

## Slide 1

# Mid Tokugawa Era

Circa 1700 > Circa 1800

### Overview of Middle Era Tokugawa:

In this unit we will study how the Tokugawa Shogunate's significant achievement of a long period of peace and stability based on its strict feudal hierarchy and *Sankin Kotai* encouraged the economic development of the country, but also began to cause fractures in Japanese society.

The primary catalyst for those changes perhaps lay with the peasant farming class. As productivity improvements were made with Japanese farming methods, these enabled this key sector to evolve from a basic 'subsistence' activity to take on a more 'commercial' focus.

In other words, some Japanese farmers began to generate more produce in excess of what they required to pay their hefty taxes and maintain their families, and that excess production would have far reaching impacts on other sectors of Japanese society.

We will also see how the 'Sankin Kotai' policy stimulated improvements to Japan's highway system, and fostered significant growth in urban living.

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### Japan's Increased Agricultural Production

Estimated Land under Cultivation (unit: thousand hectare)	
930 AD	862
1450 AD	946
1600 AD	1,635
1720 AD	2,970
1874 AD	3,050

Source: S. Oishi (1977).

### Notes

An increase in the amount of produce generated from a nation's agricultural activities can occur in one of two ways: By increasing the **amount of land cultivated** to grow produce, **OR** by increasing the **quantity of produce generated from each hectare** under cultivation.

During the mid Edo period, Japanese agriculture experienced both of these developments.

From the mid-15th century on into the early Edo period, Japan experienced an *enormous expansion in the quantity of farmland under cultivation* (especially rice paddies).

Previously rice was only produced in small pockets in situations where narrow valleys from mountains ended and plains began, as these were the only places where constant water supply was available.

But during the Tokugawa period, large-scale water projects were carried out all over Japan by Daimyos and private farmers to utilise local rivers for irrigation and to control floods.

As a result, land under cultivation expanded dramatically. The plains, which had hitherto been uninhabitable marshlands, with the advent of drainage systems were turned into productive paddy fields.

One consequence was that the Japanese population in that period increased rapidly, which was an unusual phenomena for a pre-modern society.

However after the late 17th century, land expansion slowed as the finite nature of the country's scarce land resources provided a natural break, and that relatively easy source of increased production was no longer available.

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### Notes

In the later stages of the 'Early Edo' era large family arrangements in the villages began to be dismantled as *smaller peasant family farming units* were created, each with its own specified parcel of land to maintain and cultivate.

Villages were well organized and permitted autonomy, so long as they paid their stipulated rice taxes.

The inhabitants of towns and villages throughout Japan were required to form *gonin-gumi* ("**five-household groups**"), or neighbourhood associations, to foster joint responsibility for tax payment, to prevent offenses against the laws of their Daimyo, to provide one another with mutual assistance, and to keep a general watch on one another.

The rice tax was levied on villages (not individual farmers), and village representatives, who themselves were often farmers, allocated the rice tax burden among all villagers.

The preferred method for assessing the annual rice tax was the *jomen* (fixed amount) system where the amount of tax paid in rice tax was unchanged for three or five years, based on the average output of the preceding years.

Under this system, the government could expect a more stable tax revenue and also minimize the inspection cost. While farmers on the one hand carried a greater risk of crop failure under this system, on the other it gave them increased incentive to produce more, as any additional product was untaxed and belonged to them.



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### Notes

*Two other significant consequences* also accompanied this evolution in the range and quantities of agricultural product.

The first was the fact that farmers could sell these non-rice crops for cash, which was not assessable for bakufu or han taxes, as the taxes applied only to rice, which meant that some land owners were able to begin to save money and build wealth.

The second consequence was that because farmers were restricted from leaving their properties nor did they have the time required to sell their produce, this meant that their farm products came to be sold via a growing class of businessmen (**Chonin**) who transported the produce to town and city markets for sale to increasing numbers of urban dwelling Japanese who no longer had the ability to grow their own food needs.

Thus the agricultural evolution helped to create a more affluent farmer category on the one hand as well as a new small business sector within the traditional Japanese feudal society on the other - innovations that were neither planned for by the bakufu / han governments nor welcomed.

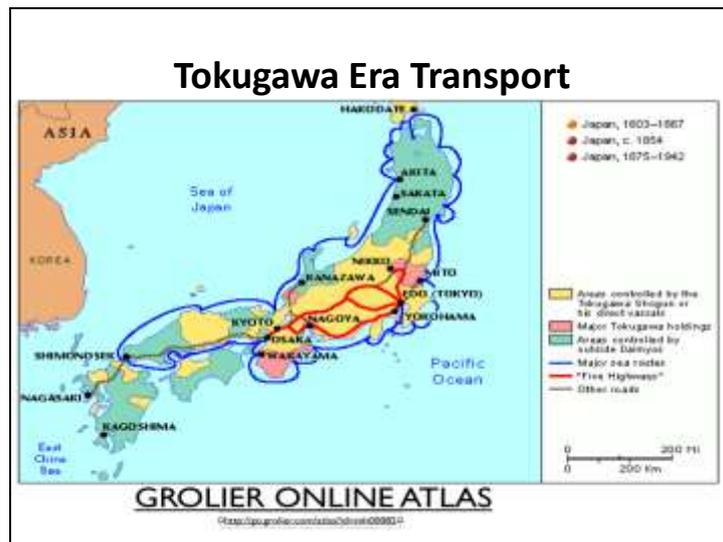
As a result, the amount of 'cash' crops increased markedly and *Japanese agriculture transitioned from subsistence farming to a commercial basis.*

Because of their critical role as the labour backbone of Tokugawa society, bakufu and han government controls over peasants were strengthened. They were strictly prohibited from buying, selling, or abandoning their land or from changing their occupation; and restrictions were also placed on their attire, food, and housing.

However only a proportion of farmers prospered from producing commercial agricultural products, and the majority of Japan's peasants remained impoverished.

Rural villages in middle Tokugawa were characterized by a few wealthy farmers with a majority of small-scale independent landholders. Many of the smaller-scale farmers however were squeezed by the costs of commercial development and were forced to part with their lands and thereby fall into the category of 'tenancy' labourers, where they were forced to continue living an increasingly hard working and impoverished subsistence lifestyle.

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### Notes

During the mid Tokugawa era transport and communications systems throughout Japan improved markedly.

One causal factor was the Sankin Kotai policy which virtually meant that dozens of Daimyo together with thousands of their retainers were *continuously* undertaking journeys to and from Edo.

As a consequence, the above slide shows the series of five major land highways that were developed to facilitate these never-ending journeys.

As more distant Daimyo in particular had to undertake long journeys with many overnight stops, a series of towns gradually came into existence along the five main highways, where private inns, restaurants and many other service providers grouped to meet their needs.

Farming villages near the highway were required to provide horses when necessary (part of their nontax obligation).

However for security reasons, the Tokugawa bakufu did not encourage total free movement of people and merchandise throughout Japan. At major check points, sekisho (passport controls) were created, and for strategic reasons some rivers were intentionally left without bridges.

The above slide also shows the common sea routes that were used to transport much of the nation's annual rice harvest and other produce over longer distances.

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### Notes

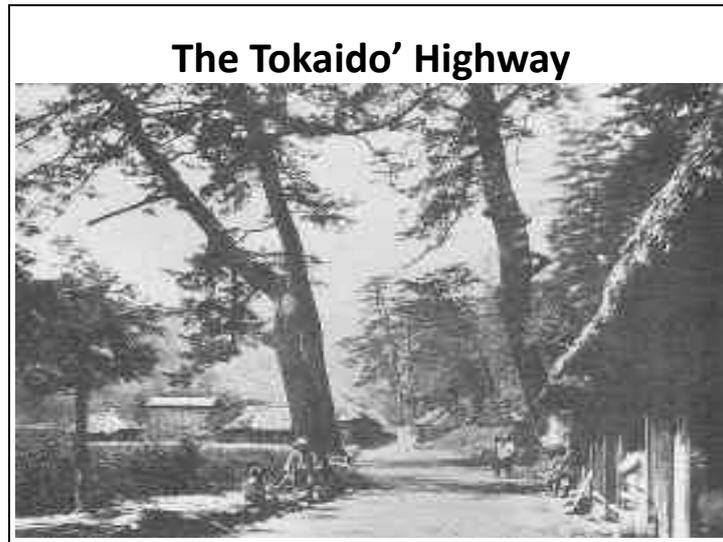
A second causal factor for improved transport derived from the country's rice-based system.

The large volumes of rice produced each year in the bakufu's thousands of villages that extended throughout Japan had to be transported over long distances to reach Edo.

Because transport via land routes was relatively slow and uneconomic, coastal cargo ships and river barges provided a more efficient means for transporting large quantities of grain and other bulk commodities such as vegetables to the capital at Edo and to other major cities such as Osaka.

These developments in turn created further requirements, including the need for port facilities with bulk cargo handling capabilities and large scale warehouses for storage prior to distribution to markets.

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### Notes

Because the Daimyo's and their entourages were regularly required to travel on the Tokaido Highway and other key roads, Ieyasu had these roads built or improved almost immediately after taking power.

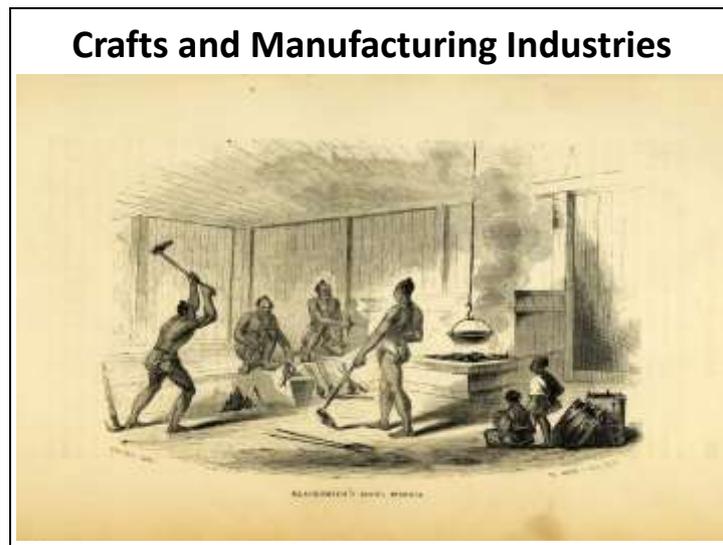
A series of overnight camps one day's journey apart soon saw the establishment of new towns with accommodation inns and the provision of other products and services that were required by the Daimyo and their many followers.

The building and maintenance of a good road highway network helped people get around and facilitated trade between regional communities. Economic activity gradually increased over the middle era years as rural villages shifted from subsistence farming to commercial agriculture.

The evolution of agricultural cash crops and increased production of materials for the production of handicrafts to meet the needs of town and city dwellers also stimulated nationwide commerce.

The centre of economic activity gradually moved eastward, from Osaka and Kyoto to Edo (Tokyo) in Eastern Japan, as many businesses gravitated to service the country's largest consumer market in a city that grew to some one million people.

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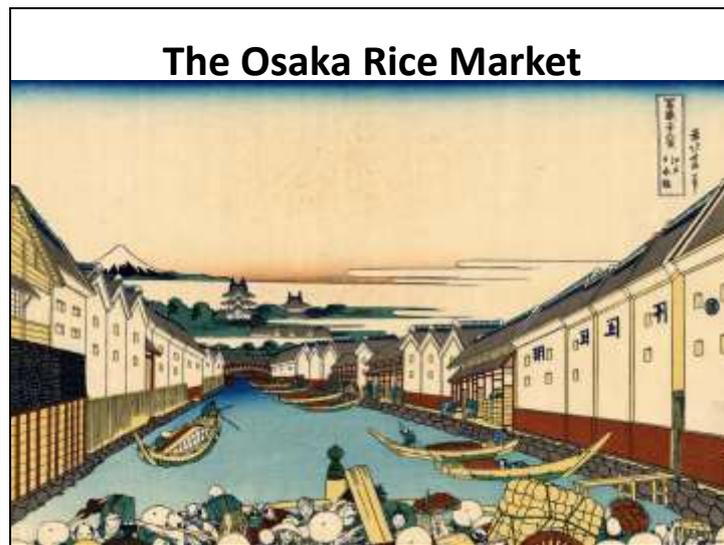
### Notes

As agriculture evolved and the volume of commerce increased, pre-modern manufacturing practices also began to develop throughout Japan in many handicraft industries and in food processing.

In the mid Tokugawa era, tea, tobacco, cotton, soy sauce, cloth making wax, indigo, salt, silk, sake, bamboo, paper and medicines were commonly processed in rural villages and sold in urban markets.

In the nascent industrial area, knives, swords, pottery, lacquer ware, stone masonry and cotton textiles and silk garments were manufactured.

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### Notes

In order to process its rice crop, each Han prefecture established its own storage warehouse in Osaka, the country's commercial centre, to which it shipped its rice for storage and preservation.

Here it was taxed by the bakufu or han and from there sold on to the rice merchants for sale and distribution throughout the country.

#### **A Picture Tells a Thousand Words**

The **background feature**: Mt Fuji

The **mid ground feature**: The castle of the local Daimyo

Multiple bridge crossings over the man-made canal

The **main frame features**:

The construction of a sophisticated man-made water canal, with warehouse buildings established firmly on solid rock foundations, displaying significant levels of planning, engineering and construction skills and considerable infrastructure investment.

The one-man barges used for transporting and delivering the rice harvests to the wharves of the 'house' storage warehouses.

Each of the warehouses was identified with the unique brand / insignia of the Han house

To enable long term disease free storage, the ridges of the 'house' buildings used for storing the rice included aeration conductors.

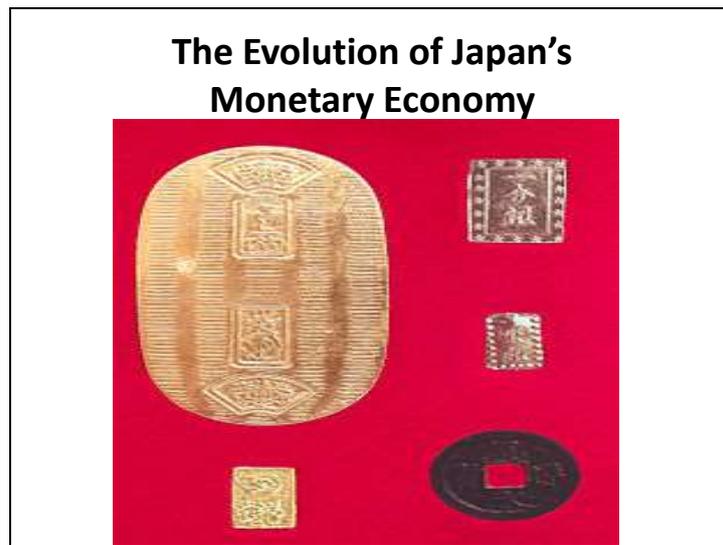
The lower level 'house' buildings provided facilities for processing the 'administration' of the rice coming in and being dispatched from the warehouses.

**The foreground features**

The foreground of the picture shows a thriving multitude of Japanese people of both sexes criss-crossing a bridge over the canal, manually transporting a vast range of produce, probably destined for exchange at the local market.

The origin of securities exchanges stems from the Edo period, when an exchange for rice crops was established in Osaka, which at the time was the commercial centre of Japan.

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### Notes

All members of the Samurai class, and their Daimyo lords were traditionally remunerated each year in koku's of rice paid from the taxes levied on Japan's millions of rural based farmers.

Clearly however, monetary units of rice (the koku), each weighing 150 kilograms and a volume of 180 litres, provided for an unwieldy 'means of exchange' in local markets.

As a consequence it was soon found to be much more convenient and practical in larger towns and cities for money in the form of rice to be converted to a more manageable currency medium in the form of small and light pieces of precious metals or paper money.

For example, samurai who travelled outside their lord's domain on their journeys to and from Edo (and for the duration of their lengthy stays in that city) often deposited their stipends with rice brokers in Osaka. These middle men (Dōjima) would store and hold the rice in their warehouses for the samurai, similar to the workings of a modern day bank savings account.

In return, the Dōjima issued paper receipts, which were in effect the forerunner of personal cheques, that allowed a samurai to pay for the multiple purchases he made on his journey, and allowed him to gradually draw down on the value of his banked rice stipend.

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### Notes

Therefore as the Tokugawa Shogunate era progressed, Japan's privileged classes routinely converted their annual bulky rice stipends to the 'liquid' money form of a cash currency that allowed them to much more easily purchase the many different goods and services that they demanded and that were increasingly available in urban markets throughout the year.

As this more liquid currency came into common use in Japan's growing cities, Dōjima merchants invented credit instruments to transfer money between each other between those cities, thereby creating a reliable credit market and the genesis of our modern day banking system.

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### Notes

A **'futures contract'** has four key components and is an **agreement between two parties** to:

- (1) *sell and buy*
- (2) a specific commodity (RICE)
- (3) at a *specified future date*, and
- (4) *at an agreed price*.

Each futures contract is specific to the underlying commodity and the expiration date.

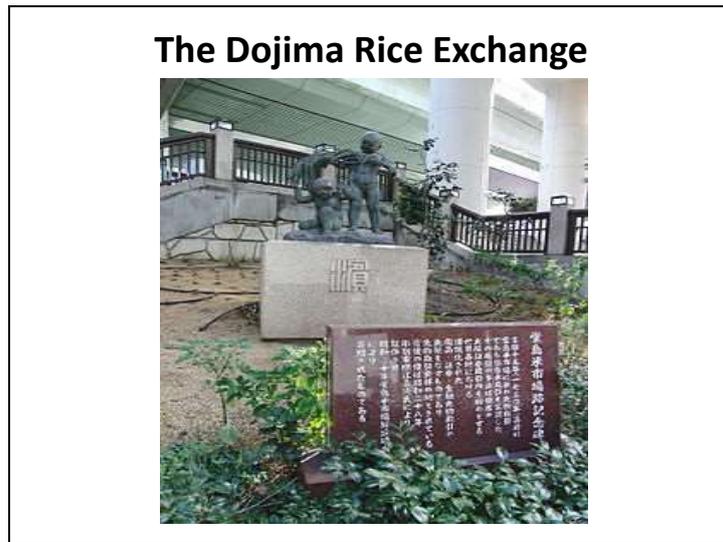
In Tokugawa Japan the underlying commodity was rice, which was contracted in Koku (150 kilograms of rice).

Prices for each rice contract fluctuated throughout the trading period in response to economic events, seasonal conditions, natural events and market activity.

Each 'future rice contract' had a specified 'expiration' date, at which time the 'seller' had to deliver the physical commodity and the 'buyer' was bound to take it.

If you don't exit your position before that date – and it's a physically settled contract, like rice – you have to deliver the physical commodity (if you're in a short position) or take delivery (if you're long).

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### Notes

The year 1697 marked the beginning of the concept of trading in futures.

By 1697 some 91 of Osaka's rice brokers and money lenders had concentrated their rice warehouses and shops in the Dōjima area of the city.

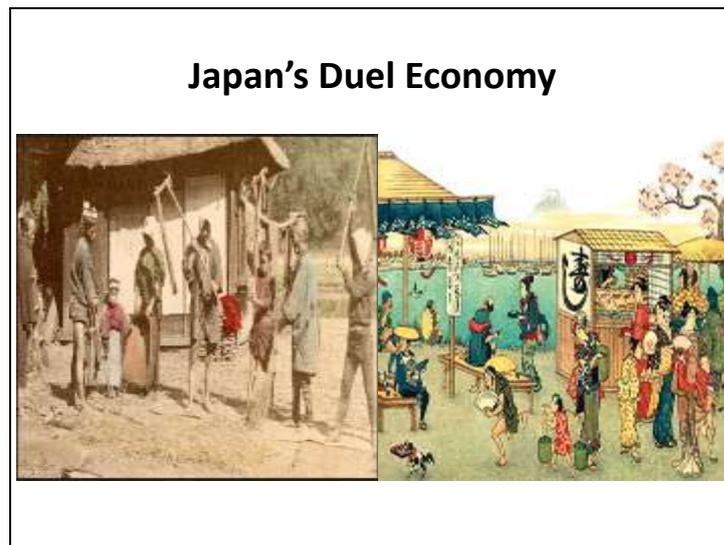
In that year the rice merchants of Dojima received a **license** from the Shogunate to establish the world's first futures trading houses, from where wealthy merchant houses held legal monopolies for the trading and distribution of rice.

The Dojima futures exchange had experts who evaluated rice with precise definitions of quality, delivery date, price and place, with *clearing houses* for making and settling contracts.

To raise money to fund their Hans' annual budget activities, many *Daimyō* came to routinely *use forward contracts to sell rice that was not yet harvested*.

This was the fore runner to the manner in which much farm produce today is traded via futures contracts.

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### Notes

As a consequence of this evolution, during the middle Tokugawa Shogunate era, Japan saw the emergence of a **dual economic system**, where its larger towns and cities enjoyed modern 'currency based' money economies, while most rural communities maintained the traditional 'rice based' money system.

So, while Japan at this time was not a pure currency economy such as we know, currency was more widely employed in this era than in any previous time.

Despite those significant commercial advances however, the primary tax revenue stream for the Tokugawa bakufu based Edo continued to be the levy imposed primarily on the nation's rice production.

One unintended consequence of this incredible commercial development was that many of the 'chonin / merchants /dojima') prospered greatly with the advent of these new trading arrangements. A significant number of them amassed great amounts of wealth, more than most samurai and many daimyo - despite that fact they remained in lowest of the low status on the Tokugawa feudal hierarchy.

Clearly, given the old maxim that *wealth equals power*, something would have to give in a later stage of the Tokugawa Shogunate.

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### The Rise of the Chonin / Dojima / Merchant Class



#### Notes

The hundred years of peace and seclusion in Japan in the period from 1603 to 1704 created a period of previously unknown economic stability.

As a result, the Japanese economy grew rapidly throughout the 17th century, culminating in the period known as **Genroku** (1688–1704), when the arts and architecture flourished and are generally considered to be the **Golden Age** of the Edo period.

By 1700, while still socially despised, Chonin / Dojima / Merchants, made up about 6% of the Japanese population, and had developed many new skill sets whereby they were the fore runners of what we would know today as bankers, traders, middle men, salesmen, craftsmen etc.

Historically, each social class in a Japanese city was still restricted to living in its own quarter, and given their lowly status at the bottom of the social hierarchy, Chonin / Dojima / Merchants were required by law to live in the poorest and least desirable sections of their cities, particularly in Edo (Tokyo), the seat of the Tokugawa Shogunate bakufu.

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#### Notes

The House of Mitsui is said to have employed over 1,000 people in its Tokyo shops at the end of the eighteenth century.

Their shops provided free umbrellas to customers caught unprepared by unexpected rain showers – each umbrella bore the trademark of the House.

In a prescient marketing strategy they paid popular actors in live show theatres to introduce subtle positive references to their firm in their spoken lines.

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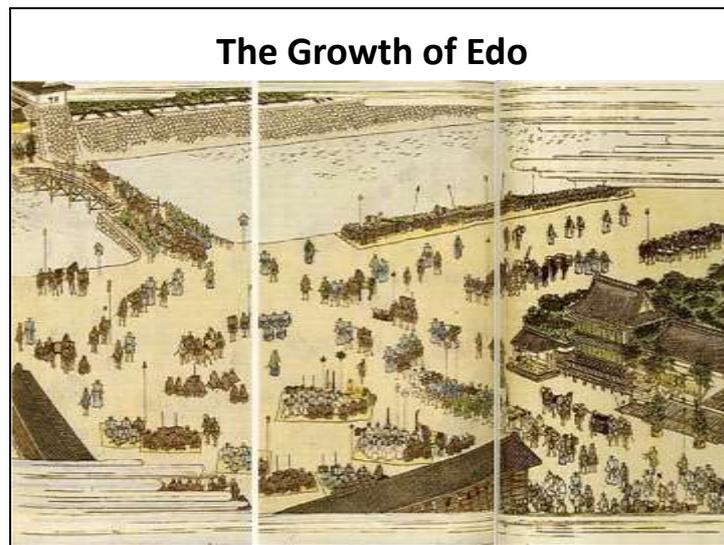
### Notes

However as their wealth grew, merchants wanted to consume and display their wealth in the same manner as the samurai, but laws prevented them from doing so in an overt and obvious manner.

Whereas Edo became the administrative capital of the Tokugawa shogunate, Ōsaka served as the country's commercial hub, and rich Ōsaka merchants generally were the ones who defined the Genroku culture. Because of the geographical distance between Edo and Osaka, the wealthy merchant class in that city were less restricted by the rigid codes of the Tokugawa.

As a consequence, wealthy Osaka townsmen could spend their leisure in the pursuit of pleasure, funded by their commercial profits. This in turn encouraged a cultural explosion that included the development of the bunraku puppet theatre, kabuki dramatic art theatre, haiku poetry and advances in the art the wood-block prints.

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### Notes

The above print shows various Daimyos arriving in Edo with large entourages and units of loyal Samurai (in restricted numbers).

By 1800, as much as 10% of the population of Japan may have lived in large towns and cities, one of the highest levels in the world at the time, which is surprising given its feudal social hierarchy.

Because of the long period of peace experienced during the Tokugawa era, Daimyo and Samurai could no longer exhibit their prowess by fighting, and so their power often came to be manifested by the decorative displays of their ceremonial parades to and from the capital Edo, the ostentatious quality of their domiciles in Edo and by the elaborate uniforms worn by their Samurai.

We shall see how later in the Tokugawa era this extravagant pomp and pageantry steadily put pressure on the coffers of the Daimyo, particularly when a series of droughts and earthquakes occurred to upset their vital rice revenues.

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### Life in Edo – Depiction of a Boating Party in the Floating World



#### Notes

Within Edo itself, there were large numbers of single men there that were domiciled for lengthy periods of time in supporting of their lords.

Street vendors roamed the streets offering sushi, noodles and other dishes for men with no wives.

To meet their needs red light districts and entertainment districts filled with theatres, tea houses, taverns, restaurants and brothels--- sprang up. A number of entertainment forms such as kabuki and sumo were also promoted to amuse them.

In this period Osaka evolved to become Japan's commercial centre where many wealthy merchants and money lenders resided, while Edo was the political centre, where its rapid population growth created growing demands for manufactured, farm produce and handcraft products.