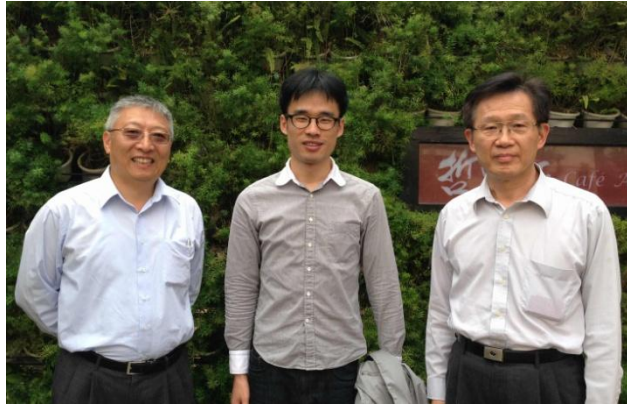


# The Interaction between the Fiscal Issue in Colony Taiwan and the Meiji Japan Government (1896-1898)

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## 1) Perspective and problem consciousness

The Sino-Japanese war was one of the most unfortunate event in the history of modern Sino-Japan relations, as well as the beginning of a dark period between the two countries. And also it brought about a fundamental transformation of an East Asian world order which had centered on the empire of China. As an important part of the post-war management, the Meiji Japan government forced the Qing dynasty to accept the cession of Taiwan and its affiliated Islands through Shimonoseki Contract. Since then, the colony Taiwan became the first overseas territories and the test field for external expansion and governance of Japanese Empire. During the early period for governing the colony Taiwan, around the financial the economic problems, various political forces in the Meiji Government carried out a fierce confrontation. Meanwhile as an extension of central governance of Meiji Japan, the situation of colony Taiwan influenced the central political change, too. Therefore the main content of this short essay is to analyze the interaction between the fiscal issue in colony Taiwan and the Meiji Japan Government between 1896 and 1898.

## 2) Taiwan's fiscal situation in the early colonial period

The Meiji Japanese government enacted the Law No. 63th on March the 30<sup>th</sup> 1896,

to officially reform the colonial administration from military to civil way. However the Imperial Order No.88, which was published on the same day, offered the Taiwan Governor a quasi permission of military rule. For example, the governor, who will charge of all administrative affairs, would only be held by the General or Marshal of Imperial army and navy. Also the governor can use the army according to his need. Meanwhile in the central government, the Department of Colonies was set up, and its South Part Agency would superintend all kinds of civil affairs of Taiwan. Thus the colonial government of Taiwan both had its special features of independence, and also operated as part of the extension of Meiji Central Government. While the Ministry of Finance considered the fiscal system of Taiwan, it was designed to be self-sufficient and self-contained, which means the Central government would not demand the colony Taiwan to offer any financial sources, and the central government would keep separated with Taiwan's colonial finance. On the other word, we can assume that the initial plan of the Taiwan Fiscal system or even other systems, the Meiji Government, especially the Ministry of Finance was not prepared to lead the same administrative system in mainland Japan into this colony. As an alternative, it was guided into Autonomy, which had been widely adopted in the British colonies in that time, and been considered to be effective. Yet in the early colonial times, due to the fierce resistance from the local people, Taiwan colonial government spent huge and the colonial income was unable to meet the needs for governance. Therefore the financial grant-in-aid from the central government accounted for 72% and 53% of the Taiwan colonial governmental budget in 1896 and 1897. This meant that, during the early period of colonial governance, the fiscal independence, which was designed before by the central government, was completely unable to realize. As a result the colonial Taiwan governance basically relied on the financial supports from the central government, in the military and early civil administrative stages. On the other hand, Taiwan's fiscal cost also had a great influence on the central political scene.

### 3) Effects of the colony Taiwan for the Meiji Government

In January 1897, Matsukata Masayoshi began his second cabinet as primer minister. And in the policy speech in the Imperial Parliament, he proposed that in the

soon future Taiwan's local finance would achieve to be self-sufficiency. However with the expansion of civil institutions and related service, especially the increase administrative costs, the postal spend and pharmaceutical expenditures, the Meiji Government had to maintain the fiscal support for the colony. Although the Taiwan government tried to reduce public expenditure by cutting the costs of troops and military police funds, Taiwan's budget woes was not changed as expected. On the fiscal expenditure for Taiwan, the ruling government and the opposition party became hostile seriously. The civil party forces that was always calling for reduction of land tax was extremely angry. And due to the increasing costs for Taiwan, Primer Minister Matsukata had to reconsider the policy of reducing the land tax, and finally lost the supports of the civil party forces in the Imperial Parliament. Consequently, colonial expenditure issue became one of the blasting fuses to bring down the second Matsukata Cabinet. In another words, the fiscal problems of colony led directly to the Metropolitan central political transition. After Matsukata, Ito Hirobumi organized his cabinet in January 1898, and he appointed Kodama Kentao as the new governor of Taiwan, and commissioned Goto Shinpei as the Bureau of Civil Affairs chief leader, who determined to reform the Taiwan's administration and reduce the colonial fiscal pressure on the central government. The new leaders carried out a series of reforms such as Redundancy, reform of local tax, local autonomy and etc., which helped the colony realize the fiscal autonomy.

#### 4) Brief conclusion

In the early period of Japanese occupation of Taiwan, the colony policy for Taiwan's fiscal independence was frustrated. The governor ruling form led by incumbent general faced severe challenges. The management of militarization resulted in increasing fiscal expenditure, and the Colony Taiwan could not afforded the huge expenses on itself, therefore the central government had to offer large number of financial subsidies, which caused the dissatisfactions of civil party forces and the turbulence of central government.

The analysis centered fiscal issue of colony Taiwan, stated clearly that the Meiji central government adjusted its colonial policy by trial and error. And the interaction

between the colony Taiwan and the Meiji Government was not unidirectional, which meant as an extension of central administration, colony would affect the policy-making both on the colony issue and the central political situations.