

JAPANESE ECONOMIC HISTORY – Postclassical Period

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ECONOMIC INNOVATIONS

Introduction Japanese society created a stable, high-functioning and integrated economy in the iron age and early post classical period. As was true of all early societies, its foundation was a thriving and well-managed agricultural sector. Farming sustained stable populations and provided a reliable basis for taxation. It produced excess in most years, which allowed for significant segments of society to specialize in sectors other than farming. Japanese growers were extremely capable and worked in concert with the government to build and manage infrastructure projects that all used to their advantage. For more than a millennium, Japan was largely self-sufficient in agriculture and enjoyed a thriving commercial sector (when the country was at peace). At the beginning of the 19th century, however, conditions changed worldwide and Japan entered a short period of economic contraction and humiliation. It had missed the industrial revolution. In the post Meiji Restoration era which began in 1868, Japan began a crash course of economic transformation and industrialization. It was extremely successful in catching up to the west. By the 1930s, Japan's economy produced more and the nation was wealthier than European countries such as Italy and Hungary. After the war, Japan turned its attention to reconstruction and the export economy and was again extremely successful. The economic recovery is a testament to the thrift, hard work and sacrifice of the Japanese labor force. As of this writing, the Japanese economy is a world leader and ranks third in the world in GDP output.

Innovation and Agriculture. The economy of post classical Japan was based on agriculture, and in particular, the production of rice. Rice was (and is) the single most important food stuff in Japan. This was facilitated because the crown supported the dispersal of knowledge of advances in agriculture such as crop and field rotation, the use of fertilizers and the like. Irrigation and flood control projects were high priorities. The government took seriously the problem of security and sought to end enduring problems with banditry and the like. Rice also acted as the basis of land holding for much of Japanese history. Land holdings were not only determined by geographic measurement, but by the fertility of land under wet rice cultivation. This is because Japan is mostly mountainous and is largely unsuitable for cultivation. Therefore, wealth (and one's tax bill every year) was determined as a percentage of that which was produced. For example, a large and successful landowner might own land that produced 1,000 koku (1 koku equals approximately 5 bushels and is normally enough to feed one man per year) of rice. The yearly tax rate might be 300-400 (or more) koku. Rice was then traded for silver and made its way into the treasury. It should be noted that the average peasant didn't cultivate more than a few koku of rice per year nor did he regularly eat rice before the modern era. It was simply too dear to be consumed by the producers. Instead, peasants often ate millet and vegetables. Meat was rarely consumed, largely because of its expense and because of Buddhist considerations. If close to the coast or fresh water sources, fish and other aquatic life provided protein, as did tofu. As might be expected, industries grew up in Japan to support tertiary agricultural pursuits such as fishing and sericulture.

TRADE

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Trade. During the Nara and Heian periods, trade within the country was facilitated by government control of minting. The first coins were minted during the reign of Empress Gemmei (707-715). This was made possible by the discovery of large copper deposits in western Japan. But the Japanese also minted silver and gold coins. It is no surprise that most of these coins resembled coinage on the mainland. Small denominations were round, had a square hole in their center and were carried on a string. On the front were stamped the reign names of the monarch. Large denominations of copper, silver and gold were rectangular. Some had square holes in them, others did not. When paying tax, rice—which could sometimes be a form of currency—was exchanged for silver (the preferred specie for imperial tax collectors) and deposited into the treasury. In this way, a nationwide economy allowed for the exchange of food stuffs and other trade goods.

As Japan moved through the Heian period, commerce grew dramatically. The imposition of law and order along with a transportation infrastructure and the like made it possible for goods to be transported from the rural areas to the capital, the only urban area of any size and consequence. Indeed, the city of Heian/Kyoto was known for trade in food stuffs, tea and items such as silk, a textile that first arrived in Japan in the Yayoi period (300B CE-300 CE). Merchants in the late post classical age generally made a good living and participated in the culture of the city. However, during periods of instability and war, merchants were some of the first to suffer. In particular, when Kyoto was destroyed in the Ōnin War (1467-1477) commerce largely ceased altogether. Given that there was no central authority, commerce between domains also became problematic and continued that way until reunification had been achieved in the late 16th century. For most of the Warring States period (1477-1600), commerce was possible only between two non-warring domains, a condition that sometimes existed but which was unpredictable. Even when commerce was possible, each domain set up its own checkpoints on major roads where tolls could be collected and papers checked. The control of coinage also became a problem as civilian authority devolved in the aftermath of the Gempei War (1180-1185). The debasement of coinage was one way to raise revenue, but it also led to inflation. In the early Ashikaga period, commerce was tricky because specie had to be weighed and carefully calibrated. And of course, after the Ōnin War, each great *daimyō* was free to mint their own coinage as they pleased. Commerce therefore suffered from a lack of central authority, a lack of law and order, a lack of freedom of movement and the lack of a nationwide monetary system. In spite of it all, Japanese merchants persevered and emerged in the Edo period (1600-1868) to become some of the great trading houses/companies of the contemporary era.

Readings

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