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► To cite this version:

Ryan Langrill. The evolution of merchant moral thought in Tokugawa Japan. Journal of Philosophical Economics, 2012, Volume V Issue 2 (2), pp.109-122. <10.46298/jpe.10625>. <hal-03705556>

HAL Id: hal-03705556

<https://hal.science/hal-03705556v1>

Submitted on 27 Jun 2022

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THE JOURNAL OF
PHILOSOPHICAL ECONOMICS

Volume V Issue 2 Spring 2012

ISSN 1843-2298

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Abstract: The Tokugawa Era of Japan is known for its domination by the shogunate, or warrior bureaucracy. While samurai capture the popular imagination, the merchant class of this era was changing their cultural narrative as well. The regime, officially Neo-Confucian, considered trade a vulgar and corrupting activity, but among commoners, especially in Osaka, a culture arose celebrating the virtue of commerce. Merchant scholars and commoners assailed the orthodoxy by putting forth alternate interpretations of Confucianism, and later by abandoning the entire Confucian framework. Their primary goal was to explore the nature of virtue and commerce, and justify their own place in the world. As a side effect, the marriage of virtue to commerce allowed a nexus of long-term relationships to arise, based in Osaka.

Keywords: business history, moral philosophy, commerce

Introduction

Fifty years before Adam Smith published *The Wealth of Nations*, scholars in Osaka, Japan opened a school to ponder the virtue of trade. At the time, Japan's regime ruled on a foundation of Neo-Confucianism, which imposed a strict social status hierarchy. The ruling samurai were on top, since they granted peace to the realm. Peasants were below them, virtuous providers of all the wealth of the nation. Artisans were below them, not contributing to the wealth of the nation but transforming it into more useful forms, and merchants were on the bottom, leeches on the body politic who simply moved goods around and took some off the top for themselves. The official vision of the regime denied

that the activities of the merchants could be virtuous, yet the merchants disagreed and offered their own vision of virtue. The center of this thought was the Kaitokudō Merchant Academy of Osaka, and this thought spread throughout the commoners of Japan.

Osaka, where the vision of virtue originated, became a nexus for economic coordination in Japan. The aristocratic samurai were discouraged from entering the city, and it was illegal for the regional lords (*daimyo*) to own land in the city. (The Tokugawa regime allowed Daimyo who owned land in the city prior to the restrictions to keep it.) Without samurai, merchants had no need of embracing samurai values, since there was no instrumental value in signaling solidarity for patron-client purposes, such as existed in Edo (see, for example Sheldon 1973, p. 41). The culture that emerged in Osaka fueled that city's enterprising spirit: for example, the first organized futures market in the world was formed at Osaka's rice market, Dojima (West 2000, p. 2576). Of this market, merchant scholar Yamagata Bantō wrote: "the system of rice speculation in Osaka is the essence of wisdom which controls the blood circulation [of the economic system]... For rice is sent from almost all districts to Osaka." Without the ethical underpinnings of their vision of the market, Osaka could not have flourished as it did. I will examine the writings of the merchant scholars of the Kaitokudō and the fiction that was popular in Osaka, and show that Osaka merchants did not share the regime's vision of merchants.

Tokugawa Japan

The Tokugawa period of Japanese history lasted from 1603 to 1868. The hereditary Tokugawa shogunate ruled the central government from Edo (present day Tokyo), and ruled over a relatively peaceful period in Japanese history. The Tokugawa won the war of unification, and for the first time Japan was truly a single political unit, with the shogun sharing power with over 200 daimyo. After 1636, Japan was largely isolated from foreigners: the Tokugawa feared the encroaching European powers and the spread of Christianity, though they allowed some foreigners (occasional Chinese and Dutch merchants) to dock at an artificial island off the coast of Nagasaki. The danger Christianity posed was great because the Tokugawa regime legitimated itself through the spiritual authority of the emperor and the philosophy of Neo-Confucianism. The emperor, at this time politically and militarily impotent, was still an important symbolic and religious figure in the Japanese traditional religion, Shinto.

The Neo-Confucian system was a “rule by status.” The administration of justice was impersonal - given a person’s hereditary status (Hall 1974). This was a departure from the discretionary nature of law prior to unification. The status system limited social mobility, which Sheldon (1983, p. 477) writes “was viewed... as a cause of prolonged chaos and internecine warfare.” While the four-tiered system was the official dogma, the regime recognized eight levels in their legal dealings, in descending order: daimyo, court nobles, samurai, Buddhist and Shinto priests, peasants, townsmen (artisans and merchants), ‘outcastes,’ and finally ‘non-persons’ (Howland 2001, p. 358). While townsmen were not the dregs of society, they were close.

Three cities thrived under the Tokugawa regime: Edo, Kyoto, and Osaka. Edo boasted over a million people by 1700, half of whom were the bureaucratic samurai: this made it, potentially, the largest city in the world at the time (Cullen 2006, p.152). The tax money collected by the daimyo and the Tokugawa regime fueled Edo’s economy. Kyoto was the historic seat of the emperor, and his court drove a culture of fashion and tradition. Osaka, with very few samurai, was the city of merchants and artisans. Both Osaka and Kyoto had between three and four hundred thousand inhabitants at one time; while dwarfed by Edo, both cities had more people than had lived in any Japanese city prior to the Tokugawa era.

Osaka and the evolution of virtue

Osaka was the “Kitchen of the Realm.” Japan’s elite gave Osaka this nickname derisively, but Osaka’s residents embraced it. The Kaitokudō Merchant Academy, established in 1726, was the center of learning in Osaka. The academy taught children and adults practical business skills and ethics that emphasized the universality of human virtue, in contrast to claims of the exclusivity of virtue for samurai that samurai scholars claimed. Osaka scholars established a research program exploring the nature of virtue and the market, and the related subject of political economy. The research program begins with founder Miyake Sekian’s inaugural speech outlining his vision for a Neo-Confucian academy and evolves into Yamagata Bantō’s secular humanism at the turn of the 19th century.

Miyake was educated in Kyoto and strongly influenced by great Confucian scholar Ito Jinsai, who emphasized the teachings of *Mencius* (one of the four Confucian books). Ito’s philosophy “infused... humanistic ‘compassion’ for the

inevitable 'passion' that informs the daily lives of human beings, as in the activities of the new commerce so readily evident in the world he taught (Najita 1987, p. 43)" and emphasized the innate moral sense within each person, regardless of status. Miyake echoes Ito in his inaugural lecture of the Kaitokudo: Miyake (in de Bary et al ed., 2005, p. 272) begins by summarizing the purpose of the school, which is to teach the Way to merchants. He asks, "What then, is the Way? It is the Way of being human." The Way was not different for people of lower status, and it was open to commoners. Commerce, as long as it accorded with moral action, did not exclude anyone from following the Way. Profit seeking was "nothing other than an extension of human reason." Najita (1987, p. 91) summarizes, "merchants should not even think of their occupation as being profit-seeking but as the ethical acting out of the moral principle of 'righteousness.'" Profit would come naturally to those who traded righteously and compassionately, and was consistent with the Way.

Commoners were unique in society in having to deal with change – the system guaranteed both peasants and samurai their livelihoods by birth. Heterodox scholar Tominaga Nakamoto (1715-1746) best characterized the role of change. Tominaga was unique among scholars at the Kaitokudo- during this era at rejecting the validity of the Confucian classics, as well as Buddhism and Shinto. The texts handed down through time, he argued, are unreliable because different schools of thought distorted the original meaning in order to advance their own interests. And, besides, Tominaga (1967, p. 195) writes, "none of the Ways of the Three Teachings is actually in accordance with the Way of Truth. In any event, Buddhism is the Way of India, Confucianism is the Way of China, and since they are of other countries, they are not the Way of Japan. Shinto is the Way of Japan, but since it is of other times, it cannot be the Way of the present-day world." Tominaga's extreme historicism, while foreshadowing the thinking of later Kaitokudo- scholars, was too much for his contemporaries who forced him to leave the school, and few of his works survived. Tominaga bypassed the question of whether merchants as a class had access to a universal virtue by rooting virtue in the daily lives of people. If none of the three Ways were legitimate guides for people to live their lives, what was the Way? He answered: "We should simply strive in all matters for what is ordinary; should be of upright heart and right conduct in our every-day activities." (Tominaga 1967, p. 195). Tominaga anchored virtue in each individual's personal circumstances. Merchants should strive to be great traders; artisans should strive to be great at their craft; samurai should strive to be great administrators. One need not be

like Buddha or the ancient sages or kings to be virtuous and following the Way; a person just needed to do what he or she did and do it well, be compassionate, and take care of his family. As Najita (1987, p. 116) remarks, "in Tominaga's eyes, a mathematician and a student of literature were worthy of respect, but not a scholarly monk, for while the latter claimed to teach about grand, ultimate truths, the former were devoted to their personal 'virtue' writ small."

Goi Ranju, a contemporary of Tominaga, took over as the second headmaster at the Kaitokudō. Goi was largely responsible for the ascendance of the academy during the mid-eighteenth century. He had more of an impact as a teacher and administrator than as a scholar, yet he had an important effect on the intellectual direction of the school. He was unhappy with the 'eclecticism' of the school, saying of Miyake: 'To most observers he sounds like a mysterious night bird. His head is Neo-Confucian; the backside resembles Riku Shō Zan (also known as Lu Xiangshan, a contemporary and rival of Neo-Confucian founder Chu Hsi, author's note); the arms and legs are like Ōyōmei (also known as Wang Yangming, another rival of Chu Hsi, author's note); and his language reminds one of a physician.' (quoted in Najita 1987, p. 123). This eclecticism allowed scholars outside of Osaka to ignore the Kaitokudō's research project. While Goi was committed to the goal of the academy, this mission did not justify "incoherent eclecticism." While searching for a more coherent base for the school, Goi emphasized the importance of prudence and he grounded the morality in the daily life of Osaka financiers – but without denying the importance of the old texts. Goi had much success with the school, and his steady hand prepared the school for its golden age.

This golden age produced the Nakai brothers, Chikuzan (1730-1804) and Riken (1732-1817). Both scholars were involved with the school: the elder brother spent more time at the Kaitokudō, while the younger lived much of his life in isolation. Chikuzan focused on merchants and their place in the political economy, and defended vehemently the concept that all people have access to virtue, which remained the central cause at the Kaitokudō. Chikuzan was a critic of the Tokugawa regime, in particular not using merchants in the governance of the realm. The practice of putting samurai, who could not legally make a living in the market, in charge of finances of the realm was a disastrous arrangement. Merchants, who made their living governing personal finances, could do a much better job. If merchants were to have a role in governing the realm, Chikuzan believed that the Kaitokudō would be invaluable: he believed

that 'Governance, at some basic level must be consistent with "virtue" as embodied in every individual.' (Najita 1987, p. 169)

While Nakai Chikuzan was very outgoing and involved in the intellectual community in Osaka and Edo, his younger brother Nakai Riken was so disillusioned with Japan's polity that he retreated into a 'dream world.' Riken gave occasional lectures at the Kaitokudō and was a highly respected intellectual, and when Chikuzan neared death, he hoped that his brother would take over administration of the school. Riken attacked the regime through stories of a utopian dream world, which was quite dissimilar from the existing state of the world. Unlike Tominaga before him and those who would follow him, Riken was interested in preserving the Confucian foundation of morality. While those prior to him used *Mencius* to show the universality of capacity for moral knowledge, Riken returned to another of the four books and found his evidence in the *Doctrine of the Mean*. Riken believed that the mean was a golden point of moral action: this 'mean' was not an objective exact middle point between two extremes, but rather a point that varied with the situation and required subjective interpretation. As Najita (1987, p. 200) notes, 'For the concept of the "mean" to be philosophically viable, the individual self must be an active, cognizing agent and not merely a passive recipient of 'external norm.' By de-privileging the aristocracy and their knowledge of virtue, Riken could attack the Tokugawa on moral grounds. In contrast to the traditional narrative, which presented the shogunate as saviors of a war-torn nation, Riken presented them as victorious only because they were willing to be the least virtuous.

Yamagata Bantō and Kusama Naokata were part of the final generation of Kaitokudō scholars. Both men were enormously successful financiers who started as young apprentices for menial work and rose through their houses. Kusama authored an illustrated history of money in Japan, the *Sanka zu'i*, which chronicled the evolution of Japan's economy from primarily a barter economy to a precious metallic money economy. His story involves a great deal of mismanagement on the part of the Tokugawa regime. He wrote, 'If money as... [a] fixed item of value could be relied on as a norm of constancy, then goods, however voluminous could be traded in ways that were righteous and fair.'" (Najita 1987, p. 236) When the regime tried to inflate the value of their in-kind taxes by debasing the currency, they were acting in ways that undermined righteous and fair trade. Throughout his treatise, Kusama stressed the importance of merchants in the functioning of the nation, carrying on a

tradition that Goi began. 'While merchants were not entrusted with public authority', Najita (1987, p. 243) summarizes, 'they in fact contributed in a vital manner to the polity. Indeed, the extent the economy functioned as well as it did was due not to public planning but to the 'private acts of commerce.' These private acts of commerce, especially those based in Osaka, were large-scale and flourished in spite of Tokugawa meddling.

While Kusama wrote an alternate narrative of Japan's history, Yamagata Bantō undermined the epistemological basis of the regime. Yamagata was, like Kusama, an extraordinarily gifted financier who worked his way up from an apprentice boy into the management of the Masuya family. So successful was he that the daimyo in the region Sendai based their money, called 'Masuya' currency colloquially, on Yamagata's investments. Yamagata's masterpiece *Yume no shiro* or *In Place of Dreams* rejects the validity of a society based on dreams or superstition – in which he included Confucian texts and the supernatural beliefs of Buddhism and Shinto. Like Tominaga Nakamoto a century before him, he found basing practical morality on these things to be foolish. He claimed: 'The universe precedes human morality; and knowledge of that universe – or 'heaven' – cannot be derived through the analysis of moral historical texts.' (Yamagata Bantō, *Yume no shiro*, in Najita 1987, p. 256) Texts, while a complement to experience, do not substitute for it. Yamagata admired Western scientists who built "their studies on a theory of knowledge that tested and validated new findings and discarded the errors and false assumptions of the past." Among the false assumptions that Yamagata wished to expunge from contemporary thought was that the ancient kings of mythology preceded the existence of a people. Instead, Najita (1987, p. 256) says, 'in Japan the system of noncentralized rule came to be erected over some one thousand years as its way of organizing society, which, as he put it, 'ought to be thought of as beautiful.' With the *Yume*, Yamagata built a secular humanism with the people as the central virtuous actors.

The Kaitokudō closed its doors the final year of the Tokugawa era, 1868, a victim of the turmoil that engulfed the country after the opening of it to the world. From 1726 to 1868, the academy was the center of learning and discourse in Osaka, itself the center of commercial activity in Japan. The youngsters and merchants who came to the Kaitokudō learned that without a doubt that their lives in the market could be every bit as virtuous as the lives of aristocrats. The world built by merchants seemed more conducive to human virtues such as

honesty, trust, righteousness, courage, and prudence than the world that the bureaucracy inhabited.

Osaka was a place where literature, poetry, theater, painting, flower arranging, and any other type of artistic expression found a home. In contrast to the romantic masculine hero of the samurai, merchants looked to practical men as role models. The heroes in merchant fiction were not samurai, but entrepreneurs who embodied merchant virtues. Unencumbered by the glorious imperial past of Kyoto or the center of power at Edo, many of the Tokugawa era's greatest writers emerged from the city of townsmen, and their writing is a window into their world: their values, failings, and objections to the policies of the Tokugawa era.

Ihara Saikaku (1642-1693) founded the famous 'floating world' genre of Japanese art, and he was born to a wealthy merchant father in Osaka. He was famous for lengthy poetry recitals and later his novels. Though Ihara wrote 'amorous tales,' those tales held a vision of merchant ethics. In *Five Women who Loved Love*, a series of five (usually tragic) love stories, Ihara features a number of merchant men as protagonists. Those who start with fortunes and lose them do so because they are dishonest or unnecessarily extravagant. The eponymous protagonist in *The Story of Seijuro in Himjei*, for instance, is the son of a successful merchant whose father disowns him after catching him throwing an extravagant hedonistic party. One of the entertainers at the party reassures him: 'Even a naked man is worth something. With only a loin cloth one can still make out in his world.' (Ihara 1989, p. 49) Seijuro fulfills the entertainer's proverb by becoming an apprentice at a shop, eventually earning trust enough to inherit it. Ihara (1989, p. 49) describes the key to his success: 'His gentlemanly breeding, his kindness and intelligence, made him well liked. He plunged into his work wholeheartedly and, having no longer an appetite for love, concerned himself solely with the improvement of his character.'

Ihara (de Bary 1989, p. 28) makes it clear what qualities he considers important to succeed in business: 'frugality, persistence, a ready mind for figures, mastery of the abacus, a pleasant manner, honesty, and imagination.' The virtues Ihara finds important are the same ones the Kaitokudō scholars would come to embrace a century and a half later. His merchants are not always virtuous – but if they are not, they fail as merchants. Dishonest and extravagant men ruin themselves and others around them. Ihara (ibid, 31) wrote several stories about the samurai, and in contrast to the merchants, 'these stories leave a final

impression of the warrior class as useless, misguided, and worthy of sympathy rather than admiration.' Ihara's view of the businessman affirms Kusama's view of the merchant's world being based on trust and honesty.

While the values of intellectuals and artists may seem irrelevant to the daily life of Osaka commoners, these people were intimately involved with the life of the city, not locked in an ivory tower. The scholars of the Kaitokudō taught children and adults regardless of wealth, and a number of them wrote handbooks for children. Ihara Saikaku was a bestseller in his time, and was one of the most imitated (or blatantly plagiarized) authors of the entire Tokugawa era: his works were translated into Kabuki and have since been adapted into movies. Ihara and the Kaitokudō's impact on merchant narratives and discourse, while unquantifiable, is doubtlessly important to shaping the city.

Practical business and practical morality outside Osaka

The philosophy of Osaka was that if merchants practiced business in an accurate and fair way, it would be an ethical endeavor. This lesson spread outside Osaka to merchant communities in the castle towns and was at the core of practical handbooks written by and for commoners. A study of these handbooks was done by Tetsuo Najita in his *Ordinary Economies in Japan: A Historical Perspective, 1750-1950*. The translations below are all his. As he (Najita 2009, p. 16) premises his study: 'Based on a commoner or commonsense epistemology, commoners wrote and published in the hope that other commoners would read and reflect on how ordinary people were able to control knowledge and overcome poverty. Such efforts were intrinsic to ethical practice and not demeaning to human virtue.' The books taught that risk taking was a necessary part of life in business, and losses are part of the nature of participating in the market, just as profit is.

The city of Handa exemplifies the virtue of economic intelligence. 'The reputation of Handa products,' Najita writes, 'was not that they were inherently superior to those from other areas but that they invariably averted an impending shortage at precisely the right moment.' [Handa shishi hensan iinkai, ed., *Handa shishi: Bunkazai hen* (Handa: Aichiken Handa shi, 1977) in Najita (2009), *Ordinary Economies in Japan*, p. 23] Specific knowledge of time and place, rather than the products themselves, earned Handa merchants their keep. These same merchants held a seminar on the eighth day of each month, to read and discuss works at their library 'of interest to merchants in the late Tokugawa

period.' Najita (ibid, p. 23) writes, 'A quick perusal of this library reveals... illustrated maps of famous distant places, including those of China and Western countries... [and] also includes well-known writings of such Tokugawa figures as Ishida Baigan, the founding figure of... 'studies of the heart,' among merchants in Kyoto; Ōshio Heihachiro [who studied at the Kaitokudō and led a peasant rebellion at Osaka]... also found here are Tokugawa treatises on political economy...' and writings from the Kaitokudō.

The Handa merchants were not unique; Najita (ibid, p. 25) was 'convinced that commoners writing for commoners was not just an urban phenomenon but one that joined town and country in a shared discourse.' The ubiquity of handbooks, which commoners in small groups read together and discussed, lends support to the image of Tokugawa commoners as active participants in shaping their own worldview. These 'vulgar' texts held a vision of the economy based on accuracy and trust, and show how commoners embedded trade in ethical action.

A children's book (ibid, p. 30) demonstrates the importance of accuracy: a measuring device, used to ensure the precision for artisans was compared to the phases of the moon. This example shows the desire to bring the work of townsmen, a group that was small prior to the Tokugawa era, into the mainstream traditional imagery embedded in Japanese culture. The emphasis on precision, shared by the teachers of morality at the Kaitokudō, is due to the nature of the world of commerce, where contracts and the quantity of goods (such as rice) delivered was dependent on the honesty of the fellow merchant, as there was no recourse from (what we would perceive as) government for fraud.

These handbooks show townsmen searching for their place in a complex cultural environment hostile to commerce. Men and women raised with Buddhist, Neo-Confucian, and traditional Japanese backgrounds must incorporate the expanding role of a money exchange economy and inter-regional dependence into their worldview. A handbook by Wada Ko-sai, a low-ranking samurai teaching in a temple school (where a majority of children were educated) concluded that 'the lights said to illuminate the way that one should follow in life are well known, as they are part of the teachings of Shintoism, Buddhism, and Confucianism... [however,] these teachings are often unclear, contradictory, and difficult to grasp... There is, finally, only one way to follow in life's long journey, and that is to respect heaven and to practice truthfulness in the world close at hand.' Wada is almost echoing Tominaga Nakamoto and his historical materialism - but directing his thoughts towards people working in everyday

life. On the subject of money, Wada writes that the *truthful* use of money is ethical, as it naturally arose from practice and things that come from everyday practice, not ancient texts, are morally approvable. Najita (2009, p. 31) summarizes Wada's argument: money 'was the 'treasure' that saved people from misery and suffering. It was folly to valorize poverty and degradation as somehow being truly human. Ethics, therefore, meant little unless they were embodied in truthful practice to sustain 'fully' the life that was at hand.' (Wada Kosai, Yamiji no shinan guruma (1846), in *Tsuzoku keizai bunko*, 5: 225-68, in Najita (2009), *Ordinary Economies in Japan*, p. 32) Common people had lives to lead in the marketplace and had to have a value system that was consistent with their lives.

An influential pseudonymously authored pamphlet that circulated in the mid 1700s discussed the place of market work for commoners. (Moan Rojin, "Chonin tsune no michi (1734)" in *Tsuzoku keizai bunko*, 1:81-106 in Najita (2009), *Ordinary Economies in Japan*, p. 31) It taught, in agreement with common interpretations of Neo-Confucianism, that the path someone pursues in their work ought to be in harmony with their internal nature - and that work in the marketplace was a legitimate calling, in opposition to the standard interpretation of Neo-Confucianism. Merchants require certain qualities in order to succeed, and people who do not feel called to be merchants should not be them. Beyond speaking to individual choice of vocation, the pamphlet stressed the practical usefulness of the money economy. Money was an objective quantity, and its moral character depended upon the ways that people use it - in the hands of the unvirtuous it could be greatly corruptive, but that was a moral failing of the individual, not the nature of money. In the hands of those who had been called to be merchants, 'it nonetheless gains life as merchants facilitate its flow to all parts of society, enhancing well-being in the process.' (ibid, p. 35-6)

Another handbook directed to common merchants told of a choice facing them as a class: A wise old man from Holland told 'about a drug of well-being that was bitter and a drug of poverty that was sweet, and about vagrant people in the streets buying the sweet pill for immediate gratification.' (Wakizaka Gidō, *Kane mōkaru no denju*(ca 1790s), *Tsuzoku keizei bunko*, 4: 1-48, in Najita (2009), *Ordinary Economies in Japan*, p. 42) Those with poor judgment (such as the merchants in Edo) might be temporarily successful and enjoy their earnings in the short run, but such a lifestyle was incompatible with both long-term business success and living a good life. The choice of the bitter pill was made

possible for merchants because they were surrounded by peers also struggling with the decision. The stories that came to be prominent in merchant society made the pill more palatable.

The dignity that merchants in Osaka and the smaller castle towns advocated for market work helped the economic success of these areas (see McCloskey 2010). There were large merchant populations in Edo and Kyoto, and many successful merchants, but they held a philosophy that accorded them dignity not for work, but for successful imitation of the aristocracy. As Sheldon (1983, p. 482-3) writes, 'Particularly in Osaka, merchants recognized that success was not made up of separate deals but of continuous business. Good will, honesty and credit were considered indispensable... The situation of merchants in Edo was quite different... [Edo merchants] lacked the Osaka merchants' pride in being merchants, and tended to separate morality from making money, whereas the Osaka merchant integrated them... The wives of Kyoto as well as Edo merchants paraded their expensive clothes in the streets...' Not that Osaka merchants never engaged in conspicuous consumption, but commerce to them was as much an art form as it was a means to consume.

The Meiji period, which followed the Tokugawa era, saw the fall of the official Neo-Confucian caste system, the rebirth of international relations, an explosion in population, and the rise of Japan as a world military and economic power. The revolutionaries of the Meiji era looked back at the works of Bantō and the Nakai brothers specifically for inspiration in running the nation. The dignity of commerce, which had hitherto been restricted to certain merchant communities, was expanded elsewhere. There were competing narratives about Japan, in particular Nationalist and respect for a traditional, agrarian way of life - but commerce continues to be legitimized by many. The roots of this social legitimacy come from Tokugawa scholars and commoners, grappling with the expanding role of commerce where it was seen as illegitimate.

Conclusion

The Tokugawa period is often remembered through the eyes of the samurai, especially since many of that class rose to prominence in the Meiji era, as the caste system dissolved. While the legacy of the samurai is worth remembering, the legacy of the merchants during the Tokugawa period had as much as – if not more – impact on Japan as it was to become. The political treatises by Yamagata

Bantō and the Nakai brothers influenced the revolutionaries, and the world they envisioned looked in many ways very similar to the world that the Meiji revolution would bring. The enterprising spirit and the virtues of the marketplace would gain even more prominence once the Tokugawa regime fell and a political economy more friendly to them was put into place. But the political economy would not have boosted growth if the people were not willing to pour their passions into business, and people would not have been willing to do that if they did not feel like doing so was a meaningful, virtuous endeavor.

Jacobs (1992) describes two moral systems that exist in all human societies: the commercial 'syndrome' and the guardian 'syndrome.' Each system conforms to the two ways humans have for earning a living: taking (e.g. hunting, plunder) and trading. The commercial system consists of precepts such as shun force, be honest, collaborate easily with strangers, compete, be open to novelty, etc. The guardian system contains many precepts that contradict the commercial system: shun trading, adhere to tradition, respect hierarchy, and deceive for the sake of the task. Taking both systems as a single system is untenable, as they often openly conflict. The challenge for political economy is developing a society that keeps the two moral systems separate, lest "monstrous moral hybrids" emerge. Businessmen who perceive their job as being similar to the general's will undermine the nexus of trust that commerce needs to function; government officials who run their bureau like a business will undermine the rule of law and diminish faith in the government. The Tokugawa inadvertently created a system that preserved the separation of guardians and commercial actors: once Osaka was isolated from samurai influence, the commercial moral system emerged to take the place of the guardian system that ruled in Edo.

Acknowledgments

I would like to acknowledge the helpful comments from Virgil H. Storr, Joey Bahun, Arielle John, and generous financial support from the Mercatus Center.

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