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Author(s)	Honjo, Eijiro
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ECONOMIC THOUGHT IN THE EARLY PERIOD OF THE TOKUGAWA ERA

By Eijiro Honjo

1. PREFACE

I had occasion to deal with the economic thought of the Tokugawa Era in a previous article*. In that article, I described in the first place the general trend of economic thought throughout the period. I then discussed the changes which arose as social and economic conditions gradually changed. I next reviewed in some detail the changes in viewpoint observable in the four different periods into which I had divided the Tokugawa Era, namely, the early, the middle, the latter and the closing periods. Lastly, I dealt with certain prominent features of the economic thought of the Tokugawa Era. In the present article, I propose to deal with the economic ideas prevalent in the

^{*} Economic Ideas in Tokugawa Days, Kyoto University Economic Review, Vol. XIII, No. 1.

early period a little more fully, by way of supplementing my previous article.

A GENERAL REVIEW

By the "early period" of the Tokugawa Regime I mean the period extending from the establishment of the Tokugawa Shogunate down to the Genroku era. In this period, which covers the eighty years following upon the foundation of the Shogunate, the warlike atmosphere of the Keicho and Genna eras had been dissipated, the foundations of the Tokugawa Shogunate were firmly laid, and peace restored throughout the country. With the restoration of peace, the populace came to hold learning in higher regard, and there was a growing tendency to emphasize the importance of civilian affairs at the expense of the military arts. It is, therefore, only natural that many of the economic formulas of this period were designed to afford a theoretical basis for feudal society. As all scholars recognize, there was a general tendency to set a higher value on agricultural pursuits which were regarded as the economic foundation of the country and a widespread movement was inaugurated to inculcate the virtue of thrift throughout the populace. Furthermore, as currency found ever wider circulation, signs were visible of a steady development of "currency economy" as against "natural economy", and of the ascendancy of the chonin (tradesmen) class over the agrarian class, which was becoming steadily more impoverished. There were also indications of the increasing financial difficulties of the various feudal lords. In such circumstances, the position of the chonin class and the widening gap between the rich and the poor were frequent subjects discussion. The problem of relieving feudal lords of their financial difficulties also claimed earnest attention. It was in this period that Kumazawa-Banzan expounded a sort of reactionary or conservative theory designed to secure the harmonious operation of "currency economy" and "rice economy".

The following are the principal books written in this period which throw light on the economic ideas then prevalent:—

Honsaroku (本 佐 錄) Honta-Masanobu (本多正信) 1538~1616 Okina Mondo (翁 問 答) Nakae-Toju (中江藤樹) 1608-1648 Kotetsu Mondo (蓋徹問答) 1618-1682 Yamazaki-Ansai (山崎闇齋) 1622-1685 Yamaga Gorui (山鹿語類) Yamaga-Sokô (山鹿素行) Daigaku Wakumon (大學或問) Shugi Washo (集義和書) Kumazawa-Banzan (熊澤蒂山) 1619-1691 Shugi Gesho (集義外費)

3. VARIOUS THEORIES CALCULATED TO CONSOLIDATE THE FEUDAL SYSTEM

Mention has already been made of the fact that the economic theories in the early period of the Tokugawa Era were designed to strengthen the foundations of the feudal system. Let us now examine in detail some of the ideas falling under this category.

(a) The class theory. It is only natural that in the feudal community class distinction should be emphasized, and this idea of class distinction, of course, existed in the early period of the Tokugawa Era. Nakae-Toju says: "All people are divided into five classes. The Emperor is of the highest order, and then follow in order feudal lords, kyo-taifu (卿大夫 who administer affairs by order of the Emperor or feudal lords), samurai and the common people. The common people consist of farmers, artisans and tradesmen."

Kumazawa-Banzan also divided the populace into these five classes, pointing out further that each class was subdivided into different grades. Yamaga-Sokô classified the common people who took rank below *samurai* as farmers, artisans and tradesmen.

Concerning the creation of classes, Sokô, who regarded the phenomenon as a matter of natural growth, writes: "When the universe was created, there was no distinction between the rulers and the ruled. All people simply grew up in the life-giving atmosphere of the universe. Among all living things, human beings were most superior in intellect

and virtue. They lived on rice and otherwise ate the meat of fish and birds to satisfy their hunger. They have gradually learned to make many things out of bamboo, wood, metal and stone. They build houses, manufacture all kinds of articles and make profits through commercial transactions."

He further says:

"Although all people are not the same in rank and class, they are of the same origin. It was inevitable that class distinctions should arise. In order to live, people must have something to eat. This makes it necessary for them to raise agricultural crops. As farm work cannot be done properly by hand only, agricultural implements must be manufactured with bamboo, wood, metal, etc., and for their manufacture artisans are necessary. As manufacturers of articles cannot go about selling their goods to people in distant districts, people to act as intermediaries between these artisans and the consumers of their manufactures become necessary, and these middlemen form the merchant class. It was under such circumstances that three classes of people—farmers, artisans and tradesmen—came into being. If, however, each is bent on promoting his own interests, in utter disregard of the interests of others—the farmer trying to live an easy life without putting sufficient energy into his agricultural work, the artisan contriving to realize big profits by supplying goods of poor quality, and the tradesman devoted to profiteering by dishonest means—there will be no end to the unscrupulous practices and disputes that will arise and moral principles will be completely lost. It, therefore, becomes necessary for the Ruler to be set up from whom all shall receive necessary instructions. The Ruler so created exists for the good of all people, not for his own sake alone. Under his wise guidance, culture, public morals and order can be maintained throughout the country. As a Monarch rules where there is a people and as a State is formed where a Monarch rules, the people must be regarded as the basis of national existence."

Kumazawa-Banzan writes:-

"Of all classes of people, farmers were the first to come into being. Competent farmers, whose advice and guidance in agricultural matters was sought by other farmers were, by common consent, chosen as their advisers, the farm work of these chosen leaders being undertaken conjointly by the others. Through the lapse of time, these chosen farmers became samurai or knights. Particularly talented knights similarly gave advice and counsel to other knights, who were willing to follow their lead. leading knights subsequently became territorial barons. The most distinguished and virtuous among these territorial barons was set up as Monarch, whose orders the remainder obeyed. From among the knights, court nobles and grand vassals were appointed. On the other hand, artisans and tradesmen developed from the agrarian class. In this way, all things were set in good order and the five fundamental human relationships and classes were established."

These theories smack of Confucian or Chinese teachings and remind one so forcibly of democratic ideas, that they appear inconsistent with the concept of feudalism. While they can be accepted as a general explanation of how classes came into being, they are not adequate to explain how the different classes were formed in the Tokugawa Era.

As to priority or precedence among the various classes, it was regarded as obvious that the *samurai* class should take high rank. As Banzan has suggested in the passage cited above, *samurai* were looked upon as the chosen people. With regard to the common citizens, those who followed agricultural pursuits were generally held in special regard, but no one had as yet advanced a theory condemning the *chonin* as useless parasites, though such theories appeared in later periods. Nakae-Toju says: "As farmers, artisans and tradesmen constitute the treasures of the country, the Ruler must take care, in his administration of State affairs, to see that they are treated with special consideration, so that they may have sufficient to live upon and can lead a

happy life." Banzan says that agriculture is the basis upon which the country is founded and that industry and commerce are subservient to agriculture. He also says: "Those who have farm work to do have no time to catch fish, while those who catch fish cannot raise crops. By exchanging what they have, they can mutually satisfy their wants. Farmers have no time to make hoes and sickles, nor have the makers of hoes and sickles time to follow agricultural pursuits. Therefore, farmers exchange their cereals for agricultural implements which blacksmiths manufacture. This applies to all classes of the people. Again, as farmers and artisans have no time to come together to exchange their goods, merchants must act as intermediaries. Merchants purchase their products and sell them to those who want them."

While admitting that these people are all indispensable, Sokò takes the line that agriculture is the most valuable of all because it supplies food and clothing. Industry and commerce he places below agriculture. He also contends that there can be no national existence without these three classes of people. Without commerce, people cannot satisfy their wants, and this is why merchants carry on commerce, he says. He further points out that without artisans, merchants would have no manufactures to sell. In this way, he emphasized the parallel importance of agriculture, industry and commerce.

The existence of strict class distinction was necessary for the maintenance of the feudal system. The theories of class distinction prevalent in those days were prone to expatiate on the necessity of devotion on the part of each individual to his duties. Nakae-Toju says: "All classes of people, irrespective of rank and wealth, must devote themselves to their respective duties, living content with their lot. All must be free from sordid motives. Whereas the rich should refrain from extravagant habits, the poor should not be obsequious in their behaviour. Their sole care should be to try to enjoy that true happiness which nature bestows

on mankind." Banzan says: "There is law in all things. The Monarch, with all his power and wealth, has his rule of conduct. The nobles of all grades have their respective rules for regulating their course of action. Similarly samurai of high rank have rules of conduct which they must observe. Farmers, artisans and tradesmen also have their respective duties to discharge." It may be observed that the views of these two noted scholars are essentially similar in intent.

(b) Theories on the way to rule the farmer. Inasmuch as the feudal system depended on land, or, in other words, as the samurai class lived on the taxes paid by farmers, it is natural that agriculture should have been held in high regard in this period. Nor is it any wonder that the farming population was then regarded as an important class. The individual farmer, however, was regarded as an ignoramus who deserved to be pitied. For instance, a proclamation issued by the Shogunate in the Keian era referred to the farmers generally as "a race lacking both wisdom and foresight." Banzan's "tawake" 四分句 theory is based on the same poor opinion of the intelligence of farmers. The views of Banzan and Sokô on the relief of farmers and Sokô's advocacy of rice storage were all prompted by a sense of pity for the lot of the farmer. Their proposals were intended to prevent a decline in the productive power of agriculture while at the same time maintaining the livelihood of the agrarian class.

Note. According to Banzan, the word tawake (division of farm lands) came to mean "stupidity" because the practice among farmers of dividing their farm lands among their children and grandchildren served only to degrade their descendants into indigent peasants who could hardly earn a livelihood.

The theory enunciated by Honta-Masanobu in his book entitled *Honsaroku* was typical of the opinions of the day on the way to rule the farmer. He maintains that, "Farmers are part and parcel of the State, and, therefore, they must be ruled wisely. In the first place, the boundaries of fields belonging to individual farmers must be clearly defined. The annual expenditure and consumption of food by farmers

should then be estimated, and the surplus portion of their yields should be collected in taxes. The best policy for controlling the farm population is to allow it to possess just sufficient to live upon, neither more nor less. It has been the custom of wise rulers in the past to assess taxes on farmers according to the yield of the rice harvest each year. If taxes are collected in this way, farmers will have neither too much nor too little for their living."

Banzan expresses the same sentiment when he says: "If farmers are taxed lightly, they will soon take to a life of pleasure and neglect their farm work. If, on the contrary, they are taxed too heavily, they will be reduced to such dire straits as will affect their energy and vitality. It is only when they are kept diligent and safe from starvation that rich harvests are assured." In short, the keynote of the agricultural policy followed by the Tokugawa Shogunate during the 300 years of its regime was "to keep farmers alive but not to allow them to live in comfort." Needless to say, the theories advanced during this period in support of this policy were intended for the maintenance of the feudal system.

(c) The thrift theory. In order to maintain the feudal society, it was necessary to see that each individual kept to his sphere in life. Accordingly, all people were required to live within their means. To live beyond one's means means extravagance, and so there was a general tendency to encourage thrifty habits among the public. Nakae-Toju says: "Extravagance and stinginess are equally wrong, as the former means too much use and the latter means too little use of treasure. One must take the middle and proper course between these two extremes." By the "middle course" he meant the proper discharge by each individual of the obligations which the occasion, the circumstances and his station in life imposed upon him.

Eulogizing integrity and denouncing avarice, he says: "A man of integrity is free from avarice. Not being greedy, he has no desire to use his money for his private purposes

exclusively. As he is free from selfishness, he saves or spends money according to the dictates of reason, so that his money is so employed as to benefit not himself alone but others also. One who is bent on the accumulation of money without spending any either for his own sake or for the benefit of others is always despised as the slave of money. The value of money lies in the fact that it can be used not merely to satisfy one's own wants but to relieve others of their distress."

Defining the terms thrift, stinginess, simplicity and extravagance, Banzan says:—

"The thrifty man is disinterested and gives monetary help to others ungrudgingly; the stingy man is greedy and refuses to give alms to others; the simple man neither seeks much nor lays up anything, but if he has anything to spare, he gives it to the needy. The spendthrift does not lay up anything, and although he may appear to be like the simple man in this respect, he spends his money solely for his own sake or to live luxuriously."

He also says:

"The benevolent man is unselfish. Being unselfish, he is naturally thrifty. Such thrift only as is practised from motives of benevolence, love and disinterestedness is really beneficial to the public."

Sokô also urged the need of thrift, saying: "Each should be thrifty according to his social standing. Extravagance knows no bounds and involves waste."

Although the theories advanced by these scholars are all of a rather abstract nature, it is clear that thrift claimed special attention in the period under consideration.

4. VIEWS ON PHENOMENA INIMICAL TO FEUDALISM

The theories so far cited were based on an unquestioning acceptance of the feudal system. But even in the early period of the Tokugawa Era there was already a

gradual development of phenomena irreconcilable with the requirements of the feudal system, and such phenomena formed subjects for certain scholastic dissertations. To cite a few of the theories advanced in this connection, I might mention the following:

(a) Impoverishment of feudal lords and samurai. Generally speaking, the financial difficulties of feudal lords and samurai in the early period of the Tokugawa Era were not so disastrous as they became in the later periods, and yet this problem had already claimed the grave attention of the scholars of the day. In his book, Kotetsu Mondo, Yamazaki-Ansai points out that many feudal lords were reduced to such financial straits that, unable to make both ends meet, what with tax revenues and goyokin (御用金 money requisitioned), they were forced in the first place to borrow money from merchants, and in the second place to reduce the feudal grants to their retainers. Even these devices proved inadequate to extricate them from their financial difficulties, and they were finally obliged to hand all the rice in their fiefs over to their creditors. As things were, he says, the debtor feudal lords and their retainers were virtually stipendiaries in the service of their creditors. Banzan also says: "All people, high and low, are now groaning under a heavy burden of debt. Samurai and farmers being hard up, artisans and tradesmen are also reduced to a serious plight. This is a matter of grave concern to the State." As one means of relieving the *samurai* class of its financial difficulties. the need for thrift was generally urged. Ansai's "Outlines of a plan to rehabilitate the shattered fortunes of a family with an income of 100,000 "koku" 石 of rice" stressed the strict observance of the rule of cutting one's coat according to one's cloth, and urged the need of thrift with a view to the repayment of debts. It is noteworthy that Banzan, besides emphasizing the need for thrift, advocated the revision of the sankin kotai system (參觀交代 under which the daimyos had to attend on the Shogun in rotation). He contended that this system should be so revised that the daimyos would attend on the Shogun for a regular period once in three years. staying in Edo for fifty or sixty days only.

(b) Monetary rights. The financial difficulties of feudal lords and samurai was one outcome of the seizure of monetary rights by the merchant class. Referring to the accumulation of wealth by *chonin* or merchants under "currency economy" and the consequent impoverishment of the samurai and farming classes, Banzan says:-

"Firstly, towns, large and small, which are located in places with many facilities for sea or riparian transport become so prosperous that luxurious habits daily grow among their inhabitants. This leads to the increasing wealth of merchants and the greater impoverishment of the samurai class. Secondly, as the practice of exchanging rice for all kinds of commodities declines and as money comes into general use as the medium of exchange, the prices of commodities gradually go up, with the result that the gold and silver of the country passes into the hands of merchants. In such circumstances, all samurai, high and low, find themselves in financial difficulties. Thirdly, the lack of orderly systems and rules tends to increase work and expenditure. The samurai exchange the rice which they get as feudal grants for money to buy things with. If the price of rice is low, and the prices of all other commodities high, they cannot make both ends meet, and their poverty increases as their expenditure mounts. distress of the samurai class results in the imposition of heavier taxes on farmers. Thus, it comes about that farmers have not enough to live upon even in years of rich harvest, while, in lean years, starvation stares them in the face. The impoverishment of samurai and farmers operates to deprive artisans and tradesmen of their means of livelihood. Amid this general poverty, the great merchants alone continue adding to their wealth. state of affairs is attributable to the fact that monetary rights are vested in the merchant class."

As will be seen from the above, Banzan gave the

development of urban districts, the growth of the currency economy, and the lack of adequate systems and rules as the three main causes for the impoverishment of the *samurai* class, and concluded therefrom that the root cause of the evil lay in the possession of monetary rights by merchants.

Banzan also took exception to the current system of monopoly. Referring to the monopoly of salt, he pointed out that the reason why merchants were able to secure a monopoly of the sale of salt, which they managed by paying the high tax, was that they could realize profits scores of times larger than these taxes. He condemned this practice as prejudicial to the interests of the consumers generally. He also opposed the monopolistic sale of articles imported from Holland and China on the ground that merchants handling these goods were making huge profits through this monopoly which forced people generally to pay high prices for such articles.

He pointed out that the passing of money power into the hands of merchants gave rise to increasing hardships among the *samurai* and the agricultural class. Designating monied merchants as the only persons who stood to gain in such circumstances, he pointed also to the development of an increasing disparity in wealth among the merchants themselves. He says:—

"Merchants are well versed in state finance and make use of this knowledge to realize extensive profits. They are also fully acquainted with conditions in all districts and especially with the riparian and other navigation facilities available. Whereas merchants tend to become better posted in all manner of affairs in the country day by day, the samurai class has progressively lost touch with the trends of the times. In the meantime, merchants have been making full use of their money power to enrich themselves at the expense of the samurai class. As the poverty of the samurai class increases, farmers are naturally subjected to exorbitant taxation. The impoverishment of the samurai and farmers causes artisans and tradesmen

to lose their means of livelihood. It is only a handful of rich merchants who prosper in such circumstances. This is really a disaster for the State."

As the above citation shows, the *samurai* class tended to become, to all intents and purposes, subordinate to the commercial class, in consequence of the exercise of money power by the latter. Banzan further writes:—

"The only concern of merchants ought to be to buy things when they are low in price, to sell them when they rise in price, and to enable people to obtain what they want. The attention of artisans ought to be devoted to the faithful pursuit of their respective avocations. Only when the *samurai* are in control of the general situation is it possible for them to employ merchants and artisans as they please. Unfortunately, however, the actual situation is the reverse of this for the *samurai* are being exploited by the merchants."

Thus, Banzan deplored the fact that merchants held the money power and urged that the Ruler should regain both the wealth itself and the power of controlling wealth. His argument may be taken as heralding the advent of a theory advocating the repression of the *chonin* class. He also contended that in the administration of State affairs, the wise exercise of money power was very important. Although men of character valued virtues and despised money, it was essential that money power should always rest with the Ruler. He argued that the passing of money power to merchants was very often the cause of national distress.

The theory of "rice economy" to which reference will be made hereafter was conceived as one method of depriving the merchants of this money power. Sokô, recognizing the necessity of some effectual system to prevent merchants from manipulating the prices of commodities from motives of avarice, advocated the fixing of official prices for commodities and the regulation of the supply of rice through the operation of the joheiso (常平倉 rice storage) system.

(c) Impoverishment of the agrarian communities. The

farmers of this period were groaning under the weight of heavy taxation. Those who could not pay their taxes were obliged to desert their villages and to enter a life of vagabondage. Furthermore, a gulf was created between the rich and poor in the agrarian communities. Discussing this phase of the situation, Banzan says:—

"Samurai are not threatened with starvation even in lean years, as they have regular incomes. Not so with farmers. They have to pay over in taxes all that they have produced with toil and effort throughout the year. Some are even obliged to sell their fields, forest lands and cattle to pay their taxes. These unfortunate farmers go bankrupt and turn to vagabondage or become beggers. The less unfortunate who manage to remain in their villages cannot escape death from starvation in the next lean year. When farmers suffer distress through the failure of crops, rich men can purchase the good fields, forest lands and houses of these poverty-stricken men at low prices, thereby increasing their own wealth and property. The reduction or remission of taxes, which is allowed when stricken farmers have nothing to pay their taxes with, benefits rich farmers as well. This further widens the gap in wealth between the rich and the poor farmers."

(d) "Rice economy". Banzan further advocated a system of rice economy. The main cause of the financial difficulties of the Shogunate and the feudal lords was a sharp decline which took place in the price of rice in consequence of a succession of bumper harvests. The price of rice, which had formerly been seventy or eighty momme & (silver currency of the Shogunate) per koku &, declined to a mere thirty or forty momme. This caused a general impoverishment of the Shogunate, the samurai and the farmers; in short of those classes whose economic life depended on the price of rice. The only way to save the situation was, in Banzan's opinion, to prevent the fall in the price of rice by means of "rice economy". This plan was not meant to maintain the price of rice at a high level by restriction of

the production of the cereal. It aimed rather at the elimination of the "waste" of rice. It was intended to increase the production of rice to the greatest possible extent, while providing means for the prevention of waste of rice, and inaugurating such measures as were required for checking the decline in price. Under this "rice economy" plan, rice was to function as currency in the same way as gold, silver and other money, and the price of rice was to be fixed at 50 momme per koku. At this valuation, rice was to be used in general transactions.

The plan did not aim at the suspension of the use of the gold, silver or copper currency; it was designed rather to elevate rice to a position of equality as a medium of exchange in all transactions, such as payment of interest on debt, etc.

In the Honsaroku, the author says that nothing in the universe is more precious than man. Gold and silver are the most precious treasures next to man, because they are not affected either by fire or by water. In the Yamaga Gorui, it is maintained that nothing promotes the State's interests so greatly as the possession of gold, silver and copper coins. As these opinions show, currency was highly valued in those days. Banzan himself regarded the five cereals as the most important of all things and looked upon gold and silver as subservient to these cereals. It is obvious that his plan of "rice economy" was designed, not to restore the "natural economy" through abolishing the "currency economy", but to recognize rice as a means of exchange equally with currency. At the same time, it must be admitted that he conceived this plan as one means of depriving the chonin of their money power, for he says:— "Inasmuch as merchants cannot possess large quantities of cereals at any given time, they will not be able to make large profits, if his plan The prices of commodities will then take a downward course, and luxurious habits will be held in check. Samurai and farmers will then be comfortably off and artisans and tradesmen will be assured of their livelihood."

It is very doubtful whether his theory was really as

feasible as he represented it to be, but at any rate his plan is worthy of note as an attempt to harmonize "currency economy" and "natural economy".

Banzan also insisted that the more primitive agrarian army system should be restored. In the period under review, there was a clear distinction between soldiers and farmers. The samurai, who performed the military service, lived for the most part in peace and luxury in their castle-towns, though they sometimes found their living conditions difficult, while the agrarian class was taxed very heavily indeed. Banzan advocated the restoration of the former agrarian army system, insisting that the samurai should be settled among the farmers and that taxes should be collected from samurai and farmers alike. It was in conjunction with this agrarian army theory that he advocated a modification of the sankin kotai system, already mentioned.

The "agrarian army theory", like the "rice economy" which he urged, was a reactionary idea. "It is not wise rule to effect sudden changes; care must be taken to see that things return to their former state by natural process", he said, and this remark throws much light upon his mental outlook.

5. CONCLUSION

With regard to the ideas of distinguished scholars in the early period of the Tokugawa Era, there is still much material for consideration, but I think what I have stated in the foregoing sections has made fairly clear the general trends of economic thought in this period, and this is the objective of the present article.

Some of the economic ideas of the early period of the Tokugawa Era were somewhat abstract, as witness the theories on class distinction, but most of them were fairly practical. For instance, Nakae-Toju stressed the importance of seeking an invariable golden mean in the careful consideration of three factors—time, place and station in life.

Kumazawa-Banzan, one of Toju's disciples, also often referred to these three factors in the discussion of various subjects. Banzan declared that wealth is essential for the wise rule of the State and that mankind cannot develop properly without an adequate food supply. Other scholars also attached much importance to economic matters.

It is hardly necessary to say that the ideas prevalent in the period under review were considerably influenced by Chinese thought and that the theories advanced were based on an acceptance of the feudal basis of society. For the maintenance of this feudal society, it was certainly necessary to inculcate the duty of keeping to one's sphere in life or, in other words, the virtue of contentment. As the currency system developed and the commercial class advanced in influence, the currency problem and the position of chonin came up for a good deal of discussion. Compared with the utterances of later periods, however, the theories advanced on these subjects in this period were very moderate. Banzan's views rather erred on the side of reaction or conservatism. This was presumably partly due to the fact that contra feudal social phenomena had not yet become so manifest as in the later periods and partly to the still undeveloped state of the Japanese world of thought. Most scholars were still very much under the influence of Chinese ideas and lacked the power of critical insight when examining the phenomena of social change.