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**THE EMERGENCE OF PRIVATE PAWN SHOPS:  
JAPANESE GOVERNMENT POLICY**

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**This publication is being circulated in a pre-publication form to elicit comments from readers and generate dialogue on the subject at this stage of the research.**

## I. INTRODUCTION

Pawn shops, together with kanekashi (money lenders) and mujin (mutual loan associations), have had their established place among traditional financial institutions in Japan, and still maintain their existence, which dates back to the Kamakura era (1192-1333). They are not peculiar to Japan but have long histories both in the East and the West, constituting a universal form of usury. The way in which they operate, nevertheless, differs between the East and the West and from country to country. To distinguish the institutional characteristics of pawnbroking in Japan, it might be relevant here to look briefly at its counterparts in the Western world.

In Europe, public pawn shops were born first as "reactions against usury which attempted to protect the poor against it."<sup>1</sup> The first such pawn shop was founded in 1462 in Perugia by the Italian priest Barnaba as a charitable institution with a view to curbing usury by Jewish money lenders under an anti-interest law based on the Christian doctrine.<sup>2</sup> From the sixteenth to the eighteenth century, public pawnbroking spread into the rest of Europe including Belgium, France, the Netherlands, Germany, Spain, and Austria. Meanwhile, private pawn shops, based on the principle of free enterprise, which came to be recognized after the bougeois revolutions, also developed in Germany, Austria, and the U.K., and spread into the U.S. (see table 1).

Germany and Austria adopted a mixture of public and private systems, while the U.K. and the U.S. had private shops, and other European countries had public pawn shops alone.

TABLE 1. Comparison of Western and Japanese Pawn Shop Systems in 1900

Country	Form of authorized pawn shops (in 1900)	Year of establishment or promulgation of governing law	
		Public pawn shops (Year of establishment)	Private pawn shops (Year of promulgation of law)
Italy	Public	1462	
Belgium	"	1534	
France	"	1577	
Holland	"	Sixteenth century	
Spain	"	1702	
Germany	Public and private mixed	1591	1879 (ordinance on operation)
Austria	"	1707	1883 (ordinance on operation)
U.K.	Private	1837 (unsuccessful)	1872 (pawnbroking act)
U.S.	"	1894 (similar)	Differs from state to state.
Japan	"	-	1884 (ordinance on control of pawnbroking)

Sources: The Bank of Japan, Shichiya ni kansuru Chōsa [A survey on pawn shops], 1913; Tokyo Shisei Chōsakai [The Society of Research on the Administration of Tokyo City], Kōsetsu Shichiho [Public pawn shops], 1926; Tokyo Shichiya Kumiai [The Association of Pawnbrokers of Tokyo], Shichiya Rishi no Kenkyū [A study on pawn interest], 1934.

In Japan, where Christian traditions were absent, like in China and Korea,<sup>3</sup> pawn shops developed from the outset under private management, as interest earning was socially accepted though restricted by the Oriental doctrine that interest should not accumulate beyond the principal sum. In 1927, Japan converted to the blend of public and private systems by promulgating the Public Pawnbroking Law as part of the government's policy program for the relief of the poor, but the motivation here evidently differed from that in Europe. Therefore, to study pawnbroking in this country after the Meiji Restoration, we must first focus on the development of private pawn shops.

Studies of pawnbroking in Japan, due to the length of its history and the importance of the role it played in meeting the financial needs of commoners, have been undertaken to a considerable depth by experts in law, the economic history of Japan, and financial theories. These studies, especially those on post-Restoration development, mostly focused on the question of legal control of pawnbroking in connection with the early emergence and aggravation of social problems, common phenomena in late-starting capitalistic economies. Most of them, however, are fragmental works limited in scope to a specific period of time and to a specific geographical area and usually lack an analytical approach to the subject in the context of the structural characteristics of Japanese capitalism.

This study presents and arranges comprehensive statistics and reference materials on private pawn shops in Japan and — from the perspective of the backwardness and the developmental stage of Japanese capitalism — looks back on the development and clientele of pawnbroking, the character and function of pawnbrokers as interest-earning capitalists, and the transformation process of the pawnbroking control policy taken by the Government to cope with the emergence and aggravation of social problems, including above all the problem of meeting the financial needs of commoners.

## II. DEVELOPMENT OF PRIVATE PAWNBROKERS AND THEIR CLIENTELE

How did private pawnbrokers in Japan develop their business along with the progress of capitalism? What were the classes (or strata) of their clientele?

### 1. Local Characteristics of Development of Private Pawnbroking

Statistics available on pawnbrokers are miserably incomplete. Fuken Tōkeisho (Prefectural statistics) are known to contain statistical data on pawnbroking ("Lendings by pawn shops" and "Interest rates charged by pawnbrokers"), but these statistics do not give a chronological perspective of national trends of pawnbroking because some of them stopped including data on this trade when pawnbrokers became less important among financial institutions. Fortunately, however, the Ministry of Finance and the Ministry of the Interior began, in the mid- and late Taisho (the Taisho period was 1912-1926), respectively, to survey the number of pawn shops in the whole country. The ministries' data and estimates for 1884-1896 and 1893, based on the prefectural statistics, are put together in table 2. The table suggests that the number of pawn shops in all Japan ranged from approximately 25,000 to 30,000 in the second and third decades of the Meiji period (1878-1897). The number decreased to around 20,000 in the early Taisho years and began to consistently shrink in 1919, falling to about 12,000 by 1934.

The circumstances of private pawnbrokers thus changed greatly with the development of capitalism in Japan. In tracing the change, however, the local differences in the process of decline, discussed below, have to be kept in mind. In this study, the following two expedients are used due to the limitation of available data.

TABLE 2. Changes in Number of Pawn Shops in Japan

Year	As surveyed by:		Number of prefectures surveyed
	Ministry of Interior through prefectural governments	Ministry of Finance	
1884	*30,662 (18,921)	-	29
1885	*28,284 (21,666)	-	35
1886	*25,713 (13,679)	-	25
-			
1893	*27,965 (19,637)	-	33
-			
1916	-	19,694	
1917	-	20,093	
1918	-	20,467	
1919	-	20,503	
1920	-	20,366	
1921	-	19,731	
1922	-	19,241	
1923	19,649	18,551	
1924	18,826	17,857	
1925	18,085	-	
1926	17,395	-	
1927	16,750	-	
1928	16,404	-	
1929	15,776	-	
1930	15,105	-	
1931	14,480	-	
1932	13,623	-	
1933	13,300	-	
1934	12,738	-	

- Notes: 1. The figures for 1884-1886 were taken from the section on "Lendings by Pawn Shops" in the seventh edition of Nihon Teikoku Tōkei Nenkan [The statistical yearbook of the Japanese Empire], and those for 1893 from that on "Lendings by Pawn Shops (roughly calculated)" in Yoshio Hiroshima, Tōkei Shūshi [A collection of statistical data], No. 174, January 1896. Asterisked figures for those years are estimates for the whole country comprising 47 prefectures, proportionately calculated from the number of pawn shops in the prefectures actually surveyed in each year.
2. The data by the Ministry of Finance were taken from "Surveys on Private Pawn Shops" and "Surveys on the Situation of Commercial Pawn Shops" in Showa Zaisei-shi Shiryō [Reference materials on the history of public finance in Showa years], Category 1, No.85, and those by the Ministry of the Interior, from "Sankō Shiryō" [Reference materials], p. 4 in Tokyo Shichiya Kumiai, Shichigyō Seido Kakushin Chōsakai Dai-ikkai Kaigi Sokkiroku narabi ni Teian Sankō Shiryō [A transcript of the first meeting of the research council for the renovation of the pawnbroking system, and reference materials for the proposals made], 1936. The latter include public pawn shops as well.

The first is to outline the local characteristics of pawnbroking by listing the years in which the number of pawn shops and/or the annual number of loans in each prefecture reached their respective peaks in or after the Meiji period. As table 3 shows, the number of pawn shops reached its peak earlier than that of loans did in most prefectures. The table further reveals that the prefectures of Fukushima, Ibaraki, and Kanagawa, all of which already had many pawn shops in the Meiji period,<sup>4</sup> together with more advanced farming prefectures (such as Shizuoka, Mi'e, Nara, Wakayama, and Ehime) attained their respective peaks

TABLE 3. Peak Years for Pawn Shops and Loans for Each Prefecture

	Pawn Shops	Loans
1887 or before	Fukushima, Ibaraki, Kanagawa, Nagano, Gifu, Mi'e, Osaka, (Ehime), O'ita	Kanagawa, Ishikawa, (Ehime), Kochi, Saga
1888-1892	(Chiba)	Shizuoka
1893-1897	Saitama, Ishikawa, Yamanashi, Shizuoka, Nara, Tottori, Hiroshima, Kochi, Kumamoto	Kumamoto, O'ita
1898-1902	Kyoto, (Hyogo), Wakayama, Tokushima	Fukushima, Toyama, Yamanashi, Nara, Wakayama, Tokushima
1903-1907	Miyagi, (Toyama)	Yamagata, Ibaraki, Saitama, (Chiba), Miyazaki
1908-1912	Saga, Miyazaki	Nagasaki
1913-1916	Iwate, Nagasaki, (Okinawa)	Aomori, Iwate, Miyagi, (Nagano), Tottori, Fukuoka
1917-1921	Aomori, Akita, Yamagata, Fukuoka	Aki ta
1922-1926	Hokkaido	-
1927-1930	-	Hokkaido
1931-1935	-	-
1936-1940	-	Gifu, Osaka, Hyogo

Note: Compiled from Fuken Tōkeisho [prefectural statistics] of each prefecture. Parentheses indicate that the number of pawn shops and/or loans in the applicable prefecture reached their respective peaks in the corresponding years as recorded in available statistics, but may have reached their real maxima in later years.

earliest, followed by frontier or underdeveloped farming prefectures (including Hokkaido, Aomori, Iwate, Miyagi, Akita, Yamagata, Miyazaki, and Okinawa) and then the urban prefectures of Osaka, Hyogo and Fukuoka. These differences obviously reflect those in pawnbrokers' clientele among the prefectures.

The second is, based on this finding, to trace the differential development of pawnbroking in rural and urban prefectures chronologically and thereby to determine when the changes took place. "Statistical Data on Pawnbroking" are consistently available from 1885 to 1935 for 10 rural prefectures — Aomori, Akita, Fukushima, Ishikawa, Nagano, Shizuoka, Kochi, Saga, Kumamoto and O'ita — and two urban prefectures — Osaka and Hyogo (though data are missing from 1887 to 1901).

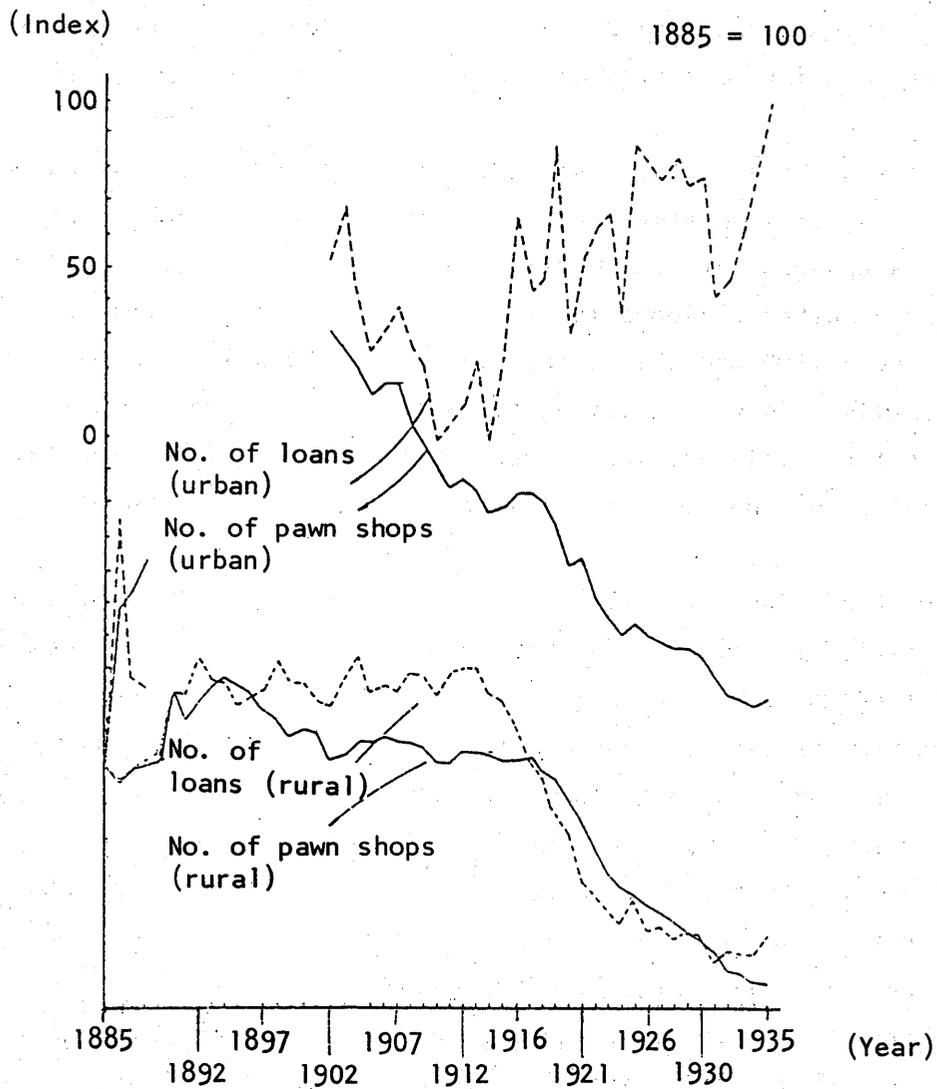
Figure 1 shows the indexed trends of the numbers of pawn shops and loans in rural and urban prefectures, with their levels in 1885 represented by 100. The changes were far greater in urban than in rural prefectures. The yearly number of loans in big cities rose sharply from about 1887 until around 1902 and thereafter tended to gradually increase, though occasionally wildly fluctuating for short periods due to business cycles, while in farm villages, loans grew modestly until 1892, levelled off until 1913, and then manifested a consistently steep downfall.

The number of pawn shops both in rural and urban prefectures changed substantially in parallel with loans until the early Taisho years, but later rural and urban prefectures showed totally different trends in the relationship between the number of pawn shops and loans. While in big cities the number of shops sharply fell off in contrast to the steadily rising number of loans, in farm villages the two indicators continued to decline substantially in parallel with each other. This separation between rural and urban prefectures is also apparent in the indices of annual sums of loans (Fig. 2). These sums, which had slowly increased since 1885 at substantially equal paces, began to manifest different trends in 1913 or 1914, with those in big cities sharply rising and those in farm villages only rising modestly. These trends reflect the indexing of nominal sums, which, if deflated with the consumer price

index, would reveal an easy upward slope in urban and a downswing in rural prefectures.<sup>5</sup>

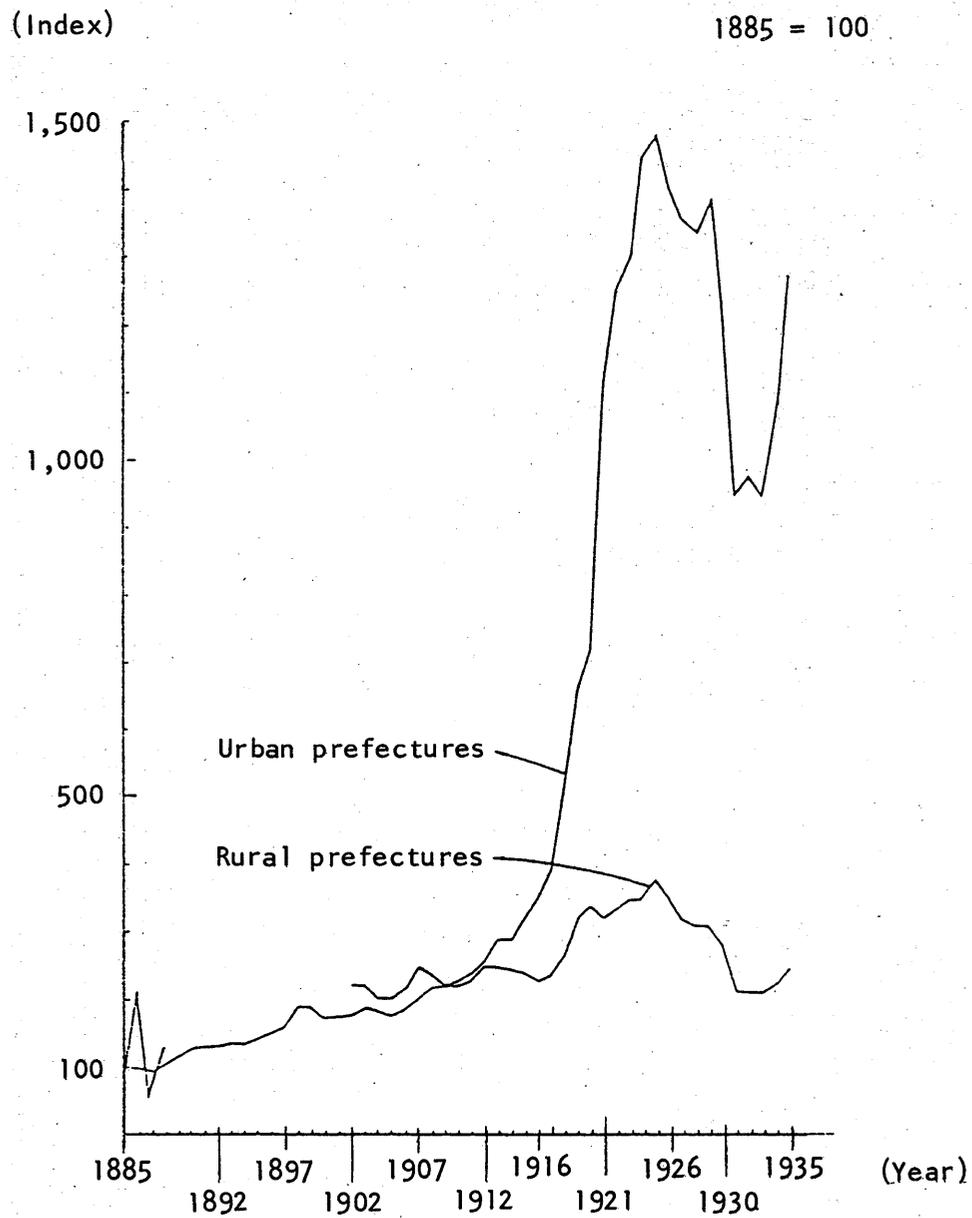
How did pawnbroking develop in individual prefectures? We will look at the situations in the earlier urbanized area of Tokyo and three prefectures — Akita, Shizuoka and Kumamoto — as examples (table 4).

FIGURE 1. Changes in Numbers of Pawn Shops and in Number of Loans per Year in Urban and Rural Prefectures, Shown in Indices



Sources: Fuken Tōkeisho of the prefectures.

FIGURE 2. Changes in Sums of Loans from Pawn Shops per Year in Urbans and Rural Prefectures, Shown in Indices



Sources: Fuken Tōkeisho of the prefectures.

Note: Plotted in the same manner as fig. 1.

TABLE 4. Development of Pawn Shops in Tokyo City (classified by ward) and Akita, Shizuoka, and Kumamoto Prefectures (divided into urban and rural areas)

Area	No. of shops			No. of loans			Sum of loans			Changes (%)	
	1885	1912	1935	1885	1912	1935	1885 (A) ¥	1912 (B) ¥	1935 (C) ¥	B/A	C/B
Tokyo shi (city)											
Kojimachi ku (ward)	30	28	13	110,735	178,580	76,135	141,246	586,955	526,093	416	90
Kanda ku	112	130	40	548,778	718,022	315,131	671,412	2,092,884	1,856,007	312	89
Nihonbashi ku	115	66	24	349,170	261,475	111,426	579,822	1,000,261	638,656	173	64
Kyobashi ku	88	102	42	398,510	701,029	229,164	497,503	1,585,819	1,215,599	319	77
Shiba ku	112	100	52	366,832	629,771	348,417	392,210	1,529,587	2,119,888	390	139
Azabu ku	36	37	27	108,176	223,043	145,705	112,371	423,759	930,932	377	220
Akasaka ku	25	25	11	63,122	152,658	90,212	77,306	423,337	876,777	548	207
Yotsuya ku	32	34	29	111,231	227,958	154,705	22,532	569,850	1,048,526	2,529	184
Ushigome ku	40	74	54	119,856	446,553	288,001	101,703	1,039,906	1,699,141	1,022	163
Koishikawa ku	42	71	51	107,901	473,457	259,932	108,928	772,930	1,407,150	710	182
Hongo ku	68	97	73	279,354	490,952	364,995	294,799	1,201,764	2,610,797	408	217
Shitaya ku	60	94	65	276,856	833,757	488,090	264,651	1,917,514	2,308,697	725	120
Asakusa ku	127	143	82	592,934	1,183,927	604,247	799,783	2,341,900	3,200,145	293	137
Honjo ku	51	156	62	343,554	1,309,686	446,328	324,492	2,084,051	2,124,254	642	102
Fukagawa ku	47	73	44	181,470	677,838	311,019	146,615	803,944	1,328,163	548	165
Total	985	1,230	669	3,958,479	8,508,706	4,233,570	*4,515,373	18,373,834	23,890,825	407	123
Akita ken (prefecture)											
Akita shi	23	15	11	27,523	59,230	51,196	49,818	85,943	139,296	173	162
Rest of the ken	122	210	95	112,705	317,847	161,851	103,383	323,180	393,853	313	122
Total	145	225	106	140,228	377,077	213,047	153,201	409,123	533,149	267	130
Shizuoka ken											
Shizuoka shi and Hamamatsu shi	78	87	39	95,629	320,815	123,256	97,683	454,091	433,613	465	95
Rest of the ken	543	657	140	739,569	718,626	190,698	404,285	1,045,732	712,215	259	68
Total	621	744	179	835,198	1,039,441	313,954	501,968	1,499,823	1,145,888	299	76
Kumamoto ken											
Kumamoto shi	95	63	73	123,588	413,830	213,095	112,887	496,850	803,347	440	162
Rest of the ken	513	434	130	588,824	506,450	103,549	485,749	721,030	385,357	149	53
Total	608	497	203	712,412	920,280	316,644	598,636	1,220,880	1,188,704	204	97

Sources: Fuhen Tōkeisho of each prefecture.

Note: The asterisked figure is quoted here as stated in the original literature, though inconsistent with the foregoing breakdown.

In the older ku (wards) of Tokyo City, the number of pawn shops, the annual number of loans, and the annual sum of loans were all slower to grow in the latter phase (1912-1935) than in the former phase (1885-1912) of the period under review. This is a consequence of the Kanto Great Earthquake in 1923, which dealt all but a fatal blow to the pawnbroking trade in Tokyo. Nevertheless, there was a delicate difference between such wards as Kojimachi, Nihonbashi, and Kyobashi where government offices, business corporations, banks, and wholesalers clustered and pawnbroking either stagnated or declined and such other wards as Shitaya, Asakusa, Honjo, and Fukagawa where the working and needy population concentrated and the trade demonstrated its established presence.

What were the situations in Akita, Shizuoka, and Kumamoto prefectures? Let us look separately at the urban and rural parts of each prefecture. In the underdeveloped farming prefectures of Akita and Kumamoto, the annual sum of loans grew more markedly in urban areas than in rural districts. However, in Shizuoka Prefecture, where many pawn shops had already existed at the beginning of the period under review, the number of shops levelled off in urban areas and fell off sharply in rural areas against the background of an overall downward trend in the whole prefecture.<sup>6</sup>

Thus the geographical centers of pawnbroking shifted, in rural areas, from developed to developing villages along with the progress of the market economy and, from the early Taisho years on, from farm villages to cities, especially big cities.

## 2. Clientele of Pawnbrokers

What classes of people were the clientele of pawnbrokers? They were, generally speaking, non-capitalist farmers, craftsmen, petty merchants, and workers who had no sufficient means of production, or who had to place in pawn movables including tools for use in everyday life. In this section, I would like to analyze in some detail the classes (or strata) of people who frequented pawn shops and the kinds of goods they

placed in pawn.

First, to analyse the clientele of pawnbrokers by class, the information available is strictly limited. One of the rare sources of data is a survey conducted by the municipality of Osaka in 1919. Table 5 shows that each pawn shop in Osaka City had an average of 107 customers, mainly consisting of 61 blue-collar workers, holding the greatest share in the total, 16 merchants, 9 salaried people such as company or bank clerks, civil servants, and teachers, and 8 craftsmen. Geisha and entertainers led all others in sums of loan per pledger at ¥35, followed by medical doctors, lawyers, and merchants, while blue-collar workers borrowed only ¥10 each.

Another source is a national survey on private pawn shops conducted by the banking bureau of the Ministry of Finance at the end of 1923. The total number of pledgers was 6,173,000 (see table 6). By occupation, 2,131,000 workers constituted the largest group, accounting for 34.6 per cent, followed by merchants at 21.3 per cent, and miscellaneous occupations at 19.3 per cent. Farmers, who would have had a much greater relative weight until the mid-Meiji period, held only a 10.7 per cent share.

As these figures clearly indicate, the clientele of pawnbrokers in mid- or late Taisho years mainly consisted of workers, merchants, and craftsmen, and in lesser proportions by men of miscellaneous occupations and salaried people. However, such terms as workers, merchants, craftsmen, and men of miscellaneous occupations are too vague. Table 7 lists the results of surveys made by the Social Affairs Bureau of the Interior Ministry in 1921 on the home economies of factory workers in Tokyo and Osaka Cities. In both cities, workers earning less than ¥80 or ¥90 a month reported deficits, and those earning more were found to have surpluses. Therefore, among factory workers, those who frequented pawnbrokers were ill-paid with home economies always in the red, although even those who reported surpluses must have occasionally needed finance from pawnbrokers.

TABLE 5. Average Number of Pledgers and Loans and Average Sum of Loan per Pledger per Pawn Shop

(In Osaka City, October 1919)

Occupation	Number of pledgers	Number of loans	Sum of loan per pledger (¥)
Workers	61.56	181.76	10.58
Company, bank, or store clerks	7.40	17.93	16.81
Civil servants or teachers	2.24	4.08	9.15
Soldiers or students	0.47	0.80	5.43
Priests	0.16	0.42	20.45
Medical doctors or lawyers	0.14	0.25	28.44
Geisha or entertainers	3.35	13.70	35.50
Merchants	16.17	43.63	20.35
Craftsmen	8.49	27.20	14.13
Farmers	0.08	0.21	20.10
Persons without occupation	5.29	12.78	11.93
Others	1.65	4.00	14.88
Total	107.00	306.76	-

Source: Labor survey section of the municipal government of Osaka (as reported in the January 28, 1921, issue of Osaka Asahi Shimbun).

TABLE 6. Pledgers to Private Pawn Shops Classified by Occupation (at the end of 1923)

	Pledgers	Repledgers	Total	Proportion (%)
Workers	2,131,212	2,172	2,133,384	34.6
Craftsmen	607,702	1,234	608,936	9.9
Merchants	1,300,463	13,286	1,313,749	21.3
Farmers	658,584	1,064	659,648	10.7
Loggers	10,571	0	10,571	0
Fishermen	256,790	541	257,331	4.2
Men of miscellaneous occupations	1,187,331	2,815	1,190,146	19.3
Total	6,152,653	21,112	6,173,765	100

Source: The Banking Bureau, Ministry of Finance, "Surveys on private pawn shops", in Showa Zaisei-shi Shiryō, Category 1, No. 85.

TABLE 7. Home Economies of Factory Workers in Tokyo and Osaka Cities (as surveyed by the Social Affairs Bureau, Ministry of the Interior in March 1921)

Monthly income	Tokyo				Osaka	
	Living expenses in per cent of income	Income and living expenses compared		Living expenses in per cent of income	Income and living expenses compared	
		Surplus (¥)	Deficit (¥)		Surplus (¥)	Deficit (¥)
Less than ¥40	109.0	-	9.27	151.6	-	51.63
" ¥50	125.2	-	25.22	134.8	-	34.86
" ¥60	105.0	-	5.09	122.2	-	22.29
" ¥70	108.8	-	8.88	102.3	-	2.21
" ¥80	101.3	-	1.38	101.9	-	1.94
" ¥90	105.3	-	5.35	98.8	1.16	-
" ¥100	91.8	8.15	-	90.0	9.96	-
" ¥110	85.8	14.18	-	80.4	19.59	-
" ¥120	92.6	7.33	-	103.2	-	3.20
" ¥130	91.1	8.81	-	76.7	23.27	-
" ¥140	76.7	23.29	-	78.1	21.83	-
" ¥150	70.7	29.93	-	98.9	1.02	-
¥150 or above	72.6	29.35	-	81.3	18.62	-
Average	95.0	9.16	4.25	101.5	7.34	8.93

Source: Statistics Section, Social Affairs Bureau, ed., Rōdō Tōkei Yōran [Handbook of labor statistics], 1923, tables on pp. 89-91 and 94-95. The samples surveyed in Tokyo City were 1,046 workers at various factories supporting 223 households and those in Osaka City were 777 workers supporting 163 households.

The breakdown of merchants and craftsmen who became clients of a pawn shop in table 8 cites such earners of probably only subsistence-level incomes as old clothes dealers, pitchmen, sandal-strap dealers, tailors, a sign painter and carpenters, while others (men of miscellaneous occupations) include teahouse operators, concubines, actors, drivers, and maid servants. Though these data were taken from only one pawn shop, they seem to give a rough sketch of what constituted the clientele of pawnbrokers.

For what use did they borrow money from pawnbrokers? The findings of a survey on pledgers to a public pawn shop operated by the Osaka Occupational Guidance Society from 1923 to 1924 are listed in table 9. Though the data were taken from a public pawn shop, private pawn shops were probably similar as they shared the same clientele with the public shops. Those who borrowed money to pay part of their living expenses gave such reasons as "to supplement living expenses," "on account of job hunting." They constituted 60.3 per cent of the 1,736 pledgers in total, 59.2 per cent of the total of 2,821 loans, or 42.3 per cent of the ¥45,928 sum of loans. Funds borrowed to finance productive activities were explained by such reasons as "to buy a sewing machine," "to buy merchandise to sell," "to start a business," "to buy tools," "to buy raw materials," or "to buy an established store." They accounted for 37.3 per cent of all pledgers, 38.9 per cent of the total number of loans, or 54.6 per cent of the aggregate sum of the funds accommodated. Thus there were fewer pledgers and fewer loans, but the loans were greater in sum. However it is likely that a considerable proportion of the funds borrowed ostensibly for productive purposes was used to supplement livelihood because, if the borrowers of these productive funds were their own bosses, their home economies and businesses were undifferentiated from each other, and much of their supposedly productive funds must have been used to buy the direct needs of their families. Also it would not pay off to finance productive activities with such expensive funds.<sup>7</sup>

TABLE 8. Pledgers to a Typical Pawn Shop Classified by Occupation  
(in September 1934)

Occupation	Number of pledgers	Number of loans	Sum (¥)
Merchants			
Old clothes dealers	6	65	1,943
Sandal-strap dealers	2	18	978
Pitchmen	25	132	518
Drapers	4	35	243
Electric appliance dealers	2	14	154
Confectioners	4	14	111
Rice dealers	2	6	95
Craftsmen			
Tailors	3	46	558
Sign painter	1	44	332
Carpenters	6	33	263
Dyers	2	28	123
Contractors	4	12	109
Wage earners			
Office workers	28	220	1,459
Senior clerks	8	33	597
Assistant craftsmen	5	49	221
Store clerks	13	23	117
Company clerks	2	10	75
Policeman	1	13	67
Visiting salesmen	3	6	22
Others			
Persons without occupation	43	59	579
Teahouse operators	2	27	438
Concubines	2	17	349
Actors	10	40	317
Drivers	15	33	314
Maid servants	7	18	253
Jester	1	15	192
Mahjong house operators	2	22	188
Waitresses	9	34	188
Ballroom dancers	2	14	95
Fortune teller	1	14	81
Revue dancer	1	3	66
Entertainers	3	5	65

Source: Kōki Naganuma, "Shichi ni Kansuru Kenkyū (2)" [A study on pawn-broking - part 2] in Mujin Tsūshin, No. 13, January 1935, pp. 33-34.

TABLE 9. Loans from a Pawn Shop Classified by Reason for Borrowing Money (October 1923-November 1924)

	No. of pledgers	No. of loans (A)	No. of pawned articles (B)	Sum of loans (C) (¥)	B/A	C/A (¥)
To supplement living expenses	903	1,437	3,921	15,623	2.7	10.87
Illness	120	202	1,398	3,190	6.9	15.79
Job hunting	24	31	156	609	5.0	19.65
To buy sewing machine	34	47	276	1,109	5.8	23.59
To buy merchandise to sell	259	422	1,660	10,863	3.9	25.74
To start business	127	191	1,169	4,451	6.1	23.30
To buy tools	58	157	453	2,881	2.8	18.35
To buy raw materials	150	259	1,303	5,130	5.0	19.80
To buy established store	19	20	148	651	7.4	32.55
To change dwelling	29	37	198	995	5.3	26.88
Others	13	18	93	426	5.1	23.66
Total	1,736	2,821	10,775	45,928	3.8	16.28

Source: A survey on pledgers to a public pawn shop operated by the Osaka Occupational Guidance Society, quoted in Tokyo Shisei Chōsakai, Kōsetsu Shichiho [Public pawn shops, 1926, pp. 61-62.

To find out what kinds of articles were pawned, there are only fragments of information from different sources because of the limited availability of pertinent data. The five pawn shops cited in table 10 were located in urban, suburban, and rural areas. The urban shops were Kaneba, Uemura, both in Kobe City, Kijima in Kyoto City; the suburban was Harashima at Noborito in Kanagawa Prefecture; and the rural was Shimojō in Kita Azumi District, Nagano Prefecture.

A common trend of the five pawn shops is the overwhelming share of daily necessities in the articles pawned. Clothing, in particular, accounted for at least 65 per cent of all in terms of number of articles or 56 per cent or more of the total sum of loans. Not unexpectedly, there also were differences among the pawn shops, reflecting the characteristics of the localities where they were doing business. At the Kaneba and Uemura shops, mainly catering to workers and men of miscellaneous occupations in Kobe City, clothing constituted more than 80 per cent of both the number of articles pawned and the total sum of loans, and other articles

TABLE 10. Classification of Articles Pawned with Typical Pawn Shops

Articles pawned	Kaneba Pawn Shop in Kobe shi			Uemura Pawn Shop in Kobe shi			Kijima Pawn Shop in Kyoto shi			Harashima Pawn Shop at Noborito, Kanagawa ken			Shimōjō Pawn Shop in Kita Azumi gun, Nagano ken		
	Dec. 1878 - Nov. 1879			Jan. 1906			Oct. 1889 - Sept. 1890			May 1894 - Apr. 1895			Jan. 1878 - Dec. 1878		
	No. of articles	Total sum of loans (\$)	Sum per article (\$)	No. of articles	Total sum of loans (\$)	Sum per article (\$)	No. of articles	Total sum of loans (\$)	Sum per article (\$)	No. of articles	Total sum of loans (\$)	Sum per article (\$)	No. of articles	Total sum of loans (\$)	Sum per article (\$)
Daily necessities															
Clothing (A)	(25) 624	318.11	50	(36) 3,381	2,624.12	77	(316) 451	494.51	1.09	(73) 1,044	472.37	45	(9) 69	40.50	58
Bedding	(6) 76	43.55	57	(10) 211	159.65	75	(22) 10	3.70	37	(7) 24	10.04	41	(7) 24	10.04	
Mosquito net	(1) 14	10.70	76		1	35	(4)			(11) 29	20.04	69	(11) 29	20.04	
Kitchen utensil	(3) 5	1.95	39		6	1.85	(1)			3	1.25	41	(1)		
Chest of drawers or trunk		25	25		2	1.10				1	75	75			
Smoker's requisite	(1) 1	32	32	(2) 16	50.90	3.18	(1)	1	1.50	(6) 4	1.50	37	(6) 4	1.50	
Clock or watch					19	30.80		3	12.00		2.00	2.00			
Shoes					5	1.05									
Wooden sandals	(2) 2	48	24		5	1.05									
Umbrella	(2) 4	3.20	80		1	30									
Others	(3) 7	3.50	50	(3) 8	2.40	30	(30) 5	17.50	3.50	(17) 12	2.54	21	(2) 2	2.00	1.00
Pleasure items, curios, etc.															
Japanese harp or banjo	(2) 2	40	40		1	30		1	17.00	(9)			(1)		
Accessory	(5) 6	2.45	50				(11)								
Art object	(1) 1	50	50				(4)	1	30						
Sword	(1) 1						(44)								
Book															
Products or production tools															
Farm product															
Raw silk	(3) 36	13.01	36	(3) 6	3.80	63	(108) 115	201.75	1.75						
Woven material															
Farming tool															
Fishing tool															
Tatami mat-making tool															
Carpenter's or plasterer's tool															
Subtotal (B)	777	398.02	51	3,662	2,878.22	78	587	748.26	1.27	1,243	561.99	45	106	72.87	68
Unidentifiable	21	15.03		(2) 7	4.00			2.00		23	12.95		5	11.00	
Combination	(55) 55	19.03		(57) 57	33.86		(554) 554	367.40		(138) 138	46.25		(15) 15	8.82	
Total	853	432.08	50	3,726	2,916.08	78	1,142	1,117.66	97	1,404	621.19	44	126	92.69	73
A/B (%)	80	80		92	91		77	66		84	84		65	56	

Sources: Pawn ledgers of each shop.

Note: "Combination" means a combination of two or more articles pawned for a loan, and is referred to in the breakdowns by parenthesized figures in the columns of "No. of articles."

pawned included bedding, mosquito nets, both revealing the scarcity of goods to be pawned, and such common items as kitchen utensils though to an unsubstantial extent.<sup>8</sup> The average sum of the loan per article was ¥.50 at Kaneba and ¥.78 at Uemura, both rather small. In contrast, at the Kijima pawn shop in Kyoto City, where clothing was followed by woven materials pawned by weavers in the Nishijin area of the city, making up 18.1 per cent of the total sum of loans, articles were often pawned in combinations to borrow a relatively large sum of money at a time, and the average sum of loan per article was ¥.97, the highest among the five shops. These data from Kyoto suggest that pawnbrokers met a temporary need for emergency funds in those days, when banks had not yet been fully developed.

At the Harashima shop situated in a suburban area on the western bank of the Tama River, a notable trend was the pawning of a wide variety of goods including raw silk, fishing tools (nets for river fishing), tatami mat-making tools and carpenter's tools besides bedding and mosquito nets from the rural class of men of miscellaneous occupations,<sup>9</sup> and the average sum of loan per article was ¥.44 there, less than at any other shop. At the Shimojō shop, located in a rural area, farm products and farming tools, i.e., the fruits and means of production, constituted a substantial 29.2 per cent of the total sum of loans. Its proprietor must have been a part-time pawnbroker, though, lending only a little more than ¥92 during the year under review.

To see how pawned articles changed from season to season, we can refer to the experience of the Osakadani Pawn Shop at Sano Town in Osaka Prefecture (now Izumisano City in the same prefecture), where pawn ledgers from 1917 through 1938 are preserved. The shop's scale of business was so large that 10,000 or more loans were accommodated per year, but the analysis here is limited to three years, 1917, 1927, and 1938, and for each of these years to January and June, the latter being a usual clothes-changing month. As shown in table 11, two interesting phenomena can be pointed out. First, there was some difference in variety of articles pawned between January and June. Thus in every sample year, more clothes and bedding were pawned in June than in January. This means

TABLE 11. Seasonal (January versus June) and Year-to-Year Changes in Kinds of Articles Pawned with Osakadani Pawn Shop (at Sano chō, Sennan gun, Osaka fu)

Articles pawned	1917						1927						1938									
	Jan.			June			Jan.			June			Jan.			June						
	No. of articles	Total sum of loans (¥)	Sum per art. (¥)	No. of articles	Total sum of loans (¥)	Sum per art. (¥)	No. of articles	Total sum of loans (¥)	Sum per art. (¥)	No. of articles	Total sum of loans (¥)	Sum per art. (¥)	No. of articles	Total sum of loans (¥)	Sum per art. (¥)	No. of articles	Total sum of loans (¥)	Sum per art. (¥)				
Daily necessities	( 80)	643.07	1.05	( 79)	777.95	1.05	( 70)	1,058	2,058.94	1.94	( 52)	1,302	2,104.38	1.61	( 57)	1,340	2,110.00	1.57	( 93)	1,474	2,285.20	1.55
Clothing (A)	( 19)	15.10	94	( 10)	4.80	2.40	( 8)	8	12.50	1.56	( 13)	2	5.00	2.50	( 13)	9	10.00	1.11	( 19)	3	7.50	2.50
Draperies	3	3.20	1.06	( 5)	17.40	1.45	( 4)	1	1.00	1.00	( 8)	7	13.50	1.92	( 4)	9	6.50	0.72	( 7)	6	15.80	2.63
Bedding	( 3)	10.90	1.21	( 5)	2.30	57					( 2)	2	4.00	2.00	( 1)	2	6.50	2.16	( 1)	3	2.50	83
Mosquito nets	3	1.80	60	( 1)							( 2)	1	2.50	2.50	( 1)	4	2.10	52	( 1)	1	50	50
Smoker's items	( 3)	10.50	2.10	( 1)	5.00	2.50	( 5)	23	89.00	3.86	( 7)	31	156.50	5.04	( 4)	73	276.00	3.78	( 1)	79	295.20	3.73
Carpenter's tools	1	55	55								4	10.00	2.50									
Clocks or watches (B)																						
Wooden sandals																						
Shoes																						
Photographs or radios																						
Sewing machines																						
Bicycles	1	12.00	12.00																			
Others	( 22)	13.70	91	( 10)	13.60	1.51	( 6)	2	2.50	1.25	( 37)	14	17.50	1.25	( 14)	3	4.00	1.33	( 20)	30	26.00	86
Pleasure items or objects of investment																						
Accessories (C)	( 6)	16.00	5.33	( 2)	43.00	6.14	( 6)	18	157.50	8.75	( 4)	18	155.00	8.61	( 1)	11	88.00	8.00	( 3)	13	143.50	11.03
Hypothec debentures, etc.																						
Production tools																						
Farming tools																						
Subtotal (D)	668	726.82	1.08	776	864.85	1.11	1,118	2,326.94	2.08													
Combination	(133)	133	177.88	(113)	113	130.05	(99)	99	210.30	2.12	(123)	123	233.80	1.90	(94)	94	171.40	1.83	(144)	144	164.60	1.14
Unidentifiable	2	8.00	4.00	4	14.50	3.62			5.00	1.25	2	10.00	5.00									
Total	803	912.70	1.13	893	1,009.40	1.13	1,218	2,542.24	2.08													
A/D (%)	93	88	4	95	90	6	95	88	11													
B+C/D (%)	-	4		-	6		4	11														

Source: Pawn ledgers of Osakadani Pawn Shop.

that, as June is the month in which people switch from heavy to light clothing, they could pledge winter clothing and bedding which they would not use for the time being.

Second, reflecting the change in pledgers' ways of life, such luxury items or objects of investment as watches, personal accessories, and hypothec debentures increased among the articles pawned with the lapse of years and, though not indicated in the table, among the clothing items pledged, silken articles increased relative to cotton goods, which accounted for predominant proportions all three samples years, and western-style clothes increased relative to traditional Japanese-style clothes. These trends may be attributable to the growing proportion of the middle class, including salaried people, to the whole pawner population.<sup>10</sup>

Thus pawnbrokers catered to the financial needs mainly of workers, petty merchants, craftsmen, men of miscellaneous occupations, and salaried people, accepted their clothes and other everyday necessities in pawn, and supplied them with petty funds for livelihood.

### 3. Development of Capitalism and Pawnbroking

The development of pawnbroking was obviously conditioned by that of capitalism. In this section, I would like to search for the factors which gave momentum to the transformation of pawnbroking from the early Taisho years on, keeping in mind the shrinking of the farming population and the steady increase of big cities in that period. Those factors can be found in changes in the constitution of pawnbrokers' clientele along with the development of capitalism, the growth of financial institutions, especially those catering to commoners, and the transfiguration of the market for used goods resulting from the depreciation of pawned articles.

Let us first look at changes in the constitution of pawnbrokers' clientele. The numbers of workers, salaried people, and petty merchants and craftsmen expanded relative to farmers. Table 12 traces changes in the

TABLE 12. Proportion of Agriculture-Forestry Population to Non-Agriculture-Forestry Population

(In thousands)

	Working population (A)	Population engaged in agriculture or forestry (B)	Population engaged in other occupations than agriculture and forestry (A-B)
1872-1875	21,414	15,555	5,859
1876-1880	21,730	15,624	6,106
1881-1885	22,115	15,650	6,465
1886-1890	22,683	15,625	7,058
1891-1895	23,458	15,509	7,949
1896-1900	24,119	15,618	8,501
1901-1905	24,752	15,843	8,909
1906-1910	25,288	16,004	9,284
1911-1915	25,950	15,760	10,190
1916-1920	26,860	14,320	12,540
1921-1925	27,778	13,675	14,103
1926-1930	28,906	13,833	15,073
1931-1935	30,548	14,185	16,363
1936-1940	31,972	13,904	18,068

Source: Mataji Umemura, "Sangyō-betsu Koyō no Hendō: 1880-1940" [Changes in Industrial Breakdown of Working Population], in *Keizai Kenkyū*, March 1973 (the table is reprinted from Takahide Nakamura, *Nihon Keizai: Sono Seichō to Kōzō* [The Japanese economy: Its growth and structure], 1978, p. 40).

constitution of the working population chronologically, suggesting how this trend developed. The population engaged in agriculture or forestry, which had remained almost unchanged from 15,555,000 in 1872-1875 to 16,004,000 in 1906-1910, began to steadily shrink, falling to 13,904,000 by 1936-1940. In contrast, occupations other than agriculture and forestry tremendously expanded from 5,859,000 in 1872-1875 to 18,068,000 in 1936-1940. The other occupations showed particularly notable growth in 1886-1890, 1891-1895 when many business enterprises emerged and 1916-1920, the years around the end of World War I, and surpassed the agriculture-forestry population in the last five-year period. Population tended to shift from villages and towns to minor cities, and then to concentrate in major cities (see table 13). This migration suggests that the nucleus of pawnbrokers' clientele moved from rural villages to cities, above all big cities. The population shift was reflected in

TABLE 13. Shares of Municipalities of Different Population Classes in Total Population (in percent)

Population class \ Year	1898	1903	1908	1913	1918	1920	1925	1930	1935
Below 10,000	81.6	79.4	76.5	74.2	70.1	62.0	59.4	56.9	54.3
10,000-50,000	8.2	8.5	9.4	10.9	12.6	14.1	14.3	14.6	14.9
50,000-100,000	1.1	1.1	1.7	2.3	3.2	4.4	4.8	5.1	5.3
Above 100,000	9.1	10.9	12.4	12.5	14.1	19.5	21.6	23.5	25.5
Total	100	100	100	100	100	100	100	100	100

Source: Reprinted from Takahide Nakamura, *op. cit.*, p. 106.

changes in the class structure of society, as shown in table 14. Workers, petty merchants and craftsmen, and salaried people (combined constituting the I category in the table) rapidly increased, in contrast to the leveling-off trend of the farming and fishing population (H). Thus, while the latter grew only modestly from 4,573,000 households in 1888 to 5,814,000 by 1935, the former tremendously increased from 1,633,000 (households and individuals mixed) to 12,855,000 over the same period, surpassing the former in 1914.

Second, there is an increase in real income. Here, limited statistics show only the trend of real wages paid to workers employed by manufacturing industries, published in the section on commodity prices of Kazushi Ōkawa, ed., *Chōki Keizai Tōkei*, 1967 (see fig. 3). The indices are calculated on the basis of the money wage level in 1934-1936 represented by 100. The real wages, more or less influenced by consumer prices, gradually rose from 32.1 in 1885 to 106.6 in 1931; this rise was particularly significant in and after 1920. This increase of real wages meant to pawnbrokers greater business opportunities, because it brought about an expansion in the source of interest (wages, i.e., the minimum cost of living required for the reproduction of labor power) and an increase in articles pawned.<sup>11</sup>

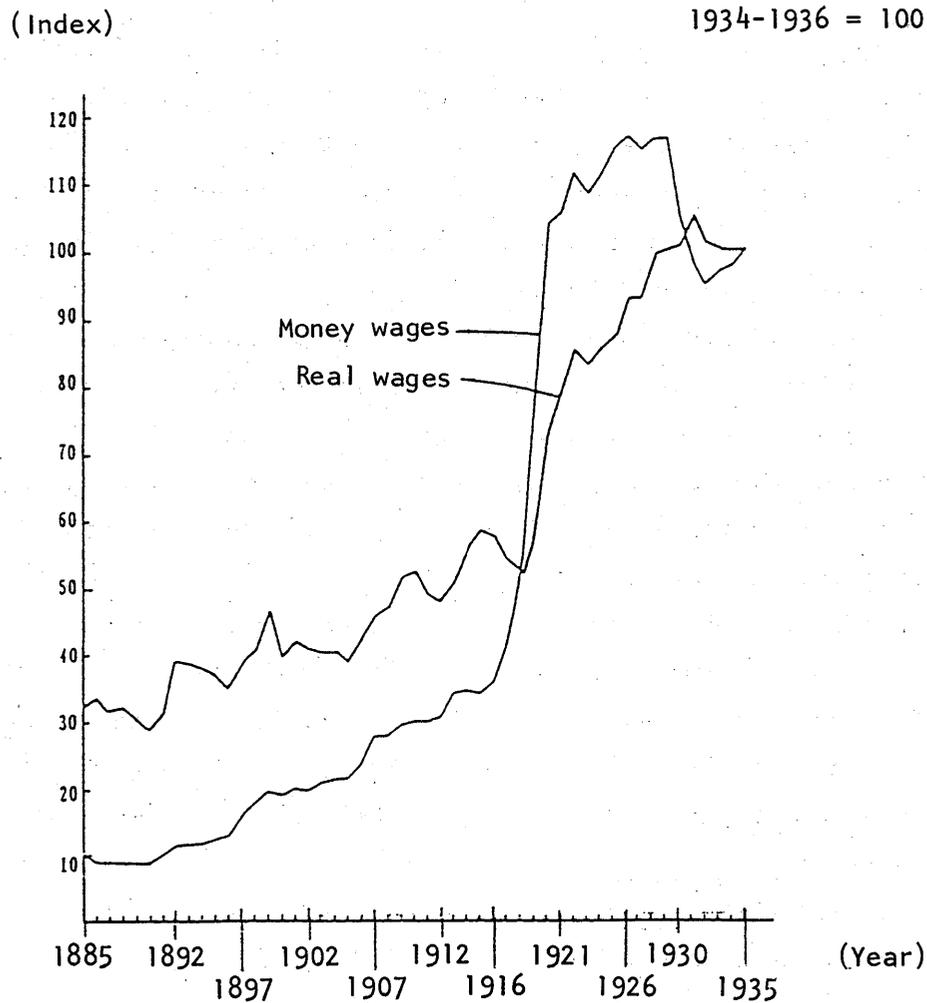
Third, though these two factors certainly could potentially help increase lendings by pawnbrokers, the potentials were more likely than

TABLE 14. Changes in Class Structure of Japanese Society (figures are in thousand persons or, if so specified, households)

Class	Year	1888	1899	1909	1914	1920	1925	1930	1935	Remarks
(1) Ruling classes (A) Political personalities		(85) 26	(135) 30	(422) 34	(427) 38	(553) 40	(558) 44	(650) 46	(799) 49	Emperor, Imperial family, nobility and officials of <u>chokunin</u> or <u>sonin</u> rank (appointed by or with approval of Emperor, respectively). Owners of at least 5 <u>chō</u> (1 <u>chō</u> = 9,918 m <sup>2</sup> ) each.
(B) Parasitic landowners		45	50	169	167	173	166	163	160	Capitalists each having capital of at least ¥100,000 or 5 or more employees.
(C) Capitalists		13	49	198	196	306	307	384	525	Retired officials of <u>sonin</u> rank or above.
(d) Pensioners		1	6	20	26	34	41	57	65	
(2) Intermediate strata (A) Political personalities		(2,328) 61	(3,142) 72	(3,291) 94	(3,313) 110	(3,451) 141	(4,116) 186	(3,989) 169	(4,371) 209	Officials of <u>hannin</u> (junior) rank.
(B) Farming households		1,439	1,882	1,660	1,562	1,509	1,567	1,630	1,699	Landed farmers owning 5 <u>chō</u> or less each.
(C) Fishing households		179	190	230	252	266	290	310	236	Payers of enterprise tax.
(D) Independent merchant or craftsman households		233	436	618	639	643	1,118	858	1,122	Payers of enterprise tax.
(E) Professional persons		414	550	631	671	797	847	889	972	Medical doctors, teachers, engineers, priests and persons of other professions.
(F) Pensioners			12	58	78	95	108	127	134	Retired officials of <u>hannin</u> rank.
(3) Ruled classes (A) Peasant households		(3,878) 2,955	(5,665) 3,524	(6,518) 3,068	(7,820) 3,725	(9,899) 3,802	(12,139) 3,826	(13,650) 3,857	(14,298) 3,759	Landed or non-landed tenants.
(B) Independent tradesman households		721	612	701	631	911	461	442	398	Exempt from enterprise tax.
(C) Laborers		136	1,426	2,440	3,079	4,666	7,271	8,575	9,175	
(D) Junior civil servants		65	103	152	385	520	581	776	846	Yatoi (assistant) rank or below.
(G) Total		6,291	8,942	10,231	11,560	13,903	16,813	19,289	19,468	
H = (2)BC + (3)A		4,573	5,596	4,958	5,539	5,577	5,683	5,797	5,814	
I = (2) + (3) - H		1,633	3,211	4,851	5,594	7,773	10,572	11,842	12,855	

Source: Takamori Ōhashi, ed., Nihon no Kaikyū Kōsei [Class structure of Japan], 1971, table on pp. 26-27, with lines H and I added for the purpose of the present paper.

FIGURE 3. Trends of Real Wage and Money Wage Indices



Source: Kazushi Okawa, ed., Chōki Keizai Tōkei [Long-term economic statistics], 1967, section on commodity prices.

not to be actualized only by difficulties in livelihood resulting from a steeper rise of consumer prices than wages, which occurred in, for instance, 1890, 1896-1897, 1901-1905, 1912, and 1918, apart from such contingencies as natural calamities or bankruptcies.<sup>12</sup> Thus, the circumstances here differ from those of farmers, whose financial needs increase during a panic induced by a sharp fall in rice prices or during the relatively early phase of a chronic depression.<sup>13</sup> The development of pawnbroking nevertheless was not stimulated only by the changes in

its clientele.

How did other financial institutions emerge and develop? First, merchants and usurers expanded their businesses, particularly affecting pawnbrokers in farm villages. It is well known that permanent transfers of land ownership were in principle forbidden in Tokugawa Japan. Therefore, pawnbrokers would take in pawn not only movables but also immovables, and were the main financiers for farmers. However, after this prohibition was lifted in March 1872, land quickly emerged as an object of commercial transactions, and during the industrial revolution farm products irreversibly became commodities. This accelerated the differentiation and development of usury, which curbed the further growth of pawnbroking. First the number of usurers grew (companies and individuals, the latter either operating professionally or only lending surplus pocket money), specializing in mortgage financing made possible by the emergence of land as a commodity, and next, along with the growing orientation of farm households toward commodity production, merchants including dealers of rice, other grains, and fertilizers came into farm villages, especially as credit sales arrangements developed. Incidentally, according to Zenkoku Nōmin Fusai Shirabe (A nation-wide survey of farmers' debts) compiled by the Financial Bureau of the Ministry of Finance in 1912, farmers' debts to pawnbrokers totalled ¥9,381,000, accounting for only 1.2 per cent of all their debts. In contrast, they owed ¥421,283,000, or as much as 53.4 per cent of all their liabilities, to usurers, who had become the main financial institutions in farm villages. Farmers owed ¥12,326,000 or 1.6 per cent of their total debts to merchants which was greater than the amount owed to pawnbrokers.<sup>14</sup>

Second, there was a significant development of banking. As stated above, the early Meiji years saw the expansion of pawnbroking both in big cities and in farm villages, but its growth was slower than that of banking. The outstanding lending balances of pawn shops in 1885-1886 had corresponded to 50-57 per cent of lendings of national banks, but fell to 22 per cent of national and private banks' lendings by 1893 and further to only 9 per cent of that of city banks by 1902 (see table 15). Incidentally, many of the banks in those days also operated warehouses, and a con-

siderable segment of their lendings was secured with raw silk, fabrics, other commodities, and miscellaneous goods.<sup>15</sup> This seems to have more or less obstructed the development of those pawn shops which, like Kijima Pawn Shop in Kyoto, had many minor merchants and craftsmen among their customers.

TABLE 15. Outstanding Balances of Lendings by Banks and Pawn Shops Compared

(Sums in thousands of yen)

Year	State banks (A)	Private banks (B)	Pawn shops (C)	$\frac{C}{A+B}$ (%)
1884	45,954	-	*24,346 (15,022)	53.0
1885	43,194	-	*21,855 (16,754)	50.6
1886	45,424	-	*25,709 (17,795)	56.6
1893	80,014	49,083	*28,411	22.0
1902	697,552		61,631	8.8

- Sources: (1) Toshihiko Katō, *Honpō Ginkō Shiron* [A study on the history of Japanese banks], 1957, tables on pp. 118 and 130-131, for the figures on state and private banks.
- (2) The section on "Lendings by pawn shops" in the 7th edition of *Nihon Teikoku Tōkei Nenkan* for the parenthesized figures in the "Pawn shops" column for 1884, 1885 and 1886, and that on "Lendings by pawn shops (roughly calculated)" in Yoshio Hiroshima, *Tokei Shushi*, No. 174, January 1896, for that in the same column for 1893.
- Asterisked figures are estimates calculated in the same way those in fig. 2, except that for 1902, which is calculated by multiplying the combined balance by 282, the index for that year with the combined balance in 10 rural prefectures in 1885, supposed to be 100.

Third, industrial (credit) associations also developed. The Government in 1900 promulgated the Industrial Association Law to strengthen its "increase production and promote industry" policy and to cope with the early occurrence of social problems after the Sino-Japanese War of 1894-1895, and from 1906 to 1907 encouraged the proliferation and development of industrial associations in close cooperation with the Central Federation of Industrial Associations. As shown in table 16, industrial

TABLE 16. Development of Credit Associations in Rural and Urban Areas

(Sums in thousands yen)

Year	Rural areas		Urban areas	
	No. of associations surveyed	Lendings	No. of associations	Lendings
1904	463	1,116		
1905	610	1,497		
1906	967	2,567		
1907	1,052	3,496		
1908	1,694	5,536		
1909	2,637	8,402		
1910	3,892	11,906		
1911	...	...		
1912	7,027	28,718		
1913	7,887	37,882		
1914	8,533	45,762		
1915	9,040	52,219		
1916	9,363	56,353		
1917	9,715	64,921		
1918	10,017	83,794	38	2,582
1919	10,433	130,366	52	5,853
1920	10,955	186,188	64	10,438
1921	11,173	240,882	84	18,697
1922	11,394	304,098	120	29,521
1923	11,686	368,699	176	42,877
1924	11,979	452,842	201	59,392
1925	12,016	531,598	224	78,560
1926	11,847	641,608	239	98,619
1927	11,722	740,639	244	112,329
1928	11,578	845,354	252	127,555
1929	11,530	897,206	251	135,491
1930	11,449	984,476	259	148,473
1931	11,358	1,005,672	263	154,176
1932	11,290	1,017,632	267	153,536
1933	11,617	1,017,521	266	164,809
1934	11,812	1,014,443	271	167,443
1935	12,094	1,033,334	271	172,070
1936	12,437	1,047,878	269	183,979
1937	12,153	1,061,119	274	199,321

Sources: Sangyō Kumiai Yōran [Handbook on industrial associations] for credit associations in rural areas, and Ginkō-kyoku Nenpō [Annual report of the Banking Bureau] for those in urban areas.

associations proliferated mainly in farm villages, but not in cities. However, as problems arose with minor commercial and industrial enterprises from the late Meiji through the early Taisho years, the Ministry of Finance, with a view to coping with those problems, attempted to establish people's banks based in part on the associational principles of F.H. Schulze and L. Luzzatti, which were supposed to better suit the circumstances of cities.<sup>16</sup> This attempt bore fruit in the third amendment (featuring legal recognition of urban credit associations) of the Industrial Association Law in 1917. In the late Taisho years when problems with agriculture and minor commercial and industrial enterprises grew, credit associations, availing themselves of their access to low-interest funds, expanded their clientele, which at first consisted of upper- and middle-class farm households, to include lower-class farm households and the operators of medium and small-scale commerce or industry.<sup>17</sup> Their development greatly affected pawnbrokers and usurers, whose clientele was invaded by credit associations. However, though lendings by urban credit associations did increase quickly, their total sum was as yet much smaller than that of industrial associations in farm villages, and their impact on urban pawnbrokers must have been still insignificant.

Fourth, there was the development of public pawn shops. The first Japanese public pawn shop was the one founded in December 1912 by Hosoda Village in Minami Naka County, Miyazaki Prefecture. Public pawn shops increased thereafter, but so slowly that their total number reached only 39 by the end of September 1925,<sup>18</sup> too few to pose any substantial threat to private pawn shops. They nevertheless quickly proliferated after the Government promulgated the Public Pawn Shop Law in March 1927 and began to provide public pawn shops with subsidies and low-interest loans (table 17). The number of public pawn shops increased from 81 in 1927 to 1,134 by 1937, and their annual sum of loans, by more than 10 times from ¥1,662,000 to ¥21,853,000 over the same period. Since they offered such favorable terms to pledgers as the upper limit interest rate of 15 per cent per annum, the minimum period of four months required before foreclosure, and the return to the borrower of any surplus accruing from the disposal of the foreclosed pawn, public pawn shops

came to constitute a substantial menace to private ones.<sup>19</sup> Understandably, the latter fiercely resisted the former's development.

TABLE 17. Development of Public Pawn Shops

Year	No. of pawn shops	No. of new loans	Sum of new loans (¥)	Balance of lendings at end of year (¥)
1927	81	311,391	1,662,282	919,469
1928	119	603,676	3,227,272	1,552,719
1929	196	949,860	5,172,328	2,623,328
1930	261	1,228,672	6,479,853	3,809,972
1931	314	1,433,020	7,242,398	3,675,878
1932	510	1,731,476	8,475,092	4,031,242
1933	765	2,254,220	11,796,763	5,248,027
1934	999	2,900,872	15,690,131	8,213,794
1935	1,079	3,497,487	19,189,126	8,800,082
1936	1,118	3,726,077	21,519,171	10,166,187
1937	1,134	3,802,078	21,853,627	11,526,355

Source: Chūō Shakai Jigyō Kyōkai [Central Society of Social Work], Nihon Shakai Jigyō Nenkan [A yearbook of social work in Japan], 1939-1940 edition.

Yet, the sum of their loans was far smaller than that of private pawn shops, the national sum in 1937 being comparable to the ¥21,096,000 total of private pawn shops in Osaka City alone. As for their geographical distribution, as shown in table 18, while public pawn shops had been concentrated in urban areas in 1925, they spread into frontier and backward agricultural areas by 1938. This trend reveals the failure of the pawn shop policy of the government, which ignored the regional aspect of the development of pawn shops, and meant a substantial setback to the intended effect of the policy.

Thus, the development of financial institutions catering to common people concentrated in farm villages. This, coupled with the expansion in cities and the contraction in farm villages of their clientele, enabled urban pawnbrokerage to grow to some extent.

There was another factor emerging to hold in check the development of

TABLE 18. Regional Development of Public Pawn Shops

Region	At the end of June 1925			At the end of May 1938		
	Number of shops	Total sum of loans (¥)	Sum per shop (¥)	Number of shops	Total sum of loans (¥)	Sum per shop (¥)
Big cities (A)	21	648,836	30,897	185	4,353,582	23,533
Hokkaido	2	40,000	20,000	75	1,145,299	15,271
Tōhoku	3	44,000	14,667	180	2,211,856	12,288
Kantō	4	42,000	10,500	101	1,146,461	11,351
Hokuriku	0	0	0	51	532,123	10,434
Tōsan	1	15,000	15,000	87	1,057,995	12,161
Tōkai	0	0	0	60	741,983	12,366
Kinki	0	0	0	55	637,590	11,593
Chūgoku	3	16,350	5,450	154	1,416,019	9,195
Shikoku	1	5,000	5,000	92	879,934	9,565
Kyūshū	6	65,281	10,880	102	1,270,647	12,457
Total (B)	41	*1,141,467	27,841	1,142	*15,474,489	13,550
A/B (%)	51.2	56.8		162	28.1	

Sources: Ōhara Shakai Mondai Kenkyūjo, Nihon Shakai Jigyō Nenkan [A yearbook of social work in Japan], 1926, for 1925, and Chūō Shakai Jigyō Kyōkai, Nihon Shakai Jigyō Nenkan, 1939-1940, for 1938.

Note: Asterisked totals are quoted here as stated in the original literature, though inconsistent with the foregoing breakdowns.

private pawnbroking: the influence of changes in the market for second-hand goods. Whereas the pawnbroker's claim is usually settled by the pledger's repayment of both the principal and the interest on the loan, if the pledger is in default when the pawn is up for foreclosure, the broker will sell the pawned items in the used goods market to recover the claim. Therefore, the pawnbroker, as a supplier of second-hand items, is seriously concerned about the ups and downs of their market prices. While a wide variety of goods are bought and sold in this market, ranging from such objects of hobbies or investment as calligraphic works, paintings, curios, and debentures to such everyday necessities as clothes and bedding, what are particularly important to pawnbrokers are clothes, which constitute a predominant part of goods in pawn.

The development of the capitalist economy had consequences in this used-goods market. When the productivity of the economy was still low, common people generally lived a frugal life, and not only the poorest but most people had a large demand for second-hand goods. However, the tremendous development of productivity under the capitalist system after the Industrial Revolution, especially after World War I, invited a drop in the price of livelihood necessities, and consequently in the value of pawned items, through mass production, and thereby placed pawnbrokers in an increasingly difficult position in the used-goods market. In those days, buyers in this market were mostly factory workers, office workers, and petty businessmen, whose numbers had quickly increased, and they were at the same time customers to pawnbrokers. They too, however, decreased their dependence on the used-goods market as buyers since new products became available at lower prices and urban life was made less expensive by, for instance, the emergence of costumiers.<sup>20</sup>

Thus, the changes in the way of life, both in cities and rural areas, resulted in a decline in the market for second-hand goods, especially everyday necessities, and thereby undermined the business bases of pawnbrokers, who, responding to these changes, desperately endeavoured to keep their businesses viable by gradually shifting the main line from clothes to watches, decorative accessories, and debentures.

The changes in clientele, the establishment and development of new financial institutions catering to common people, and the transformation of the used-goods market, all accompanying the development of capitalism, intricately intertwined with one another and determined the developmental process of private pawnbroking, above all its gradual growth in big cities and decline in farm villages.

### III. CHARACTERISTICS OF PAWNBROKING AS AN INTEREST-EARNING BUSINESS

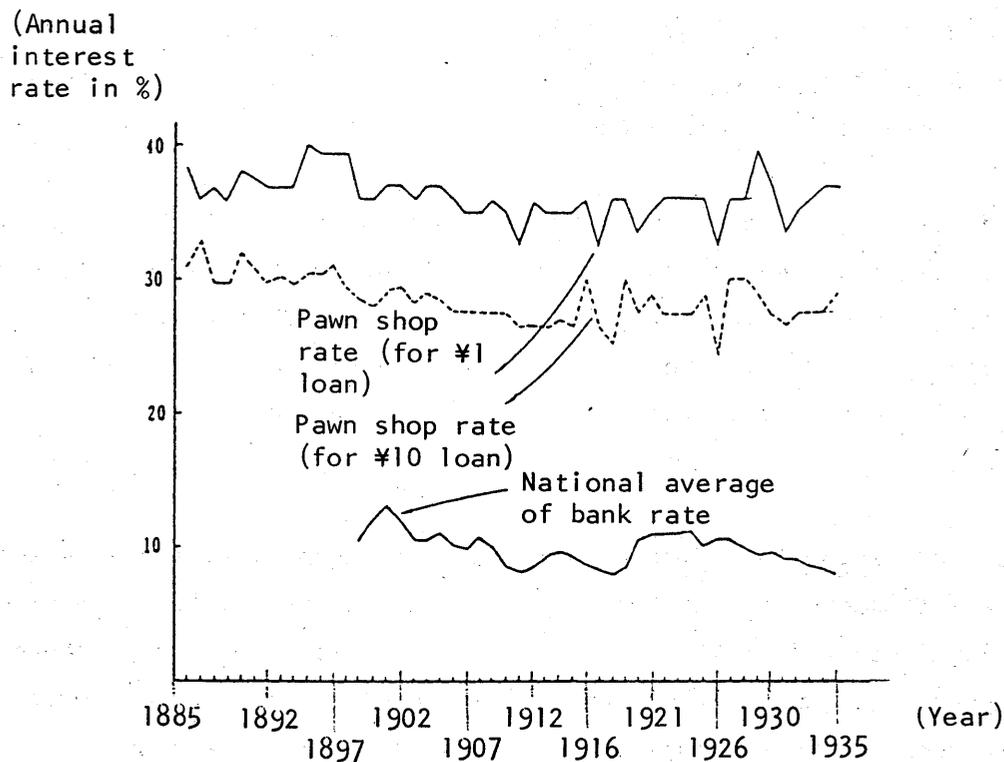
Pawnbrokers as a form of interest-earning business make a profit from the interest their lendings bear, but their earning performance is also affected by the profit or loss from the sale of foreclosed pawned items and the forfeiture of pawned items to the police or the revenue office. This chapter analyses the characteristics of pawnbroking, keeping in mind the behaviour of modern interest-bearing capital.

#### 1. Interest Collecting and Other Practices by Pawnbrokers

Pawnbrokers' interest rates, considered below, were controlled by the Law on the Regulation of Pawnbroking promulgated in March 1895. According to Article 9 of the law, the rate could be no higher than "¥.01 per month for a loan of ¥.25 or less, 4/100 per month for ¥1 or less (i.e., 48 per cent per annum), 3/100 per month for ¥5 or less (36 per cent per annum), or 2.5/100 per month for ¥10 or less (30 per cent per annum). This control on interest rates, however, was only lukewarm, substantially affirming the rates then actually demanded by pawnbrokers on their lendings. Local pawnbrokers' associations tried to avoid cut-throat competition among their members by prescribing agreed rates based on these legally imposed limits.<sup>21</sup>

How did pawnbrokers' lending interest rates change? Due to the limited availability of pertinent data, only those data for Shizuoka Prefecture are cited here (fig. 4). Pawnbrokers' rates (for loans of ¥1 and ¥10) were characterized by a much higher level and inflexibility compared to the national average of bank interest rates.<sup>22</sup> These trends resulted from the policy of pawnbrokers, monopolizing this segment of the financial

FIGURE 4. Interest Rates of Pawn Shops in Shizuoka Prefecture and National Average of Bank Interest Rates Compared



Sources: Ken Tōkeisho [Prefectural statistics] for pawn shop rates in Shizuoka Prefecture, and Ginkō-kyoku Nenpō for the national average of bank rates. The former, originally stated in monthly terms, are converted into yearly rates.

market, to lend money at as high interest rates as possible within the legally prescribed limit, disregarding the circumstances of borrowers.

Further, pawnbrokers' interest rates were made even higher in effect than they appeared to be by their unique traditional method of interest calculation, characterized by the following four features.

First, the interest was calculated on a month-by-month basis. By their method, the month was not necessarily a 30-day period, but, irrespective of the day of the calendar month when the loan started, the rest of the month was counted as a full month. In an extreme case, therefore, if

something was pawned at the end of a calendar month and redeemed on the first day of the next month, the pledger would be theoretically liable for the payment of two months' interest, though the practice was to give a grace period on interest payment. Differing from prefecture to prefecture, if paid not later than the second to fifth day of the next month, one month's interest would usually suffice (see table 19).

Second was a practice known as odori (jumping interest), by which, if the pledger redeemed part of, or replaced, his or her pawned items before fully repaying the debt, the pawnbroker would regard the initial loan contract as having terminated and newly calculate the interest for the remaining or substituted pawn. Thus the interest would "jump" as a result.

Third, commissions would be paid to pawners' agents. The presence of such agents seems to date back to the Tokugawa period, but in pre-Meiji days legal control of the pawning procedure (requiring the presence of a witness accompanying the pawner<sup>23</sup>) was still in existence though losing much of its substance, and agents' activities were correspondingly restricted. Once this curb was lifted after the Meiji Restoration, their activities became open. Pawnbrokers needed this agent system to prevent newcomers, if not regular customers, from pawning lost or stolen articles and to facilitate business with middle-class customers who were too proud to visit a pawn shop in person. Agents received commissions usually from pawners, and in rare cases from pawnbrokers.<sup>24</sup> The rate of the commission, differing with the locality, ranged from ¥.005 to ¥.01 in Kanazawa City<sup>25</sup> or from ¥.03 to ¥.04 in Nagoya City,<sup>26</sup> both per yen of loan if the loan was not less than ¥1.

Fourth were differences in interest rates with the kind of article pawned, unlike interest rates on bank loans, which differ with the period of lending but usually not with the kind of security. Pawnbrokers' interest rates were the lowest for clothes and the highest for bulky items, such as furniture and utensils<sup>27</sup> (see table 20). These differences in interest rates with the kind of goods pawned seem to derive from those in storage fees, reflecting the capacities of pawn

TABLE 19. Days of Grace for Interest Payment in Different Prefectures (surveyed by the Ministry of the Interior)

Prefecture	Days of grace	Prefecture	Days of grace
Hokkaido	Until 2nd day of following month	Kyoto	2
Aomori	* 2 - 3	Hyogo	* 2 - 15
Akita	* 2 - 3	Nara	* 1 - 5
Fukushima	3	Wakayama	* 1 - 3
Ibaraki	* 3	Tottori	* 1 - 5
Gunma	3	Shimane	1 - 3
Saitama	3	Okayama	3 - 5
Chiba	3	Yamaguchi	3
Tokyo	3	Tokushima	* 2 - 5
Kanagawa	3	Kagawa	4 - 5
Niigata	* 2 - 15	Ehime	* 1 - 5
Fukui	3 - 5	Fukuoka	1
Yamanashi	3	Saga	* 2 - 3
Nagano	3	Kumamoto	* 2 - 3
Gifu	3	O'ita	* 3
Shizuoka	3	Kagoshima	* 1 - 2
Shiga	5	Okinawa	5

Source: The Ministry of the Interior, "Shichiya Torishimari-hō dai kyū-jō, rishi no keisan hōhō" [Article 9 on the method of interest calculation, the Pawn Shop Control Law], in Shōwa Zaisei-shi Shiryō, Category 1, No. 85.

Note: Asterisks indicate that many pawnbrokers offer so many days of grace in the prefectures concerned.

TABLE 20. Pawn Shops' Interest Rates Applicable to Different Kinds of Articles and Different Pawning Periods  
(In Shitaya ku, Tokyo; surveyed in 1911)

Category of article	Pawning period	Up to 30%	Up to 36%	Up to 42%	Up to 48%	Up to 60%	Total
Clothing	6-8 mos.	14	34	0	1	0	49
	9-12 mos.	10	29	0	3	0	42
	Total	24	63	0	4	0	91
Bedding	4-8 mos.	1	6	5	20	10	42
	9-12 mos.	0	4	1	18	5	28
	Total	1	10	6	38	15	70
Furniture	5-6 mos.	0	1	0	1	2	4
	10-12 mos.	0	1	1	1	0	3
	Total	0	2	1	2	2	7
Utensils	4-8 mos.	2	14	10	19	2	47
	9-12 mos.	4	11	6	7	3	31
	Total	6	25	16	26	5	78
Grand total		31	100	23	70	22	246

Source: "Surveys on financial institutions for the poor" in the Local Affairs Bureau, Ministry of the Interior, ed., Saimin Chōsa Tōkei-hyō [Statistical tables of surveys on the poor], 1911.

Note: Interest rates are referred to above on a yearly basis, converted from what are originally stated in monthly terms.

TABLE 21. Number of Redeemed and Foreclosed Pawned Items, Classified by Pawning Period (at Uemura Pawn Shop in January 1906)

Redeemed or foreclosed			Foreclosed		
Period	No. of items	Proportion	Period	No. of items	Proportion
On same day	391	14.5%	In 5 months	16	3.8%
Next day	232	8.6	In 6 months	95	22.3
In 7 days	365	13.6	In 7 months	50	11.7
In 1 month	441	16.4	In 8 months	96	22.5
In 3 months	411	15.3	In 9 months	38	8.9
In 6 months	220	8.2	In 10 months	35	8.2
In 1 year	193	7.2	In 11 months	16	3.8
In over 1 year	11	4	In over 1 year	80	18.8
Foreclosed	426	15.8	Total	426	100
Unknown	2	-			
Total	2,692	100			

Source: Pawn ledger of Uemura Pawn Shop.

shops' storerooms.

Thus, the effective interest payable by the pawner was made much higher than the nominal rate by the addition of these incidental factors.

The effective burden of interest payments on the pawner could also be aggravated by the way he or she used the pawnbroker's service. The smaller the loan, the higher the interest rate. This means the burden was heavier on the poor who had only cheap goods to pawn. Also, the more frequent the pawning and redemption, the higher the effective interest rate. This is illustrated by the case of Uemura Pawn Shop, referred to above. The redemption and foreclosure of goods pawned there in January 1906 are traced in table 21, which shows that 36.7 per cent of the total of 2,692 items were redeemed within only a week, 14.5 per cent being taken out on the same day, 8.6 per cent the next day, and 13.6 per cent in a week. The burden of interest payments on the pawner, who had to pay a month's interest on a loan for only a week or even less, was therefore very heavy indeed. To the pawnbroker, on the other hand, this meant much earlier collection of the interest, which made it possible to quicken the turnover of his funds and to increase his profit correspondingly.

Pawns for such short terms seem ascribable to day labourers who had to buy food for themselves and their families on idle days and to peddlers, pitchmen, and people of other miscellaneous occupations who had to purchase goods to sell.<sup>28</sup> Let us look at some specific examples. Major customers of this particular pawn shop, each borrowing ¥50 or more during the month, can be classified into the following two groups by the trends of redemption and foreclosure (see table 22). One group consists of Tsurifune and Kawaguchi, who had only a few loans, each of a relatively large sum. They apparently needed the loans to supplement their livelihood funds only temporarily, and repaid punctually. The other group seems to comprise day labourers or persons of miscellaneous occupations, who had many loans, each of a small sum. The smallest number of loans was Yamashita's 18 during the month, and the greatest was Matsuda's 117. The members of this second group thus borrowed money from the pawnbroker

TABLE 22. Redemption and Foreclosure of Items from Customers (of Uemura Pawn Shop) Each Borrowing  
 ¥50 or More in January 1906

Family name of pledger	Matsuda		Nakayama		Yamashita		Okui		Matsubara		Hagiwara		Tsurifune		Kawaguchi	
	No. of loans	Sum (¥)														
Redeemed:																
On same or next day	58	40.35	11	13.40	1	1.60	12	9.15	26	17.75	36	37.70	0	0	0	0
In 1 week	17	10.40	19	8.75	2	7.70	16	10.10	21	19.25	12	8.65	0	0	0	0
In 1 month	11	8.95	11	11.15	1	3.00	14	11.85	12	18.10	4	8.35	3	70.50	1	27.00
In 3 months	11	10.55	5	13.85	2	7.65	4	1.83	4	4.20	3	2.70	0	0	1	12.00
In 6 months	2	50	4	11.50	1	80	3	70	1	2.50	1	50	0	0	1	17.00
In 1 year	0	0	0	0	2	8.50	1	1.10	3	6.00	0	0	0	0	0	0
In over 1 year	0	0	1	1.90	0	0	0	0	0	0	0	0	0	0	0	0
Foreclosed (B)	18	11.30	12	14.85	9	29.80	18	15.40	6	5.65	3	2.85	0	0	0	0
Total (A)	117	82.05	63	75.40	18	59.05	68	50.13	73	73.45	59	60.75	3	70.50	3	56.00
B/A (%)		13.8		19.7		50.5		30.7		7.7		4.7		0		0

Source: Pawn ledger of Uemura Pawn Shop.

at least once every other day or at the maximum three times a day, both on an average. They usually redeemed their items within a week on more than half those occasions, and the burden of interest payments was that much heavier on them. This meant that they borrowed beyond their repaying capabilities, resulting in surprisingly high ratios of foreclosure, ranging from Yamashita's 50.5 per cent to Okui's 30.7 per cent.

## 2. Sale of Foreclosed Items and Forfeiture

The pawnbroker prescribes in advance a deadline for redemption, beyond which he will foreclose the pawn and sell it to a used-goods dealer or anybody else to collect his claim. The period preceding this deadline was prescribed by statute in the Tokugawa era, but its legal basis was abolished after the Meiji Restoration, leaving pawnbrokers free to determine such periods as they liked. The length of the period, differing with the locality, was generally six months, according to a survey by the Ministry of Finance, except in six Tōhoku (northeastern) prefectures, where it was much longer, ranging from 10 to 14 months (see table 23). This reflected the fact that economic activities in the region, in which agriculture was the dominant industry, were conditioned by the slow turnover of farmers' funds, peculiar to single-crop areas.

The deadline for redemption tended to be gradually advanced, as pawnbrokers tried to lend sums of money unreasonably higher than the assessed values of corresponding items to increase their profits by accelerating the turnover of their funds, and especially in the case of small pawnbrokers to win cut-throat competition to attract more customers.

Whether an item can be redeemed or has to be foreclosed after all depends on the pawner's interest-paying capability, which in turn is determined in part by his or her income and in part by the trend of business. As shown in figure 5, the foreclosure rate in rural prefectures generally rose during recessions when interest payment was more difficult and fell off during prosperous periods.<sup>29</sup>

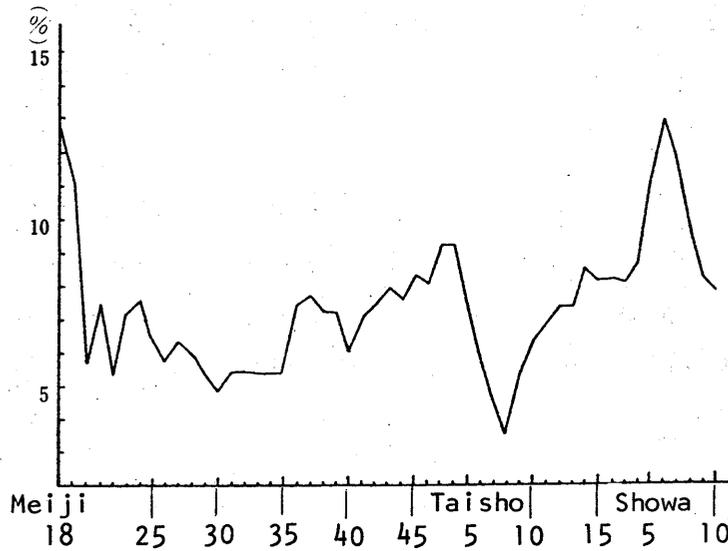
TABLE 23. Time Limits on Redemption in Different Prefectures  
(Surveyed in December 1923; figures are in months)

Prefecture	Long-term	Short-term	Usual	Prefecture	Long-term	Short-term	Usual
Hokkaido	13	2	4	Shiga	6	2	4
Aomori	18	6	12	Kyoto	13	3	6
Iwate	25	3	14	Osaka	30	3	6
Miyagi	48	3	10	Hyogo	13	4	6
Akita	25	3	10	Nara	24	3	6
Yamagata	36	1	12	Wakayama	12	4	4
Fukushima	36	1	12	Tottori	20	2	6
Ibaraki	8	3	6	Shimane	36	1	6
Tochigi	12	4	6	Okayama	36	1	6
Gunma	12	3	6	Hiroshima	12	3	3
Saitama	12	4	6	Yamaguchi	24	1	6
Chiba	24	1	4	Tokushima	12	3	6
Tokyo	24	4	6	Kagawa	19	1	6
Kanagawa	36	1	6	Ehime	37	3	6
Niigata	20	1	3	Kochi	30	3	6
Toyama	36	1	6	Fukuoka	12	1	6
Ishikawa	24	3	6	Saga	12	3	6
Fukui	24	1	6	Nagasaki	12	4	6
Yamanashi	16	3	6	Kumamoto	12	3	6
Nagano	24	2	6	O'ita	18	1	6
Gifu	12	1	6	Miyazaki	5	3	3
Shizuoka	13	4	6	Kagoshima	18	1	6
Aichi	10	3	6	Okinawa	12	6	9
Mi'e	16	3	6				

Source: Ministry of Finance, "Surveys on time limits on pawn redemption set by pawnbrokers" in Showa Zaisei-shi Shiryō, Category 1, No. 85.

The pawnbroker's profit or loss from the sale of a pawned item is the difference between the price at which it is sold and the sum of the principal and interest accruing by the time of foreclosure plus the storage cost. As far as I have been able to find out, pawnbrokers rarely suffered losses from these sales and then only during the period of severe depression in 1930-1932 when the demand for second-hand goods declined and their prices fell off.<sup>30</sup> Therefore, the acts of foreclosure by pawnbrokers are deliberately intended to earn profits from the sale of foreclosures, whose values are assessed at the lowest possible from the outset.

FIGURE 5. Foreclosure Rate at Pawn Shops in Rural Prefectures



Any profit from the sale of a foreclosed item should theoretically be returned to the pawner. Article 346 of the Civil Code reads, "The right of pledge shall secure the principal, interest thereon, penalty, cost of the exercise of such right, cost of the storage of the pawn, and compensation for any damage resulting from default or from any hidden defect of the pawn." In other words, the pawnbroker shall subtract the principal, interest, and other costs from the proceeds from the sale of the item and return the remainder, if any, to the pawner or can demand the pawner to pay the deficit, if any. In practice, however, disposal of the profit or loss from the sale of the pawned item is traditionally the pawnbroker's responsibility.<sup>31</sup> In this respect, too, pawnbrokers significantly differ from modern financial institutions.

Pawns may be forfeited to government authorities under one of the following circumstances.

First, lost or stolen goods in pawn may be forfeited to the police. A criminal would try to convert such goods into money as soon as possible by pawning them. Therefore, pawn shops have been key check points in criminal investigations since the Tokugawa period. Such goods in pawn, if identified to have been lost or stolen, are forfeited to the police.

Second, pawned items may also be forfeited to the taxation office. Article 13 of the National Tax Collection Law reads, "When a revenue officer is to seize the property of a tax delinquent, if the property includes any item on which the right of pledge has been established, the pledgee shall deliver such item to the revenue officer irrespective of the date of the establishment of such right." In this case, the pawnbroker would be entitled to no compensation and accordingly suffer a total loss.

Therefore, forfeiture to the government authorities had always been the object of pawnbrokers' hatred as an infringement on their freedom of business operation, and one of the keypoints of their demand for the amendment of the regulatory law.

### 3. Usurious Function of Pawnbrokers

Finally, the profit and loss positions of pawnbrokers are briefly analysed here to try to define the function of pawnbrokers toward their clients, i.e., pawners.

Data are even scarcer on the profit and loss positions of pawnbrokers than on other aspects of their business. The findings of a survey by the Ministry of Finance on 18 pawn shops (consisting of 13 self-sustaining, four parent and one subsidiary pawn shops) in Tokyo Prefecture, according to their pawn ledgers for fiscal 1925, are listed in table 24. The table reveals that, while the pawn shops' profits predominantly derived from their interest revenues, their profits from the sale of foreclosures were not negligible, corresponding to 9.4 per cent of the

TABLE 24. Earning Performances of Pawn Shops in Different Parts of Tokyo Prefecture in 1925

Location	Status	Capital (A) (Average balance of lendings in 1925) (¥)	Revenue and expenditures						Profit to capital ratio (B/A) (%)
			Interest revenue (¥)	Profit from sale of fore-closed items (¥)	Loss from confiscation of items (¥)	Balance (¥)	Operating expense (¥)	Net profit (B) (¥)	
1 Oiwake, Hongo ku	Self-sustaining	76,430	24,812	3,474	203	28,083	4,949	23,134	30.3
2 Aoyama Minami, Akasaka ku	"	61,068	27,570	2,742	0	30,312	4,105	26,207	42.9
3 O'i, Ebara gun	"	30,759	13,104	1,015	117	14,002	2,964	11,038	35.9
4 Tabata, Kita Toyotama gun	"	28,603	10,753	1,821	154	12,420	2,183	10,237	35.8
5 Yamabuki, Ushigome ku	"	27,793	9,746	861	79	10,528	2,492	8,036	28.9
6 Shinagawa, Ebara gun	"	26,051	8,472	806	9	9,269	1,416	7,853	30.1
7 Sasugawa, Koishikawa ku	"	25,029	8,782	792	0	9,574	2,766	6,808	27.2
8 Hatsune, Hongo ku	"	23,182	7,589	550	0	8,139	2,479	5,660	24.4
9 Tabata, Kita Toyotama gun	"	17,839	7,424	927	150	8,201	1,594	6,607	37.0
10 Shimo Osaki, Ebara gun	"	17,018	5,239	475	0	5,714	559	5,155	30.3
11 Minami Shina gawa, Ebara gun	"	9,799	2,987	185	324	2,848	416	2,432	24.8
12 Yanagishima, Honjo ku	"	8,972	3,468	565	30	4,003	885	3,118	34.8
13 Tabata, Kita Toyotama gun	"	7,946	2,914	263	150	3,027	1,177	1,850	23.3
14 Senju Minami, Minami Adachi gun	Parent	56,024	4,178 (17,301)	1,061	25	4,178 18,337	1,233 2,739	2,945 15,598	33.1
15 Hiro'o, Azabu ku	"	53,235	5,194 (18,452)	1,506	0	5,194 19,958	2,599 4,678	2,595 15,280	33.6
16 Kami Shibuya, Toyotama gun	"	28,937	3,624 (9,074)	920	5	3,624 9,989	1,039 2,039	2,585 7,950	36.4
17 Senju Minami, Minami Adachi gun	"	14,977	994 (5,399)	383	100	994 5,682	519 751	475 4,931	36.1
18 Naka Shibuya, Toyotama gun	Subsidiary	29,790	8,634 (1,190)	894	0	8,634 2,084	5,179 281	3,455 1,803	17.7

Source: Profit and loss accounts and monthly operating capital and revenue accounts of individual pawn shops in the Ministry of Finance, Showa Zaisei-shi Shiryo, Category 1, No. 85.

Note: For parent and subsidiary pawn shops, upper figures refer to revenue from and expenditure for direct pawnbroking, and lower figures, to revenue from and expenditure for pledging.

interest revenues, and none of them reported a loss from the sale of foreclosed items. Their ratios of profit to working capital were uneven, varying with the sum of loans, the number of capital turnovers and the status, parent or subsidiary. Those of parent pawn shops were generally stable between 33 and 36 per cent, but those of self-sustaining ones varied rather widely from 23 to 42 per cent, and that of the only subsidiary covered by the survey was 17 per cent, the lowest among the 18 pawn shops under review. Interesting above all is the wide difference in profitability found among the self-sustaining pawn shops. Though the reason for this difference has not been well elucidated, the profitability was generally lower for pawn shops ranked low or high in the sum of loans, and higher for those in the middle class in terms of the amount of lendings, manifesting a mountain-shaped pattern of distribution. This phenomenon led to the restratification of pawn shops, and the swelling of the middle class among them.

Anyhow, their profit ratios were amazingly high, except that of the subsidiary pawn shop. This was the basis on which pawnbroking business was able to reactivate itself and, at the same time, the reason for pawnbrokers' charging high interest to pledgers, which constituted a hotbed of social problems.

Next, I would like to touch on the social consequences of pawnbrokers' usurious acts toward pledgers. Evidently, the historical role played by usurers is found in their parasitism on small producers, above all small peasants, depriving them of their means of production and ruining all forms of feudal ownership.<sup>32</sup> While no less usurious than usurers as such, pawnbrokers merely lent money to labourers, small merchants, craftsmen, and peasants, whose economic heritage from the feudal age had already been or was being ruined, with their utensils for everyday life or movables taken in pawn, but, unlike usurers as such, did not go so far as to deprive them of their means of production. Yet, pawnbrokers did cause pawners, especially the poorest among them, to become even poorer by foreclosing on their livelihood utensils held in pawn.

The causal relationship between pawning and poverty is described in Tokyo Shinai Saimin no Nyūshichi ni Kansuru Chōsa edited by the Social Affairs Bureau of the City of Tokyo, cited above:<sup>33</sup>

Unless one's income, like that of the salaried class in general, regularly increased, one would be unable to redeem his pawn, but will keep on pawning his belongings one after another until he finds nothing more to put in pawn. Faced with such a crisis, a householder would usually barely manage to escape from it by having his still infant children work in a factory to supplement his earning or employed by another family as live-in servants to reduce the household's cost of living, but even the relief thereby achieved could not last long, and it is readily imaginable that his unfortunate connection with the pawnbroker would again bring him into another crisis before too long.

An important point here is that the dependence on pawnbrokers not only aggravated the poverty of pawners but also further intensified social problems, which were already serious enough. It was for this very reason that the Government, wishing to maintain the capitalist system by easing the conflict between classes, included pawnbrokers among the objects of its social policy program.

#### IV. DEVELOPMENT OF GOVERNMENT POLICY ON PAWN SHOPS

How did the Government respond to the development of pawnbroking? Its policy changed in response to the emergence and intensification of social problems. To facilitate understanding of the changing process, let me briefly outline in advance the characteristics of the legislation on pawnbroking in Tokugawa Japan, from which the Meiji Government's policy developed.

The legislation on pawnbroking in the Tokugawa era, according to Tokugawa Kinrei-kō [A study on prohibitions in the Tokugawa era], had the following six main aspects. First, pawnbroking was controlled through the guild system — the promulgation of the Rule on the Representatives and Guilds of Pawnbrokers (1692) intended to facilitate the investigation of lost or stolen goods — and the organization of the associations of traders in eight branches of commerce under the Role on the Co-operative Associations of Pawnbrokers and Used Clothing Dealers (1723). Second, acceptance of items to be pawned was prohibited in certain cases: No item could be accepted unless the pawner was accompanied by a witness, whose presence should not be pretended by the pawner's use of two separate seals, and furniture of temples, coins, either ancient or in circulation, guns and utensils bearing noble family crests were prohibited from being taken in pawn (1706). Third, pawners were protected from too high interest rates and too early foreclosure: (1) Restriction on interest rates: 36 per cent per annum for a loan of 100 mon, about 29 per cent per annum for two ryō (1 ryō = 4,000 mon as prescribed by the shogunate in 1700, though the rate frequently changed afterwards) or less, about 25 per cent per annum for 10 ryō or less, about 20 per cent per annum for 100 ryō or less, and any rate agreed upon between the pawner and the pawnbroker for over 100 ryō (1692); revised many times

afterwards. (2) Deadline for redemption: ten months for swords, long or short, and various utensils, and six months for clothes (1692), extended to one year and eight months, respectively, in 1701, and revised to eight months for both in 1723. Fourth, pawnbrokers were required to notify the police authorities of the pawning of anything unbecoming its bearer or of many garments and odd pieces with price tags by a draper's employee (1706). Fifth, investigating officials were authorized to inspect pawn shops to look for stolen goods (1798). Sixth, penalties were prescribed - a pawnbroker having accepted an item with only the pawner's seal or a pretended witness's seal would be subject to forfeiture of the item plus a penalty of three kanmon (1 kanmon = 1,000 mon); the same would apply to a pawnbroker having accepted a pawn with no seal at all, or a pawnbroker having reported his holding of any dubious pawn to the authorities in response to their public announcement or on the occasion of their inspection would be subject to forfeiture of the item with no additional penalty, irrespective of the number of seals.

Thus, the policy of the Tokugawa Shogunate on pawnbroking was initially formulated in the early eighteenth century when the development of a commodity/money-based economy unveiled the contradictions of the feudal system, and, near or in the nineteenth century when the contradictions intensified, it was augmented with provisions for official inspections and penalties.<sup>34</sup> Especially noteworthy are emphasis placed on the convenience of search for lost or stolen goods, typified by the prohibitory provisions and the requirement for reporting to the police authorities,<sup>35</sup> and the inadequacy of protective provisions for pawners. This police-oriented character was inherited by the Meiji Government and underlay the legislation on pawnbroking after the Restoration.

The following sections elucidate how the government policy on pawnbroking, whose basis dated back to the Tokugawa era, changed with the occurrence and intensification of social problems; they focus in particular on the institution of prefectural regulations on pawnbroking (in and around 1877), the Ordinance on the Regulation of Pawnbroking in 1884 and the Law on the Regulation of Pawnbroking in 1895.

## 1. Institution of Prefectural Regulations on Pawnbroking

After the Meiji Restoration, as a part of its liberalization program, the Government substantially eased or lifted the severe restriction on pawnbroking, carried over from the Tokugawa regime.<sup>36</sup> However, from around 1873 on, the restrictions began to be tightened and/or expanded again. In July 1873, Prime Minister Sanjō Sanetomi instructed the Governor of Tokyo to "bring into effect a regulation to control the dealers in used clothes and old coins in the prefecture as specified in a separate volume in consultation with the police department."<sup>37</sup> The prefectural government of Tokyo promptly complied with the instruction by promulgating the Regulation on Dealers in Used Clothes, Old Coins, Etc., in Tokyo Prefecture.<sup>38</sup> The regulation applied to the so-called dealers in eight branches of commerce, including pawnbrokers, traders of used clothing, scrap metals, antiques, second-hand books and scrap paper, and money changers. The purpose of the promulgation of this regulation was declared, like that of its predecessor in the Tokugawa era, to be "the convenience of searching for stolen and lost goods" and, with a view to its effective implementation, it was made compulsory for traders in each branch of commerce to organize themselves into an association and for a pertinent controlling rule to be enforced.

The regulation contained the following provisions: (a) An association should be organized in each ward or, depending on the number of pawnbrokers, two associations in a ward or one in two wards, each headed by a president or plural co-presidents (Rule 1); (b) Keeping of a detailed account on each household and copies of police circulars on stolen or lost goods (Article 1) and listing of pawners (Article 2) were required; (c) When somebody offers to pawn an article bearing an official mark or anything identified to be an official belonging (Article 5), when the pawner looks suspicious (Article 6), or when anything resembling an article listed in a police circular on stolen or lost goods is found (Article 9) it must be reported to the police; and (d) A pawnbroker reporting a suspicious article before receiving a police circular thereon would be compensated for the full value of the item when it turned out illegal, or a pawnbroker doing so after receiving the pertinent police

circular, for 30 per cent of the value thereof (Article 7).

Incidentally, as the responsibility for the control of pawnbrokers was transferred from the prefectural government of Tokyo to the Metropolitan Police Board in July 1876, this regulation was amended to the Regulation on Traders in Eight Branches of Commerce, which covered a broader range of trades, in November of the same year.

These two regulations of Tokyo Prefecture, as far as they were primarily intended to facilitate searches for stolen or lost goods,<sup>39</sup> were derived of the traditional policy on pawnbroking inherited from the Tokugawa Shogunate. In some respects, however, they substantially differed from their predecessor in the Tokugawa era. First, they lacked provisions for the prohibition of acceptance of any pawned items, protection of pawners (as to interest rates and deadline for redemption), inspection of pawn ledgers by the police and penalties payable by pawnbrokers. Second, they provided for rewarding of pawnbrokers who reported illegal articles.<sup>40</sup>

These features reflected the liberal posture of the Government, which was abolishing feudal restrictions one after another. This posture, however, began to oscillate gradually in or around 1877. The change was motivated by the political and economical crisis in 1875-1877. The national and prefectural governments wanted to cope with rampant criminal offenses by impoverished former samurai of lower ranks, peasants and other constituents of the lower strata of society, all plagued by an economic depression. The change in policy had two salient aspects.

First, similar regulations were instituted by other prefectures, particularly from 1875 to 1878 as listed in table 25, which covers only limited data.<sup>41</sup> underlying the proliferation of such regulations was an effective guidance by the Ministry of the Interior.

Second, provisions for penalties were revived. The Regulation on Traders in Eight Branches of Commerce promulgated by the Metropolitan Police Board, for instance, was amended to include two additional articles.

Article 23 added in January 1878 prescribed that a violator would be subject to "deprivation of the licence and a deserving disposition," and Article 24 newly instituted in 1881 read, "Any violator hereof shall be subject to punishment for a police offence." The impact of these amendments on the corresponding regulations of other prefectures is evident from the increase in prefectures where penal clauses were added to such regulations from 1878 on, as listed in table 25.

The revival of these penal clauses deserves particular note as a ring in the chain of events which led to the promulgation of the Pawn Shop Control Ordinance, the subject of the next section.

## 2. Institution of Pawn Shop Control Ordinance

The political and economic crisis invited by Finance Minister Matsukata Masayoshi's deflationary policy dealt a severe blow to the Government, which was urged to formulate a new policy program. The Pawn Shop Control Ordinance obviously appears to have constituted a part of this program. Its legislation, incidentally, was stimulated by the Proposal to Amend the Regulation on Traders in Eight Branches of Commerce,<sup>42</sup> submitted by the Metropolitan Police Board to the Ministry of the Interior, presumably in 1872 or 1873. This proposal suggested the idea underlying the ordinance which was eventually legislated.

The essential part of the proposal read: "... How can it be controlled by law? The only way is to check the movements of pawns in and out to find any stolen goods among them. The order of the legal process would be to inspect constantly and strictly goods and books in the houses of big bosses in the purchasing of stolen goods (many pawnbrokers are alleged to practice it) so that they could have no time to exercise malicious tactics and others would also be affected. Then, without needing any particular action, they would be obliged to restrain themselves." Thus it pointed out the need for intensified direct control by the police over pawn shops where stolen goods were likely to concentrate. Stating that "In this prefecture, where there are frequent thefts, abundant articles resembling stolen goods, delays in the circulation of

TABLE 25. Pawnbroking Regulations Promulgated in Different Prefectures

Month & year	Promulgator & reference no.	Title of regulation	Month & year of promulgation of penal clauses
July 1873	Cabinet, unnumbered	Regulation on Dealers in Used Clothing, Old Coins, Etc., in Tokyo Prefecture	
July 1873	Tokyo Prefecture, Kan 191	" (Amended to Regulation on Traders in Eight Branches of Commerce in November 1876)	January 1878
August 1873	Kochi Prefecture, Ro 35	Regulation on Pawnbroking and Deals in Used Clothing and Antiques	
Sept. 1873	Aichi Prefecture, 84	Regulation on Pawnbrokers and Dealers in Used Clothing	
May 1874	Chiba Prefecture, Ro 238	Regulation on Association and Trade	
Nov. 1875	Shiga Prefecture, Ko 318	Regulation on Pawnbrokers and Dealers in Used Clothing, Old Coins and Antiques (Amended to Regulations on Traders in Four Branches of Commerce in September 1879)	September 1879
Nov. 1875	Ministry of Interior	Regulation on Trade in Used Clothing, Scrap Iron, Etc. (Draft)	
Dec. 1875	Nara Prefecture, 144	Regulation on Association of Various Traders and Commercial Transactions	
April 1876	Mi'e Prefecture, Ten 36	Regulation on Pawnbrokers, Dealers in Used Clothing, Dealers in Antiques, Etc.	December 1883
June 1876	Gunma Prefecture, 105	Regulation on Pawnbroking and Deals in Used Clothing and Scrap Iron Items	
Oct. 1876	Miyagi Prefecture	Regulation on Traders in Six Branches of Commerce (Amended to Regulations on Stolen Goods in September 1880)	September 1880
Jan. 1877	Ibaraki Prefecture, Otsu 1	Regulations on Six Categories of Articles Including Used Clothing and Scrap Iron (Amended to Regulations on Traders in Eight Branches of Commerce in June 1882)	

TABLE 25. (continued)

Jan. 1877	Gifu Prefecture, Ko 1	Regulation on Traders in Five Branches of Commerce	November 1879
March 1877	Yamanashi Prefecture, Ko 98	Regulation on Trade	
March 1877	Aichi Prefecture, Ko 61	Regulation on Traders in Various Branches of Commerce	December 1879
April 1877	Aomori Prefecture, 44	Regulation on Traders in Three Branches of Commerce	
Oct. 1877	Yamaguchi Prefecture, Ko 255	Regulation on Traders in Eight Branches of Commerce	
-	Nagano Prefecture, Otsu 234	Regulation on Traders in Eight Branches of Commerce	
Jan. 1878	Sapporo Prefecture	Regulation on Pawnbroking and Deals in Scrap Copper and Iron and Other Used Goods	
April 1878	Sakai Prefecture, Ko 46	Regulation on Traders in Eight Branches of Commerce	April 1878
April 1878	Okayama Prefecture, Ko 30	Regulation on Traders in Eight Branches of Commerce (Amended to Regulations on Pawn Brokers in January 1883)	April 1881
May 1878	Osaka Prefecture, Ten 91	Regulation on Traders in Three Branches of Commerce	May 1878
July 1878	Hyogo Prefecture, Ko 55	Regulation on Traders in Eight Branches of Commerce	
Nov. 1878	Kyoto Prefecture, 231	Regulation on Traders in Eight Branches of Commerce	October 1882
- 1879	Fukushima Prefecture, Ko 86	Regulation on Pawn Brokers and Dealers in Used Clothing, Antiques and Old Coins	
Feb. 1881	Nemuro Prefecture, Ko 12	Regulation on Pawnbroking and Deals in Used Clothing, Scrap Iron and Other Used Goods	
June 1882	Ishikawa Prefecture, Ko 95	Regulation on Pawnbrokers	

TABLE 25. (continued)

Sept. 1882	Hakodate Prefecture, Ko 32	Regulation on Pawnbrokers, Etc.	September 1882
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Sources: Hōrei Zensho [A compendium of laws and regulations], Fukenpō [Prefectural report] of each prefecture and Fuken Keisatsu Zensho [Prefectural police record] of each prefecture.

Note: Amended titles of regulations, together with months of promulgation thereof, are shown in parentheses. The months of promulgation of penal clauses are stated only as far as known.

official notices, and financial difficulties, this is something altogether impracticable and correspondingly lacks in effectiveness," the proposal criticized the provision of the regulation then in effect for the obligation of pawnbrokers to make spontaneous reports in response to police circulars, and was accompanied by a draft amendment consisting of 17 articles.

As the deflation under Matsukata's tight money policy intensified, the Government reversed its early policy of respecting local autonomy and began preparations for separate ordinances to control individually the "eight branches of commerce." First in February 1884, it promulgated the Second-hand Goods Dealer Control Ordinance to replace the Regulation on Traders in Eight Branches of Commerce, and in March 1895 submitted to the Senate a Pawn Shop Control Ordinance bill. The rationale for the proposal of the bill was that: "Since illegal goods also gather in pawn shops, unless a Pawn Shop Control Ordinance is instituted, even through there is a strict control ordinance on second-hand goods dealers, thieves will go to pawn shops, instead of second-hand goods dealers, pawn the goods they have stolen, and thereby reap tremendous profits effortlessly. This is the reason why the enactment of this bill is considered an urgent task today."<sup>43</sup> Thus, in compliance with the earlier proposal by the Metropolitan Police Board, the Government intended to tighten its control on pawnbroking.

The bill was unusual in that, first, it was intended to be Japan's first

such law, moreover with a nation-wide effect; second, it would apply only to pawnbrokers, departing from the comprehensive tradition, consistently held to since the Tokugawa era, to cover all the so-called eight branches of commerce; and third it was more expressly disciplinary, involving strict controlling provisions. The purpose of the ordinance was the uprooting of thefts, beyond the facilitation of search for lost or stolen goods which earlier such regulations sought to accomplish.

Main provisions of the proposed ordinance included: (a) Prohibition of acceptance of an item from an unidentifiable person (Article 4), anyone under 15 years of age, or anyone who has been subjected to disposition under Article 399 or 401 of the Criminal Code (Article 6); of anything suspected to have been stolen, unbecoming its bearer (Article 7), or resembling any item listed in a police circular on lost or stolen goods (Article 11); (c) Inspection by the police (Article 13), and (d) Penalties - A pawnbroker violating the ordinance or making a false report should be subject to a penalty of ¥2 to ¥200 (Article 14), and one repeating an offense within a year should be prohibited, either permanently or temporarily, from continuing its business (Article 15).<sup>44</sup>

The bill contained no provisions for rewarding reporters of illegal articles, which were present in the prior regulation or for the protection of pawners, unlike the subsequent Pawn Shop Control Law. Thus the proposed ordinance was intended for the convenience of control by the police, but had no element of social policy as yet.

When the bill was submitted to the Senate, some Senators criticized it as being too severe, but it was eventually promulgated, with only partial modification, in March 1884.

The Pawn Shop Control Ordinance was extremely severe to pawnbrokers. Therefore, it further accelerated the already increasing closures of pawn shops, driven into a crisis by the prevailing depression and, not unexpectedly, invited fierce resistance by pawnbrokers.

### 3. Enactment of Pawn Shop Control Law and Campaigns for Amendment

Social problems during and after the Sino-Japanese War of 1894-1895 began to change in character, influenced by emerging labour problems. Whereas the institution of the Pawn Shop Control Law was not unrelated to this change of social problems, the following two aspects are important. One is the shift in the idea underlying the policy of the Interior Ministry bureaucracy to cope with the changing social problems. Enlightened younger members of the bureaucracy were early to accept, and intended to solve those problems by, the economics of the social policy school or the neo-historical school. The other is the development of enthusiastic campaigns by pawnbrokers seeking freedom of trade against the stringent Pawn Shop Control Ordinance.

Immediately after the promulgation of the Pawn Shop Control Ordinance in 1884, many pawnbrokers were successively trapped in its tight net<sup>45</sup> (see table 26). Their campaigns seeking amendment of the ordinance, understandably stimulated by its ruthlessness, were further stepped up

TABLE 26. Yearly Numbers of Violations of Pawn Shop Control Ordinance

Year	Total no. of violations	No. of punished violations	Punished with		Others	No. of cases of acquittal
			Minor fines	Major fines		
1884	548	521	487	34	0	27
1885	1,190	1,144	1,106	38	0	46
1886	846	818	773	45	0	28
1887	777	743	721	22	0	34
1888	820	793	769	24	0	27
1889	932	896	869	27	0	36
1890	1,001	966	949	17	0	38
1891	1,165	1,103	1,069	34	1	61
1892	1,301	1,214	1,173	41	0	87
1893	1,266	1,207	1,184	23	0	59
1894	1,158	1,105	1,083	22	1	52
1895	897	846	832	14	1	50

Source: Nihon Teikoku Tōkei Nenkan.

and developed in a more organized way as soon as the Imperial Diet was opened. Petitions for its amendment were submitted to the Diet persistently during its second and subsequent sessions, listed in table 27, which reveals the wider geographical distribution of petitioners from the fifth session on. This upsurge of petitioning campaigns was a result of organized encouragement mainly by the pawnbrokers' associations Tokyo and Osaka.

The petitions filed in this context were substantially similar in content to one another, although with slight local differences in expression. For instance, one submitted to the House of Representatives in May 1894 by Fukuda Ushitaro, a pawnbroker in Tokushima City,<sup>46</sup> maintained that

TABLE 27. Petitions for Amendment of Pawn Shop Control Ordinance

Diet session	House of Representatives		House of Peers	
	No. of petitions	Domicile of petitioner	No. of petitions	Domicile of petitioner
2nd	1	Unknown 1	1	Kyoto 1
4th	2	Kumamoto 1, Unknown 1		
5th	9	Tokyo 1, Osaka 1, Tokushima 1, Ehime 5, Fukuoka 1	10	Tokyo 2, Osaka 2, Ehime 5, Fukuoka 1
6th	8	Osaka 1, Mie 2, Tokushima 1, Ehime 4	1	Osaka 1
8th	5	Tokyo 1, Osaka 1, Tokushima 1, Ehime 1, Fukuoka 1	3	Tokyo 1, Osaka 1, Fukuoka 1

Sources: Basically Seigan Bunsho-hyō [Lists of written petitions, kept by the National Diet Library] of the two Houses, supplemented where incomplete with information from Shūgi-in Giji Tekiyō [Abstracts of the minutes of the House of Representatives] and Kizoku-in Jimu-kyoku Hōkoku [Reports of the Secretariat of the House of Peers].

the ordinance, under which control by the police was "too ruthless... involving too many arrests...violated trading rights and curbed individual freedom," and was therefore against "the spirit of the Constitution which guaranteed the rights and liberty of people," and urged its amendment into "a reasonable law consistent with the constitutional way of government."

This demand was incorporated into the bills for the amendment of the Pawn Shop Control Ordinance presented repeatedly to the Diet from its fifth session on in conjunction with the petitioning campaigns, and bore fruit in the bill for the Pawn Shop Control Law submitted by Taguchi Ukichi and nine others to the eighth session. This bill was deliberated together with another bill for the amendment of the ordinance, presented to the same session by Higashio Heitaro and four others, and finally enacted in March 1895 (see table 28).

How much did the newly promulgated Pawn Shop Control Law fulfill the wishes of pawnbrokers? Though not so liberal as the demands contained in the petitions, it did fulfill their wishes to the extent that the severe restrictions on the acceptance of items to be pawned and the authority of policemen to inspect pawn shops under the old ordinance were substantially modified and the penal clauses were eased (see table 29).

The introduction of social policy concepts by the younger bureaucrats of the Ministry of the Interior is another important issue. The policy of the ministry was given expression by Tsuzuki Keiroku, a government delegate. He intended to incorporate two social policy concepts into the bill for the Pawn Shop Control Law: the limitation of interest rates on loans from pawnbrokers prescribed in Article 9, and the proviso to Clause 2 of Article 5, "The pawnbroker shall provide the pawner with a pawn ticket or a passbook in witness of the pawn contract between the two parties."

The limitation of interest rates on loans from pawnbrokers had already been taken up by Tsuzuki when the Diet had deliberated on the bill for

TABLE 28. Amendments to Pawn Shop Control Ordinance Proposed to Imperial Diet

Title of bill	Diet session	Proponents	Date of introduction	Action of Houses		Promulgated (Law No.)
				Lower House	Upper House	
Bill for the Law to Amend the Pawn Shop Control Ordinance	5th	Ono Ryūsuke and 2 others	Dec. 2, 1893	Shelved		
"	5th	Higashi'o Heitarō and 2 others	Dec. 7, 1893	"		
"	5th	Suzuki Rinzō and 2 others	Dec. 7, 1893	"		
"	6th	Higashi'o Heitarō and 6 others	May 15, 1894	"		
"	6th	Sasaki Shōzō and 1 other	May 15, 1894	"		
"	8th	Higashi'o Heitarō and 4 others	Dec. 24, 1894	Decision considered unnecessary		
Bill for the Pawn Shop Control Law	8th	Taguchi Ukichi and 9 others	Dec. 24, 1894	Revised on Jan. 31, 1895	Revised on February 18	March 31 (No. 14)

Sources: A list of bills proposed to the Imperial Diet in the House of Representatives and the House of Councillors, ed., Gikai Seido Nanajūnen-shi [A 70-year history of the Diet system], 1961.

the amendment of the Pawn Shop Control Ordinance presented by Ono Ryūsuke and two others, during its sixth session. Touching on the difference between the Pawn Shop Control Ordinance and the Second-hand Goods Dealer Control Ordinance, he stated that, although "it is sufficient for the Second-hand Goods Dealer Control Ordinance solely to control the handling of stolen articles," control of pawn shops should include, besides the fulfillment of this purpose, "protection of pawners, of the pool",<sup>47</sup> and thereby hinted at the necessity of incorporating such a provision into the amended law. This suggestion by Tsuzuki was taken up in Higashio's bill, and materialized as a provision to limit the interest rates on loans from pawnbrokers. The limits thereby prescribed to the interest rates were, as stated above, "¥.01 per month for a loan of ¥.25 or less, 4/100 per month for ¥1 or less (48 per cent per annum), 3/100 per month for ¥5 or less (36 per cent per annum), or 2.5/100 per month for ¥10 or less (30 per cent per annum)," only slightly lower than the then prevailing rates on loans from pawnbrokers. The penalty against the violation of these limits also was lukewarm, the pertinent provision reading, "...shall be invalid to the extent it violates the law" like in the Interest Restriction Law.

How did the law provide for the issue of a pawn ticket or a passbook by the pawnbroker to the pawner. This problem arose from the revision by the House of Representatives of the proviso to Clause 2 of Article 5 of the Higashio bill submitted to the eighth session of the Diet, which read "The pawnbroker shall provide the pawner with a pawn ticket or a passbook in witness of the pawn contract between the two parties." The revision was to add to it "except in the event the pawner requires neither." The intention of the Government was to revive the purport of the original bill by eliminating this addition with a view to protecting the poor. The House of Peers served as a forum for the discussion of this point. Tsuzuki urged the withdrawal of the Lower House's revision, emphasizing that, while the provision of Article 367 of the Commercial Code for the right of pledge derived from the fear that the economically weak might otherwise be overwhelmed by the strong, the original provision of the Higashio bill was necessary "from the standpoint of protecting pawners, namely, the poor... because pawners are

TABLE 29. Main Proposed Amendments of Pawn Shop Control Ordinance

Subject	Pawn Shop Control Ordinance	Petition for Amendment of Ordinance (by Ushitaro Fukuda)
Limitations on acceptance of items	Acceptance from Unidentified person prohibited (Art. 4), acceptance from anyone under 15 years of age, an idiot or a lunatic, or an employee, and acceptance of anything bearing official seal or symbol, both prohibited (Art. 5).	Amendment: Anyone who has no fixed domicile (Art. 5); the same as Ordinance except exclusion of anyone under 15 years of age (Art. 5).
Pledger and pawnbroker	—	—
Limitations on interest rates	—	—
Obligation to report to police	Acceptance in pawn or in trust from anyone convicted of theft or fraud or under Art. 399 or 401 of Criminal Code (Art. 6). Informing in secrecy against carrier of seemingly stolen item or anything apparently above his or her means (Art. 7). Five days' notice when foreclosed article is to be sold (Art. 8) When anything resembling any item listed in police circular on stolen goods is accepted in pawn or in trust within 1 year of receipt of such circular, or when anything resembling any such item is found among goods previously accepted in pawn or in trust (Art. 11).	Deleted.  Amendment: "Anything apparently" and thereafter deleted (Art. 8)  Deleted.  Deleted.
Inspection by police	Policeman can at any time go into pawn shop to inspect goods in pawn and pawn ledgers, and pawn shop owner cannot refuse such inspection (Art. 13).	Amendment: When criminal offense is suspected (Art. 7).
Penalties	Anyone violating Ordinance or making false report shall be subject to penalty of ¥2 to ¥200 (Art. 14).  Anyone repeating offense within 1 year may be prohibited or suspended from conducting business (Art. 15).	Amendment: Penalty of ¥2 to ¥20 (Art. 9).  Deleted.

Bill for Amendment of Ordinance (proposed by Ryusuke Ono and 2 others)	Bill for Pawn Shop Control Law (proposed by Ukichi Taguchi and 9 others)	Pawn Shop Control Law
<p>Amendment: Anyone whose domicile and name are unknown (Art. 6); substantially the same as Ordinance (Art. 6).</p> <p>—</p> <p>—</p>	<p>Amendment: The same as Bill for Amendment (Art. 6); substantially the same as Ordinance (Art. 7).</p>	<p>Amendment: One whose domicile and name are unknown (Art. 4).  Amendment: Pledger's right to place the article in pawn shall be confirmed (Art. 3).  Addition: Anything seemingly contaminated with infectious germs shall be accepted after disinfection (Art. 7).</p> <p>Pawnbroker shall issue, in witness of pawn contract, to pledger a pawn ticket or passbook (Art. 5).</p> <p>For loan of 25 sen or less, 1 sen/month or less; for ¥1 or less, 4%/month; for ¥5 or less, 3%/month; for ¥10 or less, 2.5%/month (Art. 9).</p>
<p>Deleted.</p>	<p>Deleted.</p>	<p>Deleted.</p>
<p>Amendment: The same as Petition (Art. 7).</p>	<p>The same as Ordinance (Art. 8).</p>	<p>Amendment: Anything suspected of illegal nature shall be reported (Art. 3).</p>
<p>Deleted.</p>	<p>Deleted.</p>	<p>Deleted.</p>
<p>Deleted</p>	<p>Amendment: "Within 1 year of receipt of such circular" revised to "within 6 months ..." (Art. 11).</p>	<p>Amendment: The same as Taguchi Bill (Art. 14).</p>
<p>Amendment: The same as Petition (Art. 8).</p>	<p>Amendment: The same as Petition (Art. 13).</p>	<p>Amendment: When the presence of anything suspected of involvement in crime, lost article, or anything contaminated with infectious germs is recognized (Art. 15).</p>
<p>Amendment: The same as Petition (Art. 10).</p>	<p>Amendment: Depending on relative gravity of violation, ¥2 to ¥20 (Art. 16), ¥5 to ¥50 (Art. 15), ¥1 to ¥1.95 (Art. 17).</p>	<p>Amendment: Depending on relative gravity of violation, ¥2 to ¥100 (Art. 22), ¥2 to ¥50 (Art. 23).</p>
<p>Amendment: May be suspended from conducting business for not more than 1 year (Art. 11).</p>	<p>Deleted.</p>	<p>Amendment: Anyone violating law or order may be prohibited or suspended from conducting business if administrative body considers such disposition necessary (Art. 18).</p>

mostly poor and therefore adhering to the spirit of the pertinent article of the Commercial Code with respect to pawnbrokers' right of pledge would be an excess, even more so than in other instances."<sup>48</sup> Though there was some opposition to this position of the Government, eventually the Lower House's revision was overridden, and the bill was passed as it had been originally proposed.

The Pawn Shop Control Law thus enacted was, as it were, a product of compromise between the Government and the proponents of the bill representing the interests of pawnbrokers. As such, it had a trigger to reactivate confrontation, which could be automatically pulled under certain conditions. The conditions emerged soon after the Sino-Japanese War of 1894-1895, and were carried over into the Taisho and Showa periods. On the part of pawnbrokers, though the growth of general business activities provided more opportunities for external investment, competition among them and the sustained regulation over their operations under the Pawn Shop Control Law made the trade less attractive than before, and therefore they needed easing, if not outright abolition, of the control more than anything else. The Government and the bureaucracy, on the other hand, were called on to implement more social-policy-oriented measures to cope with the qualitative changes of social problems.

Finally, the enactment of the Pawn Shop Control Law created the antagonism between the Government and pawnbrokers. It began with a petitioning campaign by the latter. Table 30, in which petitions listed in Seigan Bunsho Hyō of both Houses of the Diet are put together, shows how markedly such petitions increased from the late Meiji to mid-Taisho years. In November 1919, the Federation of the Representatives of Pawnbrokers' Associations in Six Major Cities held a meeting, and submitted a proposal for the amendment of the Pawn Shop Control Law to the Minister of the Interior. The Interior Ministry confronted the pawnbrokers head on by drafting in January 1920 a bill for the Law on Pawnbroking, which contained even more social policy elements. The proposals of the two parties to improve pawnbroking were oriented in totally opposite ways (see table 31). However, as pawnbrokers staged a strike in the same month, the Government gave up presentation of the bill to the Diet,<sup>49</sup>

TABLE 30 Petitions for Amendment of Pawn Shop Control Law

Session of Imperial Diet	House of Representatives		House of Peers	
	No. of petitions	Domicile of petitioner	No. of petitions	Domicile of petitioner
9th (Dec. 1895 - Mar. 1896)	0		3	Hokkaido 1, Niigata 1, Shizuoka 1
14th (Nov. 1899 - Feb. 1900)	-		-	Shizuoka 1
22nd (Dec. 1905 - Mar. 1906)	13	Hokkaido 1, Aomori 1, Akita 4, Gunma 2, Aichi 1, Hyogo 1, Fukuoka 3	9	Aomori 1, Gunma 2, Aichi 1, Hyogo 1, Fukuoka 4
23rd (Dec. 1906 - Mar. 1907)	5	Aomori 1, Akita 2, Hyogo 1, Kochi 1	5	Aomori 1, Akita 2, Hyogo 1, Fukuoka 1
24th (Dec. 1907 - Mar. 1908)	1	Ehima 1	0	
30th (Dec. 1912 - Mar. 1913)	1	Kochi 1	0	
37th (Dec. 1915 - Feb. 1916)	13	Yamaguchi 3, Fukuoka 5, Nagasaki 2, Saga 1, Kumamoto 1, Kagoshima 1	10	Yamaguchi 3, Fukuoka 4, Saga 1, Nagasaki 2
38th (Dec. 1916 - Jan. 1917)	0		1	Fukuoka 1
40th (Dec. 1917 - Mar. 1918)	14	Osaka 1, Yamaguchi 2, Fukuoka 7, Saga 1, Nagasaki 1, Kumamoto 1, Kagoshima 1	9	Osaka 1, Yamaguchi 1, Fukuoka 4, Saga 1, Kumamoto 1, Kagoshima 1
41st (Dec. 1918 - Mar. 1919)	27	Hiroshima 1, Yamaguchi 1, Tokushima 5, Fukuoka 6, Saga 1, Nagasaki 1, Korea 12	7	Hiroshima 1, Yamaguchi 1, Tokushima 2, Fukuoka 2, Saga 1
42nd (Dec. 1919 - Feb. 1920)	5	Hiroshima 1, Fukuoka 3, Kagoshima 1	4	Hiroshima 1, Fukuoka 3

Sources: Mainly Seigan Bunsho-hyō of the two Houses (kept by the National Diet Library), supplemented where incomplete with information from Shūgi-in Giji Tekiyō and Kizoku-in Jimu-kyoku Hōkoku. No pertinent information is available for the 13th through 15th sessions of the House of Representatives.

TABLE 31. Amendments to Pawn Shop Control Law Proposed by Interior Ministry and Federation of Pawnbrokers of Pawnbrokers

Pawn Shop Control Law (1895; amended in 1900, 1905, and 1909)	Petition for Amendment of Pawn Shop Control Law (Nov. 1919; submitted by National Federation of Pawnbrokers)	Bill for Law on Pawnbroking (Jan. 1920; adopted by departmental council of Interior Ministry)
(1) Limitations on acceptance of pawn Pledger's right to place the article in pawn shall be confirmed (Art. 3).	"Recognized" instead of "confirmed" (Art. 3).	"After recognizing with due attention pledger's right to place the article in pawn" instead of "... confirmed".
Acceptance from anyone whose domicile and name are unknown is prohibited (Art. 4).	"Unless he or she has passbook with him or her" is added (Art. 4)	
Anything seemingly contaminated with infectious germs shall be accepted after disinfection (Art. 7).		
(2) Pledger any pawnbroker Pawnbroker shall issue, in witness of pawn con- tract, to pledger a pawn ticket or passbook (Art. 5).	"However, issuance thereof can be dispensed with if pledger does not require it" is added (Art. 5).	Revised to "Issuance of pawn ticket or pass- book to pledger can be dispensed with if otherwise prescribed by order".
(3) Limitations on interest rate For loan of 25 sen or less, 1 sen/month; for ¥1 or less, 4%/month; for ¥5 or less, 3%/month; for ¥10 or less, 2.5%/month; any contract in violation of this article shall be invalid as far as it violates same (Art. 9).	Revised to "For loan of ¥5 or less, 4%/month; for ¥25 or less, 3%/month; for ¥50 or less, 2.5%/month; for more than ¥50, by mutual con- sent" (Art. 9).	"For ¥30 or less, 2%/month" added to limita- tions on interest rate in existing law. Interest shall be calculated from month to month.
(4) Provisions of foreclosure After time limit on pawn redemption, pawnbroker shall be free to dispose of the pawn foreclosed (Art. 11).	Revised to "Pawnbroker shall acquire ownership of pawn after the lapse of time limit on pawn redemption, provided that provision of Art. 193 of Civil Code shall not apply to anything held by pawnbroker." Time limit on pawn redemption shall be 3 months (added).	"Time limit on pawn redemption shall not be less than 4 months, except for items which may be lost or damaged sooner."
(5) Report to police When pawnbroker becomes aware of having accepted in pawn anything corresponding to item listed in police circular on stolen goods within 6 months of receipt of such circular (Art. 14).	"Within 6 months" revised to "within 3 months" (Art. 14).	
(6) Inspection and disposition by policeman When the presence of anything suspected of in- volvement in crime, lost article or anything contaminated with infectious germs is recognized, policeman can at any time inspect goods in pawn and pawn ledgers, and seize the article or ledger for not more than 10 days. Certificate of receipt shall be issued upon such seizure (Art. 15).	"At any time" revised to "within business hours and with consent of pawnbroker"; policeman hav- ing seized anything shall issue certificate of receipt "specifying description and quantity thereof" (Art. 15).	Ten-day limit on seizure reduced to 3 days.
Policeman can seize anything in pawn found to be lost or stolen article and return it to its legiti- mate owner. If its legitimate owner is unidenti- fied, such article shall be returned to pawnbroker 2 years after its seizure (Art. 16).	"If anything in pawn is confirmed by court to be stolen article or recognized to be lost article, pawnbroker shall return such article to its legitimate owner in exchange for half the loan paid by such owner. If its legitimate owner is unidentified, pawnbroker shall acquire ownership of such article after keeping it for 6 months from the time it was found to have been illegitimately pawned. However, this shall not apply to anything involved in crime under Art. 244 of Criminal Code.	Anything in pawn found to be stolen or lost article, "unless it has reached its time limit on redemption," can be seized by police and returned to its legitimate owner. Considering provisions of Art. 192 and 194 of Civil Code, exceptions shall be made to seizure, and if legitimate owner of such article is unidenti- fied, pawnbroker shall be allowed to keep it in trust.
(7) Penalties Administrative body can at any time lift such prohibition from conducting business (Art. 21).	"Or suspension" is added after "prohibition."	
(8) Additional clauses	"Pawnbrokers shall establish associations in each of the specified territories, and file with ad- ministrative body report on such establishment, accompanied by constitution of such association. No pawnbroker failing to join such association shall be authorized to conduct business." "Pawnbroker whose interest has been adversely affected by illegal disposition by policeman or administrative body can lodge law suit or admin- istrative litigation."	

fearing that the strike would stop the flows of cash to the needy and thereby invite further intensification of social problems.

After that, the Government stepped back in its attempt to amend the Pawn Shop Control Law, and instead tried to implement a policy of seeking co-existence of public and private pawn shops, which was intended to hold in check the activities of private pawnbrokers by facilitating the proliferation and solidifying the legal basis of public ones. This point will be discussed in greater detail in my next paper.

## NOTES

1. Karl Marx, Capital (English version), Vol. III, Moscow, 1966, p. 601.
2. For immediate reference on this point, see the Research Bureau, Bank of Japan, ed., Shichiya ni kansuru Chōsa, 1913, reprinted in Nihon Kin'yū-shi Shiryō [Reference materials on the financial history of Japan], on the Meiji and Taisho periods, Vol. 25, 1961, p. 110 ff, and Tokyo Shisei Chōsakai, ed., Kōsetsu Shichiho, 1926, p. 320 ff.
3. A considerable number of introductory works were written, and studies made, before World War II on pawnbroking in China (including former Manchuria), Korea, and Thailand. For further information on these pieces of literature, see Ryuichi Shibuya, ed., Kindai Shichiya-gyō Bunken Mokuroku [A bibliography on modern pawnbroking], 1969.
4. Prefecture having 900 or more pawn shops each in 1885 were found in highly urbanized areas (Tokyo, Osaka, Aichi, Hyogo, and Kanagawa), silk-raising-reeling areas where factor-dominated household industry rapidly developed in the years around the Meiji Restoration (Fukushima, Gunma, Saitama, and Kanagawa) and around Tokyo (Ibaraki and Chiba).
5. For further details on the calculation, see Shibuya, "Shichiya Taisaku Rippō no Tenkai (1)" [Development of legislation concerning pawn shops (1)], Komazawa Daigaku Keizai-gaku Ronshū, Vol. 4, No. 1, June 1972, pp. 2-4.
6. The pattern of the development of pawnbroking thus differed between urban and rural areas, and even among districts of the same city according to the dominant class of people inhabiting each district. The situation in Kanazawa City, for instance, is described in the Kanazawa Branch of the Bank of Japan, Hokuriku San Ken ni okeru Shō Shōkōgyōsha no Shikin Yūzū Jōkyō [Situation of financing to small merchants and craftsmen in three Hokuriku prefectures], 1913, reprinted in the Bank of Japan, Nihon Kin'yū-shi Shiryō [Reference materials on the financial history of Japan], part on the Meiji and Taisho periods, Vol. 25, 1961, p. 351.
7. Social Affairs Bureau of the City of Tokyo, Tokyo Shinai Saimin no Nyūshichi ni kansuru Chōsa [A survey on pawning by the poor in the City of Tokyo], 1921, pp. 13-14.
8. In the Meiji period, pawning of kitchen utensils and bedding was nothing unusual especially in slums, and this was considered a

phenomenon symbolic of lendings by pawnbrokers (Chōju Nishida, annot., Meiji Zenki no Toshi Kasō Shakai [Urban slums in earlier Meiji years], 1970, p. 58). By the mid-Taisho period, however, pawning of such items seems to have become rather rare ("Keikai-ki no Shichiya-gyō" [Pawnbroking in a critical phase], appendix for readers in Hyogo Prefecture to Osaka Mainichi Shinbun, April 24, 1919).

9. For a definition of this class, see Keiji Ushiyama, Nōmin-sō Bunkai no Kōzō [Structure of the decomposition of the farming class], 1975, p. 21 ff.
10. Bank of Japan, Shichiya ni Kansuru Chōsa, 1913; Nihon Kin'yū-shi Shiryō cited above, part on the Meiji and Taisho periods, Vol 25, p. 97.
11. Expenditure for clothing increased faster than wages (Akio Yagi, Seikatsu Keizai-shi [A history of livelihood economy], 1978, p. 263). This meant the possibility of increased pawning of clothes, which constituted the bulk of pawns.
12. See "Shomin Kin'yū Kikan to shite no Shichishō" [Pawnbrokers as financial institutions for commoners], Tōyō Keizai Shinpo, No. 800, December 25, 1917, p. 15; Kazumasa Kusumi, Shomin Kin'yū Kikan to shite no Shichiya no Kenkyū [A study on pawnbrokers as financial institutions for commoners], 1928, p. 15, ff.
13. For further details on this point, see Shibuya, "Wagakuni Kashikin-gyō no Tōkei-teki Kōsatsu" [A statistical consideration of the money-lending business in Japan], Nōgyō Sōgō Kenkyū, Vol. 16, No. 1, January 1962, p. 177 ff.
14. See Shibuya, "Meiji Makki no Fusai Chōsa" [A survey on liabilities in the late Meiji period], Tochi Seido Shigaku, No. 54, January 1972.
15. According to a breakdown of collaterals for lendings by commercial banks in Kin'yū Jikō Sankō-sho [A reference book on financial matters], the proportion of commodities and miscellaneous goods to the total outstanding balance of lendings kept on falling from 16.2 per cent in 1893 to 11.5 per cent in 1898, 10.6 per cent in 1903, 9.7 per cent in 1908, and 7.8 per cent in 1913.
16. See Shibuya, "Shakai Mondai no Hassei to Kakyū Kin'yū Kikan Chōsa" [A survey on the occurrence of social problems and lower-class financial institutions], Kin'yū Keizai, No. 129, August 1971, p. 43 or, for further details, Asajima Shōichi, "Mujin-gyō Hō no Rippō Jijō" [Circumstances of the enactment of the Law on Mutual Financing Business], Shintaku, No. 90, April 1972.
17. For information on associations in farm villages, see Naomi Saeki, Nihon Nōgyō Kin'yū-shi Ron [A treatise on the history of agricultural finance in Japan], 1963, p. 210 ff.

18. Tokyo Shisei Chōsakai, op. cit., p. 164.
19. For details on this point, see Shibuya, "Shichiya Taisaku Rippō no Tenkai (3)," Komazawa Daigaku Keizai-gaku Ronshū, Vol. 5, No. 1, June 1973, p. 22 ff.
20. See Kokusei Kenkyūkai, Shokuminchi oyobi Shogaikoku no Shichiya Gaikyō narabini Shichiya-gyō ni tsuite no Sōkatsu [General situation of pawn shops, and a summary of pawnbroking, in colonies and foreign countries], 1935, pp. 102-105.
21. The Association of Pawnbrokers in Kanazawa City, for example, set the interest rates at ¥.01 per month for a loan of ¥.40 or less, ¥.025 per yen per month for a loan of ¥10 or more, ¥.02 per yen per month for a loan of over ¥10 and ¥.015 to ¥.02 per yen per month for a loan of over ¥50 (Nihon Kin'yū-shi Shiryō cited above, section on the Meiji and Taisho periods, Vol. 25, p. 353).
22. Op. cit., p. 25.
23. See the Police Administration Bureau of the Ministry of the Interior, Shichiya-kō [A study on pawn shops], 1919.
24. A newspaper article described how these agents (known as shichioki babā [pawning old women]) functioned: "Shichioki babā would go between pawners and pawnbrokers on behalf of the former, or act as guides to pawn shops, on a side-job basis. Theirs is a very lucrative side job. If you tell one of them, 'Take this to your uncle's and get some money for me, will you?', she will do so right away with her own passbook, and receive a commission from not only the pawner but also the pawnbroker. Most pawnbrokers retain two or three such old women exclusively at their service, and pay them rather generously on a daily basis." ("Shichiya no Kenkyū" [A study on pawn shops], Taiwan Nichinichi Shinbun, September 17, 1916.)
25. Nihon Kin'yū-shi Shiryō cited above, part on the Meiji and Taisho periods, Vol. 25, p. 352.
26. Nagoya Branch of the Bank of Japan, Aichi, Mi'e, Gifu San-kenka ni okeru Ginkō igai no Kin'yū Kikan [Financial Institutions other than banks in the three prefectures of Aichi, Mi'e and Gifu], 1913, reprinted in Nihon Kin'yū-shi Shiryō cited above, Vol. 25, p. 273.
27. This practice seems to date back to rather old days. Pawnbrokers' interest rates in Tokyo Prefecture were 14.4 per cent for small items (clothes) and 28.8 per cent for bulky goods in 1868-1869 (Yoshima Satō, "Fuka Shichiya Rishi" [Pawnbrokers' interest rates in the prefecture], Tōkei Shū-shi, No. 54, February 1886, p. 51).
28. For further details on their realities, see the Social Affairs Department of the City of Osaka, Hiyatoi Rōdōsha Mondai [Problems of Day-Laborers], 1914, p. 220 ff.

29. Social Affairs Bureau of the City of Tokyo, Tokyo Shinai Oyobi Gunbu ni Okeru Shichiya ni Kansuru Chōsa [A survey on pawn shops in Tokyo City and its outskirts], 1926, reprinted in Nihon Kin'yū-shi Shiryō cited above, section on the Meiji and Taisho periods, Vol. 25, p. 1072.
30. Losses from the sale of foreclosed items are reported at ¥176 in 1930, ¥1,449 in 1931, and ¥219 in 1932 by Nitō-ya, a middle-class pawnbroker in Shizuoka City, and at ¥7,639 in 1930 and ¥4,621 in 1931 by Fukushima-ya, a big pawnbroker in the older part of Tokyo City, for instance.
31. Nihon Kin'yū-shi Shiryō, cited above, pp. 94-95, and Kusumi, op. cit., p. 8.
32. Marx, Capital (English version), Vol. 3, Moscow, 1966, p. 596.
33. Social Affairs Bureau of the City of Tokyo, Tokyo Shinai Saimin no Nyūshichi ni kansuru Chōsa, cited above, 1921, p. 5.
34. The tightening of government control on pawnbrokers in the Tokugawa era had its own limits because, as Suzuki Kameji pointed out, tightened control would choke finance and thereby distress people. Therefore, the Shogunate was obliged to tighten its control while keeping a "reasonable balance between crime prevention and financial ease" (Kinsei Shichiya Shidan [A historical account of pawnbroking in modern times], 1972, p. 51).
35. Police Administration Bureau of the Ministry of the Interior, ed., op. cit., p. 56.
36. Court of Tokyo, Minji Yōroku [A compendium of civil cases], part A, 1875, pp. 768-769.
37. Hōrei Zensho, 1873, pp. 787-790.
38. A collection of laws and regulations promulgated from January through October 1873, preserved at the Metropolitan Archives of Tokyo.
39. See the Regulation on Traders in Eight Branches of Commerce contained in Tokyo Fu Futatsu Zensho [A compendium of decrees by the prefectural government of Tokyo], 1876, preserved at the Metropolitan Archives of Tokyo.
40. As nothing related to pawnbrokers is mentioned in the Research Department of the Ministry of Justice, ed., Oshioki Reirui-shū [A collection of typical dispositions], Part 1, reprinted in 1941, in which rewarding systems in Tokugawa period are described, there presumably was no such system for pawnbrokers in those days.
41. Although I have been able to confirm in Fuken-hō and Keisatsu Zensho the promulgation of such regulations by August 1876 in only eight prefectures - Tokyo, Kōchi, Ehime, Chiba, Shiga, Nara,

Mi'e and Gunma - the Ministry of the Interior instructed similar regulations to be promulgated in five more prefectures - Kanagawa, Saitama, Nagasaki, Sakai, and Kumagaya (Kōbun-roku [A collection of official documents] 2A-9-1847 and 1891, preserved at the National Archives). Therefore, such regulations could have been promulgated in many more prefectures than those listed in table 25.

42. An anonymous draft of this document is attached to the Police Administration Bureau of the Ministry of the Interior, ed., op. cit.
43. Nihon Kin'yu-shi Shiryō cited above, section on the Meiji and Taisho periods, Vol. 13, 1959, p. 432.
44. Ibid., pp. 431-432.
45. Satō Yoshima, "Kinri Enkaku" [A history of interest rates], Tōkei Shū-shi, No. 54, February 1886, p. 52.
46. Fukuda Ushitarō, Shichiya Torishimari Jōrei Seigansho, Dō Shushi. Shichiya Jōrei Kaiseian Riyūsho [A petition regarding the Pawn Shop Control Ordinance, the prospectus of same and a document stating the reasons for the proposed amendment to the Pawn Shop Ordinance], 1894.
47. Dai Rokkai Teikoku Gikai Shūgi-in I'inkai-giroku [Minutes of the committee meetings of the House of Representatives during the sixth session of the Imperial Diet], No. 21, p. 153.
48. Dai Nippon Teikoku Gikai-shi [Gazette of the Diet of the Great Japanese Empire], Vol 3, 1927, p. 163.
49. For details on this point, see Shibuya, "Shichiya Rippō no Tenkai (2)," cited above, p. 66 ff.