EIGHTEENTH-CENTURY Nara was a magnificent city. Even conservative estimates of its population, ranging from seventy thousand to one hundred thousand, make Japan’s most famous Chinese-style capital one of the world’s great urban centers. Nara (also known as Heijo) contained a spacious palace compound over one square kilometer in area filled with tiled office buildings and thatched mansions. Outside the palace walls in the city proper lived large concentrations of aristocrats and commoners and people associated with religious institutions.

Who provisioned and maintained this large urban populace and physical plant? Almost all English-language analyses, and much of the literature in Japanese, assign the predominant role to adult males making in-kind tax payments. The eighth-century law codes ordained a constant flow of goods and labor services as revenues from provincial residents to rank-holders at Nara and elsewhere. To facilitate these payments, a network of official travel arteries linked the capital to sixty-odd provincial headquarters (kokufu 国府), a few of which were substantial settlements in their own right. Dozens of wooden tablets (mokkan 木簡) originally attached to commodity payments have been excavated at Nara since 1961, and many bear the names and addresses of taxpayers.

This image of the Nara economy conveyed by the law codes and wooden tablets should not, however, be accepted uncritically. Given the city’s size, providing residents with grain, cloth, iron, dried fish, timber, and sundry other goods must have been a vast undertaking. Could Japan’s taxpayers have supplied all consumer demands? Or were there other agents involved in provisioning Nara?

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2 Most English-language works concentrate on commodity revenues and say little or nothing about trade or merchants. Two interesting and provocative exceptions are Yamamura 1974 and Torao 1993. Yamamura looked at the economy with the trained eye of an economic historian while Torao utilized rich documentary materials.
The main argument of this article is that lower-ranking officials played a crucial role as the chief handlers of trade in the Nara economy. Trade refers to the movement of goods and the transfer of claims to those goods, for the purpose of changing the mix of items held, or to realize monetary gain. It may be conducted in marketplaces; prices in those marketplaces may be determined by the process of trading itself or may be administratively set. The term for trade in Nara records is *kōeki*交易, which Yoshida Takashi 吉田孝 defines as "the exchange of goods for cash or other goods."³

An overview of the archipelago-wide exchange network reveals the entrepreneurial skill of Japan’s official-traders, who utilized their positions and regional differentials in economic development to realize sizable profits. Their economic activities were further manifest in government monetary policy: court profiteering was largely responsible for the issuance, circulation, and demise of copper cash. Finally, various data show that 1) legal prohibitions on official profit-making in the Tang codes were systematically removed by Japanese legislators; 2) evidence of activities by private merchants is sketchy; and 3) identifiable official-traders profited greatly from numerous business transactions. These findings shed light on the economic basis of the Nara state and perhaps indicate Japan’s unusual development when seen from a comparative perspective.

*The Domestic Trade Network*
To understand why official-traders were so important in Nara Japan, an outline of trade patterns is essential. The eighth-century commercial network can be envisaged as three interdependent subsystems: exchange in the capital and its immediate environs, regional transactions, and medium- and long-distance commerce between the capital and outer provinces.⁴ These subsystems reflect the varying levels of economic development, wealth, and productivity in different parts of the archipelago. While officials probably conducted business in all three subsystems, they were especially prominent in interregional commerce, where inside information and access to official transport may have given them an added advantage.

*Capital and vicinity.* The hubs of both capital and long-distance trade were the official markets of the successive imperial capitals.⁵ As described in the Yōrō 養老 Code, both Eastern and Western Markets (*tōzai ichi*東西市) were administered by the usual four-tiered hierarchy of government officials (*shitōkan* 四等

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³ Yoshida 1983, p. 289. I am grateful to Professor Anne Mayhew, an economic historian at the University of Tennessee, for help in defining these and other terms.

⁴ The two most important works on this subject are Yoshida 1983 and Sakaehara 1972b. Both authors are social and economic historians of eighth-century Japan. Twitchett 1968 describes the analogous system in China.

⁵ There were six Chinese-style capitals in the eighth century: Fujiwara 藤原 (694–710); Nara 奈良 or Heiō 平城 (710–740, 745–784); Naniwa 難波 (725–784); Kuni 恭仁 (740–745); Nago-oka 長岡 (784–794); and Heian 平安 (794–1868). During the period 725–784, the court adopted
FARRIS: Trade, Money, and Merchants in Nara Japan

According to the Yōrō Code, each market was divided into areas (gyō 行) devoted to different types of products. Market administrators kept registers for officially recognized merchants (ichibito 市人), who sold their wares from stalls (ichikura 賣) specializing in textiles such as hemp or silk, grains such as rice or barley, or food. The government disposed of surplus tax items such as iron, fish, or salt at the Nara markets. All merchandise was graded for quality into three levels, and a range of three prices for each was affixed by market officials every ten days. These prices were expressed in terms of coinage, the only currency acceptable for trade at the official markets.

Shōsōin 正倉院 records supplement the outline in the Yōrō Code by depicting many transactions conducted at the Nara markets. Usually documents show the government acquiring necessities or disposing of surplus tax items. For example, late in 735, two city officials for the eastern half of Nara ordered subordinate functionaries at the Eastern Market to obtain ceremonial items for the funeral of the distinguished Prince Toneri 舎人, chief editor of Nihon shoki 日本書紀 (The Chronicles of Japan).

Officials of the left half of the capital order officials of the Eastern Market

Four pieces of Ryukyu jade, length two inches. (If there is none, acquire at least ten urns.)

Concerning the above, investigate prices and transfer the purchase to our messenger, file head (bōrei 坊令) Omo no Iwakatsu 御母石勝, to deliver to the Funeral Office of Prince Toneri. Implement the order upon receipt.

Greater assistant to the mayor (daijō 大進), Ōtsu no Muraji Funabito 大津連船人

... a system of dual capitals in imitation of Tang China. Except for the five years between 740 and 745, when the court moved from Nara to Kuni, the dual capitals were Nara and Naniwa. The system came to an end with the move to Nagaoka in 784. On these capitals, see Hall 1974.

6 Ryō no gige, p. 301. Scholars know little of the physical plan of the Nara markets. Each market probably occupied four lots (tsubo 平), perhaps totaling twelve acres apiece, and was surrounded by a wall. In 1976, archaeologists of the Nara National Cultural Properties Research Institute excavated a small portion of the area believed to contain the Eastern Market. In addition to postholes for dwellings and illegible wooden tablets, the excavators discovered a canal that flowed into the Soho 佐倉 river, a transportation artery in the eighth century. For geographical and archaeological information on the location and size of the two official markets, see Machida 1986, pp. 100–102. On the Eastern Market, see Heijōkyō hakkatsu, pp. 8–9. The Western Market has also been excavated, but to little avail. See Heijōkyō nishi.

7 Sakaehara 1987, p. 310. The modern definition of multipurpose currency is any commodity that serves the threefold function of medium of exchange, store of wealth, and unit of account. Coinage may, depending upon the economic system, serve all or some combination of these roles.
This document omits many details about the transaction, including the medium of exchange and the price. Perhaps the most striking aspect of the above order is that Ryukyu jade was available in Nara. The identity of any traders who may have provided the jade to purchasing agents is unknown.

While the use of coinage and the publication of prices every ten days reduced transaction and information costs, available evidence suggests that official trade centers often may not have been the most economical places to shop. In one example, a government office calculated the value of hemp cloth owed it by a certain Kawamura 河村 according to prices charged at the Nara markets, the selfsame Kawamura complaining all the while that the price was “extremely dear.” In another case from 762, a major government bureau did much of its shopping for cloth, brushes, paper, and other utensils within its own premises and avoided the Nara markets. Similar cases appear repeatedly in documents from the eighth century, and may indicate that the official markets pegged prices considerably above what was available elsewhere.9

Fortunately for those with leisure and the wherewithal to shop, markets at Nara and other early Japanese capitals did not operate in isolation. They were, in fact, part of a much larger network that stretched throughout the Kinai and ultimately reached every province in Japan.10 In the capital region itself water transport was the heart of the network (see map). From Nara, a shipper could send his goods down the Sahō 佐保 river to the Yamato and follow that river to the port of Naniwa 難波, where he might transship and sail the Inland Sea as far as northern Kyushu and the port of Dazaifu 大宰府. Or a shipper might haul his goods north by land to Izumi 泉 on the Kizu 木津 and then float them via the Kizu and Yodo 洲 rivers to Naniwa. Also important was the passage to Lake Biwa and the north, which was reached from Nara by following the Kizu to its confluence with the Uji 宇治 river.

Engineers supplemented these natural arteries. Numerous roads were built to link the political and economic centers of the Kinai. Three major roads tied Nara to the former capital at Fujiwara 藤原 and two went west from the Yamato region to Naniwa. Other roads led to imperial retreats at Yoshino 吉野, Hora 保良, and Shigaraki 紫香楽, and to the capitals of Izumi, Kawachi, Kii, and Ōmi provinces, each of which was also served by waterways.

With this fine system of natural and man-made routes and the sustained demand of a large official class (estimated eight to ten thousand), it is little wonder that the capital region developed into Japan’s most active commercial

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Transport network in the Kinai region in the seventh-eighth centuries. Source: Sakaehara 1972b, p. 28.
center. Besides the two large government markets, unofficial marketplaces appeared near the city. Several examples of trade within the greater Kinai network can be found in the Shōsōin records, such as the following document noting the purchase of lumber to build the Western Golden Hall of Kōfukuji 興福寺 in 734:

... Purchased: 1,280 split pieces of Japanese cypress (hinokure 桧久礼)
   740 pieces, 11 coins apiece
   540 pieces, 10 coins apiece

Total cost: 13 strings, 540 coins

64 carts to transport the pieces from the landing at Izumi

Total cost: 2 strings, 48 coins
32 coins per cart. ...  

Since the above record states that the lumber was to be hauled from Izumi to Nara, one may infer that these pieces were prepared in camps north of the capital in Ōmi, Iga, or Yamashiro. Later examples show that wood usually moved along the Uji and Kizu rivers to Izumi, and thence to Nara.

While information about the overall pattern of prices in the Kinai trade is fragmentary, available documents show buyers paying attention to price differences. For instance, in the following record, Nukatabe Tsukushi 鈴田部筑紫 at the Office for the Construction of Tōdaiji (zō-Tōdaijishi 造東大寺司) researched before he bought:

Item: Charcoal to be bought

Concerning the above, investigation of the price of charcoal at the Eastern and Western Markets (tōzai no sumi no atai o heishō suru ni 平章東西炭値) shows that it is still advantageous to buy at the Western Market. Be aware of this point and buy there. ...  

[Tenpyohōji 天平宝字] 5(761).11.9
Report of Nukatabe Tsukushi

Comparison shopping may not have been feasible for most commoners, but government ministries and large aristocratic households kept price lists. They also maintained branch offices (shō 手) throughout the Kinai, where on occasion they were able to find better terms. Documents from the immense Office for the Construction of Tōdaiji, which was formed around 745 and operated for

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11 The estimate of ten thousand officials (including the imperial family) is standard among historians of the eighth century. See Yoshida 1988, p. 194.
12 Dai Nihon komonjo, vol. 1, p. 558. A string of cash contained one thousand coins. I have translated only a fragment of this report. For the full reconstructed document, see Fukuyama 1943, pp. 90–125.
13 Fukuyama 1943, pp. 121–22, shows that the project employed workmen and women from Iga, Ōmi, and Yamashiro.
nearly a half century, indicate that officials frequently “investigated prices,” relying upon messengers (kōekishi 交易使) or trading posts to try to fill their needs in the most satisfactory way.\textsuperscript{15}

\textit{Regional trade networks}. Outside the Kinai, trade and markets were much less important. Coins were not accepted readily, and rice sheaves, which served as “near-money” in the well-known provincial and district financial system (suiko sei 出植制), were the chief unit of account.\textsuperscript{16} Evidence for the various parts of Japan is too scanty to piece together a detailed picture of regional division of labor or levels of productivity, but it appears that the volume of commerce was greater in western Japan, especially the Inland Sea littoral and northern Kyushu, than in eastern Honshu.

As with exchange in the Kinai subsystem, regional transactions took place in two settings: official and unofficial markets. Gazetteers (fudoki 風土記) mention a few examples of local trade fairs, such as this one in the Ou 意字 district of Izumo.

[In this area] hot water comes forth from the bank of a river. The place where the spring bubbles up has beautiful mountains and a seashore. Men and women, young and old, travel either by road or along the coast, and meet daily to set up a market.\textsuperscript{17}

Unofficial local markets like this one may have been held at places where people gathered to fish or take the waters. Yoshida Takashi believes, however, that these fairs probably were scattered about the countryside and opened for business only infrequently.\textsuperscript{18}

Much more evidence has survived regarding the official markets near provincial headquarters. The documentation we have on Nara-period markets in provincial headquarters suggests that they were miniatures of the official markets at Nara. The Yōrō Code ordered the organization of provincial markets by product and the establishment of official prices, just as it specified for the Eastern and Western Markets. The provincial governor was responsible for the proper operation of the market. Historical geographers indicate that provincial markets were generally situated south of the provincial office, again as at Nara. Because, as with the Nara markets, those near the provincial headquarters generally benefited from ready access to roads and rivers and the presence of a resident consumer class, most historians argue that official markets were more important than the sparse and infrequent fairs.\textsuperscript{19}

\textsuperscript{15} Evidence of the office’s price comparison comes from \textit{Dai Nihon komonjo}, vol. 5, pp. 244 and 305.

\textsuperscript{16} For a brief summary in English, see Torao 1993, pp. 432, 444–48. Hall 1966, p. 109, translates a record showing the denomination of a Bizen land deal in rice sheaves.

\textsuperscript{17} \textit{Fudoki}, pp. 110–11. See Aoki 1971, pp. 87–88.

\textsuperscript{18} Yoshida 1983, p. 290.

\textsuperscript{19} Yoshida 1983, p. 290; Sakaehara 1972b, pp. 36–51, goes so far as to call regional markets “provincial headquarters trade spheres” (kokufu kōeki ken 国府交易圏). On the organization of
Japanese historical geographers and archaeologists have located the seats of many provincial and district governments and have discovered that nearby place-names still in use often contain the word “market.” In Bizen the place-name Kokufu Ichiba 国府市場 (Market of the Provincial Capital) is still used, while in Mutsu, the name Ichikawa 市川 (Market River) identifies a place close by the old provincial capital. Sakaehara Towao 根原永遠男 has uncovered twenty-three similar cases, stretching from the Kanto to Kyushu. Of course, there is no guarantee that these place-names date back to the eighth century, as many provincial headquarters survived well into the medieval era.

Some provincial markets seem to have been active centers of commerce. The Suō market, for example, lay on the continental trade route and was probably a busy place. An excavation of the area thought to cover the Suō capital was begun in 1961, and after four years of digging, excavators had retrieved many Nara-era artifacts and reconstructed much of the early landscape. The capital was a square of about one thousand meters on each side (see figure 1). Near the center, within their own walls, were the provincial offices of the governor and his staff. At the southern end was a market served by a canal that led to the adjacent Inland Sea. The provincial capital also maintained docks on Tatara 多々良 beach, near the market, which suggests its importance for traffic to and from the Asian continent. In addition, Suō was the headquarters for the Nara Office of the Mint (chūsen shi 銀銅司), also undoubtedly important in continental trade.

Another vital provincial market could be found in Bingo, east of Suō. A late eighth-century compilation of Buddhist tales, Nihon ryōiki 日本靈異記 (Miraculous Stories from the Japanese Buddhist Tradition), contains the following story:

In [778], Homuchi no Makihito 品知牧人, from . . . Bingo province, traveled to Fukatsu 深津 market, Fukatsu district in the same province, to shop for the New Year’s celebration. . . . At the market his shopping proceeded as he had wished. . . . [Homuchi later confronted a robber who had killed his own uncle.] Shaken to the bottom of his heart, the robber could not conceal the facts, and he eventually said, “Toward the end of last year, I went to the market with [my uncle] to shop for New Year’s Day. He brought a horse, various cloths, and salt with him. As it got dark on the way, we stopped at the bamboo grove where I killed him in secret and took his belongings. I went to Fukatsu market to sell his horse to a man from Sanuki province, and now I am using the rest of his things myself.”

This story is notable for three reasons. First, although Fukatsu was an official

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official provincial markets, see Ryō no gige, p. 299. As is evident from the example cited below, unofficial trade could take place at the provincial markets, too.

20 Sakaehara 1972b, p. 41.
21 Sakaehara 1972b, pp. 37–38. Also see Yamanaka and Satō 1985, pp. 77–82.
22 Nihon ryōiki, pp. 397–401. Translation by Nakamura 1973, pp. 259–61. This source is a collection of Buddhist tales modeled after an earlier Chinese text (Ming bao ji 冥報記).
market, commoners also used it. Their registered homes indicate that both Makihito and the robber resided in the countryside. Second, a variety of products could be exchanged there. Finally, as the statement about selling the horse to the Sanuki man implies, people came from other provinces to trade there, indicating that road and water transportation must have been relatively good. Fukatsu may have been the center of a regional trade network linking official markets and local fairs.

Other evidence suggests that residents of Bingo must have relied on trade frequently throughout the eighth century. According to a regulation (kyaku 恕) of 796, inhabitants of neighboring Bizen had hitherto been assessed their local-products tax (chō 諼) in iron, an item that residents claimed the province never produced. To fulfill their obligation to the government, Bizen provincials “always bought it in a neighboring province,” thus absorbing burdensome

stories contain obviously fictitious elements such as ghosts and demons, but as Torao 1993, pp. 435–36, argues, the accounts occasionally yield important information about commercial relations.
transaction costs. A comparable regulation of 805 makes it clear that the province in question was Bingo, where the tax assessment was in silk thread, also an inconvenient product. These regulations of 796 and 805 addressed the problem by switching each province’s tax obligation to more appropriate products, thus rescinding legal requirements that had engendered a century-long ad hoc trading arrangement.

Not all regions developed internal trade networks such as those in the Suō and Bingo vicinities. Provinces on the Inland Sea lay along the route from Nara to Kyushu and continental Asia, but what about more isolated areas, such as the Kanto? With some exceptions, trade here was much less important. Consider Sagami. There are no records of local trade fairs or traders there. Geographers have been unable to locate the provincial market. These facts imply that some provinces of eastern Honshu remained economic backwaters, despite the existence of an archipelago-wide trade network.

Medium- and long-distance trade. The third category of Nara commerce linked the capital to the provinces. Because the law codes required each province to submit a variety of products to the capital as tribute, most interregional trade was in government commodities, as in the Bizen-Bingo tax trade mentioned earlier. Even isolated Sagami possessed a link to the central trade web. In 749, its governor ordered the construction of special offices and warehouses (mitsuki no yashiki 謝邸) next to the Eastern Market in Nara, for the storage of local items that could be traded for textiles and other wares specified as tribute taxes. Goods unavailable in Sagami were probably also acquired and sent back home. Officials were logical candidates to conduct such transactions, since their home province had few merchants and tax items comprised the main trade merchandise.

Indeed, government officials appear frequently as handlers of interregional exchange. In 845, for example, officials of Mino province presented a case to the Council of State (daijōkan 大政官). According to the governor of Mino, local officials in such eastern and northeastern provinces as Mutsu and Dewa were privileged to use state-authorized horses and porters to transport certain medicines, seaweed (konbu 江布), and other specialized products to the capital. But in addition, officials loaded “private goods without limit” onto these ship-

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23 The two orders are in Ruijū sandai kyaku: Enryaku 廻備 15 (796).11.13, p. 330, and Enryaku 24 (805).12.7, pp. 330–31. This interpretation was first proposed by Kadowaki 1960, pp. 380–87. Why the government originally assessed the local-products tax in inconvenient goods is unclear. Kadowaki argued that Bizen had iron mines in 701 when the tax code was written, but that they became exhausted over the course of the eighth century. Yet the order states that residents claimed Bizen never produced iron. A government error seems unlikely, so perhaps increasing regional specialization over the eighth century made the adjustment necessary.

24 Sakaehara 1972b, pp. 54–56.

ments. While in this case the goods and purpose of the shipment are not specified, local officials, according to Sakaehara Towao, aimed to trade their private caches for a handsome profit.27

Eastern Japan was not the only region engaged in long-distance trade. Dazaifu in northern Kyushu was under constant surveillance for illegal trade activities. The law codes prohibited all provincial governors from trading within their jurisdiction in items other than food and clothing. During a major smallpox epidemic in 736, the court specifically reiterated to Dazaifu officials that they could trade only for necessities, presumably to prevent them from taking unfair advantage of the crisis.28 The same prohibition was repeated in 754, and in 783 the Council of State condemned those officials at Dazaifu who so overloaded government tax barges with “private goods” that they sank.29 Later laws make it clear that officials continued to “come and go and do business.”30

In sum, data presented so far suggest that the eighth-century economy was “multicentered,” i.e., there were several overlapping transactional spheres with different media of exchange.31 While standing markets were important in the Kinai, even there the supply-demand market mechanism was peripheral, as indicated by the central role of in-kind taxes and the numerous political restrictions affecting official markets. Markets were even more marginal in the hinterlands, where the overwhelming majority of the populace subsisted with little regard for trade or copper cash as a medium of exchange. Tying the center to various localities was interregional commerce, where bureaucrats played a key role as the agents of trade. One working hypothesis is that the government encouraged the official class to perform vital mercantile functions because of the relatively undeveloped state of the Nara economy.

Money
An overview of metallic currency in the eighth century further highlights the entrepreneurial abilities and aspirations of Nara officialdom, both collectively and individually. Indeed, the entire plan for government minting was driven by desires to conserve material resources and increase the court’s proportion of Japan’s wealth. Unfortunately for the aristocracy, the very profitability of the mint conspired with other factors to undermine the stability of the money supply, eventually leading to inflation. The following section will focus primarily on copper coins, with some attention also paid to silver.32

27 Sakaehara 1972b, p. 57. For another example of lower-ranking officials acting as traders of cloth (tani 商布) in the early eighth century, see Sakaehara 1975, pp. 438–42.  
28 Shoku Nihongi, p. 140; Tenpyō 天平 8 (736).5.17.  
29 Ruijū sandai kyaku, p. 332; Enryaku 2 (783).3.22.  
31 The concept of a multicentered economy is derived from Bohannon and Dalton, pp. 2–12.  
32 Currency in Nara Japan was complex. In addition to copper coins, silver coins and bullion, gold coins, and cloth all comprised media of exchange. Gold coins, however, were minted for
Silver bullion probably circulated in the capital region as early as the seventh century, indicating a use for metallic money in the most advanced region of Japan before the adoption of Chinese-style institutions. In 708, when the court decided to mint copper coins, it also called for the striking of silver coins, a few of which have been excavated. The government, however, soon abandoned silver currency for three economic reasons. First, in the early eighth century silver was in short supply. It seems likely that its commodity value was higher than the face value of the coins, reducing the advantages of minting from the perspective of the government. Second, counterfeiters mixed small portions of silver with base metals, and in a good example of Gresham’s law, the bad currency soon drove out the good. Third, denominations of government-minted silver coins were too large for everyday transactions.

The court consequently stopped minting silver coins and turned to copper ones. In 708, only two months after the abortive attempt to mint silver, the court decided to strike the famous Wado kaichin and copper coins, which became an important form of money in much of central Japan. Their use presumably served to reduce transaction costs, and it is likely that they were issued not just in imitation of China, but also out of recognition of the potential of copper currency to facilitate and expand trade, as well as to draw goods into central coffers.

It was no accident that the government decided to mint copper coins as it was moving the capital from Fujiwara to Nara. While the relocation took place in 710, discussions about the move dated back to 707. Furthermore, transfer of the capital was officially announced only one month after the discovery of sizable deposits of copper in Musashi early in 708. This happy event provided a means of paying for the colossal new capital at Nara without frittering away in-kind revenues. The solution was to circulate copper coins, using them to pay for labor and materials. Once adopted, the policy of recompensing workers with copper coins was maintained for the duration of the eighth century.

To have the coins accepted by workers was another matter. Therefore, the court took three steps in 711 and 712 to encourage circulation. First, it doled out official stipends in cash. Second, it issued a law allowing those who stored the coins to turn their holdings over to the government in return for ranks. Third, people were given the option of paying labor services (yō；zōyō)

only a brief period by Fujiwara no Nakamaro 藤原仲麻呂, and little evidence survives on the use of silk cloth.

Rice grain and sheaves were used as units of account by district and provincial governments in sharecropping arrangements (suiko), but because of the grain’s perishability, it could not perform all the functions of metallic money. I prefer to defer consideration of this form of “near-money” to a later date.

34 Kidder 1972, pp. 24-32.
36 Sakaehara 1991b, pp. 351-56.
and the local-products tax in coins in the Kinai and vicinity. Documents from 726 and 733 specified that nine coins satisfied the local-products tax and 120 the corvée. These various policies encouraged the circulation of copper coins in the Kinai subsystem, even if the process was somewhat artificial.

Evidence on the scale of circulation in the early and mid-eighth century is unavailable, but a regulation preserved in a legal compendium provides a rough guide for the late 700s. The order begins by condemning “functionaries and people” outside the Kinai for hoarding rather using the coins, and specifies that these non-Kinai residents should return their cash to the government. (On hoarding, see below.) The last line adds an important proviso by excusing those living in “Iga, Ōmi, Wakasa, Tanba, and Kii” from complying with the new rule. The order does not give a reason for exempting the five provinces, but possibly coins were actually used in these areas, unlike the rest of the country. In support of such an inference, one may note that the five provinces bordered on the Kinai and were often the scene of provisioning activities for the capital elite. Moreover, four of these five provinces along with Echizen, Ise, Owari, and Harima were authorized to pay their local-products tax in cash.

Whatever the precise extent of cash circulation, the court soon became enamored of its mint for one simple reason: it was profitable. The face value of the copper coins was set far in excess of the commodity value of copper. According to Kida Shinroku, one measure (kin) of copper cost anywhere from 36 to 54 coins in 734 prices, but could be used to strike 180 coins. To be sure, there were other costs in minting besides the copper, but there can be little doubt that Nara officialdom was reaping a sizable profit at its mints.

Cash in which the nominal value is set far above the commodity value is common in premodern societies, and has been dubbed “token money” by Carlo Cipolla. Such token money will hold its nominal value only if the money supply remains constant, assuming, of course, no major political upheavals, famines, epidemics, etc. Two phenomena, however, led to a decline in the value of coins in Nara Japan. First, counterfeiting became rampant. Scholars know that counterfeiting was a serious problem because 1) the legal

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37 These records may be found in Nara ibun, vol. 1, pp. 135–94.
38 Bohannon and Dalton 1965, p. 15, note that one use for coins is as a means of non-commercial payment and that such use is often confused with the broader definition of medium of exchange. The circulation of cash in this way may often make an economy look more “modern”—i.e., more commercialized—than it actually was. Sakaehara 1984, pp. 322–27, emphasizes this interpretation. A similar “artificial” circulation was achieved in the late Byzantine Empire.
39 Ruiju sandai kyaku, pp. 600–601; Enryaku 17 (798), 9.23.
40 Sakaehara 1991b, p. 358.
41 Kida 1933, pp. 6–7.
42 Cipolla 1956, p. 29; see also Friedman 1960, pp. 5–9.
penalties were stiff, 2) counterfeiters were usually omitted from amnesty declarations, and 3) an order issued in 760 claimed that half the coins in circulation were counterfeit.\textsuperscript{44} The other force that led to a decline in value was an increase in the money supply. Minting copper was so profitable that the government decided to open another mint in 735.\textsuperscript{45}

As more coins were minted, they began to lose their value and inflation commenced. The first signs of this problem date back to 721 and 722, when the court tried to fix the value of copper coins in relation to silver. But the attempts themselves indicate the size of the problem. In 721, the exchange rate was set at one \textit{ryō} of silver to 100 copper coins. One year later, the conversion rate was changed to one \textit{ryō} to 200 coins, suggesting that the government's initial effort to hold the line at 1:100 had been overly ambitious.\textsuperscript{46}

In the meantime, another development hindered the court's efforts to maintain the value of the coins. Between 735 and 737, a smallpox epidemic ravaged the islands; one estimate is that somewhere between one-quarter and one-third of the populace lost their lives.\textsuperscript{47} As with the Black Death in medieval Europe, the pestilence encouraged inflation in the near term because of shortages and problems in the systems of production and distribution. It is no accident that commodity prices show an increase at this time.\textsuperscript{48}

Following the inflation of the late 730s and early 740s, prices held steady or retreated slightly until the late 750s. Stagnation was the product of countervailing forces. On the one hand, there was reduced long-run demand after the great loss of population (another parallel to late-fourteenth-century Europe). On the other, as tax receipts dwindled, government officials decided to put more coins into circulation to pay for goods and services. \textit{Shoku Nihongi} 続日本紀 (Chronicles of Japan, Continued), the court annal of the Nara period, notes the beginning of a new stage in reliance upon the financial skills of government officials in an entry for the year 744:

Because the office buildings at the new palace of Shigaraki have not yet been completed, government cash in the amount of one thousand strings was allocated to each office, to be loaned out at interest. Repayments will be used to meet government expenses. Do not permit reduction of the principal to pay for state projects. By the eleventh month of each year record these transactions, and report to the Council of State.\textsuperscript{49}

The state now authorized usury to compensate for the shortfall in commodity taxes.

\textsuperscript{44} \textit{Shoku Nihongi}, p. 270; Tenpyōhōjō 4 (760).3.16.
\textsuperscript{45} \textit{Shoku Nihongi}, p. 139; Tenpyō 7 (735).11.19.
\textsuperscript{46} Sakaehara 1991b, pp. 356–58.
\textsuperscript{47} Farris 1985, pp. 50–73.
\textsuperscript{48} North and Thomas 1973, pp. 76–77. The best guide to prices over the eighth century is Tsunoyama 1964, pp. 1–35. Tsunoyama made an exhaustive search of all historical sources and constructed graphs showing prices for cloth, rice, and miscellaneous items over the eighth century.
\textsuperscript{49} \textit{Shoku Nihongi}, p. 177; Tenpyō 16 (744).4.23.
No other evidence survives on state usury at this time, but the Shōsōin contains many monthly cash loan contracts (gesshaku sen 月借錢) dating to the late eighth century. Most show individual bureaucrats offering interest-bearing loans to their subordinates to finance their offices’ activities. In one case, Fujii no Muraji Araumi 葛井連荒海, secretary (sakan 主典) in the Office for the Construction of Tōdaiji with a rank of senior sixth, upper grade, lent an underlying named Manda Chitari 茨田千足 four hundred copper coins on the 30th day of the 2nd month in 773, taking Manda’s summer clothing (natsu no ifuku 夏衣服) as collateral. According to the loan contract, Manda received the loan for three months at 15 percent interest per month. The loan was repaid with interest on the 26th day of the 5th month.\(^{50}\) Such loans of copper cash were probably also common in the late 740s and 750s.

Apparently they did not raise sufficient revenue, because in 760 the chief powerbroker at court, Fujiwara no Nakamaro 藤原仲麻呂, decided on a new policy. His idea was to have the government mint another issue, called Mannen tsahō 万年通宝, to pay for public works. The attempt ran into trouble, however, as the government’s desire for greater profits led it to declare that the new currency should circulate at ten times the face value of the old. Inflation rose sharply and remained high.\(^{51}\) Then in 765, the government tried to issue another coin (called Jingu kaihō 神功開寶), pegged at ten times the value of the 760 issue. At the same time, the mint was shrinking the size of coins and their copper content.\(^{52}\) The currency situation became increasingly chaotic.

This confusion helps to explain a phenomenon often observed by archaeologists, the existence of large hoards of currency.\(^ {53}\) Given the absence of banks in the eighth century, some stockpiles probably indicated stores of wealth. Local notables might accumulate large sums with the aim of buying rank. Some stores may have been the result of fascination with the coins themselves. And other hoards probably were a response to the uncertain economic times of the late eighth century; as with the silver coins earlier, people would tend to hold onto pristine Wadō kaichin coins and use the debased later issues.\(^ {54}\) Most official condemnations of hoarding date from the late eighth century.

Prices continued to spiral in the 770s. In 779, the government finally decided to allow both old and new issues to circulate at the same value. The court struck another copper coin in 796, and minted six more in the ninth century and two more in the tenth. Each time the coins decreased in size and copper content as a financially strapped government tried to make a profit.

Eventually, a reversion to exchange in commodities occurred. In 802, an

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\(^{50}\) Dai Nihon komonjo, vol. 6, pp. 304–305. The best discussion of this topic is Kito 1977, pp. 196–235.

\(^{51}\) Tsunoyama 1964, pp. 11–12.


\(^{53}\) Sakaehara 1974–1989 has listed the finds of cash. Of course, there is no guarantee that modern distribution of finds of coins reflects conditions of the eighth century.

\(^{54}\) On this phenomenon, known as Gresham’s law, see Chown 1994, pp. 16–17. See also Shoku Nihongi, p. 450; Hōki 宝亀 10 (779).8.15.
edict stated that even “Yamashiro peasants use rice sheaves in payment when buying and selling paddy fields.”\textsuperscript{55} Workers hired for the few official construction projects of the ninth century were usually paid in rice. Although the reasons for the reversion to commodity exchange are undoubtedly related to changes in agriculture, land-holding, and the overall economy, one should not discount the role played by repeated debasements. Kozo Yamamura has noted that during the sixteenth century, when secular deflation was the rule, political leaders desired tax collection in currency over commodities because of the enhanced value of the cash.\textsuperscript{56} In the tenth century the opposite may have been the case, as the excess of debased copper coins reduced their purchasing power and encouraged a return to in-kind payments.

As with many aspects of the seemingly unsuccessful adoption of Chinese-style systems in Japan, however, one should not look upon the experiment with copper cash as a failure. For most of the eighth century, the minting of copper cash helped to fill government coffers and pay for many major building projects. These coins were commonly used in business deals provisioning the capital elite, reducing transaction costs and making tidy profits for many in official positions.\textsuperscript{57}

\textit{Nara Officials as Traders}

So far, this discussion of markets and money has provided indirect arguments and a few examples concerning the role of government officials as entrepreneurs. But just who were the agents linking wealthy consumers to various goods and services? Can scholars pinpoint more accurately the identity of these merchants? Evidence on Nara traders derives from three sources: comparative analysis of Chinese and Japanese law, anecdotes about private merchants, and documentary cases of dealers in action.

\textit{Tang vs. Nara Law.} The Chinese codes made a sharp distinction between occupational categories and explicitly separated artisans and merchants from scholar-officials. The Household Statutes (\textit{huling}; Jp. \textit{koryô}) of a Tang code dating from 624 states:

Those who study civil and military affairs are scholar-officials. Those who expend effort in plowing and tending mulberry trees are peasants. Those who make goods and exchange them are artisans. Those who are butchers and wine-sellers and traffic in goods are merchants.

(Artisans and merchants in all cases mean someone who passes down his enterprise in his family to seek profit. . . .)

\textsuperscript{55} \textit{Ruijû kokushi}, p. 447.
\textsuperscript{56} Yamamura 1988, pp. 351–52.
\textsuperscript{57} Sakaehara 1972a, p. 20, lists seventeen examples of land transfers using coins in the eighth-century Kihai. Even after 800, coins continued to circulate, albeit at a greatly reduced value. For example, in thirty-two of eighty-nine cases of land transfer between 781 and 980 the transaction was denominated in coins, although it is unclear whether the purchaser really paid in cash (p. 3).
Houses of artisans and merchants cannot be scholar-officials. Stipend-receiving persons must not take advantage of the inferior man’s profit.\textsuperscript{58}

When the Japanese court wrote law codes based on Chinese models, it appears that they initially incorporated the same principle. The idea was first given legal force in Japan in the Taihō 大宝 Code of 701. An unknown legal specialist who wrote a commentary (\textit{koki} 古記) around 730, when the Taihō Code was still in effect, cites the following fragment from the Household Statutes:

Those who make goods and exchange them are artisans. Those who are butchers and wine-sellers and traffic in goods are merchants. . . .\textsuperscript{59}

As the scholar does not name the code from which he drew the statute, it is possible that he was referring to Chinese law. More likely, however, he meant the Taihō Code, since it was the law of the land when he was writing. Indeed, Yoshida Takashi argues that the fragment quoted above was an actual part of a statute found in the Taihō Code.\textsuperscript{60}

If, indeed, the fragment is from the Taihō Code, then it probably is part of a complete four-status formulation, because 1) Japanese legislators usually borrowed most of a relevant Chinese law; 2) the law would make little sense if it included only artisans and merchants; and 3) the commentator indicated that a person’s occupation was noted in government-compiled household registers.

The Taihō Code was Japan’s first complete edition of Chinese law (i.e., including both penal and administrative statutes), but it was not the last. Only sixteen years later, in 717, Nara legal scholars rewrote the code under the auspices of Fujiwara no Fuhito 藤原不比等, naming their work from its date of compilation, the Yōrō Code. This code, which did not go into effect until 757, has survived to the present almost intact. Notably, the Household Statutes of the Yōrō Code contain no provision delineating four classes.

Why was this article included in the Taihō Code but deleted from the Yōrō Code just sixteen years later? The omission might have been an error, of course, but that seems highly unlikely. Historians of the Nara period generally believe, judging from the many fragments of the Taihō Code discovered in records of all kinds, that authors of the Yōrō Code made only a few minor “cosmetic” changes in the Taihō Code.\textsuperscript{61} As deletion of an entire article is more than a slight change, one may conclude that the article was omitted for a specific reason. One possible reason is that by 717 it had become clear to legal scholars at court that Tang occupational categories were in some way inapplicable to Nara society.

\textsuperscript{58} Tōrei shūi, pp. 244-45. This article was included in Tang codes for 624 and 719.

\textsuperscript{59} Ryō no shūge, p. 762.

\textsuperscript{60} Yoshida 1983, p. 336.

\textsuperscript{61} The view that the Yōrō Code made only slight changes in the Taihō statutes has been widely accepted in Japanese circles since at least the early 1970s. See, for example, Yoshida 1971, p. 242; Sakaehara 1991a, p. 37. Also note Ritsuryō for numerous cases that support this view.
The class structures of Nara Japan and Tang China undoubtedly differed greatly. Because Japan was a younger society with a much smaller population, it seems likely that the division of labor within Nara society was much less elaborate than that of Tang China. Perhaps some Nara producers also served as peddlers of their goods, rendering the distinction between artisans and merchants meaningless. Another plausible reason for the deletion of this article is that in Japan private merchants and artisans were so insignificant that they were not conceived as categories to be identified.

Earlier, a working hypothesis accounting for the seminal role of bureaucrats as merchants in Nara Japan was proposed. To elaborate, there is little question that the level of economic development was much higher in Tang China than in the eighth-century archipelago. The private merchants who provided a wide variety of economic functions in China were likely not so common or powerful in Japan. In a word, the relatively undeveloped nature of the Nara economy may well have required the services of government officials to stimulate trading and money flow.

A comparison of the conception and behavior of officialdom in Tang China and Nara Japan lends support to this hypothesis. Consider the following article from the Tang codes, found in the Miscellaneous Statutes (zaling; Jp. zoryō 雜令):

Imperial princes, dukes, and officials shall not dispatch their official staff or household slaves to open a stall at the market and carry on business, nor shall they sell or make loans in their residences or shops. If, however, they dispatch a person to another place, conduct business, and give the proceeds to their family without turning a profit, the activity does not fall within the aforementioned restrictions.\(^{62}\)

The Tang statute adheres strictly to the spirit of the functional separation of official and merchant by outlawing bureaucrats of all ranks from manipulating markets for profit.

The analogous law from the Miscellaneous Statutes of the Yōrō Code tells a different story:

Imperial princes and officials of the fifth court rank and above shall not dispatch their attendants (chōdai 幕內; shijin 資人) or household slaves (kenin 家人; nuhi 奴婢) to establish a stall in the market and carry on business. However, activities such as selling at an unofficial market, making loans (suiko), or sending a person to another place to trade and come back, do not fall within the aforementioned restrictions.\(^{63}\)

Whereas all officials were prohibited by Tang law, in Japan only the 120 officials holding the fifth rank and above were banned by this statute from engaging directly in business, and even they were given considerable freedom to partici-

\(^{62}\) Niida 1964, p. 127. The earliest date for a Tang code containing this article is 737.

\(^{63}\) Ryō no gige, p. 338.
pate indirectly in trade outside the official markets. In 729, an imperial edict relaxed official restrictions even further by permitting those of the outer fifth rank, perhaps sixty people at that time, to do business. To use the Tang phrasing, Japan’s lower-ranking scholar-officials did not just “study civil and military affairs,” but could also “traffic in goods.” An important institutional constraint operative in Tang China had been removed by Japanese legislators, who were evidently more concerned to promote commerce than to prohibit official manipulation of the market for private gain.

To be sure, the evidence presented above is fragmentary, but so are most data for the eighth century. Then, too, it requires the assumption that the law codes reflected a good measure of social reality. It is difficult, however, to conceive of any other reason why Japanese legal scholars would revise the particulars of the model Chinese statutes. Fortunately, historians need not rely on legal evidence alone.

_Private merchants._ Sources occasionally mention non-official traders. _Shoku Nihongi_ contains two well-known examples. The first records that accomplices of Emperor Junnin 湊仁, banished to Awaji, avoided detection by enemies Dōkyō 道鏡 and Emperor Shōtoku 称徳 by disguising themselves as merchants (shōnin 商人), a term Yoshida Takashi takes to refer to wandering peddlers.64 Although evidently such traders were common or insignificant enough not to have drawn notice, it seems highly unlikely that they could have supplied the Nara elite by themselves.

Another reference to private traders occurs in an entry dated early 744 in _Shoku Nihongi_. At the time, Shōmu 聖武 and his officials were conducting government at Kuni 恭仁, in the hills north of Nara, which they had vacated at the end of 740. Shōmu was considering returning to a previous capital, possibly Naniwa or Nara. Three high-ranking courtiers were sent to the Kuni markets to ask non-official merchants (ichibito) their preference. According to the chronicle, all but two of an unknown number queried requested to stay put at Kuni.65 So we may infer that there were commercial marketers. In the end, however, their wishes carried little weight. The emperor ignored their advice and moved to Naniwa and then Shigaraki for a few months before eventually returning to Nara in the summer of 745.

Continuing archaeological work suggests that future discoveries may add to scholarly knowledge about independent merchants. For example, a wooden tablet uncovered at Nara in 1983 gives a tantalizing glimpse of a merchant in action:

(Front): Low-quality silk stall-tender (ichikura bito 報人) counting trade cash (kōeki sen 交易錢) at the Eastern Market
(Back): Hatoribe Mayoshi 服部真吉.66

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65 _Shoku Nihongi_, p. 176; Tenpyō 16 (744).11.4.
The context for Hatoribe’s dealings is unclear, but one interpretation is that he was stringing together copper coins he had acquired after selling some rough silk (ashigini 銅) from his stall.

Despite this interesting find, and the possibility that future work will lead to a different assessment, evidence of private commercial activities continues to be sparse. Of course, one can argue that private merchants simply did not leave records, and in the absence of documents there is no way of knowing how large non-governmental commerce may have bulked in overall dealings. Yet taken together with the legal evidence offered above and data on the non-circulation of copper coins in most of Japan, it seems doubtful that private merchants comprised a significant class, or played a major part in provisioning Nara. In the case of traders, as with warriors, the distinction between “private” and “public” was vague in the eighth century; reliance on this analytic tool obscures rather than enhances one’s vision.67

**Documentary cases.** Then who were the chief handlers of trade? Yoshida Takashi has advanced a plausible and provocative hypothesis to answer this question.68 In a period when the wealthiest consumers were officials, when most trade goods were tax items, and when markets and transport were mainly government-sponsored, the most prominent merchants, he argues, were subordinate officials. Such an interpretation fits the legal evidence described above and helps to explain the dearth of references to other entrepreneurs.

Various factors gave lower-ranking bureaucrats both the means and incentives to be traders. Indeed, their positions compelled them to trade by generating excessive quantities of certain taxes-in-kind and stipends-in-goods. Specifically, the government assigned all ranked officials biennial stipends consisting of silk cloth, iron hoes, and, after the move to Nara, copper coins. High-ranking courtiers also received tribute income (rice, cloth, fish, iron, salt, etc.) from sustenance households (fuko 封戸). As the recipients of products that they needed to convert to a preferred mix of consumption goods, officials frequently had no choice but to engage in trade.

As noted in the Miscellaneous Statute cited above, however, institutional and cultural constraints discouraged direct involvement in business dealings for the elite at the fifth rank and above. High-ranking courtiers, consequently, needed to find someone whom they could trust to arrange transactions in their interests. To solve this problem, it would appear, they turned to their underlings in the bureaucracy, often members of the same faction.

That choice seems plausible because many uncertainties surrounded business dealing, and it was possible to minimize them by operating through lower officials. Enforcement costs could be reduced by employing lower-ranking officials to consummate a deal; if the underling took unfair advantage of the

67 Farris 1992, pp. 369–70.
opportunity, his superior could readily avenge the misdeed. Douglass North has noted a similar situation with the commenda in medieval Europe, where kin were used in long-distance trade because they were more trustworthy than strangers.69

Even so, opportunities to turn an easy profit must have awaited low-level functionaries almost daily because they were charged with the responsibility of carrying out construction orders at the capital. In the eighth century, the government constructed six capitals and many official temples, including Tōdaiji. Aristocrats erected innumerable mansions. Immense quantities of lumber, stone, metal, cloth, labor, and provisions were needed to build and decorate these structures. Lower-ranking officials were well placed to take advantage of their circumstances.

Provincial officials were just as well situated as their counterparts in the capital to engage in trade. In fact, as noted above, their positions required them to do so. The Statutes on Tribute and Corvée (buyakuryō 賞役令) specified that provincial officials were to use tax rice and hemp cloth to acquire a long list of “rare and wonderful things,” such as furs, jewels, precious metals, and dyes for forwarding to the capital.70 Thus, provincial financial reports (shōzeichō 正税帳) show numerous governors trading rice for a multitude of products, including the Izumi governor’s exchange for sue 陶 pottery in 737.71 In fairness, however, one should note that this trade amounted to only about 5 percent of total provincial expenditures.

Given the scale of construction and elite provisioning activity, no other group in Nara society had means and incentives that matched those of the bureaucrat. Although the identity of traders is rarely known, evidence from the law codes and court histories strongly suggests that many officials routinely engaged in trade. Records in the Shōsōin give us our fullest glimpse of official trade and the men who handled it. The following examples are drawn from two areas of activity: temple construction and sutra transcription.

From 759 to 760, the government was busy endowing the Nara Buddhist community with a new holy structure, the Golden Hall at the nunnery Hokkeji 法華寺.72 Hokkeji was located next to the imperial residences at Nara on land that had once belonged to Fujiwara no Fuhito. In 741 Kōmyō 光明, consort of Emperor Shōmu and a Fujiwara herself, had contributed the land to build Hokkeji as the nunnery for the official temple (kokubunji 国分寺) of Yamato province (Tōdaiji). After the nunnery’s completion, Kōmyō prayed for the construction of the Golden Hall and lent her considerable financial resources to the project.

69 North 1990, pp. 120–21.
71 See Sakaehara 1972b, p. 48, for several examples. See Nara ibun, vol. 1, p. 205, for the Izumi case. The 5 percent figure also comes from Sakaehara 1972b.
72 The Hokkeji record was first reconstructed by Fukuyama 1943, pp. 356–64. In the same work Fukuyama also reconstructed the Ishiyamadera documents.
Kōmyō’s economic support for the construction of the Golden Hall came from donations of tribute goods, including products made by her personal sustenance households, a resource of all Nara consorts.73 The goods included cloth, cash, rice, and many other items, but not all were used directly by builders of the hall. Many donations, cloth in particular, were traded for copper cash, which was then used to purchase materials and pay workers. Exchange of cloth for cash took place at two locations. One was the construction site, where buyers from all over the capital region could “search out” (heishō 平章) a good price, making comparisons with those at the Nara markets. Altogether 301.875 strings of cash were raised in this manner, about 18 percent of the total expenditure for the hall.

Trade in cloth also occurred at a second place, a site noted in the records simply as “Tanba’s residence.” The identity of Tanba is uncertain, but Yoshida Takashi proposes that “Tanba’s residence” meant the grounds of Tanba no Hironari 丹波広成, the chief financial officer of the Division of Lumbering and Carpentry of the Office for the Construction of Tōdaiji (the government ministry overseeing the erection of the Golden Hall and most other religious building in the Kinai). In the recorded instance, Tanba paid exactly four hundred strings of cash for the cloth, which suggests that he bought in large quantity to sell again to other buyers.74 This interpretation is bolstered by the abbreviated references to Tanba’s purchases in government reports. While officials building the Golden Hall sold goods for cash to Tanba and other purchasers at the construction site, it is worth noting that they did practically no business at the Eastern and Western Markets, even though the markets were located just a few blocks from where the construction was proceeding.

In 761, about a year and a half after the Golden Hall was completed, the court initiated yet another building project. This was Ishiyamadera 石山寺, a temple situated in Ómi province some thirty kilometers north of the capital. Construction went on at Ishiyamadera for almost two years, overseen by the same agency that supervised the work at Hokkeji. The raising of Ishiyamadera did not progress nearly so smoothly as that of the Golden Hall. In particular, provisioning the work force was a problem. On the 23rd of the 3rd month of 762, after several years of bad harvests, officials at Ishiyamadera wrote that “rice has run out and the workers have quit.”75

73 Dai Nihon komonjo, vol. 16, pp. 282–83. These points are all recorded in the final financial report of the Office for Building the Hokkeji Golden Hall.
75 Dai Nihon komonjo, vol. 15, p. 174. Ishiyamadera lay at the foot of Lake Biwa, a good distance from Nara, and its lumber camps were especially isolated. Moreover, the late 750s and early 760s were years of poor harvests in the Kinai. By the 3rd month of 762, it had become difficult to find adequate supplies of rice. The construction office assigned some revenue sources to officials at the site, but collecting the rice was another matter. Peasants of nearby Echi 愛智 district in Ómi were directed time and again to supply grain to workers and officials at Ishiyamadera, but they apparently resisted.
One method employed to provision the struggling project was borrowing from officials. In the spring of 762, for example, the temple borrowed at least 16.9 koku of rice from a certain Ato no Sukune Otari, a minor official with the rank of senior eighth, upper grade who maintained a residence at Seta. Otari is famous among historians of the Nara period because his life reads like a novel depicting the most turbulent decades of the eighth century.

As agricultural conditions improved after the spring of 762, the builders of Ishiyamadera repaid Otari for his loan. But that was not the only way they expressed their appreciation to him. That fall, Inabe no Hiramushi, another official residing at Seta, was allocated at least four strings of cash and was sent to buy some brown rice, soya beans, and azuki beans. Because he was buying at harvest time, the supply was plentiful and prices were low. Much of his purchase went to the temple, but a record from the spring of 763 reveals that a good portion was also loaned to Ato no Otari. Just as in 762, the spring of 763 saw prices of farm products climb as supplies ran out, but Otari had promised to repay at autumn prices. If he used the beans and rice himself, Otari was saved a large expense; if he sold the items to others, he probably made a sizable profit.

Otari did not deal only in rice. Lumber was another commodity needed to build Ishiyamadera. The lumber camp for the temple was in northwest Ōmi province at Takashima, deep in the mountains. When lumbering crews cut 273 pieces of Japanese cedar (sugikure) for the eastern pagoda of the temple, they were also ordered to cut twenty pieces for Otari and ship them to his residence at Seta. About six months later in the fall of 762 when Ishiyamadera was nearing completion, Otari had the unused lumber (about 1,316 pieces, including his twenty), floated down the Uji river and back up the Kizu to Izumi. Furthermore, he eventually sold his private stock of 249 pieces, along with about 600 originally destined for the eastern pagoda, marketing

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76 Yoshida 1983, pp. 302–11. During these lean years, the construction office used a variety of tactics to keep the project going. It sent units of local militia to Echi to extract grain, with some effect. The famous monk Rōben捐赠 the harvest from certain temple lands to feed Ishiyamadera’s workers, but that supply was insufficient. Purchases were made, yet because the whole region was afflicted with bad harvests, quantities were still inadequate. Laborers even forewent their rice wine to conserve grain.

77 Kishi 1966, pp. 324–28. From 748 to 753, Otari served as a chamberlain (toneri) and was involved in the construction of Tōdaiji and the transcription of sutras. From 754 to 758, he was a secretary (shishō) at Echizen province and assisted in the formation of Tōdaiji’s estates there. From 758 to 764, he worked as a secretary (sakan) for the Office for the Construction of Tōdaiji and was dispatched to help at the Hokkeji Golden Hall and Ishiyamadera. Evidence suggests that Otari was a member of the clique of Fujiwara no Nakamaro, the leading courtier at Nara from 756 to 764, and his disappearance from the record in 764, the year Nakamaro made an unsuccessful coup attempt, certainly reinforces that impression. During his glory years, however, his name appears again and again in the Shōsōin documents. Other transcriptions for Otari’s name include 阿刀男足, 阿刀小足.

A. Lumber
Surplus lumber from Ishiyamadera construction 447 pieces
Surplus lumber from the eastern pagoda 620 pieces
Otari’s lumber 249 pieces
Total lumber 1,316 pieces

B. Transactions for the eastern pagoda lumber
Price for lumber at Takashima 6 coins x 600 pieces = 3,600 coins
Shipping cost, Takashima to Izumi 8 coins x 600 pieces = 4,800 coins
Price for lumber at Izumi 24 coins x 600 pieces = 14,400 coins
Profit 14,400 – (4,800 + 3,600) = 6,000 coins

Figure 2. Ato no Otari’s lumber dealings in Ōmi, 762. Source: Yoshida 1983, p. 310.

them at Izumi, where the price for good lumber was four times what he paid at Takashima. With logging costs of six coins per piece and shipping costs from Takashima to Izumi of eight coins per piece, at a sale price of 24 apiece the profit margin was about 70 percent (see figure 2).

Nara merchant-officials did not always fare so well. After the work at Ishiyamadera was finished, the court ordered that a new religious project be started, the copying of a Buddhist sutra, the Daihannya 大般若 scripture, onto fine paper by expert calligraphers. To finance the work, the Agency of Sutra Transcription (shakyošō 写経所, a section of the Office for the Construction of Tōdaiji) received a large allotment of tax cloth from the Treasury Ministry. Officials at the agency were commanded to trade this cloth for cash, which could then be used to meet various expenses.

These officials took the cloth on consignment from the agency, which required them to trade it at a minimal price. Early in 763, Otari’s assistant, Itaka no Sokutari 飯高息足, reported his progress as follows:

I respectfully request your disposal of this matter.

Allotment of cloth: 30 units (ren 進)
(Previously specified selling price: 65 coins per ton 斛. Price received: 60 coins per ton.)
Total received: 14 strings of cash

Concerning the above, I know I should send the amount specified in your previous order. I sent a man to another province to trade, but he was incapable, and sold the cloth at a loss. I cannot bear to reflect on this. If you would accept the amount I received, I would be deeply grateful. When the rice of my newly cleared field has ripened, I will pay you the remainder as we originally agreed.

Details follow by word of my messenger. I cannot be more dependent on your good will. I bow and beg your decision.

Tenpyōhōji 7(763).2.29
Litaka no Sokutari

Respectfully reported to Lord Secretary (sakan mikoto 佐官尊) Ato no Otari

Making a profit involved risk-taking, and Litaka’s risk was not well calculated. In fact, in the outcome Otari disallowed Litaka’s request and a month later collected nearly another five strings from his unfortunate underling. The appearance here of Ato no Otari as Litaka’s superior confirms the impression of Otari’s economic power.

Until archaeologists uncover more tablets and other data, the social character of Nara traders will remain a matter of scholarly debate. The textual evidence now at hand, however, supports Yoshida’s hypothesis. Many “scholar-officials” did not just practice learning, they were merchants as well.

**Conclusion**

Provisioning the aristocracy of eighth-century Nara was a complicated task. While it is reasonable to emphasize the elite’s direct consumption of commodity revenues, as most studies do, one should by no means neglect the role played by traders and markets in satisfying the court’s needs and wants. The documentary record suggests that the functioning of the Nara economy cannot be adequately explained without taking the market into account.

The chief handlers of eighth-century commerce were most likely lower-ranking bureaucrats, a hypothesis suggested by information on trade patterns, currency, and various business transactions. In the country-wide exchange network, trader-bureaucrats seem to have been most active in Kinai and interregional transactions, a tendency that reflected varying levels of development and productivity throughout the islands. The government’s primary motives in minting copper cash were to conserve material resources and increase revenues; such a policy proved highly profitable until the excessive growth of the money supply and other factors eventuated a reversion to in-kind consumption bundles after 800.

An examination of several business transactions indicates that low-level functionaries made good traders because 1) they had the goods to exchange, and 2) they were the most trustworthy agents available to the higher levels of the aristocracy. Lower information costs may also have been a factor for officials engaged in medium- and long-distance exchange. To accommodate

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80 *Dai Nihon komonjo*, vol. 16, pp. 340–41. On this record, also see Yokota 1963 and Itô 1948. Yoshida and Itô agree that Litaka was a *jushi* 騒子, a lowly attendant in the imperial quarters. On *jushi*, see *Heijōkyū mokkan*, pp. 94–95. Despite Litaka’s use of his private harvest to compensate for his failed venture, there can be no doubt that the letter details an official venture. See Yoshida 1983, pp. 319–20.
this mercantile function of lower bureaucrats, the Japanese court purposely removed legal constraints applicable in China.

Taken together, these interpretations suggest an image of Nara officialdom different from that usually presented. In his analysis of the ritsuryō system, Kozo Yamamura compared the Nara aristocratic class to American capitalists of the late nineteenth century in the sense that both comprised legal oligopolies attempting to maximize their profits.81 One may disagree with Yamamura’s perspective and argue that he attributed a modern consciousness (the profit motive) to premodern figures. Nevertheless, although court histories rarely portray the economic motives of high-ranking courtiers such as Fujiwara no Fuhito or Tachibana no Moroe 橘諸兄, the behavior of Ato no Otari and other mid- to lower-ranking bureaucrats seems close to Yamamura’s image. Senior aristocrats—those 120 powerholders of the fifth rank and above—may have kept their distance from business affairs, but their underlings throughout the bureaucracy were deeply involved in the world of material transactions.

Given this conclusion, we may ask two further questions. First, should Ato no Otari and his ilk be considered merchants? Although it is clear that Otari and the others reaped sizable benefits from their economic dealings, one should remember that they were also bureaucrats, who received stipends and other perquisites. Thus they cannot be called true specialized “merchants” who provided for their own sustenance by buying and selling. Indeed, they belonged to a murky category somewhere in between: bureaucrat-merchants in the truest sense of the word. And, according to Yoshida, it is precisely because of the dearth of private merchants that functionaries took on this role.

The issue can be sharpened by answering a second query: were the deals consummated by Otari and the others “private” transactions on the side, or were they an institutionalized part of the state structure? Clearly, there were cases when functionaries profited “on the side,” but to take this as the main implication of their economic activities would be to miss the point. Whether it was Ato no Otari’s lumber deal, Tanba’s cloth transactions, or loan contracts like the one signed in Fujii’s office, these business arrangements comprised an integral part of the way Chinese-style institutions operated in Nara Japan.

In another context, I have written that the all-too-common reliance on the distinction between “state” and “private” is unhelpful for analyzing Japan’s early polity, society, and economy, and the wheeling and dealing of Otari and the others reveals why.82 As Yoshida has put it, the ritsuryō style was built on the “private” economic bases of lower-ranking bureaucrats and local notables.83 Officials were expected to contribute their “private” resources to further “state” goals, and they could make personal profits in government transactions. Such behavior is visible whether one studies provisioning in the capital

81 Yamamura 1974, p. 28.
82 See note 67 above.
or examines the situation in rural areas, where the all-powerful district magistrate held sway. The Chinese-style state succeeded as well as it did in Japan precisely because the individual economic bases of lower-ranking bureaucrats and local notables served as the foundation for the political structure, both supporting and being supported by it.

If extant records accurately reflect the identity of Nara traders, Japan’s economic development may have been unusual. While investigation of economic origins is just starting for most ancient societies, what little is known about entrepreneurs in Greece and Rome suggests that merchants were usually foreigners, Jews, or other groups outside the government.\(^\text{84}\) And as has been implicit in the Chinese sources cited in this essay, the social character of merchants in China also seems to have been different from that of their counterparts in Japan.

Business acumen such as that displayed by the lower-ranking officials described in this article became more important, not less, as the court faced a decline in revenues in the late eighth century. Increasingly unable to collect cloth and other commodities specified as the local-products tax, the court authorized governors to pay out provincial rice for those products and ship them to the elite in the capital.\(^\text{85}\) The heyday of this policy was the period from 770 to 850.\(^\text{86}\) Soon thereafter, however, the court complained of profiteering officials, and by the late 800s it was turning to other means to cover the revenue shortfall.\(^\text{87}\) The role of merchant-officials may consequently have diminished during the Heian period, but in the Nara era their entrepreneurial skills were undoubtedly a major factor in the court’s supremacy.

\(^{84}\) Hopper 1979, pp. 110 ff. Chester Starr believes that the percentage of aliens in Greek long-distance trade has been overestimated. See Starr 1977, pp. 87–88 and pp. 124–25. The usual generalization is that in ancient Rome agriculture was a far more honorable occupation than commerce. Jones 1974, pp. 41–47, states that officials did not engage in trade under the principate. The situation in the Roman Republic seems to be the subject of disagreement. Ernst Badian examines government contractors in detail and concludes that merchants and officials were mutually exclusive categories. See Badian 1972, especially pp. 48–51. On the other hand, Love 1991, pp. 157–60, suggests that laws prohibiting senators from engaging in trade were ignored during the Republic.

\(^{85}\) On this policy, see Hayakawa 1965, pp. 276–78. This article is still the most authoritative and clearest overview of the Nara financial system.

\(^{86}\) Engi shiki, pp. 591–94, contains a list of products for which officials traded.

\(^{87}\) Ruijū sandai kyaku, p. 610; Enryaku 17 (798).10.19.
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