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Kyoto University
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NATIONAL UNIFICATION AND LAND REFORM IN THE MODERNIZATION PROCESS OF JAPAN (1)
—HAIHAN CHIKEN, CHITSUROKU SHOBUN AND CHISO KAISEI AT THE TIME OF THE MEIJI ISHIN—

By NAKAMURA Satoru*

I World-historic Character of the Land Reform at the Time of the Meiji Ishin (the Meiji Revolution) —Some International Comparisons—

Main Points of the Argument

In the past, there has been a great deal of argument concerning the Meiji Ishin and the nature of the land reform carried out at that time, as well as the process of Japan's economic modernization, that is, its transition to capitalism, and the confrontation of different views exists even today. Therefore, before going into detail, I would like to summarize some of the main points of the argument and add a brief comment of my own. Although my own views are to be given at the end of this study report as a Conclusion, I am giving a summary of my views at the beginning in the hope of making it easier for the reader to understand the points of the argument.

(1) First, there is the issue of what the basic character of the land reform (that is, chiso kaisei or land-tax revision) at the time of the Meiji Ishin was. In other words, the biggest point of confrontation is, "Was it a modern type of land reform, or was it nothing more than a reorganization of feudalism, the land tax being merely the result of a change in the form of the feudal land-rent, that is, from rent in kind to rent in money?" There is also, of late, a view that the land reform, or chiso kaisei, at the time of the Meiji Ishin was the same in nature as that of the colonies (for example, India, Korea or Taiwan) or the semi-colonies (for example, China) in the 19th or the early 20th century. In other words, according to that view, it was both semi-colonial and semi-feudal in nature. In my view, however, chiso kaisei was a land reform of the underdeveloped-nation type carried out when Japan was incorporated into the worldwide system of capitalism around the middle of the 19th century. It was, in fact, a modern-type land reform which was carried out in a considerably thoroughgoing manner.

(2) Then, there is the issue of the conditions under which the land reform was conducted. Which were more basic, domestic conditions or international conditions? And how were these conditions linked with each other? As for the domestic conditions, there is the issue of the effects of the Tokugawa Shogunate's

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han (feudal domain) system that preceded the Meiji Ishin and that of the development of the farmers’ economy. Of course, generally speaking, both the domestic and the international conditions had an effect. Nevertheless, as a result of this study I have increasingly come to believe that the domestic conditions are more important than has been hitherto believed. The study has revealed that a major role was played by the domestic conditions; the international conditions either promoted the domestic conditions or transformed them a little. And among the domestic conditions, the ‘development of the farmers’ economy’ was found to be the more important condition.

(3) Then, there is the issue of whether the land tax determined as a result of the chiso kaisei was heavy or light. If it was heavy, in what sense can it be considered heavy? And why was it so heavy? There is hardly any researcher who denies the argument that the land tax was heavy. However, they are divided in their views on why it was so heavy. Some say that it was heavy because it was a transformation of the feudal land-rent. Others say that, although it was not the same as the feudal land-rent, a heavy land tax has to be imposed on the farmers because the feudal system had been abolished with compensation. Agriculture, they say, had to be looked to as a source of funds from which to obtain the money needed for the State-led efforts to push ahead the shift from feudalism to capitalism. I, too, am of the view that the land tax was heavy. The reasons are clear from the following two points: (1) During the first half of the Meiji period, the land tax accounted for the greater part of the national revenue and (2) the land tax also constituted a considerable percentage of agricultural production (possibly 15 percent). In terms of these two points, the land tax was heavier than those of the European countries in the 18th or the 19th century and much heavier than other Asian countries in those days, such as China, Korea and Taiwan. In other words, there is no doubt that the land tax of Japan during the Meiji era was relatively heavy as compared with other countries of the world. As to the cause, I believe the major reasons were that chiso kaisei was a modern-type land reform and that Japan, which had been incorporated into world capitalism in the middle of the 19th century, looked to the land tax as the financial source from which to secure the funds required to push ahead the governmental policy of turning Japan into a capitalistic nation. As will be mentioned later, the abolition of feudalism at the time of the Meiji Ishin was, in form, accompanied by indemnification but in fact it was fairly close to one without indemnification. In other words, the amount of compensation paid to the feudal lords and their retainers was fairly small and therefore the indemnified abolition of feudalism was actually not the main cause of the heavy land tax; it was, in fact, a secondary cause. Furthermore, the land tax was heavy because the country was an underdeveloped capitalistic nation; it was not because the land reform carried out was of a semi-feudal or semi-colonial type.
Then, there is the issue whether the central capital in Japan’s capitalism in its initial stage was state capital, landlord capital, merchant capital, or gono (=rich farmers). With this issue is linked another issue—that is, whether Japanese capitalism is one that was bestowed from above or one that was developed upwards from below. At present, the prevailing theory is that the central capital in Japan’s capitalism in its initial stage was state capital. However, what I believe is that merchant capital was at the core and that gono played a secondary role; state capital, during the first half of the Meiji period, does not appear to have played the major role attributed to it by the prevailing views of hitherto. It is evident that the government’s policy promoted the original accumulation of capital and shift to capitalism. In that sense, we may say that it was a shift towards capitalism bestowed from above. Still, this does not mean that state capital played a central role.

Did the land-tax revision promote the disintegration of the farmers’ class and the development of the landlord system, or not? In what points did, or did not, the land-tax revision promote the above-mentioned trends? This is the fifth issue. The prevailing theory at present is that it did promote such trends but that it was because the land tax was not only heavy but also was paid in cash. In my view, the land tax revision did promote the disintegration of the farmers’ class and the development of the landlord system but that was because of the establishment of the modern land ownership system. The heavy land tax was a heavy burden for the landlords as well and so it naturally prevented the development of the landlord system. Compared with Europe, China or Korea, Japan did not see much development in the landlord system. Furthermore, in Japan, it was decided that the land tax should be paid in a fixed amount and in cash. However, during the first half of the Meiji period, commodity prices were fluctuating violently and there was a big difference between periods when business conditions were on the rise and those when business conditions were on the decline. As a result, the actual burden of the land tax was reduced during periods when business conditions were on the rise and increased during periods of recession. Thus, business fluctuations were, after all, promoted considerably. It was these violent business fluctuations, coupled with the abrupt changes in the weight of the land-tax burden to be borne by farmers, that promoted the disintegration of the farmers’ class.

The Basic Character of the Land Reform at the Time of the Meiji Ishin

In order for a modern society to be established, or, speaking in terms of economics, in order for a capital-controlled society to be established, it is necessary that exclusive or monopolistic private ownership of land be brought into reality. In a society prior to the Industrial Revolution, capital does not yet have sufficient strength to carry on independent accumulation. Hence, there is the need for original accumulation to be done. This ‘original accumulation’ means the creation of a relationship
between capital and wage labor. But such a relationship is not developed as the result of an autonomous movement of capital but is supplemented and promoted by means of non-capitalistic factors (state authority, land ownership, commercial capital, etc.). It is only through such a process that the control of labor by capital is given the basic conditions for establishment. If we were to assume that land ownership—as a condition required for capitalism to establish itself—were 'modern-type land ownership', then, this would be a concept that is wider than capitalistic land ownership, that is, land ownership in a society where capitalistic agriculture is conducted. And this concept also applies to the case where agriculture is conducted by petty farmers. The land reform carried out at the time of the Meiji Ishin was a modern land reform in that it was accompanied by the abolition of feudalism and the authorization of modern land ownership in the sense mentioned above. It was, in fact, a modern land reform carried out in a late-comer capitalistic country at the time of establishment of world capitalism in the latter half of the 19th century. The feudalistic land-ownership relations were thoroughly abolished from above, and were replaced by the newly-created landlord land ownership and farmer land ownership. It was much more thoroughgoing than the bourgeois revolution in West European countries which are the forerunner capitalistic nations. The land tax, however, is by far heavier in Japan's case. That is because the financial source for the funds required by the shift from feudalism to capitalism were sought mainly from the agricultural surplus. This, in fact, is a pattern common to all the underdeveloped countries, which were subordinately incorporated into world capitalism, in the process of their modernization (shift to capitalism or socialism). The subject of study to be tackled hereafter is not the question of whether the land reform at the time of the Meiji Ishin was pre-modern or modern but rather such questions as, what sort of modern reform it was, what were its features, what kind of position it would assume in world history, what kinds of roles it played and what functions it carried out in the process of Japan's shift from feudalism to capitalism. One of the methods by which to study these points is an international comparison. In the past, international comparisons concerning the Meiji Ishin have seldom been undertaken and even when such an international comparison was attempted, the studies were mostly based on a view of history that puts West Europe at the center; they were not based on facts but on an idealized West Europe. That was primarily because Japan was a late-comer capitalistic nation which was endeavoring to modernize itself with West Europe or America as the target. Next, I would like to attempt a brief comparison with a few of the countries in West Europe and Asia.

Brief International Comparisons

Let us begin with West Europe.

(1) France

In the French Revolution, the abolition of feudalism and official recognition of modern land ownership were carried out. First, in 1790, personal rights, such as
the jurisdictional and exclusive rights of the feudal lords were abolished without compensation. As for other material rights, such as the right of the feudal lords to collect the land rent, farmers were allowed to buy back such a right from the feudal lord concerned for a price equivalent to 20 to 25 years' worth of land rent as a legal property right. This was an extremely expensive abolition with compensation and was naturally disadvantageous to the farmers. Objections were raised by the farmers, and a decision was made in 1793 on 'abolition without compensation'. As a result, land ownership by farmers was officially and unconditionally recognized. This, however, was confined to the disposal of land formerly owned by farmers. Feudal lords were granted proprietary rights on land in the case of land formerly managed directly by them, with the exception of lands belonging to churches and temples or aristocrats in exile. Under these circumstances, the feudal lords converted themselves into modern landlords who were similar in nature to the civilian landlords of the land owned by farmers. Consequently, in France, landlord land ownership accounted for about 60 percent of modern land ownership; only 40 percent were farmer ownership.

(2) Germany

The Stein-Haltenberg Reform in Prussia. Under the emancipation edicts of October 1807-8 and the Redemption order of 1821, the feudal lords—'Gutsherr'—were permitted to take a percentage from the lands owned by farmers; one-third in the case of hereditary ownership and one-half in the case of single-generation ownership. And the farmers acquired complete ownership of the rest and, at the same time, their feudalistic subordinate relationship with the feudal lords was abolished. In the case of southwestern Germany, where 'gutsherrschaft' did not exist, it was abolition with compensation in which the farmers freed themselves of the feudalistic burden for a price, as in the case of the abolition of feudalism in France in 1790 in the early stage of the French Revolution.

(3) England

At the time of the English Revolution, no land ownership was permitted. Not only the land directly managed by the feudal lords, but also the land held by farmers, even the copy-holds, was not recognized as land owned by farmers. The only exceptions were the 'free-holds'. Generally speaking, the obligation to the King as the senior lord under feudal-lord land ownership were abolished and feudal-lord land ownership was transformed into modern land ownership. The right of farmers to hold land was gradually shortened with respect to time period and became unstable. The land rent (=ruckrent), too, gradually became heavier and transformed itself into the modern lease. Because England was the first country in the world to undergo the process of modernization, such developments as mentioned above were almost spontaneous; no land reform was undertaken consciously and modern land ownership was established more or less unconsciously. Meanwhile, France and Germany, both as late-comer capitalistic nations, were obliged to cope with the modernization of England.
The land reform at the time of the Meiji Ishin, in fact, abolished feudalism much more thoroughly than the French Revolution in that, in the case of the former, there was almost no conversion of the feudal lord's land ownership rights to modern land ownership. And in the case of Meiji land reform, there were two different types of conditions; the international conditions under which Japan was obliged to undergo an urgent shift to capitalism in order to catch up with world capitalism in the latter half of the 19th century, and the domestic conditions which were even larger factors. The new Meiji government, as a state authority planning a revolution from above, legally succeeded the Shogunate han (feudal domain) system at least in form and disposed of the feudal rights, karoku\(^1\), hansai\(^2\), and hansatsu\(^3\) with compensation (actually, it was tantamount to abolition without compensation). In other words, the Meiji Ishin was a revolution from above and therefore was not as radical as the French Revolution, and the reason why Japan's modern land reform totally denied the conversion of the feudal-lord's rights to modern, landlord land ownership was that farmers' land ownership at the time of the Meiji Ishin was more developed and stronger than that in West Europe at the time of the bourgeois revolution or of reformation. Another feature of the land reform at the time of the Meiji Ishin was that a unified nationwide survey was conducted on such aspects as land area, yields and land prices, while no such survey was attempted in West Europe. It appears that land surveys of the modern type came to be conducted gradually after the start of the modern era. This point, too, seems to be one of the features of the late-comer nations in the latter half of the 19th century and thereafter.

(4) China

Hitherto, comparisons have been occasionally conducted between the new Meiji government and its policies on the one hand and the Yōmuha\(^4\) in China of the same era and its policies on the other. But this Yōmuha actually did not conduct any modern land reform, nor did it have any plan for such a land reform. The crucial difference between the Yōmuha and the new Meiji government is seen in this point: the Yōmuha is an intra-establishment faction advocating reform, while the new Meiji government is a group advocating revolution from above. Furthermore, in China, none of the governments after the Hsinhai Revolution (1911), even the Kuomintang government, carried out a modern land reform, which, in fact, was to be executed for the first time in 1949 in the course of the Chinese Revolution. That, after all, was one of the causes that brought about the difference between Japan and China in the development of capitalism.

(5) Korea and Taiwan

The Japanese government brought this experience with land reform at the time

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1) karoku...Salaries for the retainers.
2) hansai...Liabilities of han (feudal domain).
3) hansatsu...Paper money issued by a han.
4) Yōmuha...The faction within the Ch'ing government that attempted to carry out a modern reform by introducing the systems and techniques of Europe.
of the Meiji Ishin into the colonies. Accordingly, it conducted land-survey projects in Taiwan (1898–1905) and in Korea (1910–1918). What the Japanese government attempted in Taiwan and Korea was similar to the land reform conducted at the time of the Meiji Ishin in that it surveyed the land areas, yields and land price (profit, in the case of Taiwan), officially recognized the rights of ownership of farmers and landlords, and collected a certain percentage of the land tax in cash. There were, however, many differences, too, such as: (i) In Japan, jioshijoryō was left to the discretion of farmers but in Taiwan and Korea it was undertaken directly by the colonial authority. That was probably because the local farmers’ cooperation could not be expected. (ii) In Korea, unlike in Japan or Taiwan, the feudal lord’s rights were not abolished and, moreover, the right of ownership of yanban was also recognized. It seems that this was only to the extent that the ownership rights of yanban was no longer a pre-modern nominal ownership, but there may have been the purpose of obtaining cooperation from the former ruling class. (iii) On the other hand, in Korea, such lands as kyushōdo and ekitondo were taken up and were made into state-owned lands. This was in order for the Toyo Takushoku Co., Ltd. of Japan to secure the land for immigrating Japanese farmers. (iv) On the other hand, the land tax was much lighter in Taiwan and Korea than in Japan. In Japan, the amount of the land tax was 25.5% (21.25%, after the land tax was reduced in 1877) of the yield (the ‘legal’ yield which was about 30% less than the actual yield). In Taiwan, the percentage was 5% and, in Korea, 3.9%. The above was a reflection of the difference in objectives between the chiso kaisei (land-tax revision) of Japan and the land-survey projects of Taiwan or Korea. In other words, one of the objectives of Japan’s chiso kaisei was the securing of financial sources for use in executing the policy of promoting the shift to capitalism; given that no other major financial source could be found, it was necessary for Japan to impose a heavy tax on land. Meanwhile, in Taiwan and Korea, the imposition of the land tax did have the objective of securing a financial source from which to obtain the funds required to control the colony but what was more important was to reshape the agriculture of Taiwan and Korea into one with an economic structure subordinate to Japan proper. In recent years, there have been views expressed that grasp the character of chiso kaisei as both semi-colonial and semi-feudalistic. However, in my view, it is entirely wrong to interpret the heaviness of the land tax in that way. Another thing I want to point out is the relationship with the landlord system. Of the total area of cultivated land, the percentage of the land rented by landlords to tenants was 45% in 1912 in Japan proper but this percentage tended to level off thereafter, the highest having been 48% in 1929. Meanwhile in Taiwan the percentage reached 58% in 1921. In Korea, the figure was 56% in 1930 and 58% in 1940. So, in Taiwan and Korea, the rates of increase were much

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5) jioshijoryō...measuring of land areas and ascertaining of land owners.
6) yanban...landlords of ruling-class status in Korea before annexation to Japan.
7) kyushōdo and ekitondo...both are lands under the direct administration of the Korean government before Korea became a colony of Japan.
higher than in Japan. While chiso kaisei promoted the development of a parasitic landlord system as well, the heavy land tax, in a sense, constituted a factor obstructing the development of a landlord system. Compared with Korea or Taiwan, less importance was attached to the interest of landlords in Japan proper and the policy toward landlords was more or less subjugated to that of promoting the shift towards capitalism. In its colonies, Japan adopted a policy of bringing up the landlords and developed them into the pillars to support its colonial rule. But in Japan proper, the government adopted a policy of sacrificing the interest of landlords to some extent for the sake of promoting the development of capitalism.

II Qualitative Changes in and the Disintegration of, the Shogunate Han Feudal-lord System and the Formation of Farmers’ Land Ownership —Historical Premises—

Shogunate Han Feudal-lord System

Feudalistic land ownership is a type of land ownership resulting from a multi-layered/competitive combination of controlling ownerships of feudal lords who exploited surplus labor from the small-scale farmers who are the direct producers and the land that such farmers came to own and operate on a small scale as a result of their own strenuous labor. And such exploitation was generally done by extraeconomic coercion. Under the Shogunate han system of feudal-lord ownership (a feudalistic ruling system during the Edo Period, 1600–1867), the small feudal lords living in farm villages had their fiefs taken away as a result of heinō bunri. Then, those feudal lords were incorporated into the groups of retainers of the daimyo and came together to live in a castle town. The former small feudal lords were given hōroku (or karoku) by the daimyō, the senior feudal lord, instead of fiefs and came to be subjected completely to the daimyō. The independent feudal lords were basically subjected to the rule of the Shogun at the apex but were directly subordinate to the daimyō. Moreover, the Shogun wielded an enormous power over all the daimyō.

Thus, the daimyō and their retainers were entirely different in character as a feudalistic ruling class and, for that reason, when the Shogunate han system was abolished at the time of the Meiji Ishin, the daimyō and their retainers were to be treated quite differently. In the case of the daimyō, they had to be ordered to conduct hanseki hōkan (1869) in order to let them dispose of their feudal-lord rights and then were transformed into the recipients of karoku from the central government. In the case of re-

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8) heinō bunri...Separation of the residential area of samurai from that of farmers.
9) daimyō...A major feudal lord possessing a fief that yields more than 10,000 koku in rice (one koku is about 5 bushels). There were some 250 to 300 daimyō throughout the country.
10) hōroku (or karoku)...salaries for the retainers.
11) Shogun...The highest military and political ruler of the country and is also the largest feudal lord owning one-fourth of the fiefs throughout the country. He is equivalent to a king in Europe.
12) hanseki hōkan...Returning of fiefs to the Emperor (Tennō).
tainers without feudal-lord rights, all that needed to be done was to cut off their master-servant relationship and suspend the payment of *karoku* (salaries) after switching the payer of *karoku* from the *daimyo* to the central government. In that sense, the abolition of the Shogunate *han* feudal-lord system was carried out in its central portion, by *taisei hakan* (1867), *ösei fukko* (1868) and *hanseki hakan* (1869), in form, and by *Boshin Civil War* (1868–69) and *haihan chiken* (1871) in substance.

Formation of the Fief Economy and *Han* States

Each *daimyo* possessed independent control over his own fief (*han*) and carried on the management of his territory. Side by side with the development of the commodity economy in the middle of the Edo Period (18th century) and thereafter, economic spheres, each with a fief as the unit, came to be formed. The fiefs, instead of remaining as mere feudalistic territories under control, gradually came to possess the character of economic spheres and states built upon such economic spheres based on fiefdom. Furthermore, those *daimyo* who were comparatively big and whose fiefs were located together in one district gradually came to strengthen their independence, on the basis of the fief-economic spheres, from the privileged *santo* merchants who supported the national control of the *Bakufu* as well as from the *Bakufu* itself. As an example showing this trend, I would like to take up the issuance of *hansatsu* and the *han* monopoly system. Both of these increased in the latter half of the Edo Period, particularly in and after the Tempo era (1830–43). *Hansatsu* are convertible notes issued by feudal lords who gave a compulsory validity to the notes so that they could be circulated mainly in their own territories, even though the *Bakufu* possessed the monopolistic power of issuing currencies valid for the entire country. Such *hansatsu* were not issued by *han* merely in order to alleviate the financial difficulties of the *han*, as is generally understood. If that had been the case, such *hansatsu* would not have had the general currency they had, even with the compulsory endorsement given by *han* authorities. Generally speaking, during the period of transition from the end of Shogunate rule to the early Meiji era, *hansatsu* were in circulation without falling as much in value as the specie issued by the Shogunate government. *Hansatsu*, in fact, were performing the role of supplementing the shortage of specie resulting from the development of a commodity economy. The *han* monopoly system, too, was not just for the purpose

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13) *taisei hakan*...The return of the power of national control from the Shogun to the Emperor (*Tenno*).
14) *ösei fukko*...Declaration by the Emperor of his decision to control the entire country.
15) *Boshin Civil War*...The civil war between the anti and pro Shogun groups of *han*, with Satsuma and Choshu the principal members of the anti-Shogunate group, being pitted against others supporting the Shogun.
16) *haihan chiken*...The reform in which the fiefs of *daimyo* were ultimately confiscated as a step forward building up a state with a centralized government.
17) Comparatively big *daimyo*...About 25 *daimyo* with a revenue of more than 200,000 *koku*.
18) *santo*...The three major towns with the largest populations: Edo (present-day Tokyo), Osaka and Kyoto. All of them were under the direct administration of the Shogunate government. The populations were one million in Edo and about 400,000 each in Osaka and Kyoto.
19) *Bakufu*...The central government of the Shogun.
of helping the finances of the han concerned. As the development of a commodity economy was occurring throughout the country, this han monopoly system was performing the function of absorbing specie from outside the territory for use in maintaining the fief economy, which was no longer capable of maintaining itself unless a balance was kept with regard to the specie needed for trade with other fiefs. Hansatsu and the han monopoly system were produced as a result of the formation of the fief economy and performed a function indispensable to the maintenance of the fief economy. Thus, at the time of the disintegration of the han system and national unification by the new Meiji government, the abolition of hansatsu and the han monopoly system would come to have great significance. If seen from the point of view mentioned above, we may say that, at the end of the Shogunate era, the conversion of han into modern states (which may be compared with the nation-states of Germany) was in progress.

Meanwhile, the financial expenditures of the han continued increasing, not only in the domestic economy of the hanshu (the feudal lord, or daimyo) and in the payment of karoku to the retainers, but also in the administrative expenditures of the han state. As a result, more and more of the members of retainer groups became han officials. In that respect, karoku payable to the groups of retainers came also to have the meaning of salaries for han officials. But that was only a small portion of the enormous groups of retainers. The fact was that the superfluity became increasingly apparent in the number of retainers who originally constituted the military force during the war years, with the result that the reduction in karoku was done as a part of the efforts of the han to ease their financial difficulties and to cope with their ever-rising expenditures. This also meant the beginning of the partial disintegration of the master-servant system.

Formation of a System of Ownership of Land by Farmers

Let us now turn to the system of ownership of land by farmers, which is the other aspect constituting the dual character of feudalistic land ownership. Under the Shogunate han system, the ownership of land by farmers was legally recognized in the form of the possession of kokudaka. And at least in the middle of the Edo Period and thereafter, de facto trading of land ownership came to be done generally in the form of shichi-ire and shichi-nagar. In the more advanced regions in Japan, the open trading of land ownership had already become a common practice. As a result of heinbunri, the farmers had already taken over the role as the bearer of agricultural productive power, but the development of agricultural productive power and that

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20) kokudaka...The amount of rice yield as determined by the land survey; during the Edo Period, the size of the fiefs and that of the land owned by farmers was expressed not by the area but by the amount of yield in koku.

21) shichi-ire...To borrow money by mortgaging a piece of land.

22) shichi-nagar...To have the mortgaged land taken away because of the inability to pay back the loan.
of the farmers' commodity economy during the Edo Period had brought about the farmers' surplus. And also as a result of the assessment of the land tax having become a fixed practice in the middle of the Edo Period and thereafter, the stage was reached at the end of the Shogunate era where the farmers' surplus had become quite common throughout the country.

What is particularly noteworthy is that, based on such general trends of farmers' surplus, a land ownership system qualitatively different from the Shogunate-han land ownership system (a farmers' land ownership system, so to speak) came into being. For example, with regard to Kinai, which is the most developed region in terms of land ownership system, the actual areas = arisé and the standard farm rent = atemai had been established for all cultivated land and housing land (regardless of whether they were one's own land or rented land), independently of the areas and Kokudaka of the cultivated land or housing land as shown in the official land register. It was, in fact, a system in which the price of a piece of land was determined by first deducting the expenses such as the land tax, the surtax and the share of village expenses from atemai and, then, by calculating the net profit, taking into account the reduction in yield as determined by kemi, etc. And after that, the net profit thus calculated was capitalized at a standard interest rate, and the land price was thereby determined.

This was a system which had been customarily established among the farmers, although there were some differences according to the region and to the feudal lords ruling the region. There were a good many regions which lacked the arisé custom but the atemai system came to be established on all cultivated lands. As a result, it had become a nationwide custom for land prices to be determined on the basis of atemai. Chiso kaisei (land-tax revision) was, in fact, partly a legal recognition of the farmers' land ownership system which had been formed on the basis of the above-mentioned farmers' surplus.

The De-facto Conversion of Kōso (tax imposed on farms) into a Modern Tax

The progress of converting daimyo fiefs into han states on the one hand and the formation of the farmers' surplus on the other induced a change to the character of the Shogunate han kōso (land tax) as well. In terms of amount, kōso was no longer necessarily a major form of surplus and in that respect it began to have the character of a modern tax. Kōso, in form, had its origins in the Shogunate han land ownership system; it was a feudalistic rent and was not the type that had its origins in the farmers' land ownership system. Also, in terms of amount, too, it retained the character of a feudalistic rent but, by switching to a form based on the farmers' land ownership system, legal recognition was also given to the farmers' surplus which had actually been brought into being. Thus, the conditions for conversion into a modern tax

23) Kinai...The region in the central part of Japan, including Kyoto, and Osaka; known as the area most advanced economically.

24) kemi...Since kokudaka became fixed once a survey was conducted, kemi was conducted to check on the annual yields.
had already been established by the end of the Shogunate period.

III The Establishment of a Modern Unified Nation
— the Economic Process into haihan chiken —

During the short period of four years from taisei hōkan on October 14, 1867 to haihan chiken on July 14, 1871, a radical conversion in the national system took place involving the disintegration of the Shogunate han system, the establishment of the new Meiji Government and the creation of a nation with centralized administrative powers. And this conversion was brought into reality by the policies hammered out successively by the new Meiji Government during the four years.

The Finances of the New Meiji Government

Economic Policy (1) — Kaikei motodatekin and Dajōkansatsu (kinsatsu)

The new Meiji Government, which had been established as a result of the Ōsei Fukko Coup d'état, completely lacked a financial basis at the beginning. Even though the Government forces won a victory in the Toba-Fushimi Battle in January 1868, they had to fight out the Bashin Civil War and, for that purpose, it was crucial for them to procure an enormous amount of funds to carry on the war. In the Keihan region (Kyoto/Osaka), which the new Meiji Government had under its control when it was established, there was, ever since the Edo (Shogunate) Period, a concentration of Japan’s largest commercial capitalists and financiers (typical examples were, in Kyoto, Mitsui, Ono and Shimada, all of whom were exchange officials of the Shogunate government, and, in Osaka, Konoike and other big financiers who loaned money to daimyo and merchants). So there actually was no alternative for the new Meiji Government but to depend on such financial sources and, in fact, such dependence was quite feasible. And, on the other hand, for Mitsui, Konoike and the other major financiers, too, the fall of the Shogunate government — which had given various privileges to them since the Edo Period — was a heavy blow and hence, for them, there was no alternative but to tie up with the new Meiji Government in order to maintain those privileges and the economic positions they held. Thus, in January 1868, by a link-up of the two, fund-raising amounting to 3 million ryō (the monetary unit in gold coin) in kaikei motodatekin was conducted (not on a temporary basis but over a period of more than a year) and this enabled the dispatch in February of that year of the military forces to attack and overthrow the Shogunate government.

The issuance of Dajōkansatsu (kinsatsu) had originally been planned together with the kaikei motodatekin, but the execution of the plan was delayed owing to some objections coming from within the Government and also to the time required to prepare for their issuance. The promulgation was made in the intercalary month of April and Dajōkansatsu were finally issued at the end of May. Their objectives may be summarized into the following three. First, they were to be used to pay for the Government’s financial expenditures including war expenses. Since the money consisted
entirely of inconvertible notes and since the new Meiji Government was extremely weak in its control power, the Government, in order to secure circulation of the notes, loaned the money to merchants in Kyoto and Osaka and to landlords and merchants throughout the country as well as to han under the pretext of industrial promotion (the loans were made to han at the ratio of 10,000 ryo to 10,000 koku). The Government utilized its power of control over each han within the territory (of the han) and the credit-worthiness of the regional commercial capitals in Kyoto and Osaka. Second, by making loans to the han, the Government tried to strengthen its power of control over each han, and third, the Government attempted to bolster the weakening financial strength of the commercial capitals resulting from the sucking up of kaikesi motodatekin from them and, at the same time, to reorganize the nationwide system of commodity distribution with the commercial capitals playing a central role. The second and third points made above were to be brought into reality, as mentioned in the following section of this report, in the form of shōhōshi, tsuzō gaisha and the policy for money-exchange companies, the kawase gaisha.

However, the Government did not have sufficient power to enforce circulation of the kinsatsu. In fact, even in the santo (the three cities, Edo, Osaka and Kyoto) where kinsatsu were circulating the best, the kinsatsu notes were traded at a discount soon after issuance and this discount kept rising in amount despite the Government’s compulsory circulation order. In an increasing number of han territories, kinsatsu failed to circulate as they were overwhelmed by hansatsu, the notes issued by the feudal lord of each han. And in more and more han, the kinsatsu were exchanged into gold specie. Thus the value of kinsatsu kept declining further and, as a direct result of the permission having been given to pay import duties in kinsatsu under foreign pressure, the Government in December was obliged to officially allow kinsatsu to be circulated at the current market price. Furthermore, owing to the non-use of kinsatsu, the new Meiji Government, in order to obtain funds to cover war expenses, was obliged to mint the 2-bu gold coins and 1-bu silver coins (1-bu is one-fourth of 1 ryo) (a total 6,040,000 ryo, from April 1868 to February 1869), with the result that the Government found itself reversing the policy it had hammered out earlier of unifying and modernizing the monetary system.

The Boshin Civil War passed its climax after the Ueno Battle and the decision on the treatment of the former Shogunate family (to move them to Sumpu, providing them with 700,000 koku) in May 1868, and the conclusion of the Ōu Battle that ended in the surrender of the Aizu han and the Morioka han in September. Thus, the Boshin Civil War came to a close in May of the following year when the Hakodate Battle was fought, with a total victory being won by the new Meiji Government. As a result, the control of the new Meiji Government extended over the entire country and, in June 1869, hanseki hokkan was carried out, the han system thereby being converted into a regional administrative system to function side by side with the fu-ken (prefecture) system. The establishment of national control by the new Meiji Government provided some basic conditions for a remarkable enhancement in the circulation of
At the same time, the Government on April 29 abolished the government ordinance on the circulation of kinsatsu at the current market price and enforced the circulation of kinsatsu at face value. On May 28, the issue limit of kinsatsu was placed at 32,500,000 ryo and a proclamation was issued that kinsatsu should be exchanged for new money by 1872. Discounts also were prohibited (actually, the issuance of kinsatsu was continued until July when it was stopped at a total issuance of 48,000,000 ryo). On June 6, an amount of 2,500 ryo for each 10,000 koku was loaned to fu, han and ken, in kinsatsu which had concentrated in the santo (the three cities), collecting the same amount from each fu, han or ken in gold specie. As a result of this series of measures taken by the Government, kinsatsu gradually regained nationwide circulation. The discount which had been 80% relative to the 2-bu gold coin at the end of May began decreasing in June onwards and came to about 10% in October. And in May 1870, the current price had completely regained the face value. Thus, by the end of 1869, the Government had almost completely established its nationwide control over the monetary system which became a supportive pillar for the Government's subsequent policy of establishing centralized authority. In October, the Government proclaimed that it would retrieve counterfeit money—which had been annoying the Government—at the exchange rate of 30 ryo in kinsatsu to every 100 ryo (in counterfeit money). In December, the Government issued an order to ban the manufacture of hansatsu (which was a de facto ban on its circulation) and, taking advantage of the situation in which the value of hansatsu had fallen as a result of the recovery of the current price of kinsatsu, took such measures on July 15, 1870 as stipulating the exchange price of hansatsu at the current price as of July 14 of the following year 1871. As a result, it became possible for the Government to substantially reduce its burden of disposing of the counterfeit money and hansatsu and, at the same time, to build up the monetary conditions to support the reorganization of the nationwide circulation structure by means of tsushō gaisha and kawase gaisha.

Finance of the New Meiji Government
Economic Policy (2) — Tsushō gaisha and kawase gaisha

In the intercalary month of April 1868, with the purpose of the circulating of kinsatsu and reorganizing the nationwide commodity-distribution system under the new Meiji Government, the shōhōshi was established and shōhō kaisho were set up in various parts of the country. The Government's nationwide control was still weak and the kinsatsu failed to gain circulation, with the result that these measures ended in failure. In February 1869, the Government established a number of tsushōshi, basically succeeding the roles played by shōhōshi and shōhō kaisho, in the santo (three cities) as well as open ports (shōhōshi, though, were abolished the following month), and thereby controlled the foreign trade by fu, han and ken. And in June, the Government banned han-ei (han-operated) commerce in the santo and open ports. The Government managed and controlled foreign trade and, at the same time, denied the monopoly of home-made products by the han. Through such measures, the Govern-
ment planned to place the nationwide distribution of goods under government control. For that purpose, tsushō gaisha and kawase gaisha were established in the santo and open ports (and also at Otsu and Tsuruga). In this, Mitsui, Ono, Shimada and many other major commercial capitalists and financiers in the santo took part. And under those capitalists and financiers, the former kabu-nakama were reorganized as city trading companies. Meanwhile, the former kabu-nakama merchants and han kokusan kaisho (home-product traders) were reorganized into regional trading companies and were placed under government control. As a result, the independence of the han in the aspect of distribution was denied and the local commercial capitalists and financiers who had been economically supporting the han system came to be incorporated, through the local trading companies, into the nationwide commodity distribution system centering around tsushō gaisha and kawase gaisha.

The kawase gaisha, which is an organization that financially supports the above-mentioned nationwide commodity distribution system, obtains its funds from (1) contributions from staff members, (2) loans in kinsatsu from the Government, (3) deposits, and (4) issuing of notes. Of these, the most important ones are (2) and (4); the loans in kinsatsu exceeded 15,000,000 ryo in total amount and the kawase notes issued reached 8,640,000 ryo. These kawase-satsu, unlike kinsatsu which were inconvertible notes, were convertible notes. The Government's idea was to supply funds to the commercial capitalists and financiers in the santo and other regions in the country by loaning kinsatsu and, using the loaned kinsatsu as an endorsement, having them issue kawase-satsu notes. In this way, the Government, making use of the credit power of those capitalists and financiers, tried to make up for the lack of acceptance of kinsatsu. The character of the nationwide commodity distribution system with tsushō gaisha and kawase gaisha at the apex was one that had inherited the nationwide commodity distribution system of the years in the middle of Edo Period and thereafter. Those two systems shared the same character in that the advance-loan financing system of ryōgaeshō→santo wholesale merchants→regional merchants→producers was reorganized into a system of kawase gaisha→tsushō gaisha→regional trading companies (city trading companies)→producers. But on the other hand, the nationwide commodity distribution system under the new Meiji Government had a new character of one that provides modern protection and promotion, as demonstrated by the creation of financial pillars by means of kinsatsu, the creation of credits by issuing of notes, abolition and absorption of han monopoly systems, the organizing of regional merchants into a nationwide system and the guidance-policy financing extended by the Tokyo Kawase Gaisha to the Kaisō Gaisha and the Kaikon Gaisha. Such a character may be described as a double-faced, transitional character. Reflecting such a char-

25) kabu-nakama...a guild of merchants.
26) ryōgaeshō...large financiers.
27) Kaisō Gaisha...Japan's first-ever steamship company.
28) Kaikon Gaisha...a company which, by cultivating land, helped samurai turn themselves into farmers.
acter, the kawase-satsu basically had the character of a bank note, more developed than that of the azukari tegata issued by ryōgaeshō of the Edo Period. Yet, in that it lacked the provisions for such matters as issue limits and reserve funds, it was transitional and one that stood in between azukari tegata and the national bank note.

Of the various objectives of tsūshō gaisha and kawase gaisha, the management and control of foreign trade could not be brought into reality as a result of strong pressure from foreign countries but the control over the various han monopolies achieved success and thus tsūshō gaisha and kawase gaisha played a part in promoting the disassembling of the han system. However, neither of the two was able to grasp the farmers’ commodity economy that developed throughout the country and, with the progress in the development of the farmers’ commodity economy, tsūshō gaisha and kawase gaisha found their positions lowered in the system of nationwide commodity distribution. And following the haihan chiken, they were disintegrated, having completed the missions they had been assigned to perform.

Intensification of Control over the Directly-administered Fu and Ken29) (prefectures)

Immediately after the Toba-Fushimi Battle, the new Meiji Government declared the confiscation of territories owned by the former Shogunate government. In the intercalary month of April, the Government issued the Seitaisho30) and hammered out a policy saying that fu, han and ken shall conduct their administrations in accordance with the directives from the central government. And the Government established fu or ken in the former Shogunate-owned territories, which had been entrusted to the han, and transferred them to direct control of the central government. However, the control of the central government over fu and ken was still weak. Even though the Directors-General of fu or ken had been given a wide range of authority including control of finance, judicature and the military, the actual control systems of fu or ken were still undeveloped and weak. They depended on the old administrative system and, in order to make up for deficiencies, various measures were taken in response to demands made by farmers for autonomy, such as public election of town or village officials and establishment of town assemblies. In the finance of the fu or ken, the okimai system of the former Shogunate Government was followed and operating expenses including the salaries of the officials were paid directly out of the taxes collected by the fu or ken concerned. The details of expenditures and receipts were reported afterwards to the central government and the remainder of the collected tax (mainly in the form of rice of the current crop) was delivered to the central government. That was the system adopted in those times. In other words, fu and ken were virtually financially independent; the unified financial rights of the central government had not yet been established. After that, the control of the central government over fu

29) fu and ken...Regional administrative organizations under the central government.
30) Seitaisho...A declaration giving the political policies adopted by the new Meiji Government and the principles of the organization of the Government. It was compiled with the American Constitution as a model.
and ken finances was gradually reinforced and the rates of deductible expenses in the payment of taxes by fu or ken were reduced in stages from 69% in the 1st Period (December 1867–December 1868) and 57% in the 2nd Period (January–September 1869) to 28% in the 3rd Period (October 1869–September 1870) and 7% in the 4th Period (October 1870–September 1871). There also were many cases of taxes in arrears; in fact, the amount of taxes which ought to have been paid by the end of the 3rd Period but which after all was paid in or after the 4th Period accounted for as high a percentage as 65%—8,780,000 yen in amount—of the taxes actually paid to the government by the end of the 3rd Period.

While the new Meiji Government, since the early years of its establishment, had the intention of carrying out a radical change in the old taxation law, it realized that such a feeble control system would not possibly enable it to conduct a revision of the taxation law and in August 1868 the Government was obliged to declare that, at least for the next one or two years, the collection of taxes would be conducted according to the same procedures as before. In 1868, considering the war-damage resulting from the Boshin Civil War and in the hope of obtaining the cooperation of farmers, the Government either totally exempted the payment of taxes or cut the amount payable to one-half. Moreover, the crop was very poor in 1868, which was followed by another year of an even poorer crop. In 1869, the total amount of taxes collected, in the form of rice, from the territory under the direct management of the government with a total yield of 7,560,000 koku was only 1,460,000 koku, or 19.1% as a proportion of taxes collected. In the Tohoku (northeastern) District where the crop was extremely poor and where the blow from the Boshin Civil War was the heaviest, the proportion of taxes collected was as low as 12.8%. Moreover, the expenditures of fu or ken to cope with the war-damages, floods or poor crops increased, causing a decrease in the amounts received by the national treasury. Of the central government’s revenue, the percentage of land taxes was less than 10% in both the 1st and the 2nd Periods; 6.1% and 9.8%, respectively. The shortage in revenue had to be covered by the issuance of kinsatsu which reached a percentage of 72.6% in the 1st Period and 69.6% in the 2nd Period. However, in the 3rd and the 4th Periods, when effective control of fu and ken under direct administration of the Government somehow became possible, the revenue from land taxes increased substantially and its percentage of total revenue came to account for 39.2% in the 3rd Period and 51.2% in the 4th Period.

The Ministry of Finance with Okuma Shigenobu at the center, in an effort to secure collection of taxes and to centralize collection, prohibited reductions in amount or use of the collected taxes at the discretion of the fu or ken concerned and took successive measures to improve and intensify the methods of tax collection by fu or ken and to promote the nationwide unification of such methods. The measures taken included the issuing of an order in July 1870 concerning payment of taxes in rice in the case of farmers operating paddies and in cash in the case of those operating dry farms, the establishment of kemi rules, and issuance of a directive abolishing yasukoku-
in November 1870. Resisting these radical policies taken by the Ministry of Finance to expedite the centralization of power, farmers' riots broke out successively in fu and ken in 1869 and 1870. Even Okubo Toshimichi was obliged to criticize the Government, saying, "There has been public unrest throughout the country... the measures taken were even worse than the misrule of the former Shogunate government...". Among the local officials who were pressed by demands from farmers, there was an increasing number of them either exempting the farmers from payment of taxes or allowing the farmers to pay less, or using the collected taxes for other purposes, resulting in the officials being punished for such conduct. It was such critical actions taken by local officials against the Ministry of Finance that caused the confrontation between the Minbusho (Ministry in charge of general internal affairs including civil engineering, transport, geography, mining, trade and judicial hearing) with Okubo Toshimichi at the center and the Ministry of Finance, a confrontation that led to the 'separation of the two Ministries'.

Hanseki Hokan

The taisei hokan, osei fukko and the Boshin Civil War dealt a decisive blow to the Shogunate han system. First, the master-servant relationship between Shogun and daimyo was abolished, resulting in the collapse of the apex portion of the Shogunate han control system. Second came the loss of authority of daimyo and the group of retainers with a renowned hereditary background. For example, while a total of 190 han forces opposing the Bakufu, or 110,000 in number, took part in the settlement of the Boshin Civil War, there was not a single daimyo that was out on the battle-front to direct the forces, a fact which proved that daimyo was completely useless. Third, the nucleus of the new Meiji Government forces consisted of an army of officers and men from Satsuma and Choshu hans which had adopted the Western military system and which was commanded, in form, by Tosei Dai Sotoku32) and Shodo Sotoku33) but in substance by the staff officers under those Sotoku. Thus, the powerlessness of the feudal military forces based on a master-servant relationship was revealed. Fourth, there was the bankruptey of the han finances as a result of their having had to bear all the expenditures caused by the civil war.

In March 1868, the new Meiji Government issued the so-called 'Charter Oath', a pronouncement of Five Articles in the Emperor's name which set forth the new philosophy of government which the new Meiji Government proposed to adopt. By this Charter Oath, the Government proclaimed that Japan was now a modern nation which was qualitatively different from the Shogunate han system. And based on this proclamation, the Government in the intercalary month of April hammered out,

31) yasukokudai...A method of reducing the amount of tax paid in cash by setting the price of rice at a low level.
32) Tosei Dai Sotoku...Commander-in-chief of the armed forces organized for subjugation of the Shogunate forces.
33) Shodo Sotoku...Commanders of armed forces for various theaters.
in *Seitaisho*, the principles that *fu*, *han* and *ken* would carry on their administration in accordance with the directives of the central government. Thereafter, the new Meiji Government continued strengthening its grip over *han*. In October, the Government, according to *hanchi shokusei*, abolished the clansman councillor and, instead, established the posts of *shissei* and *sansei*. The domestic affairs of the *hanshu* were separated from the *han* administration and were placed under the management of *iechiji*. The *hanchi shokusei* also provided for example, that the organization of the offices for military, penal or civil affairs would be similar to that of the offices for *fu* or *ken* (prefectures). Along those lines, an offer of *hanseki hōkan* was made in January 1869 by the feudal lords of the four large *hans* that played a major part in the armed forces that subjugated the Shogunate government forces and, after necessary preparations, the *hanseki hōkan* was carried out in June. Although Kido Takayoshi and others had proposed *hanseki hōkan* at the beginning of 1868, all the necessary conditions were finally met in June 1869 for this *hanseki hōkan* to be brought into reality.

The main contents of *hanseki hōkan* were: (1) The master-servant relationship between the former *hanshu* (daimyo) and retainers was abolished as an institution, the Shogunate-*han* control order was dismantled and the many ranks of the ruling class were consolidated into the three classes of *kazoku*, *shizoku* and *satsu* (although it was difficult for each *han* to abolish, at a stroke, the hierarchical system of the former ruling class); (2) The former *hanshu* were appointed *chihanji* which was a non-hereditary post. Thus, at least in form, the independent feudal lords were converted into chief regional administrators appointed by the central government; (3) The former *han* became the same regional administrative organs as *fu* or *ken* and then the feudal-lord’s rights owned by rights-holders other than *hanshu* (such as *dojo* and *chuge taiu joshi*) were also abolished and were incorporated into the rights held by *fu* or *ken*; (4) *Chihanji* received, as *karaku*, 10% of the revenue of the *han*, so that the domestic expenditure of *chihanji* could be distinctly separated from that of the *han* Agency.

In the ways mentioned above, the Shogunate-*han* feudal system was abolished and the form of a modern nation with a centralized government was thus brought into being. However, it was difficult to dismantle, once and for all, the traditional ruling system that had been maintained for many years. So, in reality, the *han* system was maintained in substance to a considerable extent and it was not until July 1871 that the *han* system was dismantled ultimately by *haihan chiken* after the reform of *han* administration was carried out under the direction and control of the central government.

The Reform of Han Administration and Dismantling of the Han System

Since even before *hanseki hōkan*, each *han* was conducting a reform of its admin-

34) *shissei* and *sansei*...Both are the titles of high officials of han.
35) *hanshu*...Master of *han*, or a feudal lord (daimyo).
36) *iechiji*...Chief servant of a feudal lord (daimyo).
37) *dojo*...High-ranking aristocrats of traditional lineage, who were close to the Emperor (*Tenno*).
38) *chuge taiu joshi*...A status given to the former high-ranking *samurai* who had formerly served close to the former Shogun and who had sided with the new Meiji Government from the outset.
istration under the direction of the new Meiji Government and also in an effort to cope with the crisis it faced. However, hanseki hōkan gave a justification to the Meiji Government for forcing the han to carry out a unified type of reform and in bringing about the dismantling of the han system. Since the writer intends to take up, in the next Part, the reform of the karoku system which constitutes the most important content of the reform of han administration, a study will be made here of the reform of han administration after hanseki hōkan, centering on the hansei promulgated on September 10, 1870 which became the major factor that triggered the dismantling of the han system.

The hansei was examined and prepared within the Government by a group of officials led by Okubo Toshimichi and Soejima Tanenori and was submitted in May 1870 to Shūgūn, which adopted the proposal with minor amendments. This hansei on the whole made some major changes in the principal parts of the han system, thereby depriving it of its independence. The following are the three points that are particularly important for the dismantling of the han system: (1) control over the use of han revenue —10% as karoku for chihanji, 9% to cover military expenses (of which a half, or 4.5%, was to be submitted to the central government as naval expenses), the remaining 81% to be used to cover the han Agency’s expenses and karoku payable to shizoku and sotsu classes (however, it was urged that the expenses should be saved as far as possible so that any surplus might be added to the portion covering military expenses); (2) the methods of disposal of hansai (han liabilities) are decided on, with karoku for chihanji, shizoku and sotsu, as well as the expenses of the han Agency, being used as the financial sources; and (3) the method of withdraw hansatsu (han notes) is determined.

Of the above-mentioned three points, (1) refers to the action taken by the central government which fixed the overall framework for the expenditures of han uniformly for the entire country, collecting 4.5% of annual han expenditures from throughout the country so as to cover naval expenses. Until then, each han had been obligated to pay to the central government war funds at the rate of only 300 ryo per 10,000 koku in kokudaka, according to the army formation decided on in the intercalary month of April 1868. As for (2) and (3) above, the decisions taken represented a radical denial of the way the han finances had been run previously. Since the Edo period, especially toward the end of the Shogunate era, the han were unable to maintain their finances only with the revenues from land taxes and miscellaneous taxes, so they depended heavily on hansai (han liabilities) and the issuance of hansatsu (notes). While the issuance of hansatsu had already been banned in December of the preceding year, the hansei ordered withdraw of the hansatsu in circulation and, moreover, the redemption of hansai, too, was ordered. By then, the amount of karoku paid to shizoku and sotsu — the largest expenditure for each han— had already been cut, and many of the han went on to further reduce the amount of karoku. If an overall view of the society

39) Shūgūn...A consultative organ of the new Meiji Government possessing a legislative function.
were to be taken, the fact that each han was supplementing its finances with hansai and the issuance of hansatsu meant that the accumulation of commercial capital and the surpluses of farmer-turned-landowners and farmers were being used to cover the needed to maintain the feudal ruling system or the consumption of the feudal ruling class. Hence, the redemption or withdraw of hansai and hansatsu meant the liberation of the abovementioned accumulation and surpluses from feudalistic consumption and the creation of conditions for such accumulations or surpluses to be used as funds for the introduction of capitalism.

The enforcement of the reform of han administration under the direction of the central government triggered the discontent and resistance of the general shizoku and sotsu classes and intensified their confrontation against the han Agency. Under such circumstances, the top executives of the han Agency could not but depend more heavily on the central government. Meanwhile, among the han which lost their power to carry out the reforms under the direction of the central government, an increasing number of them had come to voluntarily abolish themselves. Thus, the central government decided on July 14, 1871 to carry out the haihan chiken simultaneously throughout the country.