

Article

Notes on the Economic History of Shigaraki and its Local Region*

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Abstract

Shigaraki—a small town not far from the Ritsumeikan University Lake Biwa campus—has long been famous for its pottery and for its tea and has been near the center of many historic events. To know the history of Shigaraki and its local region is to know the history of Japan through the ages. It is a history in which individuals in pursuit of their own well-being pushed against government constraints on their freedom, and when finally liberated, flourished. This is not only about potters and tea farmers. Many well-known Japanese companies trace their roots to the Ohmi merchants that from their home bases in small towns to the southeast of Lake Biwa near Shigaraki, developed extensive networks of commerce, retail stores and small enterprises throughout Japan in the Edo period.

Introduction

Shigaraki (信楽) is a small town (population 14,000) in the south of Shiga Prefecture, Japan. In fact, it is so small that in October 1, 2004, it was merged with four other nearby towns to create the city of Kōka (甲賀市), population 90,000. Shigaraki has long been famous for its pottery and for its tea (Asamiya tea), and it has been near the center of historic events. Briefly, for five months during the one year (744 CE) in the reign of the Emperor Shōmu, it was actually the capital of Japan, site of the Imperial Palace. Its glory may have faded, but there is no better place to observe the historical origins and current-day manifestation of Japanese economic development than Shigaraki.

Japan is one of the rich countries of the world. This is a relatively recent development for the simple reason that, until 200 years ago, there were no rich countries anywhere. Ja-

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pan today is among the happy few that have become rich. So how did Japan manage to succeed where so many others have not? It is futile to seek the sources of Japan's prosperity in 'industrial policy,' 'government planning,' 'infant industry protection,' government enterprise, government subsidy, and 'administrative guidance.' There is no set of government policies, plans, or top-down directives that has transformed Japan from a low-income country to a rich country. There is no Japanese trick that developing countries of today can copy and become rich like Japan. Japan's prosperity has come about not from government policy but from the diligent efforts of individuals themselves, free to pursue their own private ends.

The Japanese people have not always been free from government constraints on where to live, what occupation to follow, with whom to trade, and what to say or write. But once free, they have been able to flourish. An evolutionary process rooted in the deep past seems to have prepared the Japanese people for fruitful economic activity once they finally attained the freedom to pursue it. Freedom, both political and economic, was first welcomed in Japan by the Meiji Restoration that overthrew the Tokugawa Shogunate in 1868, and further widened by the 1945 defeat in the Pacific War that ended the military dictatorship that had overtaken Japan in the 1930s. Greater freedom has meant greater prosperity. The economic history of Shigaraki and its local region illustrates this truth.

Shigaraki economic history

People have been living in the Shigaraki valley for more than two thousand years—before there was a Tokyo, before there was Kyoto, even before there were Buddhist temples in Japan. As with other long-populated regions of Japan, the people have been growing rice in irrigated fields there since 100 BCE. Shigaraki lies next to the Daido River, important for irrigation, for drinking and for transportation. The Daido feeds into the Seta River, and that into Lake Biwa, Japan's largest lake.

The history of Japan going back to medieval times is divided into periods according to the succeeding regimes for controlling and taxing the harvest of rice. The Appendix lists the major historical periods and their approximate dates. The Yamato Court of the 4th Century established the Imperial line of succession that has continued to the present day. The Yamato Court represented the first unified control of Japan, in effect the area around present-day Kansai. In that regime and the ones that succeeded it the actual government authority was exercised not by the Emperors or Empresses but by their powerful regents who established family dynasties, the Soga clan under the Yamato court, the Fujiwara of the Heian period, the Hōjō regents of the Kamakura period, and the Tokugawa shoguns of the Edo period. The Taihō Code established in 703 CE, by regents of the Yamato court, an

adaptation of the legal system of the T'ang Dynasty of China, is a basis for Japanese law to this day. The famous regent Shōtoku Taishi (574–622) is credited with having established Buddhism as an official state religion of Japan, co-existent with Shinto.

From the 8th through 12th centuries, the Court Nobles, and the Buddhist temples centered in and around Nara, controlled rice-growing tracts called *shōen* (莊園), analogs of the manors of Medieval Europe. The farmers who worked these tracts were obliged to supply their overlords with a share of the rice they grew, and in return obtained protection from marauders and interlopers. By the 8th century, the arable lands around Shigaraki were administered as *shōen* of the Todaiji temple in Nara and of the Konoe and Fujiwara families, a small portion of each's extensive holdings throughout the region—current-day Nara, Shiga and Kyoto prefectures. Besides rice, Shigaraki lands were valuable for their metal ores which could be smelted into bronze, and forests from which timber could be harvested for constructing Buddhist temples and other structures. The name “Shigaraki” had the original meaning of “luxuriant forest.” The Shigaraki clay would eventually become more valuable even than the timber, metal ores or rice.

Lore has it that potters from Korea who had been engaged by Emperor Shōmu (701–756) to provide tiles for the planned Shigaraki palace in 744 CE noticed that the red clay in Shigaraki resembled similar clay deposits in Korea, and began to manufacture the tiles from it, firing them in temporary kilns on the construction site. If the story is true, then it nicely illustrates an aspect of the gains from international trade. Importation of foreign goods is often accompanied by importation of new knowledge, and the gains from the knowledge may vastly outweigh gains from the goods themselves. Ever since Ricardo, the English genius of the nineteenth century who first elaborated the principle of comparative advantage in the way that it is understood today, economists have been aware that international trade enables gains from specialization. But those static gains are relatively modest. International trade that hastens technological advance is potentially far more enriching than the static gains from trade that Ricardo elucidated. The importation of pottery from Korea in the 5th century was soon followed by the immigration of Korean potters, some of them escaping the civil wars of Korea. The knowledge the potters and others brought with them was a lasting contribution to the human wealth of Japan.

Although earthenware tiles, presumably fired in makeshift kilns and open pits, have been found in the remains of the short-lived 8th century Shigaraki palace, the oldest actual kilns in Shigaraki date from 1250 CE. The kilns are of the Korean *anagama* sort common in Japan from the 5th century—single-chamber wood-fired kilns built on a slope. From the 13th through the 16th centuries Shigaraki was, along with five other places still known for pottery even today (Bizen, Tanba, Echizen, Seto and Tokoname), a major producer in Japan of clay pots for household use. Mostly the pots were of three sorts: *tsubo*—narrow-necked jars, *kame*—wide-mouthed vats, and *suribachi*—grating dishes or mortars. These jars and

dishes had various uses (Cort, 2001, pp. 61-3). The *tsubo* could be fairly large and were used to store seeds and dry goods including tea. The *kame* were used for storing water and for soaking rice seeds to improve germination, and for pickling root vegetables or fermenting soybeans into miso or soy sauce. The *suribachi* were used for grinding coarse miso or beans into paste, and for grinding root vegetables or sesame seeds into powder. Smaller pottery items were also produced in Shigaraki and throughout Japan, small dishes and bowls for everyday use, formed from ropes of clay and fired in open pits. It was not until the 15th century that Shigaraki ware would come to be prized as fine utensils for the preparation of matcha tea by wealthy connoisseurs.

The remains of more than 100 kilns from the 13th through 16th centuries have been discovered in the Shigaraki environs. The pottery made in Bizen—in current-day Okayama prefecture—and in Tanba—in current-day Hyogo prefecture—during this same Medieval period, resembles that made in Shigaraki in the types of clay, the kinds of pots that were made and in the technique of production. In each of these pottery centers, *tsubo*, *kame* and *suribachi* were made from red clay turned on wheels, and fired unglazed in *anagama* oxygen-reduction kilns at yellow heat—1,300 degrees Centigrade—so that the feldspar minerals in the clay failed to oxidize and formed an attractive mottled pattern that is the hallmark of Shigaraki ware even today.

In early times (13th through 16th centuries), the Shigaraki pottery was made primarily by farmers during the seasons of the year in which their rice-growing labor was less intense. Before, as residents of *shōen*, and then from the 13th century onward as residents of fiefdoms under the suzerainty of samurai governors, the farmers were obliged to render an annual tribute of rice to their landlords, which may have constrained the division of labor, but not that much, at least at first. In Shigaraki, besides rice, tributes could also entail the making of pottery or contribution of physical labor—called *yō* (庸) in Japan, in effect *corvée*—applied to the harvest of timber, mining of metal ore, and other such activities. Something of this sort would continue to be true right up until the Meiji Restoration of 1868. In Medieval times these burdens were at the behest of the owners of the *shōen*, who were themselves exempt from government taxation. In the Kamakura period and after, the burdens of laborers were dictated by the government and enforced by agents delegated by the government. Ultimately the *shōen* were replaced by fiefdoms, with dynastic overseers. In Shigaraki, from the 14th century the dominant fief-holder was the Taro family, an offshoot of the Konoe family who were the original holders of the Shigaraki *shōen*. With the advent of samurai governments—under the Hōjō regents of the Kamakura period, and then the Ashikaga shogunate of the Muromachi period, the Sengoku daimyō of the late 16th century, and Tokugawa shogunate of the Edo period (1603-1868)—the inhabitants of Shigaraki and of most regions of Japan became progressively less free to move about at will, to choose their own occupations, and to negotiate their own terms of employment and ex-

change.

Initially, in the 8th through 12th centuries, the nobles and temples that controlled *shōen* acted as landowners, not slave-masters. That gradually changed. This fits the famous conjecture of Evsey Domar that “of the three elements of an agricultural structure relevant here—free land, free peasants, and non-working landowners—any two elements but *never all three can exist simultaneously*.” Domar (1970, p. 21). Writing about the history of serfdom in Russia, Domar (p. 19) argues that, initially, in the 15th century, wealthy patrons to whom the state had granted ownership of land in return for military service, tried to live off the land rents. But when, in the 16th century, labor in Russia became more scarce relative to land, a result of expansion by conquest, only ownership of peasants could support the non-working landowners, and thus serfdom came to be. In Japan, too, in the *shōen* period it was the land and its resources that was the scarce item, the object of wealth of the non-working landowners. But later, as arable lands were cleared and irrigated, and as contending factions drew masses of men into military service, particularly so in the Ōnin War of the 15th century and Sengoku period of the 16th century, labor and not land became the more scarce resource. In accord with the Domar thesis, the samurai lords then asserted ownership of the people themselves. Farm households and their members were listed on the rosters of the samurai lands, were enjoined from travel, and required to remit an annual tribute of rice. This system achieved its ultimate refinement in the *honbyakushō* system of the Edo period, about which more, shortly.

I have so far spoken mainly about Shigaraki pottery. As it turns out, Shigaraki was also among the earliest places in Japan to cultivate tea. Seeds of the tea plant were first brought to Japan by Buddhist priests and monks who had gone to China to study and been introduced there to the drinking of tea. The Japanese Buddhist monk Saichō 最澄 (767-822), later the founder of the Tendai sect, was one of a group of monks including the great genius Kūkai 空海 (774-835), dispatched to T'ang dynasty China in 804 CE. There, among much else, the two monks were separately introduced to the habit of the temples of cultivating and drinking tea. Saichō brought tea seeds with him on his return to Kyoto the following year and established the first tea grove in Japan near the imperial palace in Heian-Kyō 平安京 (current-day Kyoto). At Asamiya 朝宮, in the Shigaraki valley, Saichō is said to have served tea to the Emperor Saga, extolling its medicinal benefits, after which the Emperor promoted its wider cultivation in Japan. At Senzenji Monastery in Iwayazan which was in Asamiya, on the slopes of the Shigaraki valley, it is said that a tea grove was planted with seeds from Saichō. This story is the basis for claims that tea has been cultivated at Asamiya for 1,200 years.

The cultivation and drinking of tea in Japan, at first, remained limited to a few Buddhist temples and their patrons until, three centuries after Saichō, another Japanese Buddhist priest Eisai 栄西 (1141-1215), founder of the Rinzai school of Zen Buddhism, visited China,

and after a second trip there, returned in 1191 with seeds of the tea plant and a determination to cultivate tea and continue the habit of drinking tea in Japan. As Saichō had done, Eisai extolled the medicinal benefits of tea, particularly in his book, *Drinking Tea for Health*. An early tea plantation that was started with seeds from Eisai was established at Kozanji temple at Toganō 桐ノ尾 in Kyoto by the monk Myōe 明恵 (1173-1232), who is also credited with establishing the first tea groves in Uji, over the ridges to the west from Asamiya. Following these developments, tea-drinking began to proliferate among the Buddhist priests and the gentry of that era, the samurai and nobles. Into the 14th century, the tea from Toganō was esteemed above all others and referred to as *honcha* 本茶 (literally, 'real tea'), as distinct from *hicha* 非茶 ('tea-not').

It was Ashikaga Yoshimitsu (1358-1401), the 3rd Shogun of the Muromachi period, founder of Kinkakuji, patron of the arts and lover of fine tea, who furthered the development of the Uji tea plantations by ordering their significant expansion, the establishment of six tea gardens called *Ujirokuen* 宇治六園. In implementing this order, the Uji tea cultivators hit upon artificial shading of the plants (*ōishita saibai* 覆下栽培) as a way to reduce the bitterness. They somehow deduced that the shade of trees at Toganō was reducing the bitterness of the tea harvested there. This was confirmed by experimentation with artificial shading of the tea plants at Uji, using small canopies made of rice straw, which became a standard step in the Uji tea process, and remains so to this day. One may well conjecture that the original choices of Toganō and Asamiya as places to start tea groves with the seeds brought by Eisai and Saichō was based not only on proximity to the Heian capital and its environs, but also based on topographic similarity to the tea groves that Eisai and Saichō had observed in China—being mountainous, shaded by trees, with ample moisture and variation in air temperature between morning and evening and through the seasons. To replicate these same conditions with the assistance of artificial shading of the tea plants at Uji was a Japanese innovation, long in coming but richly rewarding. Once the innovation was introduced in the 15th century, Uji tea began to rise in esteem.

We may presume that the Asamiya tea plantation enjoyed natural conditions similar to Toganō. But through the 15th century, the Asamiya tea grove remained a relatively small-scale operation, mainly producing tea for the exclusive use of the Konoe family including as gifts to their high-born friends. In 1602 the Asamiya tea plantations occupied about 10 acres with 1,260 bushes (Cort, 2001, p.108), which was much smaller than the combined tea plantations of Uji. By then, matcha tea had come to occupy an important place in the high culture of Japan, and Uji was the major producer of it.

Here it is appropriate to comment on the different types of tea. Almost all of the tea produced in Japan is green tea, which unlike other types of tea—for example black tea and Oolong tea—is not fermented. Black tea is fermented and Oolong tea partially fermented, using various species of mold as catalysts. (White tea may refer to a tea that is

similar to green tea—it is not fermented—but plucked at an earlier stage than green tea). All tea comes from the same species of plant (*Camellia sinensis*) though there are individual differences among the various cultivars.¹⁾ Green tea is made from leaves (and possibly stems) that are steamed and roasted (dried over a fire), but not oxidized (not fermented). Green tea itself is further classified into different types depending on whether it is shaded before plucking, the quality of the leaves, and whether it includes stems and twigs or only leaves. The predominant form of green tea in Japan for everyday use (accounting for 80 percent of annual consumption today), is sencha 煎茶, which is rolled before being dried, and is prepared by infusing the processed tea leaves in hot water. The matcha tea 抹茶 comes from leaves that have been shaded before plucking. After the leaves have been steamed, and then dried to form processed leaves called *tencha* 碾茶, they are ground into a fine powder to form matcha. The matcha tea is dissolved into hot water by whisking in a tea bowl (*chawan* 茶碗) before drinking. It is not infused as are most other teas including sencha.

The Shigaraki pottery and the tea of Asamiya, and nearby Uji, are linked by the importance of fine pottery to the full savoring of matcha tea, in the Japanese ritual known as the tea ceremony. The 15th and 16th century *daimyō* 大名—the samurai who were lords of large estates—combined their appreciation of matcha tea, with the avid collection of fine tea bowls and other items for preparing and serving tea. At first, pottery from China and Korea were the coveted items of these wealthy aesthetes. But gradually, fine pieces from Shigaraki, Bizen, and other pottery centers of Japan gained status. Murata Jukō 村田珠光 (1423-1502), a founder of the Japanese tea ceremony and originator of the *wabi sabi* aesthetic in which asymmetries and imperfections confer beauty, was fond of tea utensils from Bizen and Shigaraki.²⁾ The great tea master Sen no Rikyū 千利休 (1522-1591) also used and admired Shigaraki ware. The point is, Shigaraki ware had come to include not only items appreciated for their usefulness in daily life, but also objects of fine art. Shigaraki itself reflects this character even today—it is both an artists' colony and an industrial site.

The upheavals of the 15th and 16th centuries (Ōnin War and Sengoku period) engulfed Shigaraki as they did so many other places. The Shigaraki fief-holders—successive patriarchs of the Tarao family—had to carefully manage their political alliances with the various warring factions, for a single miscalculation could have spelled doom. One famous incident well-illustrates this and segues into a discussion of Shigaraki during the Tokugawa period. In June 21, 1582, the tyrant Oda Nobunaga 織田 信長 (1534-1582) was attacked at Honnō-ji temple in Kyoto by a group under one of his own generals, Akechi Mitsuhide 明智 光秀 (1528-1582), and forced to suicide. In the aftermath of this incident, forces under Toyotomi Hideyoshi 豊臣 秀吉 (1537-1598) quickly returned toward Kyoto in pursuit of Mitsuhide, who was himself killed while fleeing. Tokugawa Ieyasu 徳川 家康 (1543-1616) upon learning of these events, fled from Sakai (modern-day Osaka prefecture) toward his

home base in Mikawa (modern-day Aichi prefecture). In this desperate retreat, Ieyasu and his forces were offered shelter in Shigaraki by Tarao Mitsutoshi 多羅尾 光俊 (1514-1609), an ally of Nobunaga, the 14th of his family to manage lands in Shigaraki (the first one having been Tarao Morotoshi, 多羅尾 師俊, 1293-1333). This dangerous favor was ultimately fortuitous for the Tarao clan, but not without additional twists.

Hideyoshi soon consolidated his hegemony in Japan. Ieyasu and the other daimyō fell into obeisance, as did Mitsutoshi. The daughter of Mitsutoshi became a mistress of Hidetsugu, lord of a castle at Ohmi Hachiman, the nephew and heir apparent of Hideyoshi. This was ill-fated, for Hidetsugu fell out of favor with Hideyoshi, who in 1595 ordered his death and that of 39 members of his extended family of all ages including his mistress, the daughter of Mitsutoshi. After the demise of Hideyoshi in 1598, and victory of Ieyasu and his allies at Sekigahara in 1600, the Tarao clan achieved recompense for their loyal service to Ieyasu in the form of appointment of Tarao Mitsumoto, son of Mitsutoshi, as the delegated government agent and overseer—*daikan* 代官. Not all of the *daikan* were dynastic, held by successive patriarchs of the same family, but this one was. In that respect, the status of the leader of the Tarao clan was akin to that of a daimyō, though his formal status was that of *hatamoto*, a relatively high-ranking samurai, but lower than a daimyō. Besides Shigaraki, the Tarao *daikan* also administered other shogunal domains in the same region. The Tarao clan would continue in this capacity through the entire Tokugawa era, ending only with the Meiji Restoration in 1868.

The governance system established by Tokugawa Ieyasu in 1603 is called the *baku-han* system. The national government, the *bakufu* or shogunate, was headed by Ieyasu and his dynastic successors, while lords and sub-lords were granted exclusive rights to levy taxes and organize production within specific geographic domains, the 200 or so largest of which, headed by daimyō, were called *han*. The basis for wealth in the country was rice, and *han* were identified by their taxable rice output. A daimyō was the lord of a domain assessed as annually producing 10,000 *koku* of rice or more (50,000 bushels). A *koku* was regarded as the amount of rice needed to sustain an adult for one year, roughly 150 kilograms (330 pounds) of rice. The Shigaraki fief was assessed at 4,600 *koku* in 1600, the major part of the 7,000 *koku* of the regions administered by the Tarao *daikan*. In principal, the tax rate everywhere was 40 percent of the annual rice harvest.

The daimyō were divided by Ieyasu into distinct groups. *Tozama daimyō*, or “outside” daimyō, were those who had accepted Tokugawa hegemony only after the battle of Sekigahara; some of them had fought on the losing side, others had remained neutral. The *fudai daimyō*, or “house” daimyō, had been allied with Ieyasu at Sekigahara. And the *shinpan daimyō* were blood relatives of Ieyasu and represented a collateral line of ascent should the main line fail to produce an heir. Ieyasu exercised his prerogative as the victor of Sekigahara by reassigning some of the *tozama daimyō* to less prosperous *han* than the

ones they had earlier controlled, conferring their original *han* upon *fudai daimyō*. Ieyasu himself controlled the most prosperous *han* of all, called the *tenryō* 天領 (lit. “emperor’s realm”), which in theory he administered on behalf of the emperor, the symbol of political authority but in effect only a figurehead. The *tenryō* encompassed about a fifth of the entire land area of Japan. It included the major cities of Edo (now Tokyo), Osaka, and Kyō (current-day Kyoto), the ancient capital and site of the imperial court. Eventually about a third of the population of Japan came to reside in the *tenryō*. The Shigaraki fief was in the *tenryō*. What this meant was the Taro family would administer the Shigaraki land and its resources on behalf of the Shogunate.

The *baku-han* system was elaborately constructed to assure that all samurai lords and their retainers would enjoy stipends roughly commensurate with each’s assigned status, the highest place being reserved in perpetuity for the Tokugawa family. The bedrock on which the system was erected was a highly controlled, closed economy with a caste system. Most of the population was of one of four castes, the top one being the samurai—3 percent of the population—followed in rank by the farmers—80 percent of the population—and then artisans and merchants. The inhabitants of Shigaraki in the Edo period were farmers, many of whom engaged in pottery as a by-employment. The farm families of the Edo period were listed on the roles of each fief and sub-fief as *honbyakushō* 本百姓 (lit. ‘original farmers’), the result of a cadastral survey ordered by Hideyoshi as a basis for systematically assigning *koku-daka* to feudal lords and sub-lords. These farmers were collectively responsible for remitting rice taxes to their samurai overseers, in principle 40 percent of the annual harvest. Where by-employments were allowed, it was in some cases permitted to substitute produced goods, such as pottery jars, lacquerware, sake, or woven cloth, for rice. Various daimyō discouraged by-employments by rice farmers altogether (because it reduced the rice harvest), but few were successful in doing so. In Shigaraki, where pottery and tea were among the valuable products, the aim seemed to be to tax these directly, rather than disallowing them. Evenso, the essence of many *bakufu* policies was to constrain, tax, monopolize and control all economic activities.

The third Tokugawa Shogun, Iemitsu, who was responsible for the closure of the country in 1636 and also for instituting alternate attendance,³⁾ ordered that the production of matcha tea that had become so popular with the Sengoku period elites should be limited to 50 plantations, most of them in Uji, but also in Asamiya. All others were banned from selling tea leaves that had been shaded before plucking, a necessary step in the production of fine matcha. Of course, the lucky few who were granted the right to participate in this state-created cartel were required to remit a significant portion of their economic gains by supplying the Tokugawa themselves with ample quantities of matcha. Beginning in 1633 and continuing until the end of the Edo period in 1868, yearly two-week Spring treks were made from Uji to Edo to deliver the tribute of matcha tea in large *tsubo* jars encased in

wood cabinets. The cabinet makers, too, were licensed monopolists as were the designated Shigaraki suppliers of *tsubo* jars to the cabinetmakers. Many of these jars can now be found in the collections of the world's great art museums.

The prohibitions on shading of tea plants had an unintended consequence. It stimulated innovation. Nagatani Souen 永谷 宗円 (1681-1778), a grower of tea near Uji who was not allowed to shade his tea plants, not one of the 50 families so designated, set out to develop an alternative way of producing fine green tea. After fifteen years of trial and error, in 1738 he succeeded in developing a method of producing fine *sencha*. The method was to pluck the unshaded leaves while young and fresh, and then steam and roll the leaves (in making *tencha*—the first step before grinding to make matcha powder—the leaves of the shaded plants are steamed but not rolled). The result was a high quality green tea (*sencha* tea) that could be prepared by infusion. He prospered by selling the tea through a shop in Edo (Yamamotoyama) that became hugely successful as a result and is still in business today. *Sencha* tea became the tea for everyday use in Japan and still is, accounting for 80 percent of the tea consumed in Japan.

After the Meiji Restoration in 1868 the residents of Shigaraki and other places in Japan were at last free to make their own way in the world, unencumbered by state interference or heavy tax burdens. They responded by producing the things that could be sold at the greatest profit. For potters, through the 20th century this included hibachi braziers, caldrons for silk reeling, items for industrial use, bed warmers, and planters, and then from 1951 tanuki—the ubiquitous Japanese badger statues that stand at nearly every doorway and garden in Japan. Shigaraki pottery is continuing to prosper.

For tea, responding to market incentives has led to the continued production in Asamiya of fine green teas for blending to make both matcha and *sencha*. A famous turn in this story is the 'Häagen-Dazs shock.' In 1996 an anonymous bidder caused the auction price of matcha tea to rise. It happened that Häagen-Dazs was aiming to make matcha-flavored ice cream which turned out to be a huge success. But the matcha tea useful for ice cream flavoring need not be as high quality as that intended for drinking. Expanding the production of matcha tea to accommodate the newly widened demand was accomplished by introducing mechanical devices to roll, dry and grind the tea leaves, replacing previous labor-intensive methods. With technological advances, the machines were improved and are now used more widely. In Asamiya, too, much of the tedious manual labor involved in cultivating, harvesting, and processing tea has been replaced or assisted with mechanical devices. This is true even though the Asamiya plantations are aiming mainly at the high-end market for drinking teas. Asamiya tea continues to enjoy a high reputation and a widening market as more foreign customers have come to appreciate the pleasures of Japanese green tea.

Shigaraki is a small town in rural Japan, somewhat distant from major population centers. Yet its world-famous pottery and fine tea continue to give Shigaraki a cachet that

many other small towns in Japan lack. Its deep history is the history of Japan itself, through the millennia. The same is true of its immediate region, the old province of Ohmi.

Ohmi merchants

The region to the immediate west of Shigaraki has long been a nexus of roadways connecting the capital—first Nara, then Kyoto—with the Ise shrine, the Japan Sea and the Kanto plain. Partly for this reason, various towns there, including Hino, Ohmi-Hachiman, and Gokasho (日野・近江八幡・五個荘), in the Edo period and before, became famous for their merchant peddlers. These traders were born in the Ohmi merchant towns and maintained families there but spent much of their time and effort setting up and operating retail and wholesale networks throughout Japan. Such ‘Ohmi merchants’ 近江商人 are the antecedents of some prominent businesses of Japan today. The history of the Ohmi merchants is instructive on the deep origins of Japan’s economic development.

The Ohmi merchants were peddlers and traders from what is the current-day Shiga prefecture, then referred to as the Ohmi province, a region just to the northeast of the Shigaraki valley. In Ohmi they enjoyed a natural locational advantage because of roadways and waterways connecting the major population centers of the time, Kyoto and Nara, to the great shrine at Ise, to the fisheries of Lake Biwa and the Japan Sea, and to the Kanto plain. This made the Ohmi region an entrepôt for trade in items for daily use, even as early as the 13th century. By the late 16th century—the Sengoku period—merchants living in the castle town of Ohmi-Hachiman on the southern shore of Lake Biwa had established a wide trade network extending to Hokkaido in the north and Kyushu in the south. In the succeeding two centuries—the Edo period—the Ohmi-Hachiman merchants were joined by merchants based in the nearby castle town of Hino and in the smaller village of Gokasho. Actually there were more Ohmi merchants based in Gokasho than in either of the other two merchant towns. The wares traded by the merchants of the three towns, and their methods of doing business, differed somewhat.

The Ohmi-Hachiman merchants, at first, mostly sold mosquito netting, tatami-mat facing, linen, Buddhist prayer beads, wicks for lamps, candles, and folding fans. The Hino merchants began by selling ‘Hino bowls,’ wooden red lacquerware stacking bowls made in Hino—and still being made in Hino even today. As the market for these popular bowls became saturated, the Hino merchants branched into further merchandise including cure-all medicine, tobacco pipes, cloth, and tea. The Gokasho merchants began by selling bleached cotton fabric, linen, silk crepe (*chirimen*), morel mushrooms, and other sundry items. All of these are items that were produced locally in Ohmi and transported to other provinces. As the Ohmi merchants expanded their networks they also began to purchase items produced

near the point of sale of the exported merchandise for resell back in Ohmi, or even for resell elsewhere in their network. This practice of transporting merchandise from Ohmi (*ku-dashi-ni* 下し荷) and then purchasing new items for backhaul (*nobose-ni* 上せ荷) was referred to by the colorful name *nokogiri-akinai* (鋸商い), lit. 'saw trade,' because a saw is pulled back and forth.

Merchants from nearby places including Gokasho were in 1590 welcomed to the newly founded castle town Ohmi-Hachiman by its lord, the (previously mentioned) Sengoku daimyō (and nephew of Hideyoshi), Toyotomi Hidetsugu. The site of Ohmi-Hachiman castle commands a view of the peak 8km (5 miles) away on which once stood Azuchi castle, the redoubt of Nobunaga. For a short time, until the tragic death of Hidetsugu in 1595 at the order of Hideyoshi, the Ohmi-Hachiman merchants flourished. During the early Edo period they continued to flourish under the mediation of the Ii family, who had been rewarded by Tokugawa Ieyasu for loyal service at Sekigahara by appointment of the Ii family patriarch as daimyō of Hikone *han*. The beautiful Hikone castle is one of the few remaining fully intact early 17th century castles in Japan. The town of Hikone is near Ohmi-Hachiman. The extensive fertile lands of Hikone *han* abutted but did not encompass the towns of Ohmi-Hachiman, Hino and Gokasho. The three merchant towns, like Shigaraki, were part of the *tenryō*, governed not by a daimyō, but by the *bakufu*, through an appointed official with the title *daikan*. Nevertheless, throughout the Edo period the Hikone daimyō—the Ii dynasty—exerted important influence in matters affecting the merchant towns and promoted the economic freedom of the merchants to a degree that was remarkable for the Edo period. Here let us stipulate that although their occupation was “merchant,” the place of the Ohmi merchants in the Edo-period caste system was actually “farmer.” Their ability to devote significant time and effort outside of their hometown owes much to the fact that the Ohmi region was particularly fertile for growing rice, and the rice taxes could be met easily without continuous care and attention.

The *bakufu* restrictions on travel within Japan were largely waived for the Ohmi merchants, for their valuable service to the wealthy samurai was understood to require their wide network of trade. Ohmi merchants maintained retail shops in Nihonbashi, the hub of Edo, the samurai capital. They brought fine goods from all over Japan to Edo, with special attention to goods that were produced in their own hometowns, including kimonos, and so on. But the *bakufu* did constrain their business activity. In the early 17th century, before the closure of Japan, Ohmi-Hachiman merchants had established foreign trading posts in Thailand and in Vietnam. Shamuroya Kanbē 暹羅屋勘兵衛 (しゃむろや-かんべえ) (1566–1649) from Ohmi-Hachiman, imported dyes from Siam (Thailand) in the early Edo period, before the closure of the country. Nishimura Tarouemon 西村 太郎右衛門 (にしむら たろう えもん) (1603–1651) also from Ohmi-Hachiman, reached Annam (Vietnam) by boat from Kyushu for the purpose of trade, also in the early 17th century. When in 1640 the third

Tokugawa shogun, Iemitsu, ordered the closure of the country, the Japanese traders in Siam and Vietnam had to return to Japan and suspend their foreign trade. They were unable to resume until the Meiji Restoration of 1868 that ended the *baku-han* system.

The construction of Ohmi-Hachiman castle and town in 1585 included a canal, Hachiman-*bori* (八幡堀), connecting the town to Lake Biwa, which the merchants exploited to great advantage. The Ohmi-Hachiman merchants of the early Edo period established commercial relations with Matsumae *han* (current-day Hokkaido) in which they carried rice and other bulk items by ship to the north and brought back dried cod, kelp seaweed, herring roe, salted salmon and the like, making use of the canal-side warehouses in Ohmi-Hachiman, and exploiting Lake Biwa to transport the goods to or from the Japan Sea for shipment along the north coast of Honshu. Nakanishi (2003) describes how Ohmi merchants in the 17th century secured monopoly rights to purchase dried herring fertilizer in Matsumae *han* for transport on the merchants' own ships and resell them in the Kinki region around Kyoto, Osaka and Ohmi.

The Ohmi merchants established nationwide networks of retail stores, the peddlers themselves acting as wholesale merchants (Suenaga, 2001). The Ohmi merchant would venture out on foot, carrying his personal belongings, account books, samples and the like on the ends of a wooden pole (*tenbinbou* 天秤棒) mounted on his shoulders. Each itinerant merchant would take orders that were later filled by transporting the goods by horse or by ox cart. The Ohmi-Hachiman merchants ultimately established a few large stores in Edo, including in Nihonbashi, the very hub of urban life in 17th and 18th century Japan. In contrast, the Hino merchants established a large number of smaller retail stores (by the end of the Edo period totaling more than 1,000), mostly not in Edo, but on the branches off of the main transport routes connecting Edo with the provinces. While the Ohmi-Hachiman merchants dealt in luxury items for the elites, the Hino merchants catered to ordinary people, mostly farmers. The Gokasho merchants, like the Ohmi-Hachiman merchants, had stores mostly in Edo, Osaka and Kyoto. The Ohim-Hachiman stores totaled around 100 in the Edo period and the Gokasho stores around 300. The Hino merchants not only operated a network of stores, but also engaged in local production for sale in the stores of items that would have been difficult to transport such as sake, soy sauce, and miso. The way this came about was that the itinerant merchant would begin by placing wares on consignment at inns along the roadways, and if the items sold well, would enter a contract to establish a store to be permanently staffed by partners hailing from Ohmi. These stores would then after a while begin to purchase locally produced products. In many instances, this finally led to the Ohmi merchants themselves producing on site, products such as soy sauce, miso or sake. Many of these establishments, mostly in small towns in the Kanto region, continue in operation today.

Merchants hailing from the same city as one another—Ohmi-Hachiman, Hino, or Gokasho

—worked together to range far and wide. Most of the retail stores in distant cities, even as far away as Kyushu and Hokkaido, were staffed by the Ohmi merchants themselves, not by hiring locally. A key behind their success, from the earliest times, was a reputation for honesty, the cultivation of brand names that instilled trust. There is a parallel to the example of the Maghribi traders along the medieval Silk Road, as analyzed by the Stanford University economic historian, Avner Greif.

Greif (1993, 2012) argues persuasively that the trustworthiness of the Maghribi traders was rooted in the general awareness that the traders' own self-interest inclined them toward honesty. Because they were members of an identifiable close-knit social group that would ostracize any members whose behavior hurt the reputation of all, none dared to lie, cheat or steal. And so it was with the Ohmi merchants. As prominent members of their local communities, closely knit by collaborative rituals, festivals and observances conducted through the local Shinto shrine, the Gokasho merchants, Hino merchants, and Ohmi-Hachiman merchants were of the same ilk as the Maghribi traders. The justifiable fear of ostracism, in Japan called *mura hachibu* 村八分, was ample incentive to remain scrupulously honest in all their business dealings. Herein lies the origin of 'trust,' the essential catalyst that enables market trading among strangers. Without it, economic development does not happen.

The private creation of trust in Edo Japan was not limited to the Ohmi merchants. Okazaki (2005) argues that the *kabu nakama* (株仲間) that were guilds of artisans and merchants officially recognized by the *bakufu* and by daimyō in the Tokugawa period, effectively disciplined their own members to uphold the reputation of the group. As evidence, he examines the period 1842–1851 when, under the Tempo reforms, the *kabu nakama* were temporarily disbanded, allowing free competition. Okazaki finds that when the *kabu nakama* were disbanded, economic real income per person in Japan fell, as would be predicted if the *kabu nakama* had been facilitating trade, but not if they had been effective cartels. The Ohmi merchants were sometimes themselves part of a *kabu nakama*, but their identity seems to have been more rooted in their insider status in the close-knit local community in each of the Ohmi merchant towns, rather than any special government license such as *kabu nakama* represented. They did each constitute a well-defined group. The Hino merchants, for example, carried membership cards that identified them as members of the merchant fellowship (*nakama*) and allowed their free passage through checkpoints on the roadways they travelled throughout Japan. The membership cards, unlike membership in *kabu nakama*, could not be sold or transferred, and the Hino merchants could and did expand the number of such cards issued including even to some trusted merchants who were not from Hino.

Besides their reputations for honesty, the Ohmi merchants were sophisticated in their conduct of business. The Ohmi merchants kept careful accounts using a form of double-en-

try bookkeeping. These bookkeeping methods were invented by the merchants themselves and taught to others only within the business, that is, within the same family. Years later, in the 1930s, these bookkeeping methods were scrutinized by scholars and recognized as sophisticated (Nishikawa, 1977), resting on the same principles as modern double-entry accounting.

The Ohmi merchants' methods of training young men and women for their occupational roles were also highly developed. Both boys and girls were taught in temple schools *terakoya* so that they would be able to read and write and be adept at calculations using an abacus. The young women served an apprenticeship as maids in merchant households to learn the ways of serving dutifully as merchant wives. The young men worked in retail stores in the hometown and in clerkships in preparation for venturing out on their own. The merchants, married men, were typically posted to the various distant retail shops, returning home to their families only one month out of the year. The merchant wives had the duty of child-rearing, maintaining the household and assisting with aspects of the business itself including record-keeping. The life of the merchant family was one of toil but could be economically rewarding. Some Ohmi merchants prospered and came to live in fine houses, while many samurai became indigent.

Much has been made of the civic mindedness of the Ohmi merchants, evident in their voluntary funding of public works in their hometowns such as bridges and school buildings, and elaborate fixtures at shinto shrines and temples. This attitude is captured in a phrase first coined in the twentieth century and since then often applied to the Ohmi merchants — *sanpō-yoshi* 三方よし (lit. three-way benefit, i.e. buyer, seller, and society: 「売り手よし」「買い手よし」「世間よし」の三つの「よし」). We may applaud the altruism of the Ohmi merchants, but also appreciate it as a sound business strategy. For the Ohmi merchants, reputation for virtuous behavior was paramount, and these civic donations can only have reinforced such a reputation. The economist Milton Friedman famously questioned whether businesses had any other obligation than pursuit of profit.⁴⁾ Friedman (1970) argued that what the owners of a business do with its profit should be their own choice, and if the profit is diverted to uses not consonant with the owners' wishes then it is an abrogation of personal liberty, and no good will come from it. In the Ohmi merchants case, the civic donations were, in fact, an individual choice. The line between business and individual was not as sharply drawn as in the corporate form of organization posited by Friedman. For an Ohmi merchant there was no distinction between the reputation of the man and the reputation of his business. They were one and the same.

The hometowns of the Ohmi merchants are now agricultural villages, and the stately houses of the wealthiest merchants are museums open to the public. With the advent of the Japanese railroads in the late 19th century, which largely by-passed Ohmi Hachiman, Gokasho and Hino, the locational advantages of the Ohmi merchant towns dissipated, and

Table 1. Businesses still operating today that were founded by Ohmi merchants

<p>Distribution industry</p> <ul style="list-style-type: none"> • Daimaru • Takashimaya (founded by Iida Shichigi, a son-in-law of Mr. Tadashi Iida, a merchant from Takashima-gun) • Shirakiya (founded by Ookimura Hokutaro from Nagahama, absorbed in Tokyu department store in 1967) • Seibu Group, Saison Group (founded by Kojiro Tsutsumi from Aichi-gun)
<p>Trading company</p> <ul style="list-style-type: none"> • ITOCHU Corporation / Marubeni (founded by Ito Toba, a graduate of Inugami-gun) • Sumitomo Zaiatsu (its first general director Hiroshi Shihei was born in Yasu County, and its second-generation director Isao Iba was from Gamo-gun) • Both Nissho Iwai and Nichimen • Tomen (founded by Kikki Kazuaki from Hikone) • Kanematsu (one of its predecessors Ebiso was founded by Kitagawa Yoichi from Inugami-gun) • Yanmar (founded by Yokooka Sonokichi from Ika-gun)
<p>Textile-related</p> <ul style="list-style-type: none"> • Nisshinbo • Toyobo (one of its predecessors, Kimono weaving was founded by several Ohmi merchants) • Toray • Wacoal (founded by Koichi Tsukamoto who grew up in Kandozaki-gun from Sendai, the company name comes from “to Jiangzhou”) • Nishikawa Industry (founded by Nishikawa Jonemon from Hachiman)
<p>Other</p> <ul style="list-style-type: none"> • Toyota Motor Corporation (president of Toyoda Risaburo was from Hikone; the first president and group founder Sakichi Toyoda received much support from Koichi Kazuo) • Nippon Life Insurance (founded by Hirose Shizaburo from Hikone) • Takeda Pharmaceutical Industry (from Kiyosuke Omiya, a medicine brokerage dealer originating in Hino) • Nichirei (its predecessor Empire fishery was founded by Fujiro Nishikawa et al. from the Yasu district) • Nishizawa bookstore “Aruba” and “Twinkle” (different companies of the same name with different roots, but both were founded in Shiga prefecture before moving Sasebo)

the new business opportunities were in the major cities—Tokyo, Nagoya, and Osaka. Many businesses founded in the Meiji period by Ohmi merchants succeeded and persist today. The ones listed in Table 1 include some familiar names: Wacoal, Toyota, Nippon Life, and Takeda Pharmaceuticals. The Ohmi merchants’ greatest prosperity was after the end of the Tokugawa shogunate, not during its 250-year regime.

The origins of Japanese wealth and prosperity

Japan today is among the rich countries of the world. Its per-capita GDP in US dollar purchasing power parity units—according to the IMF—is around \$110 per day compared

to the world average of \$36 per day (and US of \$160 per day). Two hundred years ago there were no rich countries; the average per-capita GDPs of all of them in today's prices, were less than \$5 per day—comparable to Haiti now.

The economic historian Deidre McCloskey has written (in a short piece for the *Wall Street Journal*, “How the West Got Rich,” May 20, 2016) that the “great enrichment of the past two centuries has one primary source: the liberation of ordinary people to pursue their dreams.” That idea—with which I agree—should be placed alongside another idea with which I also agree: Economic development is a long, evolutionary process with roots in the deep past.

Why did the process of modern economic growth begin when it did in Japan? The precipitating event was the 1868 Meiji Restoration that ended the Tokugawa regime which had prevailed for more than two centuries. The Meiji oligarchs quickly set about dismantling the Tokugawa political and economic controls. Those changes had the effect of further opening Japan to trade and communication with other countries in the world. It also freed people in Japan to trade among themselves and choose their occupations and move about freely, as well as engage in private economic activity, free of government interference and the constraints that had been there during the Tokugawa period. But the sustained economic growth triggered by the Meiji era “revolution of markets” was also rooted in a long, evolutionary process of economic development that preceded the Meiji era. Japan at the end of the Tokugawa period, although isolated from the new technologies of the industrial revolution, was economically advanced compared to many developing countries of today. It was ripe for modern economic growth.

In the late 19th century when Japan's economy began to grow rapidly, its economic institutions were already quite sophisticated. The history of pottery and tea in Shigaraki, and the history of the Ohmi merchants in the nearby towns, show something about how this came to be. The story of Japan's economic development is not a story of government planning and direction. In fact, government attempts to tax, monopolize and control economic activity generally had a retarding effect on economic development. It was only after the end of the Tokugawa regime that significant growth began. For many, it meant moving from small towns like Shigaraki, Ohmi-Hachjiman, Gokasho and Hino to big cities, like Tokyo, Osaka and Nagoya. For others it meant remaining in place and continuing to work hard producing pottery and tea for a wider market. In all cases, the result is human flourishing, which should be evident to all who visit Shigaraki and the places nearby today.

Appendix 1. Periods of Japanese History

Ancient Japan

- Jomon Period (1300 BC to 300 BC)
- Yayoi Period (300 BC to 250 AD)
- Kofun Period (250-538)

Emergent Japan

- Asuka Period (538-710)
- Nara Period 710-794
- Heian Period 794-1192
- Gempei War (1180-85)

Medieval Japan (1185-1600)

- Kamakura Period (1192-1336)
- Muromachi Period (1336-1573)
- Ōnin War, (1467-77)
- Sengoku Jidai, “Age of Warring States,” (1467-1603)
- Azuchi-Momoyama Period (1573-1603)

Pre-Modern Japan

- Edo Period (1603-1868)

Modern Japan

- Meiji Period (1868-1912)
- Taisho and Early Showa Period (1912-1945)
- Postwar Period (1945-Present)

注

- 1) A cultivar is a plant variety that has been produced in cultivation by selective breeding.
- 2) Murata Jukō was the teacher of Takeno Jōō who was the teacher of Sen no Rikyū.
- 3) Alternate attendance—sankin kotai—was the mandatory annual rotation of daimyo and their retainers between Edo and their own han while their families remained in Edo as quasi-hostages.
- 4) “In [a free economy] there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game.” (Capitalism and Freedom, University of Chicago Press, 2002 Fortieth Anniversary Edition, p 133).

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