Money in the Land of the Rising Sun II: Japan's Road to the Yen

By Aila de la Rive, © MoneyMuseum

Well into the 16th century payments in Japan were made in the Chinese way: the Japanese government minted coins following the Chinese example, and in addition masses of cash coins (Ch'en) imported from China were in circulation. With the beginning of modern times (which began in Japan around 1600), however, a radical turn around took place in the Land of the Rising Sun. Under the government of the Tokugawa shoguns (the Edo period, 1603-1867) the island nation cut itself off almost completely from the outside world. In this time an independent Japanese culture evolved – and a coinage system of its own, whose principal feature was the simultaneous circulation of a gold and a silver currency.
The first Japanese gold coins

Koshukin, minted around 1580, gold, 15 g

During the entire 16th century civil war prevailed in Japan (the Warring States period, about 1470-1603). At that time various rulers and warlords began to issue gold and silver coins. Conducting the war swallowed up vast sums, and in many areas of Japan there were rich deposits of gold and silver – so the most obvious thing for the domain lords and minor feudal rulers to do was to produce their own money.

Soon private gold and silver coins were in circulation throughout the country. The best-known gold coins were those of the Takeda clan, called koshukin. They were traded according to their weight. Lord Takeda established a value system for his gold coinage which was based on one ryo (about 15 grams of gold). The largest koshukin was worth one ryo, and the smallest weighed 1/256 ryo. Every coin was stamped with its weight and thus its value. This system for denominating gold was adopted by the Tokugawa shogunate when it standardised the Japanese issue of coins at the beginning of the 17th century.
Japanese regional currencies

Kaga Hanafuri, minted around 1620, silver, 375 g

In the course of the late 16th century more and more coins issued by the domain lords went into circulation. At this time the Tenno (emperor) had long since lost his power; the Empire of the Rising Sun broke up into innumerable small and very small feudal states.

Every self-respecting ruler and warlord who could afford it cast his own coins. But as they were all at loggerheads with one another it was, of course, impossible to think about a standardised coinage. At the beginning of the 17th century a huge number of different coins of varying quality were in circulation in Japan over an extremely small area.
After long years of civil war, peace returned to the Land of the Rising Sun towards the end of the 16th century: in 1590 General Toyotomi Hideyoshi succeeded in subjugating the last insurgents and in uniting the country. During his rise to power Hideyoshi brought a large part of the Japanese gold and silver coins under his control and from the proceeded issuing his own coins (1573-1592).

Hideyoshi's coins were without exception of a relatively high value and were therefore not to be found in general circulation, but were used as prestigious presents and for payment in major trading transactions, such as the import of silk and porcelain from China. The most famous of Hideyoshi's coins was the Tensho Hishi Oban, which is regarded as the largest gold coin in the world – it measured 17 x 10 centimetres and weighed 165 grams! That was the exact weight of a bag of gold dust; the weight (10 ryo = 165 grams of gold) was noted on the coins in Indian ink.
The imperial coins of the Edo period

Toyotomi Hideyoshi was followed by Tokugawa Ieyasu, who adopted the gold and silver coins of his predecessor as the basis of his own coinage system, which extended across the whole empire. In 1603 Tokugawa Ieyasu was appointed shogun (ruler) by the emperor. This was the beginning of the period of the Tokugawa shoguns, the Edo period (1603-1867) – named after Edo, the capital of the Tokugawa clan, present-day Tokyo.

Even before he had officially assumed power, Tokugawa Ieyasu began to standardise the coinage system (1601). He based the unit of weight on the Japanese money one ryo, which was equivalent to about 15 grams. The gold coins issued with this weight were called koban.

Unlike the oban, the koban was a coin in general circulation. It was stamped with the denomination as well as the signature of the moneyer and the kiri-mon, the imperial coat of arms. All kobans were additionally produced with small counterstamps: this meant that they had been privately – for example, by money changers or dealers – checked for weight and their precious metal content. If a coin again came into the hands of the person who had already tested and marked it with his sign, further examination was no longer necessary.
Gold, silver and copper coins

Hoei Yotsuho Chogin, minted around 1711, silver

So in Japan the high-value gold coins were the oban and the koban. Besides these, the Tokugawa shoguns also put smaller gold, silver and copper coins into circulation.

There were gold and copper coins of distinct denominations: one copper coin was worth one mon, and 4000 mon made one ryo. So 4000 copper coins were equivalent to one koban.

It was, however, different in the case of the silver coins. They were valued according to weight – just as silver in South-East Asia had always been traded according to weight. The basic unit for silver was one momme, equivalent to roughly 3.75 grams. Silver was therefore being circulated in a wide variety of forms: as bullion, but also as minted coin – and if no suitable unit of value happened to be available, the necessary piece was simply chopped off a silver coin.

Thus since the 17th century two different currency systems had been in use. The gold currency prevailed above all in the east of Japan: side by side with the gold coins koban and ichibukin, the copper coins were used as small change. In the west of Japan, on the other hand, the silver currency dominated; apart from silver bullion, large silver coins (Keicho Chogin) and tiny silver coins (Keicho Mameitagin) were in circulation.
The price of money

A sealed coin package with signature

So the price of money in Japan had to be negotiated on a daily basis. The rates for gold and silver fluctuated, and with them the purchasing power of the coins concerned. To facilitate money changing so-called ryogaesho (bureaux de change) were set up throughout the country.

The Japanese monetary system also developed yet another peculiarity, which seems alien to the western understanding of money: in order to make large payments they began to use packed coins. These packages, which each contained a certain number of silver and gold coins, were called Tsutsumi Kingin.

The coins were packed in traditional Japanese paper, and the package was sealed; then whoever had sealed it noted the value of the contents and added his signature to the package. It would never have occurred to any Japanese man or woman to check the actual contents of the packages of money – the signature and seal were adequate confirmation of its value.