production, it is customary to call the production of other goods side lines. Farming households have various side lines.

The greatest and commonest of the side lines of farming households was *zakuri* silk reeling. Although machine reeling



developed at the beginning of the Meiji Era, the traditional *zakuri* reeling industry developed side by side with machine reeling, improving the quality of silk, and increasing the amount, by means of a cooperative system. Almost 99 per cent of the *zakuri* industry was carried on as a side line of farming households, on a scale of less than 10 workers. *Zakuri* silk was produced in the greatest amount in Gum'ma and Fukushima prefectures, and in Saitama, Nagano, Yamagata and Aichi prefectures, next in order. *Mawata* (silk wadding) and *tsumugi*

TABLE NO. 27: RAW SILK PRODUCTION  
(1889-1910)

	Amount of machine silk Unit: <i>kan</i>	Amount of <i>Zakuri</i> silk	Amount of <i>tamaito</i> (*)	Percentage		
				Machine	<i>Zakuri</i>	<i>Tamaito</i>
1889-1893	454,013	587,641	70,641	41	55	6
1894-1898	814,634	657,390	100,349	52	42	6
1899-1903	1,038,568	740,980	145,673	54	39	7
1904-1909	1,446,999	681,862	133,006	64	30	6
1910	2,235,760	758,813	179,902	70	24	6

(\*) *Tamaito*: thick thread from waste cocoons.

Note: *Nōshōmushō*; *Nōka Fukugyō ni kansuru Chōsa*; p. 13

TABLE NO. 28: NUMBER OF FARMING  
HOUSEHOLDS THAT ENGAGE  
IN *ZAKURI* REELING

	Under 10 reelers	Over 10 reelers	Total	Amount of silk and <i>tamaito</i> ( <i>kan</i> )
<i>Zakuri</i> silk	329,289	1,226	330,515	758,813
<i>Tamaito</i>	40,522	242	40,764	179,902
Total	369,811	1,468	371,279	938,915

Note: the same as Table No. 27

*ito* (silk thread from waste cocoons) were also made in farming households. According to a survey made in 1910, 184,500 farming households of Japan engaged in producing 77,600 *kan* of *mawata*, worth 1,483,000 yen. Chief producing districts were Nagano, Fukushima, Gum'ma and Yamagata prefectures. Tables No. 27 and No. 28 show the conditions of raw silk production.

In the textile industry, although plants installed with power looms increased in number during the latter half of the Meiji Era, silk fabrics, cotton and silk mixtures and *kasuri* (cotton cloth with splashed patterns) were woven by hand even at the end of the Meiji Era. Almost 90 per cent of the looms used for such textiles were hand looms. The *Nōka Fukugyō ni kansuru Chōsa* (Survey on the Side Lines of Farming Households) gives the following explanation for Table No. 29: "As a part of home industry, all of the piece rate textile industry is carried on as a side line of farming households. About 50 per cent of all the workers in the textile industry of Japan are women and girls of farming households who are engaged in piece rate textile production. This shows the importance of the textile industry as a side line of farming households. When

TABLE NO. 29.

	Number of Households	WORKERS		LOOMS	
		Male	Female	Machine looms	Hand looms
Plants	5,106	15,554	117,318	65,887	68,055
Home-industry	139,705	12,649	217,792	3,425	215,081
<i>Orimoto</i>	11,854	5,498	30,120	485	28,635
<i>Chingashi</i>	294,150	7,877	373,669	2,354	375,462
Total	450,815	38,578	738,899	72,511	687,233

Note: *Orimoto* and *Chingashi* were both piece rate systems, the former being weavers who have a part of the work done by piece rate producers, and the latter were middlemen or merchants who supplied materials.



we think of the fact that the textile industry of Japan provides 400,000 women and girls of farming communities with appropriate side jobs, and they take part, as low wage-earners, in one of the greatest industries of Japan, with 30,000,000 *yen's* worth of production, we can understand how the economy of farming households is influenced by the textile industry, on the one hand and how the Japanese textile industry depends on the labor of women and girls of farming communities on the other."

The production of Japanese paper was also carried on as a side line of farming households in Kōchi, Aichi, and Gifu prefectures. In 1910, 54,900 farming households produced paper worth 19,780,000 *yen*.

The same survey notes other side lines of farming households, such as the manufacture of straw ware, fancy mats, straw plait, chip-work, wicker ware, bamboo ware, akebia-vine ware, and embroidery, as follows:

"Except for straw ware, wicker ware, and mats, farming households have to obtain materials for their work. There are two ways of obtaining materials; one is the piece rate system, by which farmers are supplied materials by middlemen or merchants, who pay them a piece rate; and the other is the home industry system by which farmers have to purchase materials for their production, and sell the products. The farming households of Japan come under the first category. With the piece rate system no capital is needed and there is no risk. However, the greater part of the profit goes to the merchants and middlemen." (2)

As is clear from what has been stated, the capital of merchants controlled almost all of the side line production of farming households, and there was no prospect of farmers developing manufacture on their own. This side line production under the control of merchants' capital, along with the rent system and small scale farming were an outgrowth of the development of Japanese capitalism.

## V. DEVELOPMENT OF THE FISHERIES INDUSTRY

BY HABARA MATAKICHI

A. The Fisheries Industry at the Transition  
Period of the Restoration

The foundation of the modern Japanese fishery product industry was laid under the feudal system of the Shogunate. The disintegration of the feudal system had a grave effect on the development of industry. During this transition period, Japan experienced a great hardship, both politically and in the field of industry. The Meiji Era, however, proved to be a period of great importance to the marine products industry, for at this time the capital was accumulated for the later development of the industry. During the Shogunate, the principal fishing was what we now call coastal fishery. However, there were, toward the end of the Shogunate, some kinds of off shore fishing 20 *ri*<sup>(\*)</sup> from the shore. Large scale fishery in those days was operated with seines and set-nets to catch yellow tails, tuna, herring, sardines and salmon, and with harpoons and nets to catch whales and dolphins. Besides these, there was much small scale fishing by means of various kinds of dragnets and rods and lines in protected bays and the Inland Sea.

The coastal fishery in the days of the Shogunate was operated with seines and set nets on a large scale by rich farmers or semi-farmers along the coast, who were called *amimoto* (fishermen's boss). Such a boss had many fishermen and farmers to work under him. This kind of boss system was not only common in the seine fishing (*amimoto* literally meaning the possessor of seines) but also seen in whale fishery off the coast of Kishū and Tosa. Such fishermen's bosses established the

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(\*) 1 *ri* = 2.44 miles



master-servant relationship by protecting fishermen and farmers from famines and other hardships.

This semi-fishing and semi-farming system was typical of the fishery of the Shogunate. As a matter of fact, there were many fishing villages which had no such bosses. In the Kantō district, for instance, Kujūkuri hama (Chiba prefecture) was typical of sardine fishing with seines on a large scale under bosses, while along the east coast of Izu, fishery was carried on without bosses of this kind. Concerning the latter, there is a record that almost every one in a fishing village died from starvation during a famine because there was no one to protect them. According to Satō Nobusue's *Gyoson Gji-hō* (Ways to Preserve Fishing Villages), Sōbei, a rich farmer and *amimoto* of Kujūkuri hama, had a wide area of paddy fields and dry fields, from which he harvested an annual amount of over 1,000 bales of rice as rent. Forty farming households belonged to him, generation after generation. He maintained sixty fishermen to work for him.

As regards the fishery rights, originally it was common that every fisherman in the community had a right to fish. The control of fishery, the rescue of the shipwrecked, and the coastal equipment were the cooperative task of the whole village. Since this right belonged to every fisherman, he could leave it to his descendants or sell or transfer it to another fisherman. This freedom resulted in the centralization of the fishery rights in the hands of bosses on the one hand and on the other, a large mass of rightless fishermen. Thus, an originally equal right to fishing came to divide the fishing communities into two classes, the holders and non-holders of fishing rights. In short, this class division was fundamentally the monopolization of the fishing rights. The fishing rights of those days was the right to fish in a certain area of the sea which each fishing village had customarily recognized as its particular fishing ground. Each fishing village could exclusively enjoy the fishery in its own fishing ground along its coast.

Toward the end of the Shogunate, however, because of the decrease in hauls caused by the change of currents and of the social and economic changes of the times, fishery bosses gradually decreased in number and the rightless fishermen began to fish beyond the territorial waters and out into the open sea. These two trends led the fishery of the Shogunate to the following results.

- 1) The fishery system of the Shogunate was faced with gradual decline due to the social and economic changes of the times.

- 2) A few fishermen survived this upheaval by turning to offshore fishing, using their past experiences and skill.

- 3) Some of the daring fishermen in Sesshu (Osaka and Hyōgo) Kishū (Wakayama prefecture) and Senshu (Osaka) who went out into the waters of the Kantō district and farther to the waters of Hokkaidō, Kurils and Sakhalin, continued their large business even after the Restoration. It was possible that, in this period, some fishermen in Kyūshū and Chūgoku districts engaged in unauthorized fishing in the waters of Korea and the South Seas, while those in the Hokuiku district went out into the waters of Hokkaidō and Maritime Territory.

- 4) Of the fishermen who went out into the open sea to fish, some belonged to fishermen's bosses and others started fishing business on their own.

From this, it can be concluded that at the end of the Shogunate, fishing activities were not confined to the territorial waters of the fishing communities, for some daring fishermen went out into the waters of other feudal dominions and even settled there. This opened up the communication and exchange of products and culture among the feudal dominions, dissolving the political and economic isolation of each feudal dominion, and paving the way toward the development of a nationwide economy.

As for the inshore fishery of the Shogunate, in Shizuoka prefecture, a fishing village had its fishing ground along its shore



reaching 8 *chō*<sup>(\*)</sup> into the sea, while in Wakayama prefecture, the fishing ground of each fishing village reached two *ri*<sup>(\*)</sup> into the sea. Thus, the extent of fishing grounds of each feudal dominion was somewhat different, but it was common that fishing villages had their own fishing grounds. The boundaries of fishing grounds of fishing villages originated in the Regulations on Boundaries for Fishing published by the Shogunate in 1741.

These feudal regulations were to be replaced by the new fishery law of the Meiji government.

At the time of a great social and political upheaval, it is common both in the West and East that the whole social life is plunged into confusion, because a revolutionary spirit goes ahead of the real life, creating a deep gulf between the ideal and reality. So was the case of Japan just after the Restoration.

#### B. The Government's Policy on the Fishery Industry

For the seven years from 1870 to 1877, the Meiji government was in the stage of labor pains; it had to set the foundation of the new government on the one hand and on the other, liquidate the feudal system. From an ideological point of view, it was the time when the antagonism of feudalistic thought and liberal thought reached its peak.

In 1875 the new government's fishery policy nationalized all the rights to fishing, which had belonged to each fishing village, and decreed that new applications had to be submitted to the government for fishing rights. This decree created grievances against the government in fishing villages all over the country so that the government had to appease them by another decree in 1876 to the effect that though the sea belonged to the state, the fishing rights remained the same as before. In 1875 the government substituted the fishing and duckweed right taxes

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(\*) 1 *chō*: 109 meters

(\*) 1 *ri*: 2.44 miles

for the miscellaneous taxes. In the meantime, the government made efforts to import the techniques of the fishing industry from the United States. In 1876 the Hokkaidō Development Office invited two American fishery experts and at the same time purchased canning apparatus. It set up a model cannery for salmon and salmon-trout at Funabachō, on the Ishikari river. Between 1877 and 1879, it founded canneries of the same kind at Bekkai in Nemuro, Uenae in Iburi, Shana at Eturup and Atsukeshi in Kushiro. This development of the fishery industry in Hokkaidō was the most remarkable of the government's efforts to open up the frontier area. In 1879 another cannery was opened at Nagasaki. These two places were the birthplaces of the canning industry of Japan and even now are the centers of the Japanese fishery industry.

When in 1878 an official of the government attended the International Fair at Paris, he purchased a canning machine there. He also brought back olive seeds, from which olive oil was extracted at the Experimentation Station at Naitō Shinjuku in 1879.

The government also tried to develop artificial hatching of salmon and salmon-trout eggs. In 1876, the *Kannō Kyoku* (Bureau for Encouragement of Agriculture) tried this at Nakagun, Ibaraki prefecture and stocked the Arakawa with young fish. It also set up fish farming ponds at Shirako-mura and Yuzuki-mura, imported the young of salmon trout from the United States and stocked various rivers with them. In the same year, the Marine Industry Section was set up in the Bureau. The Japanese fishery industry learned much from the International Fisheries Industrial Fair held in Berlin in 1880. However, by this time, the harm of reckless over-catching of fish began to show in the coastal fishery. The exact cause of this effect is not known but the extravagant living toward the end of the Shogunate may have led to the reckless overfishing.

In short, the government's fishery policy before 1877 was the adoption of the canning industry and hatching techniques from



overseas in its efforts to mechanize the fishery industry and increase and conserve its piscine resources.

### C. The Fishery Industry About 1882

As has been mentioned, about this time, the bad effect of overcatching was felt most acutely. The lack of coordination in the export of marine products to China became a grave problem to the export business. To cope with these problems, the Home Ministry issued a directive which prohibited the catch of young fish and ordered strict control over the export of marine products to China. The government found this control necessary, partly because the home consumption of goods had expanded due to the temporary inflation that resulted from the Seinan Civil War, but chiefly because the people's mistaken idea of liberalism led them to the reckless spoliation of natural resources and a quick and careless production of inferior goods. According to the *Chōya Shimbun* of those days, the fishery industry of Chōshi stopped shipping its fish to the fish market at Nihombashi, because the fish merchants at Nihombashi cruelly knocked down the prices of fish. The *Nihombashi Uoichiba Enkaku-kiyo* (Outline of the history of the Nihombashi Fish Market) also mentions that the market was at its lowest ebb in 1881 and 1882. This was the result of the confusion into which the idea of freedom of business threw the hitherto close relationship of the fishery industry and the fish market.

In 1881, with the founding of the Ministry of Agriculture and Commerce, the Marine Industry Section was set up in this Ministry. In 1882, the *Dai-Nihon Suisan-kai* (the Great Japan Fisheries Society) was founded with Prince Higashi-Fushimi as its President. The society had, as its research members, experts on fisheries (processing, sales, breeding, natural history, statistics, chemistry, and meteorology) and invited a nation-wide membership. It has ever since been the most influential private society representing the interests of the fishery industry.

In 1883 when the International Fisheries Fair was held in London, Japan took part in it. That the Japanese fishery industry benefited by its participation in the Fair is clearly shown in the report on the fair written by the government official who was sent to it. In the same year, the first national fisheries fair was held at Ueno. Its ceremony for awarding prizes was honored by the visit from Emperor Meiji. In 1884 Japan shipped goldfish and red carp to Germany.

The fur seals and sea otters in the northern waters of Japan, due to the primitive method of catching them, were left to be poached by the Europeans and Americans. When the Hokkaidō Development Office was set up the government put the business of catching fur seals and sea otters under its jurisdiction. In 1882, after the Hokkaidō Development Office was closed, this business was transferred to the jurisdiction of the Ministry of Agriculture and Commerce. Those who wanted to catch fur seals and otters in the waters of Hokkaidō and Kuril, would have to apply for special licenses to the Ministry of Agriculture and Commerce. However, since no one sent in an application, the northern waters were left to foreign poachers as the world's treasure house of fur seals and sea otters. This fact shows how ignorant

TABLE NO. 1.

	Number of ships	Number of seals caught
1872	1	300
1873	7	1,195
1874	12	1,353
1875	7	1,250
1876	8	1,150
1877	9	1,083
1878	9	818
1879	7	375
1880	8	450
1881	11	350

Notes: Nihon Sangyō Shiryō Taikei; Suisan-gyō



Japanese fishermen were about pelagic sealing. Mr. Snow's note records the catch of seals as is shown in Table No.1. In 1887 about five thousand seals were poached yearly.

In 1886 the government decided to establish game preserves, open season, and the method of examining raw hides.

In 1887, the *Teikoku Suisan Kaisha* was set up, which engaged in catching whales, fur seals and sea otters. The Ministry of Agriculture and Commerce gave it a five year license on condition that the company divide the ground into five sections and catch seals at one section a year by rotation, so that the game might be preserved. In 1893 when the license-term expired, the Ministry gave the company a license to a wider area, but objects of the Ministry were not attained.

In the whaling industry, no one engaged in pelagic whaling. The Japanese fishermen caught whales only along the coast. When the Russian Pacific Fishery Company, subsidized by its government, pushed into the waters of Japan with Norwegian whalers, the Japanese whaling industry could do nothing about it. Only in a limited area near the Izu Islands did the Japanese industry engage in catching whales by the American method. In short, whales as well as fur seals and sea otters in the waters of Japan were left to Western poachers to catch them at will.

In 1885, Japan had its first order for canned fish from France. About this time, the internal demand gradually increased. As the canning industry reached this stage, the government, thinking that its objective of guiding the canning industry was attained, decided to transfer its canneries at Bekkai in Nemuro, Shana in Kuril, and Nagasaki to private ownership. The Nagasaki cannery exported canned abalone to China in 1883. By 1887, small scale canneries came to be set up at various places of the land. Canned beef called *Yamatoni* (Japanese cooking) also began to be produced for the domestic market.

Thus, the Japanese fisheries industry began to show indications of a new development. In 1888, Japan exhibited fishing apparatus at the International Fair held in Barcelona in Spain, and in

1889 a chart of Japanese marine products and fish oil, etc., were put up at the International Fair held at Paris. This participation in these fairs gave wide publicity to Japanese marine goods. In 1890 when the Third National Industrial Fair was held in Tokyo, more items were exhibited at the Marine Products Department than at any other department.

The Marine Industry Section of the Ministry of Agriculture and Commerce was enlarged to the Marine Industry Bureau in 1885. The Bureau had four sections: fishery, processing, research, and general affairs. A fish-oil tallow laboratory was also set up at Dosanchō, Kōjimachi, Tokyo.

In 1886, the Ministry of Agriculture and Commerce issued rules for fishermen's unions, so that fishermen in each district might organize a union and work out its by-laws. The Marine Industry Bureau published, in 1887, three books, the *Nihon Suisan Hosaishi* (Record of Catches of Fish in Japan), the *Nihon Suisan Seihin Shi* (Record of Processed Fish in Japan) and the *Nihon Yūyō Suisanshi* (Record of Useful Marine Products in Japan). These books are the outstanding references for the study of the history of Japanese fisheries.

In 1888, the Bureau divided the whole land into five sections, and sent its technical officials to each section to inspect the fishery conditions. The findings of these officials were coordinated and published.

Thus the business of the Bureau gradually expanded, but in 1890, according to the general retrenchment policy of the government, the Bureau was again curtailed into a section. However, the Ministry of Agriculture and Commerce itself carried out its plan of *Suisan Jikō Tokubetsu Chōsa* (Special Survey of the Conditions of the Marine Industry), to learn the size of the catches of fish and of processed fish. According to this survey, the catch in 1892 amounted to 25,656,000 *yen* in value, and the amount of processed fish had a value of 16,321,000 *yen*. The items of processed marine products were cured fish, salted fish, laver and other seaweeds, fish oil, fish fertilizer, fish-oil tallow,



and agar-agar. The *Dai-Nihon Suisankai* suggested that the Ministry of Agriculture and Commerce found a school for education in fisheries. A short three-year course in fisheries was given in the Tokyo *Nōrin Daigaku* at Komaba (Agricultural Department of Tokyo University). However, the course was soon dropped.

The *Dai-Nihon Suisankai* decided to start a fisheries institution in 1889, and opened it at the Kōseikan, at Kobikichō, Tokyo. This school gave fifty-three students a one year and three month course. This was the beginning of the present National Fisheries College.

Regarding relations with Korea concerning fisheries, Japanese fishing boats that fished in Korean waters increased in number after Japan concluded a treaty of amity with Korea in 1885. It seems that the fishermen of Shimane and Hiroshima prefectures fished in these waters even in the middle of the Shogunate. After the Trade Treaty between Japan and Korea was concluded in 1889, the fishing ground for Japanese boats in Korean waters was expanded.

#### **D. Fisheries Industry Before and After the Sino-Japanese War And the Russo-Japanese War**

The most outstanding development in the fisheries industry in this period was Mr. Mikimoto Kōkichi's success in the cultivation of artificial pearls at Ago Bay, Shima Peninsula.

In 1892 a new kind of set-net was invented at Toyama bay to catch yellow tails, which took the place of fishing with rod and line. In the same year, the *Dai-Nihon Suisankai* requested the government to revive the national meeting of fisheries associations. It was not realized due to the retrenchment policy of the government. In 1893's budget the Diet appropriated a sum for fishery researches on condition that the House Budget Committee set up a Fisheries Research Committee as its advisory body. The Fisheries Research Committee did much for the

development of the fisheries industry of Japan. When the Ministry of Agriculture and Commerce presented its motion that a subsidy of 65,000,000 *yen* a year should be given to the Fisheries Institution, the Diet passed it. Now the institution began to turn out many experts in fisheries. The graduates of this institution constitute the backbone of the Japanese fisheries industry today.

As regards the marine animals in the northern waters, the catching of fur seals and sea otters became so active that it caused various international problems. For instance, when in 1893 a dispute arose concerning the marine animals in the Bering Sea between England and the United States, the Tribunal at Paris ruled that a restriction be placed on the shooting of marine animals of the west coast of America. About this time, poaching of fur seals and sea otters in the waters of Japan by English and American fishermen became so active that a public opinion against it developed into a sensational problem for the whole nation. In 1893 Gunji Shigetada, first lieutenant of the navy, organized the *Hōkōgikai*, and went with his party to settle in the Kuril Islands for the purposes of preventing the poaching by foreign fishermen, and of the national defense. The government also requested the *Teikoku Suisan Kaisha* to investigate the game conditions of the northern waters. By this time the Japanese whalers that had been operating in the sea near the Izu islands began to catch sperm whales off the coast of Kinkazan. In the same year Japan plunged into war with China. Many canneries were started to supply the armed forces with food. The Fisheries Institution began to can whale meat and bonito. The War Office entrusted the Fisheries Institution with the task of inspecting the canned food to be sent to the front.

The canning industry which thrived by the war-boom declined after the war. On the whole, however, this war paved the way toward its later development.

Important to the fisheries industry about the time of the wars with China and Russia were the enactment of the *Enyōgyogyō*



*Shōreihō* (Deep-sea Fishing Encouragement Act) effective in 1898, and the *Gyogyōhō* (Fisheries Act) effective in 1902. These two laws laid the foundation of the later development of the Japanese fisheries industry. The former opened up a new field for Japanese fisheries by encouraging and expediting deep-sea fishery, in rivalry with the fishery industries of the capitalist countries of the West, while the latter was intended for the protection of fishing communities on the coast of Japan, and the development of fishermen's unions.

The problem of poaching shook the whole nation so that there developed a public opinion that the government should encourage pelagic sealing. The Navy decided in 1895 to send its warship every year to the northern waters to prevent poaching. The government tried in vain to increase the number of the Japanese who would engage in pelagic sealing. In 1896 Murata Tamotsu insisted on the enactment of a law to encourage the Japanese to engage in deep-sea fishery. Accordingly, the government drafted a bill for the purpose. The bill passed the Diet and went into effect in 1898. This Act gave any Japanese Company that engaged in pelagic sealing a subsidy of 150,000 *yen* a year. As the result, more and more Japanese companies came to build Western style sailing boats for deep sea sealing. This drove foreign poachers from the northern sea.

Under the circumstances, the Fishery Section of the Ministry of Agriculture and Commerce was enlarged again in 1897 and became the Fishery Bureau, with two sections for fisheries and marine products. In the same year, the *Suisan Kōshūjo* (Fisheries College) was founded, which took over all the students and the business of the Fisheries Institution. Feeling the necessity of learning foreign techniques of fisheries, the Bureau sent the student apprentices overseas to learn canning methods, Norwegian whaling, American whaling, as well as fishing by purse seine, English drifter, and trawling.

Following the Fourth National Industrial Fair held in Kōbe, the Second Marine Product Fair was held in Kōbe in 1897.

In the same year Japan participated in the Meeting for the Preservation of Fur Seals at Washington.

In the meantime, many whaling companies came to be founded. The Nihon Enyōgyogyō Kaisha was set up at Senzaki, in Yamaguchi prefecture which adopted the Norwegian whaling method. This company developed into the Tōyō Gyogyō Kaisha in 1906 and then in 1908 into the Tōyō Hogeī Kaisha. Other whaling companies were the *Nagasaki Hogeī Kaisha*, the *Dai-Nihon Hogeī Kaisha*, the *Teikoku Suisan*, and the *Bōsōgyogyō Kaisha*. In 1899, a cold storage company, the first of the kind in Japan, was founded at Yonago, in Tottori prefecture. In the next year, the Federation of Korea-Japan Fisheries Association was founded, for the purpose of settling fishery problems, as Japanese fishing boats in the Korean waters greatly increased after the Sino-Japanese War. About this time, the fishermen of Hiroshima began fishing in the waters of the Philippines with their *utaseami* (a kind of purse seine). Fishermen of Wakayama coast who had been engaging in pearl fishing at Thursday Island, Australia, from the beginning of the Meiji Era, came to do a thriving business about 1897.

About the time the Pelagic Fishery Encouragement Act was enacted in 1898, and the Japanese sealers were operating only in the Japan Sea and the sea near Kamchatka. However, a year later, they hunted seals far into the waters near the Pribilof Islands and Alaska. In 1904 Japanese sealers were seen even near the Komandor Islands. Table No. 2 shows the number of

TABLE NO. 2: SEAL CATCHES

	Number of sealers	Number of catchers
1896	9	3,300
1899	12	6,500
1903	21	10,900
1904	28	15,600



seals caught by the Japanese ships.

At this stage, the government found it necessary to revise the Pelagic Fishery Encouragement Act. Most of the ships that engaged in deep sea fishing at that time were very fragile wooden craft. For instance, the *Nihon Enyōgyogyō Kaisha* sent out three ships for cod fishing in the Okhotsk Sea, but all failed because the vessels were not sea-worthy. In view of this sad experience, the government revised the Act and subsidized only Western-type ships for deep sea fishing. As a whole, the deep sea fishery industry before the Russo-Japanese War was on the eve of a great development. In all the fields of fisheries, the government as well as the people worked out plans, tried them and failed, and tried again. It was a kind of *Sturm und Drang periode* for Japanese fisheries. Besides fisheries, the government made efforts to increase the piscine resources. In 1903 it stocked Lake Towada with young trout from Lake Chūzenji with success. In 1904 Japan exhibited sardine canned in oil at the Fair held at St. Louis hoping to expand the overseas market for Japanese products.

During the Russo-Japanese War, the contribution of the Fisheries Bureau and private fisheries business to the war-effort was greater than in the days of the Sino-Japanese War. In 1904 the Fisheries Bureau mobilized all the personal of the fisheries experimentation stations of all prefectures to have them engage in the inspection of salted fish, cured fish and other marine products to be sent to the front. 116 marine goods businesses supplied the armed forces with 2,489,000 *kan* of marine products, worth 5,370,000 *yen*.

Thus, the fisheries industry which was laying the foundation for capitalistic development after the Sino-Japanese War, now entered on its second stage with the Russo-Japanese War.

About this period, two things developed in connection with the Japanese fisheries industry. One was that a crab cannery was set up at Nemuro for canned crab to be exported to the United States. About this time, the catch of lobsters greatly

decreased in Western waters, in the United States, and a restriction was placed on the haul of lobsters. So, canned crab was welcomed as a substitute for lobster. Later canned crab became one of the important export items along with canned salmon.

The other was that a fishing boat with a petroleum engine for deep sea fishing was built at Shizuoka fisheries experiment station. This kind of fishing boat later was popularized, and developed into the present Diesel engine boats used for all offshore fishing and deep sea fishing.

In 1907 the Russo-Japanese Fisheries Agreement was concluded. The gist of this agreement was that the Japanese could lease the Russian fishing grounds on the same footing as the Russians except in the rivers in Maritime Territory, Sakhalin, Okhotsk, and Kamchatka, but only Russians must be employed in fishing at the mouth of the Amur river. Processing as well as fishing was permitted.

Although the agreement went into effect in the following year, the fishing in Russian fishing grounds could not operate efficiently owing to their small sailing boats of 150 tons. In 1911, when new fishing vessels replaced the old ones and the leased fishing grounds increased to 224, the catches amounted to 407,000 *koku*.<sup>(\*)</sup> Along with the increase in catches, the production of canned red salmon increased from 700 cases in 1910 to 23,000 cases in 1912 and to 75,000 cases in 1913. In 1914 when World War One broke out, the Japanese economy enjoyed a boom. The fisheries in the Russian grounds shared a general boom with other industries. As a result, many fishery companies were started. Chief among the companies were the *Yushutsu Shokuhin*, the *Kamchatka Gyogyō*, the *Hokuyō Gyogyō*, and the *Nichiro Gyogyō*. *Tsutsumi Shōkai* had private management. However, in the post war depression, many companies went bankrupt. To tide over this depression, *Tsutsumi Shōkai*, the

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(\*) 1 *koku* : 40 salmon : 60 salmon trout



*Kamchatka Gyogyō* and the *Nichiro Gyogyō* merged into the *Nichiro Gyogyō Company* which came to play an important part in the fisheries of the northern waters.

Prior to this, when the Russo-Japanese War ended in Japan's victory, the Russian whalers which almost monopolized the North Pacific Ocean disappeared from the area and the Japanese whalers came to do an active and efficient work in their place. In 1906 the *Tōyō Gyogyō Kaisha* made a favorable start with chartered whalers. After the Russo-Japanese War, other whaling companies were started, such as the *Taihiei-yō Gyogyō* and the *Dainihon Hoge-i*. The *Teikoku Reizō Kaisha*, a cold storage company, was also newly set up.

In 1908, Japan purchased a trawler from England in its effort to modernize the fishing technique. Trawling proved to be satisfactory. The area of fishing activity became wider and the amount of catches suddenly increased. From this time on, the Japanese fishery industry entered upon the age of trawling. The first steel trawler was built in 1908 at the Osaka Iron Works. In 1919, nine trawlers were already active in Japanese waters. However, this large scale capitalistic fishing resulted in the sudden decrease of piscine resources along the coasts, so that small scale fishermen began to suffer hardship. Grievances against trawling arose at various fishing villages. Thereupon, the government enacted rules for the control of trawling and set up closed fishing grounds.

The whaling industry also made a remarkable development. In 1909 as a keen competition among 12 whaling companies with 28 whalers threatened to lead them to mutual bankruptcy, they merged into the *Tōyō Hoge-i Kaisha*. The Ministry of Agriculture and Commerce issued regulations on whaling, and put whaling under a license system. It also limited the number of whalers to 30.

The enactment of the Pelagic Fishery Encouragement Act was originally intended for the development of pelagic sealing in the northern waters. However, it came to include assistance

to all the deep sea fisheries. Owing to the government's encouragement, many large scale fishing businesses came to flourish in the north and south seas: salmon and crab canning industry in the north and trawling in the south seas. Table No. 3 shows the sudden increase of Western type motor fishing boats. After 1906, fishing boats with petroleum motors came to be built in Japan, but Japan still had to depend on petroleum motor fishing boats built in foreign countries for several years. It was toward the end of the Meiji Era that the petroleum motor manufacturing technique was improved and many motor plants were built in Japan.

TABLE NO. 3: WESTERN TYPE MOTOR FISHING BOATS

	Number of boats
1906	1
1907	7
1908	19
1909	20
1910	198
1911	541
1912	827

In 1911, the United States proposed the Washington Conference for the Preservation of Fur Seals of Britain, Russia, Japan and the United States. The chief aim of this conference was to check the sealing activities of the Japanese. After signing the Agreement, the government issued a law and an Imperial Decree as a necessary measure. By this time, the sealing activities of the Japanese were extensive, and far exceeded those of the foreign poachers at the beginning of the Meiji Era. The sphere of activity by the Japanese sealers reached far to the Komandor Islands and the Pribilof Islands. Some sealers were even seized by the American government. All this led the Americans to the apprehension that if Japanese sealing were not checked, the marine animals in the American waters would be exterminated.



Thus, the foundation of the Japanese capitalistic fisheries industry was established by the end of the Meiji Era.

For the fishermen's communities along the shore, the government issued the *Gyogyō Kumiai-hō Junsoku*. (General Principles for Fishermen's Union). On the basis of these principles, each prefectural government worked out the rules for the control of the fishermen in the prefecture. Thus, the fishing communities all over the land were once more put under control. At the same time, the government started the study of the Western control system of fishing villages.

As has been mentioned, the government made various efforts to remove the evils and abuses that followed the abolition of the feudal custom of fixed fishing grounds for each fishing community. In 1875, in complete disregard of the old custom of the fishing villages, the government issued the government decree No. 194. This decree declared the nationalization of all the fishing grounds and fishermen had to apply for use of the fishing grounds and get permission from the competent government agency. This led to uncontrollable disputes among fishermen all over the land, and to other evils. In the next year, the government had to issue another decree ordering prefectural governments along the sea coast to return to the old custom of fixed fishing grounds so that fishermen could go on with their trade. The *Gyogyō Kumiai Junsoku* was the next policy that the government took. The gist of this law was:

- 1) "The fishermen of each fishing ground shall organize a union and work out its own by-laws. These by-laws shall have the approval of the competent government agency.
- 2) The aim of the fishermen's union shall be to remove evils and abuses and promote the benefit of its members.
- 3) The by-laws of the union shall set the seasons for fishing and gathering sea-weed." The General Principles for the Fishermen's Union were later coordinated into the *Gyogyō-hō* (Fishery Law).

The Fishery Law Bill was first presented before the Diet in

1893 by Murata Tamotsu. After many modifications, it was again presented in 1901 to the Diet as the government's plan. It passed the Diet and was published as Law No. 34.

In 1909, the Fishery Law was revised. The aim of this revision was to finance the fishery businesses by treating the fishing right as a real right. The revised law helped the fishing industry to some extent, but the point lay in the nature of the fishing right, whether or not the fishing right was worth financing the possessor of the right.

With this revision, the government revised the bank law of the Hypothec Bank, the agricultural and industrial banks, and the colonial banks so as to open a way for financing fishermen's union on the union's fishing right as a pledge, or granting an unsecured loan to fishermen on the joint responsibility of more than ten fishermen. The revised law passed the Diet and was published as Law No. 58. The main points of revision were:

- 1) The application of the revised law depends on whether or not the fishing industry performs a public service.
- 2) The fishing right is to be regarded as a real right, to be deposited as a pledge for a loan.
- 3) When a fishing license is granted, restriction or limitation can be placed.
- 4) The cancellation or suspension of a fishing right shall be limited to harmful conducts to the public.
- 5) The register system of fishing rights is changed into the entry system.

Besides the above, the law prescribed rules to encourage the development of fishermen's unions and the establishment of federations of their unions.

Just as the Japanese fishing industry in the Russian waters was doing an active business, so the Japanese trawling in the southern waters gradually expanded its sphere of activities. In 1904, when the government tried to encourage trawling for offshore fishing, it was not successful. In 1908, a man named Kuraba purchased a small trawler from an Englishman and



tried fishing with it off the shores of the Gotō islands. He, too, failed. About this time Tamura Ichirō had a trawler, the first built in Japan. However, when he tried fishing with it, the fishermen of the place raised a cry against it. Thereupon, the government set rules for the control of trawling, and fixed closed grounds. This step drove the Japanese trawlers into the Yellow Sea, Ho Hai and the East China Sea. An affiliated enterprise called the *Kyōdō Gyogyō Kaisha* was established under the leadership and capital of Tamura at Shimonoseki. This combine developed into a large fishery business about 1919. The *Kyōdō Gyogyō Kaisha* consisted of the following companies:

Fishery: Ten fishing companies

Transportation: Two forwarding companies

Sales: Four sales companies

Processing: One company

Manufacture of fishing equipment: One company

Canning business: Two companies

#### E. Development of the Fisheries Industry After the Russo-Japanese War

During the boom of the Russo-Japanese War, the fisheries industry of Japan made spectacular progress. In 1908, freight cars and cargo vessels came to use much ice for the transportation of fish, and the national railways adopted chill cars. In 1913 the number of motor fishing boats amounted to 1,674. The Ministry of Agriculture and Commerce built a guard ship to protect these fishing boats.

From 1912 on, the Ministry of Agriculture and Commerce began to train the leaders of fishermen's unions on the one hand and on the other, to encourage the building of Western type fishing vessels for deep sea fishing. As a natural sequel, the problem of mending fishing harbors arose. In 1909 the government started the survey of fishing harbors all over the land. The repair of harbors was continued throughout the

## Taishō Era.

Besides the Japanese fisheries activities in foreign waters such as trawling in the Chinese waters, and salmon and crab fishing in the Russian waters, some Japanese fishermen obtained in 1912 fishing rights in Chile and Mexico. In Singapore, too, Japanese fishermen started fishing. About this time, Mr. Kōkichi Mikimoto succeeded in the cultivation of pearls, so that exports of cultured pearls, canned crab and salmon and sardine greatly increased.

In short, the Japanese fishing industry of the Taishō Era, after its transitional period of the Meiji Era, cleanly shook off its feudalistic shackles and capitalistic management came into full swing. As regards the shore fishermen there remain today many problems to be settled for the betterment of their living conditions. The enactment of a labor law for fishermen is one of the necessary measures.



## Chapter Ten

### DEVELOPMENT OF FOREIGN TRADE

BY KATŌ TOSHIHIKO

#### I. FOREIGN TRADE AT THE BEGINNING OF THE MEIJI ERA

##### A. Trade Conditions under the Shogunate and Its Trade Policy

AS has been stated in detail in Chapter Two, the new Meiji government made every effort to introduce a capitalist economy into Japan with the slogan: *Wealth and Strength of the State through the Development of Industry*. Throughout the Meiji Era, the government's foreign trade policy was carried on along this line.

Before going into the trade policy of the Meiji government, a brief statement of the trade conditions at the end of the Shogunate may be helpful for a better understanding of the later development.

Japan's foreign trade increased rapidly with the opening of the ports to foreign countries in 1859. For Western capitalism, it was the last stage of the laissez-faire period. The advanced capitalist nations of the West were pushing forward to expand markets for their products and obtain raw materials. It was just when this world market was about to be realized that Japan became involved in it.

In contrast, Japan which had long been indulging in peace under its national seclusion, was at the end of its feudal stage. This great gulf in economic development between the West and Japan naturally had its influence on Japanese foreign trade.

The difference in economic development was clearly seen in the trade of those days. The chief items of Japanese export were raw silk, tea and silk worm egg cards. Raw cotton, marine goods, seed oil, copper and Japan tallow came next. Raw silk was the greatest single export item, being 60% to 80% of the entire amount. Tea came next with 7% to 20% of the entire amount. The chief import items were cotton textiles such as shirting, tafachelas and woolen goods such as camlets, brocades and damask, with metals such as tin, zinc, lead and iron, cotton yarn and food stuff next in order. From the above export and import items, it is clear that Japan exported raw materials and hand-made items while most of the imported goods were machine-made products. This was an inevitable result of the difference in economic development between the West and Japan. The foreign trade changed from an excess of exports, in the beginning, to an excess of imports in a very short time. This was simply because the cheap goods made with modern techniques got the upper hand over the hand-made goods of Japan. The importation of vessels and weapons was a notable influence in swinging the balance of trade to an excess of imports. At the end of the Shogunate, some feudal governments as well as the Shogunate tried to expand their armaments by importing warships and arms in the face of their financial difficulties. According to the study of Yamaguchi Kazuo, the number of warships imported between 1863 and 1867 was on an average 12% of the entire amount, and that of arms was over 10% in the Keiō period (1865-1867).<sup>(1)</sup> All these facts are an indication of how low the technical level in Japan was at that time.

This economic superiority of the Western nations resulted in their economic supremacy over Japan. At that time, each nation of the West had a settlement at each port with its trade firm, which handled all the business of trade. In contrast, Japanese export was carried on by trade merchants and the local merchants who shipped the export goods. The local



merchants bought in goods from the producers and shipped them to the ports. The trade merchants acted as agents of the local merchants and sold the goods to the foreign firms at a fixed commission. Thus, the export goods passed from the producers through the hands of local merchants, trade merchants and foreign firms before they were exported. In the case of imports, the foreign firms sold their goods to the receipt agents who sold them to the wholesale merchants of foreign goods in Osaka, Sakai and Edo. In most cases, however, the receipt agents were doing their business on commission with the wholesale merchants of foreign goods. Thus, both in export and import Japanese merchants were not allowed to make direct transactions with foreign merchants, but the whole trade was carried on through the foreign firms in the settlements. It was quite natural, therefore, that foreign merchants with superior economic power, and the knowledge and experience in foreign trade came to place the Japanese at a disadvantage. Concerning this, Tsurumi Sakio said: "The foreign firms of those days had an immense power. Both export and import were carried on through them. It was not strange, because few Japanese merchants in those days knew anything about foreign affairs, and no one had any experience in foreign trade. We did not know for what purposes our exported goods were used in foreign lands, nor what value they really had in their eyes. As a natural consequence, we could do nothing but follow the directions of foreign firms in anything and everything. The same was true in relation to import goods. The sale of goods which was novel to the Japanese, was forced upon them."<sup>(2)</sup> It cannot be denied that there was much dishonest conduct on the part of the Japanese merchants, but on the whole, foreign merchants with huge capital and military power behind them were overpowering and enjoyed their advantageous positions. It was possible too that they took advantage of the ignorance and economic impotence of the Japanese merchants and adopted the so-called incentive price purchase of export goods. As all

the settlement of accounts was made in nickel silver (foreign silver), a foreign bank was set up at Yokohama in 1863, to the greater advantage of foreign traders. This inequality of footing in trade between the Japanese and the foreign traders was seen also in the tariff. Japan had no tariff autonomy at that time. Clause 7 of the Trade Regulations, a Supplementary Provision to the Five-Nation Treaty concluded in 1858, prescribed that customs duties on all import and export goods should be paid to the Japanese government. According to the tariff duty program attached to the Regulations, duties not only on import goods but also on export goods were to be levied on; both import and export duties were to be ad valorem duties; and the rate of import duties was to be 20% and that of export duties 5%. This 20% import duty was very high, and seemed to function as a protective tariff. However, this rate was later to be lowered by the demand of Britain and France. By the Five-Nation Treaty, the Shogunate opened the ports of Kanagawa (Yokohama) Nagasaki and Hakodate, and promised to open Niigata, Edo, Osaka, and Hyōgo. However, the Movement of Expulsion of Foreign Barbarians became so vehement that the Shogunate found it difficult to realize this promise. When the Shogunate proposed a postponement of the opening of the ports, Britain recognized the Japanese proposal on condition that Japan lower the import duties to 5%. After frequent negotiations, Japan had to sign a revised agreement on tariff duties with Britain, France, The United States, and Holland in 1866. By the agreement, the import duties on almost all goods were lowered to 5% with no change in export duties. In view of the fact that Japan had no tariff autonomy, this 5% import tax was a great obstacle to the progress of Japanese foreign trade. This low rate of customs duties continued till 1899 when the tariff revision agreement was signed.

The most important thing concerning foreign trade in this period was the out-flow of a great amount of Japanese gold.



It must be noted that this out-flow was caused, not by excessive imports, but by the difference in the evaluation of gold and silver between Japan and the foreign countries.

Thus, foreign trade in Japan was begun under the absolute supremacy of foreign capital, which naturally had a grave effect on Japan at the end of the feudal regime. The foreign trade broke down the feudalistic commodity circulation system of Japan and influenced the production system of export goods. The system of circulation of commodities under the strict control of the privileged merchant-guild was destroyed because raw silk and tea came to be shipped directly from the producers to the ports, by-passing the privileged merchants. A great demand for these goods promoted the improvement of techniques of production and the increase in the amount of products. However, the import of superior and cheap cotton textiles dealt a blow to the cotton textile business of Japan. The high prices were aggravated by the minting of low-quality coins, as a measure to check the outflow of gold from the land. The commodity-money economy prevailed all over the land in a short period. All these facts combined to disintegrate the farming communities and generate social unrest. In short, they expedited the collapse of the feudal regime. Although the Shogunate was responsible for the opening of foreign trade, its policy was to restrict the freedom of foreign trade as much as possible. It was anxious to check the disintegration of the feudal system through the development of trade. Therefore, it focused its efforts on the control and restriction of foreign trade in order to keep the effect of foreign trade on the society at a minimum. It was the privileged merchant-guild of Edo that cooperated in this policy wholeheartedly. They had long enjoyed the privilege of controlling the nation's market and were greatly afraid lest their prestige should be lost by the development of foreign trade. The efforts of the Shogunate and the Edo merchants resulted in the order of *Gohin Edo Kaihin saku* (Order to forward five items to Edo).

The advanced capitalist powers strongly protested against this policy. Britain principally was against it; for the greater part of foreign trade at the end of the Shogunate was carried on between Japan and Britain. The newly-rising trade merchants and local merchants at home also demanded the freedom of trade. Concerning this, Yamaguchi Kazuo said: "thus, the conflict between the demand of free trade and the Shogunate's policy of restriction of trade continued until 1864."<sup>(3)</sup> This conflict ended in a victory of the former, although the Shogunate endeavored to maintain the feudal system. Economic conditions at home and overseas made it impossible for the Shogunate to maintain its feudal system. After 1864, the Shogunate changed its policy and began to engage positively in foreign trade itself. It set up trade firms and even tried to monopolize foreign trade. For instance, between 1864 and 1866, it planned to found a trade firm in alliance with France and in 1867, set up a trade firm mobilizing all the trade merchants in Osaka and Hyōgo in order to monopolize the trade in the land. Before these plans were realized, the Shogunate collapsed. It must be remembered, however, that before the Meiji government took over the reins of the government, the Shogunate had taken such an attitude toward foreign trade.

#### B. The Trade Policy of the Meiji Government

As soon as the Meiji government came to power, it declared its foreign policy of friendship and opening the country to foreigners. In 1868, Higashikuze Michitomi, an official for foreign affairs, had an interview with six Ministers to Japan to inform them of the Restoration. At the same time, the government published to the whole nation its policy of amity with foreign countries.

As has already been mentioned, the leaders of the *Kinnō-tōbaku* (the Imperialist party) blamed the Shogunate for opening Japan to foreign countries, and developed their movement of *Jōi*



(expulsion of foreign barbarians). However, their attitude changed about 1864. The leaders of the Imperialist movement in Chōshū were converted to the policy of opening the country to foreigners through the hard experience of the Shimonoseki Incident, and the enlightening advocacy of Itō and Inoue, who had just returned from abroad. The Chōshū-*han* even began to engage in foreign trade at Nagasaki. The Satsuma-*han* took the same course as the Chōshū-*han*. Thus, just before the Restoration, the slogan of the *Expulsion of Foreign Barbarians* lost its force.

The Meiji government could not have taken any other policy under the international diplomatic and economic circumstances. The only thing left to the Meiji government was to introduce the productive methods of the Western capitalist countries into Japan and develop the Japanese productive industries as quickly as possible. The trade policy along this line was to check the importation of cheap machine-made goods by increasing the production of goods in Japan. As a rule, the advanced Western nations imposed a protective tariff for their own industries. For Japan to do this, it had to have a tariff autonomy. The government, therefore, made every effort to achieve it. In 1871, fourteen years after the treaty of 1858, the government sent, in expectation of the treaty revision, a forty-eight-member delegation to the United States and Europe. This party consisted of Iwakura Tomomi, (Foreign Ministers, and Ambassador Extraordinary and Plenipotentiary) Kido Kōin, Ōkubo Toshimichi, (both *sangi*<sup>(\*)</sup>), Itō Hirobumi (vice-Minister of Industry) Yamaguchi Hisayoshi (high official of the Foreign Ministry) as associate ambassadors, and Kasada Saburō, Tanabe Taichi, Tanaka Koken, Kume Kunitake, Fukuchi Gen'ichirō as additional staff. The most important mission of the delegation was to carry on a preliminary negotiation for the treaty revision. In later years,

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(\*) *sangi*: the cabinet members of the current system, this *sangi* system was dropped in 1883.

Soejima and Terajima, both Foreign Ministers, also did their best for the treaty revision. All these efforts bore no fruit in the beginning of the Meiji Era. The only result the Japanese efforts led to was the Washington Treaty, signed in 1878. By this treaty, the United States agreed to recognize Japan's freedom to fix the tariff rate and her trade. However, Article-10 of this treaty provided that it could only be effective when other nations made the same treaty with Japan. Since other nations refused to do so, the Washington Treaty did no good to Japan after all.

Under such an international handicap, Japan had to take some other measures for her trade. The first measure the government took as its trade policy was the establishment of the *Tsūshōshi* (trade office) at every port in 1869. The function of the trade office was to control all the business of foreign trade, particularly the control of the feudal governments' direct trade with foreigners. These offices were abolished in 1871. Remarkable was the fact that the trade offices were set up when the feudal governments still existed and the centralized government was neither politically nor economically firmly established. Later, the jurisdiction of the trade office was expanded when the *Shōhōshi* (commerce office) was closed. Soon after the system of trade office was set, the government mobilized trade merchants to found a trade firm with Mitsui Hachirōemon as the head. According to Sugano Watarō, this trade firm was a kind of trade merchants' "Association." In order to compete with foreign traders, the Japanese traders had to combine their funds into a corporation.<sup>(4)</sup> With a view to the rapid development of capitalism in Japan, the government tried to import the social system of the West, too. Since the cause of the supremacy of foreign capital in trade in Japan lay in the difference in size of capital between Japan and foreign countries, it was most important for Japanese traders to put their funds together in order to compete with this foreign capital. This firm was, therefore, the forerunner of the company



enterprise system of Japan, and it was the first company system Japan imported from the West. However, the rich merchants of those days did not understand what a joint stock company meant, and were reluctant to comply with the government's mobilization.

In Osaka, Yamaguchi Norizō and Inoue Monta made efforts to establish a trade firm and an exchange firm. The *Osaka Tsūshō Kaisha* (Osaka Trade Company) was set up in 1869 for the promotion of foreign trade and it was this company which exercised strong control on the foreign trade in Osaka. For instance, the company limited those who engaged in foreign trade to those trade firms which were affiliated with the company. At the same time, the prefectural government of Osaka issued a directive that any one who wanted to engage in foreign trade had to join the company.<sup>(\*)</sup> The trade merchants who were outside the company strongly protested against this arbitrary regulation. Foreign diplomats also insisted on the freedom of foreign trade. Under such pressure, the company lifted this control in the year of its establishment. Another regulation prohibited the export of inferior goods, and any transaction over 1,000,000 *yen* had to be reported in advance to the exchange firm. This was also struck out later.<sup>(\*)</sup>

The Meiji government's foreign trade policy through the establishment of trade offices, *Bōeki-gaisha* (trade firm in Yokohama) and the trade company in Osaka had two phases to its program: one progressively and actively implanted the company system in Japan and the other exercised a strong protective interfering control on foreign trade. The government had to drop its policy of control, however, under pressure of the newly rising trade merchants and foreign diplomats. The trade company in Osaka itself was closed when the trade office system was discontinued. It was directed by government officials with no knowledge of foreign trade, who were subjected to strong government interference. The government's trade policy in the form of control and protection of this kind ended with the

closing of the Osaka trade company.

However, the Japanese foreign trade had to be protected and promoted in one way or another. It was after the prefectural governments superseded the feudal governments and the land tax revision was started that the government adopted a policy for the promotion of foreign trade in earnest. Ōkubo Toshimichi, the central figure for the development of productive industries of Japan, presented a motion to the government in 1875. In the motion, he said: "Since Japan opened her ports to foreign trade, all the trade rights have been in the hands of foreigners, so that Japanese traders have been under their sway. Some Japanese traders rose from obscurity to the position of big business, but none of them have been able to compete with foreign traders, by whose hands the trade rights are monopolized. This failure of Japanese traders may be explained by the facts that the Japanese traders lack knowledge of foreign trade and, their capital is too limited. Under the circumstances, the best way to promote Japanese foreign trade is to make Japanese traders ship their export goods directly to foreign lands by their own hands." (6) Thus, he advocated direct export by the Japanese. This direct export meant the recovery of the trade rights from foreign traders. For this purpose, the Japanese traders had to understand the market conditions of foreign lands and go to foreign countries themselves. The government actively investigated into the market conditions of foreign countries and advertised Japanese goods by making trial sales. It also protected and encouraged the domestic industries on the one hand and tried to limit the import of foreign goods, on the other.

The Japanese consuls resident in foreign lands actively engaged in the investigation of the market conditions. Japanese consulates were set up in San Francisco in 1870; in Shanghai, New York and Foochow in 1872; in Venice and Hongkong in 1873; in Marseilles and Rome in 1874; in Amoy, Tientsin and Honolulu in 1875 and in Yingkow, London, Chefoo and Vladivostok in 1876. All these places carried on trade with Japan.



From 1874 on, the government ordered the consuls to investigate the extent of trade with Japan and report to the Ministry of Finance. Professor Tsuchiya writes that the assistant consul in Italy sent home the market conditions of the silk worm egg cards; the consul in San Francisco reported the market conditions of ceramics; and the consul in Shanghai reported the conditions of flannel there. Besides the activities of consuls resident in foreign lands, the government sent abroad other officials for the same purpose. The government offices responsible for the promotion of foreign trade were the *Kangyō-kyoku* (Bureau for the Encouragement of Industry) of the Home Ministry and the *Kanshō-kyoku* (Bureau for the Encouragement of Commerce). The *Kanshō Zappō* (a bulletin issued by the latter between April and June, 1878) gives the report of the American market conditions of the Japanese goods. Another report from Umehara Sei'ichi in East India gave details of indigo and black tea produced there and added his opinion that Japan should produce such things and export them. (7)

Japan's participation in international fairs also played an important role in giving publicity to the Japanese export goods. Even in the Shogunate era, the Tokugawa government and feudal governments of Saga and Kagoshima took part in the international fair held in Paris in 1867. In 1871 when an international industrial fair was held in San Francisco, the government ordered the merchants in Tokyo to exhibit their goods and the Mimbu-shō sent Hosokawa Junjirō to supervise the whole task. For the International Fair held in Vienna in 1873 the government spent a huge sum. Ōkuma Shigenobu, a *sangi*, acted as the chief of the office for the arrangement of the exhibit. The government succeeded in publicizing Japanese goods at this fair. Japan took part in other fairs also about this time, such as the fair held at South Kensington, London in the same year, the international fair held at Melbourne in 1875, and the international fair held at Philadelphia commemorating the centenary of American Independence. The government's

plan for the participation in the international fair of Paris in 1878 was made on a large scale, and the private businessmen who had by this time made progress in their enterprises actively took part in it and exhibited many Japanese articles. Besides participation in fairs, the government sent its officials for the purpose of expanding markets for Japanese goods. In 1875 the Ministry of Finance and that of Home Affairs each dispatched an official to England, and the Ministry of Home Affairs sent an official to the United States in the same year. These officials took samples of Japanese export goods and endeavored to publicize them overseas. (8)

The *Kangyō-ryō* was most active in the trial sale of Japanese goods in foreign countries. The goods sold by way of trial at the request of the government as well as private concerns, were raw silk, tea, rice, barley, millet, hemp, tobacco, campher, and soy. They were sold at New York, San Francisco, London, Marseilles and various cities in Russia, Germany, India and China.

In this way, the government took the initiative in the advertisement of export goods overseas, the investigation into the market conditions and trial sale of Japanese goods overseas, and protected and encouraged the progress of private industries. The object of the protection was to promote the increase of direct export goods such as raw silk and tea. For instance, Hoshino Chōtarō, chief of the Mizunuma Silk Mill, planned to export the product directly instead of through foreign merchants. He succeeded in doing so in 1876 with the help of Katori Motohiko, the prefectural governor of Gum'ma. This was the first instance of direct export by the Japanese. In September the same year, the *Kanshō-kyoku* granted loans to the Sekine Silk Mill and the Mizunuma Silk Mill to facilitate the direct export of their raw silk, purchased raw silk from these mills and other mills, and gave them the profit by selling the silk to the United States. In December, the same year, the Nihom'matsu Silk Factory exported its product to the United



States by the help of the *Kanshō-kyoku*. (9)

Ōkubo Toshimichi, Home Minister, had the *Kangyō-ryō* make a survey of the tea industry in 1875. With a view to opening up market for tea in Europe, he employed two Chinese tea experts to make black tea at the tea manufacturing plants at Ōita and Kumamoto, using the leaves of wild tea plants. Besides, the government tried to introduce the techniques of tea manufacture into Japan from overseas, leased the government's tea plants to private enterprises, and held meeting of tea-industrialists for talks over the expansion of market. In 1881 when the Yokohama Kōcha-Shōkai (Black Tea Firm) was set up for the direct export of black tea, the government ordered the Specie Bank of Japan to finance it. In 1882 the government sent officials to the tea producing centers to supervise the production of tea, when the Low-quality Japanese Tea Embargo Act passed the American Congress. (10) Furthermore, the *Kanshō-kyoku* supervised and protected the export business of many firms. The Kiritsu Kōshōsha was one of such firms. This firm was founded by Matsuo Gisuke, who became acquainted with Ōkubo Toshimichi when he went to the international fair of Vienna as one of his staff. Ōkubo favored him with a 300,000 yen loan of government money, with which he opened branch-stores of Japanese works of art and handicrafts in London, New York and Paris. Other firms helped by the government were the Kōgyō-kaisha, the Shintatsu-sha, the Kaitsū-sha and the Chōyō-kan. The Kōgyōsha was set up by Kasano Kumakichi with the assistance of Ōkubo. It exported marine goods. The Shintatsusha engaged in the production of matches and exported them to China. The Kaitsūsha had its office in the customs-house of Yokohama. It handled the business of receiving import goods and shipping export goods at the port. The *Kanshōkyoku*, finding this business necessary, authorized the firm as its sole agent. The Chōyō-kan, founded by Godai Tomoatsu in 1876, produced indigo dye stuff. The *Kanshō-kyoku* made a trial sale of it in foreign countries. (11)

In this period, the beginning of the Meiji Era, the government tried to promote exports by private firms instead of by the government.

The government's trade policy had another angle: it tried to limit the amount of imports to a minimum. Cotton yarn and sugar were the chief items of import at that time. To check the imports of superior and cheap cotton yarn and protect the cotton industry of the land was the greatest concern of the government. Since Japan had no tariff autonomy, Japan could not rely on a protective tariff. There was no way but to import cotton spinning machines and techniques from overseas, and compete with foreign yarn by means of cheap labor.

From ancient times sugar had been regarded as a kind of precious medicine. However, with the liquidation of the feudal system, and as the class barriers were lifted, the modern way of living spread to all the people, which caused the sudden increase in demand for sugar. However, the production of sugar in Japan decreased and imports increased. According to the *Mentō Kyōshinkai Hōkoku* (Report on the Competitive Show of Cotton and Sugar) held in 1880, the production of sugar in Japan was 2,700 lbs, while the demand for sugar increased several times that of the Tempō Period (1830). The decline of the Japanese sugar industry was due simply to the cheap and superior imported sugar. (12) The government tried in every way to foster the sugar industry as is mentioned in Chapter Four. The encouragement and fostering of internal industries was the only possible policy of checking importation of goods, as long as Japan could not use a protective tariff.

Lastly it must be noted that Japanese specie continued to flow out for the first ten years of the Meiji Era. This was caused not only by the adverse trade balance, but also the issue of a great amount of inconvertible paper money and the fluctuation in the parity of gold and silver. This outflow of the specie was the greatest concern of the government, and its trade policy was governed by it.



## C. The Trade Conditions

Table No. 1 shows the amount of trade in the beginning of the Meiji Era. In the first year of Meiji, the whole amount of trade was only 26,000,000 *yen*. This increased to 65,000,000 *yen* in 1880. All through this period, 1868 excepted, excessive importation continued, due to the difference of productivity between Japan and the advanced capitalist countries of the West, as well as to the inflation caused by the issue of paper money.

TABLE NO. 1  
AMOUNT OF TRADE FROM 1868 TO  
1880 (UNIT: 1,000 YEN)

	Total sum of trade	Exports	Imports	Balance
1868	26,246	15,553	10,693	4,860 (favorable)
1869	33,692	12,909	20,783	7,874 (unfavorable)
1870	48,284	14,543	33,741	19,198 "
1871	39,885	17,968	21,917	3,949 "
1872	43,201	17,026	26,175	9,149 "
1873	49,742	21,635	28,107	6,472 "
1874	42,779	19,317	23,462	4,145 "
1875	48,586	18,611	29,975	11,364 "
1876	51,676	27,711	23,965	3,746 (favorable)
1877	50,769	23,348	27,421	4,073 (unfavorable)
1878	58,862	25,988	32,874	6,886 "
1879	61,128	28,175	32,953	4,778 "
1880	65,021	28,395	36,626	8,231 "

Note: From Bōeki Seiran; p. 6

The important items of export in this period are shown in Table No. 2 while Table No. 3 shows the important items of import. As has been repeated, the chief items of export were raw silk and tea, and chief import goods were cotton yarn and sugar. Rice was imported in a great quantities till 1870 but after

that time, rice import decreased and in 1873 the export of rice began.

The *Mentō Kyōshinkai Hōkoku* states as follows: "Nothing but the export of raw silk and tea can make up for the excess imports of cotton yarn and sugar. For Japan to emerge from its disadvantageous position in foreign trade it must increase its special products and develop industries which have not yet made sufficient progress." (13) This statement clearly shows the trade conditions of those days.

The general tendency of trade in this period was to export raw materials, semi-finished goods and food stuffs and import great amounts of finished goods, besides food stuffs, raw materials and semi-finished goods. This tendency was characteristic of the Japanese economic conditions of those days.

TABLE NO. 2  
CHIEF EXPORT ITEMS BETWEEN 1868 AND 1880  
UNIT (1, 000 YEN)

	Raw silk	Tea	Copper	Ceramics	Sea-tangles	Rice
1868	6,253	3,581	8	23	214	—
1869	5,720	2,102	—	4	575	—
1870	4,278	4,511	100	26	504	—
1871	8,004	4,671	142	22	561	—
1872	5,205	4,226	423	45	414	—
1873	7,208	4,659	539	116	537	533
1874	5,302	7,253	40	108	297	316
1875	5,424	6,862	135	113	342	16
1876	13,197	5,453	178	73	471	810
1877	9,626	4,375	519	120	416	2,269
1878	7,889	4,282	788	169	585	4,643
1879	9,734	7,445	797	307	764	416
1880	8,606	7,497	422	474	696	210

Note: From *Bōeki Seiran*



TABLE NO. 3  
CHIEF IMPORT ITEMS BETWEEN 1868 AND 1880  
(UNIT: 1,000 YEN)

	Raw cotton	Cotton yarn	Refined Sugar	Sugar	Rice	Woolen Textiles
1868	421	1,239	356	529	435	235
1869	1,087	3,418	531	1,090	4,431	606
1870	628	4,522	729	2,317	14,598	646
1871	206	3,520	845	2,188	1,260	840
1872	85	5,335	533	1,156	—	3,036
1873	264	3,400	576	1,599	29	1,320
1874	1,091	3,573	706	1,888	24	112
1875	371	4,058	842	2,582	22	530
1876	456	4,151	595	2,185	0.5	594
1877	418	4,084	688	2,105	0.3	684
1878	385	7,205	666	2,222	—	702
1879	101	6,179	974	2,375	248	212
1880	170	7,700	1,054	2,480	434	188

Note: From Bōeki Seiran

#### References:

- (1) Yamaguchi Kazuo; Bakumatsu Bōeki-shi; pp. 98, 122
- (2) Tsurumi Sōkichi; Nihon Bōekishikō, pp. 271-272
- (3) Yamaguchi Kazuo; Bakumatsu Bōeki-shi; p. 4
- (4) Honjō Eijirō; Meiji-Ishin Keizai-shi Kenkyū; pp. 126-127
- (5) Mr. Sugano's book, p. 178
- (6) Ōkubo Toshimichi Bunsho, No. 6 p. 465
- (7) Tsuchiya Takao; Sangyō-shi, pp. 127-128
- (8) Ibid; p. 127
- (9) Ibid; p. 129
- (10) Chagyōshi; pp. 3-841
- (11) Tsuchiya Takao; Ishin Keizaishi, pp. 213-214
- (12) Mentō Kyōshin-kai Hōkoku; No. 38; p. 138
- (13) Ibid; No. 2; pp. 1-2

## II. THE CHANGE OF ECONOMIC POLICY AND TRADE

### A. Foreign Trade After the Inflation was Dealt With

As has been stated in Chapter Two and Three, the economic policy of the Meiji government changed about 1880. Since the Restoration, the Meiji government had to spend huge sums of money for the liquidation of the feudal system and the importation of industrial machines from capitalist nations of the West. It issued paper money to provide for these expenditures. This issue of a great amount of paper money invited the depreciation of paper money. With the out-break of the Seinan Civil War, the government had to issue more paper money, bringing about a severe inflation. Thereupon the government took its first step toward the re-establishment of the national economy by publishing the government Decree No. 48 in November, 1880. The content of this decree was the tax-increase on the one hand and a retrenchment policy on the other. The change in the financial policy was at the same time the change in the industrial policy as seen in the transfer of the government model plants to private ownership. This transfer was made chiefly because the government management of industries was, as a whole, a failure, and the government could not stand the financial burden coming from this loss. At the same time, the progress of private industries made it possible for the government to transfer its plants to private ownership.

Thus, the government set about the task of the re-establishment of the national economy and the transfer of government plants in 1880. When Matsukata Masayoshi became the Minister of Finance, this economic policy was further followed up. The change of the economic policy was reflected in the trade policy and the amount of trade.

The government's policy encouraging direct exports and limiting imports was enforced in connection with Minister Matsukata's



efforts to re-build the nation's finance along with the liquidation of the paper money.

As has been stated in Chapter Three, Japanese gold began to flow out in 1874 due to the global fall in the price of silver. Furthermore, as the result of the inflation, the amount of imports increased, accompanied by the outflow of more and more gold. Minister Matsukata set about the re-establishment of the national economy by liquidating the paper money on the one hand and accumulating gold reserve in preparation for the conversion system on the other. (2) There were some who opposed his policy of accumulation of gold reserve, but in the face of opposition he pushed forth his policy of accumulation of reserve gold and the liquidation of paper money.

In those days, it was very difficult to accumulate a gold reserve, because Japan had very small gold holdings; the production of gold and silver in the land was not great; and Japan had no tariff autonomy. Minister Matsukata resorted to the method of direct export of Japanese goods in Japanese bottoms.

Matsukata, who was for free trade as his ideal, did not like such a protective trade as subsidizing the direct exports by means of documentary bills. However, he was at the same time a realist, for he presented his recommendation for the documentary bill system to the Prime Minister, saying: "Theoretically, trade should be left in the hands of the people without interference of the government. Under the present conditions of Japan, however, all the informed people acknowledge the necessity of direct export by means of documentary bill. I hope you agree with me."

The direct export by means of documentary bill had been started by the Yokohama Specie Bank before Matsukata became Finance Minister. As regards the Yokohama Specie Bank, a detailed explanation has been presented in Chapter Three, but as it has an important relation with the trade policy of this time, a brief account of it may be helpful to the better understanding of the situation. Even in the 10th year of Meiji, all

the trade rights and trade silver were in the hands of foreign traders. To cope with this situation, Hayashi and Nakamura of Yokohama planned to set up a bank. With the assistance of Fukuzawa Yukichi and Finance Minister Ōkuma, their bank was opened in February, 1880 as the Yokohama Specie Bank. The government intended, by assisting this bank, to open up foreign exchange and promote direct exports. As the number of export traders who used the bank increased, the bank came to be pressed for more funds and asked the government for a loan. The government supplied it with 3,000,000 *yen* in paper money from its reserve fund to be used for documentary bills. The export merchants who used this fund were to return the loan in gold specie they received as the proceeds of their goods. This documentary bill export system was practiced from October 1880. It promoted direct exports on the one hand and increased the government's gold specie on the other. In the beginning, however, due to the imperfect inspection of export goods, they were apt to be of inferior quality, and the sale of the exported goods was not well supervised so that the proceeds of the cargo were delayed in reaching Japan. With the progress of inflation, many export traders came to abuse this method, so that various evil effects ensued. In 1882 Matsukata set up the *Gaikoku Kawase-kin Toritatsukai Kitei* (Rules for Foreign Exchange). By these rules, the Yokohama Specie Bank was to inspect the export goods, and the sale of goods was to be supervised at the consulate of the place. For this purpose the consulate in London was reopened and one was newly set up in Lyon. In 1883, an expedient measure was taken for the export of raw silk and tea.

Thus, the Yokohama Specie Bank played an important role in the promotion of direct export, which in turn served for the solution of inflation and accumulation of a gold reserve. During the years from 1881 to 1885 while the liquidation of the paper money was going on, the absolute amount of trade did not increase, but the balance of trade turned favorable from 1882 on.



This was brought about by the deflation policy.

The low prices caused by the liquidation of the paper money had another effect on the industrial development of Japan, for during this period, the mechanization of manufacturing plants was carried out. Matsukata advocated the necessity of adopting machines for industrial production, and actually, from 1881 on, assisted in the mechanization of plants. Japan which could not depend on the protective tariff without tariff autonomy, had to develop its domestic industries in order to increase export and limit import. In this sense, the government's policy of encouraging machine production was at the same time the trade policy.

As regards the Japanese trade merchants' efforts for the betterment of their situation, there occurred in 1881 the setting up of a *Rengō Ki'ito Ni-azukarijo* (a joint warehouse for raw silk) by the silk traders in Yokohama. In order to defend their interests, they stood together, and declared the suspension of silk transactions unless the foreign merchants treated them on an equal footing. They stored their raw silk in this joint warehouse. The government granted them a loan of 1,000,000 *yen* interest free. When foreign traders promised to correct their arbitrary ways, the joint warehouse was dropped. In 1885 the *Nihon Bōeki Kyōkai* (Japan Trade Society) was set up for the exchange of knowledge and opinions on trade as well as investigation into trade conditions. The Tokyo Shōhō Kaigisho was also concerned in foreign trade.

### B. Trade Conditions

Table No. 4 shows the trade conditions in the period between 1880 and 1890. The total amount of trade continued to increase from 1885, when the liquidation of the paper money was successfully dealt with. After 1885, Japanese economy showed a rising tendency, although in 1890 it experienced its first real economic depression. The excess of exports in 1886 by 16,000,

000 *yen* was the direct result of the low prices due to the liquidation of the paper money, and the continued low price of silver, which was favorable to the silver standard-economy of Japan.

The chief items of export were still raw silk and tea, although raw silk increased while tea decreased. The export of copper suddenly increased along with ceramics, lacquer and matches. It is remarkable that a considerable amount of rice was exported, presumably because the government enforced the export of rice in order to keep the price of rice high when other prices fell. With a view to accumulate a gold reserve, the government bought rice and sea-tangles from private producers and exported them to England, Italy and Austria. (4) As for raw silk, such large scale mills as the Nihonmatsu Seishi, and the Iwakane Seishi, besides those in Ishikawa, Gum'ma and Nagano prefectures, were carrying on full operation. As the export of silk increased, there appeared a trend to produce low quality silk. The government controlled the silk industry by publishing the *Sanshigyō-Kumiai Junsoku* (General Principles for the Raw Silk Producers' Association) and encouraged standardized production by machine. After 1887, Mitsui bought out the Shim'machi and Ōshima mills and got the transfer of the Tomioka plant from the government. Mitsui did a great service for the improvement and development of raw silk production.

The chief export goods are shown in Table No. 6. To limit the imports, Japan had to expedite the production industries of cotton yarn, cotton textiles and sugar, the chief items of import. As has been detailed in Chapter Four, by the encouragement and subsidy of the government, many cotton spinning plants came to be set up after 1883. This was due to the low interest rates and low prices. A remarkable development in the cotton spinning industry is shown in the fact that in 1887, 82% of the domestic consumption of cotton yarn was imported while in 1891, 72% came to be produced at home, and some yarn was even exported. (5)



## DEVELOPMENT OF FOREIGN TRADE

Regarding sugar, the government tried in every way to increase the production of sugar, but did not succeed.

TABLE NO. 4: AMOUNT OF TRADE DURING  
THE YEARS BETWEEN 1880 AND 1889  
(UNIT: 1000 YEN)

	Total Amount	Amount of Export	Amount of Import	Balance
1880	65,021	28,395	36,626	8,231 (ad.)
1881	62,250	31,059	31,191	132 "
1882	67,169	37,722	29,447	8,275 (fav.)
1883	64,712	36,268	28,444	7,824 "
1884	63,544	33,871	29,673	4,198 "
1885	66,503	37,146	29,357	7,789 "
1886	81,044	48,876	32,168	16,708 "
1887	96,711	52,407	44,304	8,103 "
1888	131,160	65,705	65,455	250 "
1889	136,164	70,060	66,104	3,956 "

Note: Nihon Bōeki Seiran; p. 2

TABLE NO. 5: CHIEF EXPORT GOODS DURING  
THE YEARS BETWEEN 1880 AND 1889  
(UNIT: 10,000 YEN)

	Silk	Tea	Copper	Ceramics	Lacquer	Matches	Rice	Sea-tangles
1880	860	749	42	47	44	36	21	69
1881	1,064	702	57	71	52	24	26	83
1882	1,623	702	82	57	55	3	165	53
1883	1,618	610	72	54	51	0.3	100	34
1884	1,100	581	138	52	45	0.2	216	36
1885	1,303	685	182	69	46	6	76	65
1886	1,732	772	214	100	58	37	330	59
1887	1,928	760	203	131	63	94	225	59
1888	2,591	612	350	129	58	74	742	49
1889	2,661	615	287	144	62	113	743	57

Note: Tsuchiya Takao; Zoku-Nihon Keizaishi Gaiyō, p. 130 and Nihon Bōeki Seiran

Thus, after the inflation was successfully dealt with in 1885, the mechanization of the productive industries was pushed forward, urged on by the low interest rate, and in the third decade of the Meiji Era, industrial capital was firmly established.

TABLE NO. 6: CHIEF IMPORT GOODS IN THE  
YEARS BETWEEN 1880 AND 1889  
(UNIT: 10,000 YEN)

	Cotton textiles	Raw- cotton	Shirting	Camlets	Sugar	Refined sugar
1880	770	17	220	347	248	105
1881	726	19	191	270	228	144
1882	656	46	242	122	288	155
1883	616	24	109	191	258	181
1884	515	56	85	183	291	245
1885	519	60	123	90	214	252
1886	590	61	84	83	192	364
1887	823	71	116	112	241	331
1888	1,361	165	232	236	242	445
1889	1,252	346	201	197	207	415

Note: Tsuchiya Takao; Zoku-Nihon Keizaishi Gaiyō

#### References:

- (1) Shihei Seiri Shimatsu; Meiji Zenki Zaisei-Keizai Shiryō Shūsei; V.11 p.216
- (2) Shihei Seiri Shimatsu, V. 11 p.217
- (3) Ibid; p.217
- (4) Jumbikin Shimatsu, pp.43-44
- (5) Tsuchiya Takao; Sangyō-shi, p.182

### III. FOREIGN TRADE BEFORE AND AFTER THE SINO-JAPANESE WAR

#### A. The Trade Policy

In the third decade of the Meiji Era, machines came to be



adopted for industrial production and the disintegration of farming communities supplied labor so that the full development of light industry in cotton and silk established the capitalist system. This was further stimulated by the victory over China.

With this industrial development, the amount of trade greatly increased, as is shown in Table No. 7.

TABLE NO. 7: THE AMOUNT OF TRADE  
DURING THE YEARS BETWEEN 1890  
AND 1900 (UNIT: 1,000 YEN)

	Total-amount	Exports	Imports	Balance
1890	138,332	56,603	81,729	25,125 (ad.)
1891	142,454	79,527	62,927	16,600 (fav.)
1892	162,428	91,102	71,326	19,776 "
1893	177,970	89,712	88,257	1,455 "
1894	230,728	113,246	117,481	4,235 (ad.)
1895	265,372	136,112	129,260	6,851 (fav.)
1896	289,517	117,842	171,674	53,831 (ad.)
1897	382,435	163,135	219,300	56,165 "
1898	443,255	165,753	277,502	111,748 "
1899	435,331	214,929	220,401	5,472 "
1900	491,691	204,429	287,261	82,831 "

Note: Nihon Bōeki Seiran; p. 2

The severe economic depression in 1890 was caused by the sudden rise in the silver price and the failure of crops. The sum of imports during this period remained the same although that of exports increased. The effect on trade of low price of silver is detailed in Chapter Three. In a word, the low price of silver stimulated export to gold-standard countries while import from such countries was limited, although the silver price was the only factor that determined the amount of trade.

The government's trade policy in this period was focused on the acquisition of the trade rights by solving the problems of the unfair treaty, the tariff autonomy and the extraterritoriality.

The efforts for the treaty revision were made in vain by Inoue Kaoru in 1880 and the successive foreign ministers. In the third decade of the Meiji Era, with the development of modern industries in Japan, the treaty-revision came to be a sensational political problem as the whole nation claimed it for the protection of domestic industries and the promotion of exports. In 1891, when Mutsu Munemitsu became Foreign Minister, his efforts at last bore fruit. He succeeded in concluding a revised trade treaty with Britain in 1894, and after that, with fourteen other countries, taking one step toward equal international trade.

With the new treaty, extraterritoriality was abolished and Japan's tariff autonomy was partially restored. In 1897 a new tariff rate was fixed to be effective in 1899. As a result, the export duties were abolished and duties from 5% to 40% came to be imposed on 497 items of import goods. With this protective tariff policy, Japanese industries were to make a great development.

Even by this new trade treaty, Japan did not enjoy full equality in trade. Mr. Tsuchiya Takao said in his *Sangyō-shi*: "The tariff system made by the revised trade treaty was still a unilateral contract, a compromise agreement between Japan and other nations. For instance, a special tax rate was agreed on for the importation of 64 items from Britain, such as woolen goods, linen and iron, 59 items from Germany, such as aniline dyes and iron machines. One hundred and four import items were put under special tariff rates of about 10%, with 15% as the maximum."<sup>(2)</sup> In addition to this, the import tax rate by special agreement was a specific tariff. The amount of duties could not be raised although the sum for imports greatly increased owing to the high prices. The full protection of the domestic industries by the tariff policy was to be realized after the Russo-Japanese War.

Other trade measures taken by the government in this period were the enactment of the Navigation Encouragement Act, the



establishment of Japanese settlements in China for the promotion of trade with China, the institution of consulates and assistance in the opening of branch offices of the Yokohama Specie Bank.

In this way trade rights were steadily restored to the Japanese. However, before the Sino-Japanese War, almost 80% of the entire foreign trade was handled by foreign merchants. After the war, 40% of the trade came to be done by Japanese merchants.

References:

- (1) Heisei Kaikaku Sankōsho; p. 40
- (2) Tsuchiya Takao; Sangyō-shi, p. 265

#### **B. A Change in the Contents of Foreign Trade and the Adoption of the Gold Standard**

The development of modern industries in Japan inevitably brought about a change in the contents of foreign trade. Table No. 8 and Table No. 9 show items of export and import in this period.

As is clear from the tables, the export of food stuffs decreased from 20% in 1893 to 11% in 1901. While the amount of raw materials did not change, the amount of exports in semi-finished and finished goods increased to 40% and 27% respectively. The fact that finished goods came to be important export items shows the establishment of modern industry in Japan. This fact is borne out by the increased amount of imports of raw materials, and in the decrease of finished goods imported from 33% to 27%. When this amount is contrasted with the exports and imports in the second decade of the Meiji Era with 40% of raw material of export and 60% of import of finished goods, the development of modern industry of Japan is quite remarkable.

There was also a change in the items of trade. In the beginning of the Meiji Era, raw silk and tea were the chief items of export. In this period, cotton yarn and silk textiles were

TABLE NO. 8: ITEMS OF EXPORT (UNIT: 1,000 YEN)

	Food stuffs	Raw materials	Semi-finished goods	Finished goods	Sundry goods
1893	18,379	9,378	36,578	22,000	3,378
%	20.4	10.4	40.7	24.5	3.7
1894	19,087	11,420	49,629	29,038	4,072
%	16.8	10.0	43.8	25.6	3.6
1895	21,971	12,038	59,395	38,107	4,601
%	16.1	8.8	43.6	28.0	3.8
1896	20,524	13,782	44,194	35,154	4,189
%	17.4	11.7	37.5	29.8	3.5
1897	21,023	16,883	82,939	37,566	4,724
%	12.8	10.3	50.8	23.0	2.8
1898	20,951	20,495	76,102	42,904	50,302
%	12.6	12.3	45.9	25.8	3.2
1899	27,197	22,231	110,640	50,089	4,773
%	12.6	10.3	51.4	23.3	2.2
1900	22,714	27,848	89,558	56,869	7,441
%	11.1	13.6	43.8	27.8	3.6
1901	29,874	25,045	121,949	68,880	6,602
%	11.8	9.9	48.3	27.3	2.6

Note: Nihon Bōeki Seiran

added to the chief export goods while the quantity of tea decreased. The export of coal and copper also suddenly increased. Regarding imports, the amount of raw cotton increased from 910,000 *yen* in 1887 to 60,650,00 *yen* in 1901. While the import of machines, and oil increased, that of cotton yarn and cotton textiles decreased. The increased imports of machines reflects the armament expansion after the Sino-Japanese War and the expansion of productive industries. In short, during this period, the cotton spinning industry made a remarkable progress.

The change in the trade items was reflected in the change in markets, as is shown in Table No. 10. It is clear from the table that trade with Asian countries, especially exports to



TABLE NO. 9: ITEMS OF IMPORT (UNIT: 1,000 YEN)

	Food stuffs	Raw materials	Semi-finished goods	Finished goods	Sundry goods
1893	20,428	19,023	17,357	29,224	2,225
%	23.1	21.5	19.6	33.1	2.5
1894	27,698	23,473	21,998	41,727	5,586
%	23.5	19.9	18.7	35.5	2.2
1895	22,116	30,357	25,800	45,991	4,997
%	17.1	23.4	19.9	35.5	3.8
1896	27,273	41,434	35,363	64,897	2,707
%	15.8	24.1	20.6	37.8	1.5
1897	53,455	53,565	36,431	73,334	2,516
%	25.3	24.4	16.6	33.4	1.1
1898	97,046	57,384	42,088	77,860	3,124
%	34.9	20.6	15.1	28.0	1.1
1899	44,016	81,566	36,106	55,416	3,298
%	19.9	37.0	16.3	25.1	1.5
1900	52,088	80,555	58,057	92,277	4,285
%	18.1	28.0	20.2	32.1	1.5
1901	59,892	83,236	39,372	69,716	3,601
%	23.4	32.5	15.3	27.2	1.4

Note: Nihon Böeki Seiran; p. 451

Asian countries, increased in importance, due to the sudden expansion of markets in the Far East for cotton goods. The exports to the United States came next, due to the export of raw silk. As regards imports, imports from European countries decreased while those from the United States and Asian countries increased.

Japan came to occupy an important position in the Asian market by the victory over China and the establishment of modern industry. The overwhelmingly large sum of importation from European countries may be explained by the European gold standard and the fact that Japan was on a silver standard. This made the Japanese conversion to the gold-standard inevitable. Because the fluctuation in the price of silver gave a sharp

change in the trade rate with gold-standard countries, it hampered the operation of proper trade with them. As a matter of fact, Japan's conversion to the gold standard was sure to hinder the smooth trade with silver standard China, even temporarily. However, since Japan had to import raw cotton and productive industrial equipment from the United States and Europe, Japan adopted the gold-standard with the war indemnity received from China in 1897.

TABLE NO. 10: THE AMOUNT OF EXPORTS AND IMPORTS CLASSIFIED BY CONTINENTS  
(UNIT: 1,000 YEN)

EXPORTS				
	1887	1892	1897	1902
Asia	11,631	11,755	54,384	90,715
%	22.1	12.9	33.3	35.1
Europe	15,068	24,831	41,664	67,019
%	29.0	27.2	25.5	25.9
America	22,243	39,763	54,491	83,718
%	42.4	43.5	33.4	32.4
Others	3,465	3,466	12,606	16,851
%	6.5	6.7	7.0	6.6
IMPORTS				
	1887	1892	1897	1902
Asia	13,427	28,462	86,320	115,418
%	30.0	39.9	39.3	42.4
Europe	26,478	32,641	95,049	93,916
%	59.7	45.7	43.3	34.5
America	3,309	7,018	27,159	49,170
%	7.4	9.8	12.3	18.1
Others	1,090	3,200	10,772	13,227
%	2.5	4.4	4.1	4.9



#### IV. TRADE CONDITIONS BEFORE AND AFTER THE RUSSO-JAPANESE WAR

##### A. The Development in Trade and Items of Trade

As after the Sino-Japanese War light industry made a sudden progress, so after the Russo-Japanese War, heavy industry in Japan reached its full development, establishing all-round capitalistic production in the land. The development of the iron and steel industry was expedited by the necessity of armament expansion after the Sino-Japanese War. This progress of all-round capitalist productive industry was naturally reflected in foreign trade. Table No. 11 shows the amount of trade, the absolute amount of which increased remarkably.

During the thirteen years from 1901 to 1913, just before World War I, the total trade increased from 550,000,000

TABLE NO. 11: THE AMOUNT OF EXPORTS AND  
IMPORTS (UNIT: 10, 000 YEN)

	Total amount	Export	Import	Balance
1901	50,816	25,234	25,581	346 (ad.)
1902	53,003	25,830	27,173	1,342 ( # )
1903	60,663	28,950	31,713	2,763 ( # )
1904	69,062	31,926	37,136	5,209 ( # )
1905	81,007	32,253	48,753	16,600 ( # )
1906	84,253	42,375	41,878	497 (fav.)
1907	92,688	43,241	49,446	6,205 (ad.)
1908	81,450	37,824	43,625	5,801 ( # )
1909	80,731	41,311	39,419	1,891 (fav.)
1910	92,266	45,842	46,423	580 (ad.)
1911	96,123	44,743	51,380	6,637 ( # )
1912	114,597	52,698	61,899	9,201 ( # )
1913	136,189	63,246	73,943	9,697 ( # )

Note: Nihon Bōeki Seiran; p. 2  
fav: favorable trade balance  
ad: adverse trade balance

*yen* to 1360,000,000 *yen*. The amount of exports increased from 250,000,000 *yen* to 650,000,000 *yen* while that of imports increased from 250,000,000 *yen* to 730,000,000 *yen*. Importation reached its peak during the Russo-Japanese War.

It must be noted that, during these thirteen years, the excess of imports continued with only two years of favorable trade balance. The amount of imports reached a huge figure in 1905 during the Russo-Japanese War. This continuous adverse trade balance came from the fact that even though heavy industry began to make progress in Japan, Japan could not supply itself with plant-equipment, so that Japan had to import great quantities

TABLE NO. 12: ITEMS OF EXPORT AND  
IMPORT (UNIT: 1, 000 YEN)

EXPORTS					
	Food Stuffs	Raw materials	Semi-finished goods	Finished goods	Sundry goods
1901	28,874	25,045	68,880	68,880	6,602
%	11.8	9.9	27.3	27.3	2.6
1904	37,352	25,638	99,416	99,416	7,446
%	11.7	8.0	31.1	31.1	2.3
1907	44,695	43,690	142,254	142,254	2,845
%	10.3	10.0	32.9	32.9	0.6
1913	62,142	51,340	184,914	184,914	5,979
%	9.8	8.1	29.2	29.2	0.9
IMPORTS					
1901	59,892	83,236	39,372	69,716	3,601
%	23.4	32.5	15.3	27.2	1.4
1904	112,220	115,371	50,611	87,978	5,181
%	30.2	31.0	13.6	23.6	1.3
1907	78,658	187,682	93,007	132,985	2,135
%	15.9	37.9	18.8	26.8	0.4
1913	120,582	253,542	126,927	124,029	4,351
%	16.5	48.4	17.4	17.0	0.6

Note: Nihon Bōek Seiran ; p. 450



of weapons, industrial equipment and materials for armament expansion. It can be assumed that Japan was able to maintain its gold-standard in the face of a continuous outflow of gold due to the excess of imports, only by the flotation of huge foreign loans in the latter half of the Meiji Era. Table No. 12 shows the items of trade during this period.

As is clear from the table, the importation of raw materials increased from 83,000,000 *yen* to 253,000,000 *yen* while the exportation decreased from 9.9% to 8.1%. The export of finished goods shows an increase from 68,000,000 *yen* to 184,000,000 *yen* while the imports decreased from 27.2% to 17%, although the total amount increased. All this shows the development of the modern capitalistic industries of the country.

Although the quantity of exports in food stuffs and raw materials decreased while that of semi-finished and finished goods increased, still the export of semi-finished goods was greater in amount than that of finished goods. In 1920 after World War I the amount of exports in finished goods exceeded that of semi-finished goods. However, it was after 1930 that the export of finished goods became permanently greater than that of other goods.

Table No. 13 shows Japan's foreign trade classified by continents. As is clear from the table, the exports to Asian countries, especially to China and India, increased. The chief items of export to these countries were finished goods made by machine. Cotton yarn and cotton textiles, the chief items of exports to China, were made possible by the development of the cotton industry by cheap labor and the expanded Japanese influence over Korea and China through the victory over Russia.

Japan had to import raw cotton from India and the United States. The amount of raw cotton imported increased from 80,000,000 *yen* in 1902 to 230,000,000 *yen* in 1913, 60% to 65% of which was imported from India and 20% to 25% was from the United States at the end of the Meiji Era.

TABLE NO. 13 AMOUNT OF FOREIGN TRADE  
CLASSIFIED BY CONTINENTS (UNIT: 10,000 YEN)

		1902	1905	1908	1913
		%	%	%	%
Asia	Export	90,715(35.1)	136,135(41.5)	127,127(33.6)	275,927(43.6)
	Import	115,418(42.4)	181,030(37.0)	154,554(35.4)	348,055(47.7)
Europe	Export	67,019(25.9)	54,187(16.8)	83,991(22.1)	147,225(23.2)
	Import	93,916(34.5)	183,323(37.5)	175,822(40.3)	220,290(30.2)
North-America	Export	83,718(32.4)	97,249(30.1)	125,127(33.0)	189,563(29.9)
	Import	49,170(18.1)	105,081(21.5)	78,756(18.0)	124,247(17.0)
South-America	Export	103(0)	71(0)	543(0.2)	2,197(0.3)
	Import	1(0)	170(0)	630(0.1)	2,768(0.3)
Africa	Export	449(0.1)	28(0)	616(0.1)	1,845(0.2)
	Import	—	—	—	—
Australia	Export	5,348(2.0)	6,977(2.1)	10,062(2.6)	15,285(2.4)
	Import	1,694(0.6)	6,014(2.2)	3,006(0.6)	15,033(2.0)
Other lands	Export	10,951(4.5)	27,631(8.5)	30,480(8.0)	418(0)
	Import	11,532(4.2)	12,983(2.6)	23,489(5.3)	19,020(2.6)

Note: Tsurumi Sakio; Nihon Bōekishikō

Even in this period, Japan could not make production equipment within the country, so that great numbers of machines and iron goods had to be imported from Britain and the United States. In 1905 the amount of imports was 26,660,000 *yen*, of which 8,400,000 *yen* was paid to Britain, and the rest to the United States. In 1912 Japan paid, for the machines and plant equipment, 13,270,000 *yen* to Britain and 4,950,000 *yen* to the United States. (1) Japan could not pay for such an importation except by the export of cotton goods. The export of raw silk to the United States greatly helped Japan to make up for the import of machines and plant-equipment.

In short, to the advanced Western countries, Japan exported raw silk and raw materials, while to the under-developed countries of the East, she exported finished goods. She imported machines and production equipment from the advanced Western countries,



an evidence that Japan was a somewhat advanced country in the Far East, but stood far behind the Western nations in economic development.

### **B. The Tariff-revision and Autonomy of Trade**

The development of modern industry and the increase of foreign trade gradually paved the way for Japan's autonomy of trade. This independence of trade was brought about by her restoration of tariff autonomy.

As has been mentioned, the treaty revision made by Foreign Minister Oku Munemitsu did not bring Japan a full tariff autonomy, as it was conditioned by the customs duty agreement on many import goods. Japan could not protect her domestic industry nor could she increase her customs revenue because of this agreement.

Even though in 1906 a revision of tariff rates was made, still a great measure of tariff agreement remained, which prevented Japan from fixing her own tariff rates.

The treaty revision which was effective for twelve years, expired in 1911. Japan could revoke the treaty by one year's advance notice. In preparation for it, the government formed, in 1908, a Preparatory Committee For Treaty-revision in the Ministry of Foreign Affairs, with Minister Komura as chairman, and the vice-Ministers of other Departments as the members of the committee. The government was determined to revoke the existing unilateral treaty this time. Regarding the revision of tariff, Wakatsuki Reijirō, the Vice-Minister of Finance acted as chairman of the special committee for the tariff revision, and worked out a draft of tariff revision, by consulting business circles.

After communicating Japan's advance notice of revocation of the treaty to the treaty nations, the government decided to conclude the tariff revision treaty with them in July, 1911. This revision is known as the Second Tariff Revision.

By this revision, a collateral agreement on tariff rates, instead of the unilateral agreement, was made; the items of import included in the agreement were limited to a small number; and the rate of tariff under the agreement and the autonomous rate remained almost the same. This revision was to be effective for twelve years. According to the *Nihon Bōekishikō* by Mr. Tsurumi Sakio, who was a member and secretary to the committee, the tariff rate of each import item was fixed from the points of the protection of home industry, the national revenue from the duties and the social policy, by studying (a) the condition of its demand and supply at home, (b) the competitive capacity with foreign goods, (c) the technical difficulty of its production, (d) the social class of its consumers and (e) its propriety as a source of national revenue. (2)

This revised tariff enabled Japan to adopt a protective tariff policy with the tariff autonomy. While the tariff revision of 1899 limited the import tariff rate to 10%—15%, the tariff revision of 1911 fixed the import rate of raw materials at 5% or free of duty, that of semi-finished goods at 30%—40% and that of finished goods at 50%—60%, at the mean rate of 30%. This can be called the protective tariff policy of Japan.

The revenue also increased from 14,000,000 *yen* in 1889 to 42,000,000 *yen* in 1911.

With the increase of trade, and acquisition of tariff autonomy, the Japanese merchants rapidly came to possess trade rights also. The long cherished desire to restore trade rights in Japanese ports was realized with the development of Japanese trade firms, with their branch offices in foreign lands, the consolidation of monetary organs to finance those engaged in foreign trade, and the rapid progress of the shipping industry. The following is the comparison of trade handled by foreign traders and Japanese traders at Kōbe.

1901	
Export	{ Japanese traders 24.8%
	{ Foreign traders 75.2%



# DEVELOPMENT OF FOREIGN TRADE

Import	{ Japanese traders	37 %
	{ Foreign traders	63 %
1911		
Export	{ Japanese traders	51.5 %
	{ Foreign traders	48.5 %
Import	{ Japanese traders	63.8 %
	{ Foreign traders	36.2 %

With the Russo-Japanese War as the turning point, the trade handled by Japanese traders and foreign traders gradually leveled off. The trade rights at last came into the hands of the Japanese at the end of the Meiji Era.





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