

From “Governance” to “Economy”: Kaiho Seiryō’s Reconstruction of the Sorai School’s Statecraft Thought

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Abstract: *The Sorai school was a Confucian school founded by Ogyū Sorai during Japan’s Edo period. This school formed a lineage of succession from “Ogyū Sorai – Dazai Shundai – Kaiho Seiryō” in the mid-to-late Tokugawa period. In the 18th century Edo period, as the commodity economy impacted the feudal system, the statecraft thought within the Sorai school underwent a profound transformation from political “governance” to profit-oriented “economy”. Ogyū Sorai, with “order” and “foundation” at his core, constructed a system emphasizing agriculture and suppressing commerce, wherein politics governed economics. He advocated maintaining the feudal order through institutions such as “returning warriors to agriculture” and “hierarchical consumption”, with economic policies serving political stability. Dazai Shundai, characterized by “equilibrium” and “preservation”, proposed pragmatic measures such as the ever-normal granary and unified currency system in pursuit of social equilibrium, achieving a transition from moral idealism to economic governance. Kaiho Seiryō ultimately completed a paradigm revolution, demonstrating “profit” as “heavenly principle”, reconstructing social relations through the “ruler-minister market principle”, and completely shifting to profit-oriented mercantilism. This evolutionary trajectory not only reflects Confucianism’s self-renewal in response to practical challenges but also reveals the intellectual impetus for Japan’s early modern society’s transition from pre-modern to modern times, laying an essential foundation for the intellectual enlightenment preceding the Meiji Restoration.*

Keywords: Sorai school, Statecraft thought, Economic thought, Kaiho seiryō.

1. Introduction

The 18th century in Japan’s Edo period was an era of drastic social structural changes and vigorous development of economic thought. With the development of the commodity economy and the deepening contradictions of the Bakuhau system, the traditional Confucian concept of “governing the world and aiding the people” faced unprecedented challenges and reconstruction. In this intellectual transformation, the developmental trajectory of the Sorai school is particularly noteworthy. The rise of the Sorai school is inseparable from the social background of the mid-to-late Edo period. On one hand, the prosperity of the commodity economy during the Genroku era (1688-1703) catalyzed social mobility and the diversification of values. The samurai class’s position wavered due to financial difficulties, and the rise of the merchant class challenged the traditional feudal order. On the other hand, issues such as the Bakufu’s financial crisis and frequent peasant uprisings exposed the disconnect between the existing ethical system and practical needs. Against this backdrop, the Sorai school attempted to construct a new ideological system adapted to the era’s demands through a reinterpretation of classical Confucianism. Centering on the “Way of the Former Kings,” they shifted Confucianism from metaphysical moral philosophy to concrete political practice, emphasizing the institutional construction of rites, music, punishments, and governmental systems. This pursuit of empirical evidence and practicality redirected Confucianism from abstract moral preaching to specific social governance, thereby responding to the urgent societal need for order reconstruction. Furthermore, with the development of the commodity economy, its flourishing in the mid-to-late Edo period led to the collapse of the traditional “four-class order.” The commercial voice centered on profit and trade gradually overshadowed the small-scale peasant economy based on agriculture. The statecraft thought of the Sorai school faced

the need for a transition from “rites, music, punishments, and governmental systems” towards “economic practical affairs.” From Ogyū Sorai’s “merchant-suppressing” policy theory, through Dazai Shundai’s neutral economic view, to Kaiho Seiryō’s thorough mercantilism, it gradually completed the intellectual shift from political “governance” to profit-oriented “economy.” This transformation not only made Confucian thought more relevant to Japanese social realities but also provided theoretical impetus for the transition of early modern Japanese thought towards modernity against the backdrop of a booming commodity economy and changing social structures. Moreover, this intellectual tendency not only reflected the intellectual class’s response to practical problems but also laid the foundation for the intellectual enlightenment preceding the Meiji Restoration.

2. Ogyū Sorai: The Thought of Emphasizing Agriculture and Suppressing Commerce, Integrating “Order” and “Foundation”

Ogyū Sorai (1666-1728) was a thinker dedicated to reconstructing the political order. Living in the Genroku era, when the commodity economy was impacting the feudal system, he keenly perceived that the poverty of the samurai and the confusion of social identities originated from the collapse of the “order of rites and music” and the weakening of the “agricultural foundation.” Therefore, Sorai’s economic propositions, such as “returning warriors to agriculture” and “hierarchical consumption,” were not purely economic calculations but extensions and applications of his political philosophy in the economic sphere. The core of his thought can be summarized as the integration of “order” and “foundation.” “Order” refers to maintaining feudal status hierarchies through institutional power; “foundation” refers to

adhering to the agricultural base and the governance way of the Former Kings. Together, these formed the pillars of his political “governance” thought, aimed at curbing the disintegration of the feudal order by commercial capital, rather than pursuing wealth growth itself. This unique characteristic starkly contrasts with Kaiho Seiryō’s later “economic” thought centered on economic calculation.

Regarding “order” alone, “each person in their place” was consistently advocated by Sorai. He continuously emphasized the importance of order. In *Talks on Politics (Seidan)*, Volume 1, he discussed establishing a household registration method that fixed people to the land, dividing residents into property owners and renters. The ultimate purpose of establishing such regulations was to have people settle in one place for generations, preventing even renters from moving to other neighborhoods or changing landlords arbitrarily. This scope included not only cities but also villages, where Sorai similarly recommended fixed abodes. He proposed that those who left their registered domicile should not stay elsewhere for more than three years, could not marry outside their hometown, and even needed to report a single night away to the village headman. Sorai’s intention in legislating thus was to have all people in Japan reside in fixed locations under the governance of their lords, thereby maintaining the stability of the feudal order.

Another manifestation of “order” was Sorai’s discussion of the circumstances of samurai during travel or alternate attendance. Sorai believed samurai should live in their own domains (*chigyō-sho*). The reason was that the *sankin kōtai* (alternate attendance) system was in effect, causing many samurai to accompany their daimyo and reside in Edo for extended periods, unable to return to a native state. This led to a severe economic dilemma: the Edo period operated on a rice standard, with samurai stipends paid in rice. When samurai gathered in Edo with its high cost of living, they had to sell their stipend rice (“*chigyō-mai*”) for currency to cover daily expenses. This process continuously channeled commercial profits into the *chōnin* (townsman) class, while samurai grew increasingly impoverished under the dual pressure of rice price fluctuations and rising urban prices. In Sorai’s view, this dislocation of economic status caused by the system and the reverse flow of wealth fundamentally destroyed the feudal order he championed, where “each is content with their lot and resides in their place.” On the other hand, the concentration of samurai in Edo led to poor rural governance. As the saying goes, “the mountains are high and the emperor is far away.” Because samurai were absent from their domains, they could not directly manage the villagers. When villagers encountered problems, they had to report them to Edo, greatly reducing efficiency. Over time, rural governance became increasingly difficult, and villagers’ interests could not be protected.

Against this backdrop, Sorai proposed the policy concept of “returning warriors to agriculture” (*bushi kikō*), encouraging samurai to return to their rural domains, reduce consumption, lessen dependence on merchants, and thereby reshape the feudal order. This aspect embodies both the “order” and the “foundation” of Sorai’s statecraft thought, a typical manifestation of their close integration, with the fundamental goal of rebuilding a stable feudal system based on land and

status. Furthermore, besides stabilizing the feudal hierarchy, the policy of returning warriors to agriculture also served to suppress commerce and stabilize the natural economy.

To further stabilize the socio-economic structure, Sorai proposed an institutional theory centered on “order,” namely the “hierarchical consumption system.” Sorai’s thought had a strong religious coloring; he highly regarded the concept of “Heaven,” stating, “Heaven is unknowable,” and emphasizing that “the Way of the Sages, recorded in the Six Classics, all ultimately reveres Heaven.” This view of the mandate of Heaven directly influenced his understanding of “social roles” (*shokubun*): Sorai believed that the positions of kings and scholar-officials derived from the division of “Heavenly duties,” positing that the establishment of social hierarchies possessed natural rationality. On this basis, he continued the traditional concept of the four-class division of “warriors, farmers, artisans, and merchants” (*shi-nō-kō-shō*), emphasizing the inviolability of the status order, and subsequently proposed the statecraft doctrine of “hierarchical consumption.”

Simply put, society should inherently have distinctions of noble and base, but this hierarchical division was not intended to elevate the upper classes or demean the lower classes; rather, it was premised on social production. Because high-quality goods are scarce, and the noble class is small, if the few nobles use the fewer fine products, and the numerous lower classes use the abundant lower-quality products, production and consumption would be balanced, and social conflicts reduced. Ogyū Sorai’s “hierarchical consumption system” represents the most direct and micro-level manifestation of the concept of “order” in his statecraft thought within the sphere of daily economic life. It was not merely an economic policy but a political doctrine aimed at reinforcing feudal status hierarchies by regulating material consumption. Its core purpose was to use economic means to prohibit any “transgressive” behavior that might blur the boundaries between warriors, farmers, artisans, and merchants, thereby consolidating the feudal ruling order at the level of social life. Sorai’s advocacy for hierarchical consumption encompassed various aspects of daily life like clothing, food, housing, and transportation. This system clearly reflected Sorai’s “merchant-suppressing” stance. It aimed to suppress the luxury goods market through legal means, forcibly pulling consumption levels back to a frugal model consistent with a feudal agricultural economy, thereby curbing the expansion of commercial capital and maintaining a static natural economic form. The essence of this policy was the redistribution of social resources according to political identity, in line with the feudal order, making economic interests entirely subservient to the needs of political rule.

Sorai’s statecraft thought also distinctly embodied the implementation of “foundation.” As mentioned, “foundation” means adhering to the agricultural base and the ancient governance way of the Former Kings. Corresponding measures for preserving the foundation were “suppressing commerce” and thrift. In *Talks on Politics (Seidan)*, Volume 2, Sorai proposed that ending the “circumstances of traveling samurai” required stopping the shogun’s procurement of goods and advocated restoring the tribute system and practicing thrift. He believed having daimyo offer tribute was

an unchanging rule from ancient to modern times, as daimyo territories were enfeoffed by the shogun, making tribute natural. However, returning to reality, Sorai also pointed out that most contemporary enfeoffment practices were unreasonable; the shogun should not grant lands producing essential resources, such as domains producing timber or fish, to daimyo. Sorai's main perspective on revitalizing the Bakufu's finances was to implement measures according to ancient methods, reflecting his pursuit of the "foundation."

Beyond this, Sorai's adherence to the "foundation" was profoundly evident in his critique of "luxury" and his wariness of the expansion of the monetary economy. He compared his early life in villages: in the past, country people lived simply, with few opportunities to use coins; but in the present, people of all statuses unconsciously competed to "live well," to the extent that even servants began commonly purchasing non-essential consumer goods like garo oil and motoyui. In Sorai's view, this "luxury" ethos, spreading to the bottom of society, not only directly increased employment costs but also triggered a series of reactions—prices rose due to the expansion of consumer demand, currency use permeated from cities to villages, and merchant influence subsequently penetrated deeply into rural areas, further accelerating the expansion of currency-mediated transactions. However, Sorai's critique was not simply opposing an improved standard of living; it aimed to maintain the frugal ethics and natural economy suited to the "agricultural foundation." His ideal society was a static order where each was content with their lot and consumption matched status, and the penetration of the monetary economy and the spread of luxury were eroding this order from its foundations. His analysis of this phenomenon was precisely an intellectual manifestation of his adherence to the "agricultural foundation" and his attempt to curb the excessive expansion of the commodity economy.

Sorai's discussion of the "foundation" was also evident in his contradictory views on the monetary economy. On one hand, based on reality, he acknowledged the indispensability of currency; on the other hand, he denied its value ethically, believing the monetary economy tempted people towards profit-seeking, leading to moral decay and social disorder. This contradiction precisely stemmed from his "foundation"—his ideal economic model was the ancient natural economy based on barter and self-sufficiency. Furthermore, regarding currency recoinage policies, Sorai expressed disagreement. He believed the inflation of his time was not due to the circulation volume or purity of gold and silver, but rather the lack of a ritual and legal system, which allowed merchant power to expand, raising the cost of goods and causing inflation. This again reflected his thought of suppressing commerce.

Tessa Morris-Suzuki, in *A History of Japanese Economic Thought*, suggests that Sorai's fundamental approach to economic problems was less original than some aspects of his philosophy, and that his economic thought inherited much from the agriculturalist scholarly tradition of Kumazawa Banzan. Morris-Suzuki's evaluation precisely reveals the historical position of Ogyū Sorai's economic thought—it is this "lack of originality" in inheritance and the orientation "back to antiquity" that fundamentally defines Sorai's

economic thought as classical "governance" studies, rather than modern "economic" studies.

In Ogyū Sorai's view, the ultimate embodiment of "order" was "rites and music." It was not an outpouring of inner morality but a sophisticated institutional framework externally created by the Sages to govern the world and regulate human emotions. His economic policies, whether "returning warriors to agriculture" or fixing residences, were micro-level practices of this grand "rites and music system" in the economic sphere. For example, his advocacy for a "hierarchical consumption system" to clarify status and distinguish noble from base, stipulating standards of clothing, food, housing, and transport for each class, was decidedly not for economic efficiency but to reinforce status differences through external, visible symbolic systems, thereby achieving the political goal of "peace and order in the realm." Therefore, his economic propositions were essentially tools of his political philosophy; economic rationality had to yield to the stability of the political order.

At the same time, there was a profound paradox in Sorai's thought of "emphasizing the foundation." On one hand, based on reality, he acknowledged that "without merchants, warriors cannot survive," and the monetary economy was indispensable. But on the other hand, starting from political ethics, his ultimate goal remained "suppressing the non-essential." His recognition of the commodity economy was instrumental, aimed at utilizing it to consolidate the "foundation" of the feudal system. For instance, he did not advocate abolishing currency but suggested the Bakufu monopolize the right to issue paper currency, not to promote circulation, but to wrest commercial profits back from the chōnin to subsidize samurai finances, thereby maintaining the samurai's "order" as the ruling class. This utilitarian use of economic means ultimately served his statecraft ideal of rebuilding political order and the agricultural foundation, fundamentally opposing Kaiho Seiryō's view of commerce as an end in itself.

In Sorai's thought, "order" and "foundation" complemented each other, forming a complete closed loop of his political-economic view. Consolidating the foundation with order: Institutions like hierarchical consumption reinforced the status order, providing social safeguards for the policy of emphasizing agriculture and suppressing commerce. Nourishing order with the foundation: Maintaining the absolute dominance of agriculture, in turn, nurtured and reproduced the easily manageable feudal order. The ultimate goal was not wealth growth but restoring the political dominance of feudal rule by reconstructing "order" and consolidating the "foundation."

3. Dazai Shundai: The Neutral Economic View Integrating "Equilibrium" and "Preservation"

Dazai Shundai (1680-1747), as the most distinguished statecraft theorist among Ogyū Sorai's disciples, inherited the basic framework of Sorai's thought while exhibiting a more pronounced utilitarian and empirical orientation. Facing the severe economic crisis of the Kyōhō era, Shundai no longer clung, as Sorai did, to rebuilding a moral order through

restoring ancient “rites and music.” Instead, he turned his attention to more practicable techniques of economic governance. His economic view presented a unique “neutrality”—neither Sorai’s moralistic “suppression of commerce” nor yet reaching Kaiho Seiryō’s thorough profit supremacism, but rather seeking a pragmatic balance between “equilibrium” and “preservation.” “Equilibrium” represents neutrality and balance, while “preservation” represents the conservative and cautious dimension of Shundai’s economic thought, as well as his adherence to the Way of the Former Kings, reflecting his fundamental stance as a feudal thinker. This combination of “equilibrium” and “preservation” constituted a crucial link in the transition within the Sorai school from idealized “governance” toward empirical “economy.”

Shundai’s works concerning economic views are mainly contained in *Economic Discourses* (経済録) and its supplement (経済録拾遺). However, the meaning of “the study of economy” as termed by Shundai was richer than the contemporary term “economics” used to translate “economy,” also encompassing much advice on government administration; “political economy” might therefore be a more suitable designation. The concept of “equilibrium” in Shundai’s economic thought was reflected in his social stance. Unlike Sorai’s extreme protection of samurai interests, Shundai’s starting point was the holistic interests of all strata in Japan. Although Shundai himself came from a samurai family and maintained samurai dignity throughout his life, his policy proposals for economic and social problems were neither biased toward the samurai stance relying on land income nor toward the merchant stance relying on finance. Instead, he discussed social issues from a position between the two, embodying a neutral perspective. Simultaneously, under his basic ideas of the “theory of human emotions” (ninjō-ron) and “rationalism” (gōri-shugi), his proposals for national enrichment advised samurai to also participate in commercial activities to escape poverty. Therefore, compared to Sorai’s “returning warriors to agriculture” idea which suppressed merchants, Shundai’s approach to protecting samurai interests was also neutral.

Shundai’s interpretation of “equilibrium” was further manifested in his pursuit of balanced and stable economic regulatory techniques. He advocated adopting the Chinese ever-normal granary system. The ever-normal granary was a granary established in ancient China by the government to regulate grain prices, store grain against famine, and supply official and public needs. It primarily utilized the law of value to adjust grain supply, playing a significant role in stabilizing the market value of grain. For example, when grain prices were low, the government appropriately raised prices to purchase large quantities for storage; when market grain prices rose, it released grain from the granary to lower them. Shundai’s suggestion to introduce this system aimed to stabilize rice prices through government market operations (purchasing in abundant years, selling in lean years), stabilize the market, and prevent low prices from harming farmers or high prices from disturbing the people. The core purpose was “equilibrium”—pursuing social stability and relative balance in distribution.

Furthermore, “equilibrium” in Dazai Shundai’s economic

view was a core concept running through his monetary thought, tax ideas, and social governance. Shundai’s profound understanding of monetary issues reflected how his concept of “equilibrium” transcended traditional agricultural thinking. He clearly recognized the importance of money as a medium of circulation, advocating for proactive monetary policy to balance prices and stabilize the socio-economy. First, regarding the unification of gold and silver coinage to stabilize the standard of value, Shundai advocated unifying and stabilizing the fineness and weight of currency, opposing the proliferation of debased coinage, because a chaotic currency system undermined the fairness of transactions, leading to “soaring prices” and the invisible plundering of people’s wealth. Shundai illustrated that the western part of the capital valued silver coins, the eastern part valued gold coins, while copper coins circulated in both east and west; the market values of these three types of coins fluctuated without fixed standard. Unifying the currency system precisely aimed to establish a balanced and reliable standard of value, providing a stable trading environment for all market participants. Additionally, on tax issues, Shundai’s “equilibrium” manifested in his pursuit of relative fairness in burden to alleviate social conflicts. Shundai believed that the principle of the tax collection system should account for the fact that good harvests and poor harvests occur in succession. He suggested using a method of fixed-amount relief to average taxes, taking the average yield over ten to twenty years as the basis for fixed annual reductions. Moreover, in his work *Sengo* (Treatise on Production), Shundai proposed that “wealth is what circulates throughout the world,” arguing that wealth should circulate under heaven. If wealth stagnates in one place, it leads to disparities between rich and poor. The state had a responsibility to use policies to make wealth circulate equitably, consistent with the Great Learning’s idea that “wealth disperses and the people gather,” but with means more grounded in economic rationality.

His various policies—the ever-normal granary to stabilize prices, unifying the currency system to smooth circulation, fixed-amount relief to stabilize tax burdens—together constituted an interrelated regulatory system. The ultimate goal was to achieve a dynamic and controllable equilibrium between agriculture and commerce, producers and consumers, and upper and lower classes, thereby maintaining the long-term stability of the feudal state. In summary, Shundai’s “equilibrium” was a multidimensional and systematic concept of economic governance. It concerned not only balance in distributional outcomes but also the smoothness of circulation mechanisms, the stability of the standard of value, and the relative fairness of burden distribution. This approach of actively seeking overall equilibrium through state power distinguished his economic view both from Sorai’s thought of emphasizing agriculture and suppressing commerce and from Seiryō’s profit-oriented mercantilism, firmly establishing its neutral and transitional character.

Besides adhering to “equilibrium,” Shundai’s adherence to “preservation” largely resembled Sorai’s “foundation” — namely, adherence to the Way of the Former Kings and unchanging principles from ancient to modern times. In the opening of *Economic Discourses* (Keizairoku), Shundai wrote: “The Way of Confucius is the Way of the Former Kings; the Way of the Former Kings is the way of governing the world.”

His adherence to the “foundation” manifested concretely as a wisdom of “preserving the established order,” where all his policies aimed at “equilibrium” ultimately targeted not changing the social structure but safeguarding and consolidating the foundations of the feudal system.

“Preservation” first manifested in maintaining the agricultural foundation. Although Shundai acknowledged currency and commerce, he never wavered from the stance that “agriculture is the foundation of the state.” The primary purpose of his ever-normal granary system was to stabilize rice prices—the lifeblood of the feudal economy—and protect agricultural production and the samurai class who received rice stipends; his tax reforms were also aimed at stabilizing rural order and ensuring the annual tribute (*nengu*), the foundation of feudal finances. The “equilibrium” he pursued was regulation of other economic spheres premised on ensuring that the agricultural dominance remained fundamentally unshaken. In Chapter 5 of *Economic Discourses*, Shundai consistently applied the royal principle of “measuring income to regulate expenditure,” emphasizing the importance of thrift at the macro level and discussing the benefits of saving money for the state and individuals. This also aligned with the Way of the Former Kings and Confucian thought, reflecting the “preservation” aspect of Shundai’s economic thought.

Dazai Shundai’s economic thought, with its dialectical unity of “equilibrium” and “preservation,” occupied a unique and crucial position in the developmental lineage of the Sorai school. This character, both pragmatic and conservative, enabled Shundai to successfully effect a pragmatic transformation of the Confucian tradition of statecraft. At the same time, the succession “Ogyū Sorai – Dazai Shundai – Kaiho Seiryō” in intellectual history became clearly established. Shundai inherited the basic framework of Sorai’s thought while moderating his teacher’s moral idealism with his realistic policy propositions. Furthermore, he provided the necessary theoretical transition and critical basis for Kaiho Seiryō’s complete shift toward mercantilism centered on “profit” and “principle.” Therefore, Shundai’s thought was not only a hub in the school’s internal development but also a crucial key to understanding the evolution of early modern Japanese economic thought from “governance” to “economy.”

4. Kaiho Seiryō: The Profit-Oriented Mercantilism Integrating “Profit” and “Principle”

Economic thought is both a reflection of social reality and a catalyst for transformation. From emphasizing agriculture and suppressing commerce to profit-oriented mercantilism, Kaiho Seiryō’s advocacy rendered the statecraft thought of the Sorai school more consonant with social realities. Unlike Sorai and Shundai, who regarded the economy as subordinate to politics, Kaiho Seiryō took the “economy” as his point of departure, elevating its status in governance and incorporating it within the framework of “heavenly principle.” In his work *Kikkotan* (*Talks on Investigating Antiquity*), he asserted at the outset that contemporary politicians who invoked Confucian and Mencian policies to govern were backward and ill-suited to current conditions. He noted that contemporary Confucians harbored aversion to “profit,” and based on this observation, he advanced his own dissenting view—affirming

profit-seeking. Seiryō maintained that all phenomena in heaven and earth are “*shiomono*,” and “*shiomono*” are commodities. He illustrated this with an example: he perceived no fundamental difference between rice produced from fields and interest generated from gold; this process of commodities producing commodities constituted a kind of “principle” inherent in nature. Moreover, commodities presuppose exchange, therefore exchange is heavenly principle.

To substantiate the validity of his perspective, Kaiho Seiryō formulated his distinctive theory—rationalism. The primary focus of Seiryō’s writings was the relationship among “principle,” “things/commodities,” and “profit.” In *Rōshi Kuniokuge* (*A Vernacular Explanation of the Laozi*), Seiryō elucidated principle: “Principle is that which is necessarily so. That which is necessarily so in principle cannot be pointed to or described, hence it is nameless and called the Way.” “Principle, Heaven, the Way, the divine—in reality they are one. All are what is termed the principle of necessary so-ness.” “Principle is the path that must be followed. Because it must be followed, it cannot be altered.” That is to say, the principle he conceived was an objective law that all things in the universe must obey. In this respect, Kaiho Seiryō’s principle exhibited a materialist tendency, possessing a strongly “physical” character. Thus, in Seiryō’s view, “principle” existed as a cosmic law. Since exchange conforms to heavenly principle, profit-seeking is likewise legitimate. Seiryō’s celebrated theory of the “ruler-minister market principle” was likewise grounded in this theoretical framework. He analogized the ruler-minister relationship to market transactions: the lord grants the minister a stipend, and the minister renders service to the lord. He maintained that this market transaction was equivalent to the “principle” in Confucian thought, and all phenomena in heaven and earth were commodities available for exchange—that is, the laws of the commodity economy were the laws of heaven and earth. Kaiho Seiryō equated market transactions with the “principle” of Confucian thought, providing intellectual foundations for values such as market exchange and legitimate profit-seeking, thereby transmuting the virtues of Confucian ethics into the values of an incipient capitalist economy.

In addition to his meticulous examination of “principle,” Seiryō also developed extensive reflections on “profit.” He actively propounded a theory of profit generation. In *Kikkotan*, Volume 2, he discussed two methods of enriching a state: one was generating profit, the other was implementing rigorous austerity. By demonstrating that rigorous austerity would render the state constricted above and stagnant below, Seiryō concluded that only generating profit could make the state prosperous and strong. Within his theory of profit generation, he delineated two methods of obtaining profit from different approaches: one was exploiting the people, acquiring money illegitimately; the other was employing the people to generate profit alongside the people. Seiryō maintained that the superior method accorded with the sentiments and dispositions of the people and samurai, harnessing popular energies for profit without inciting social opposition. This was the righteous method consistent with the Way, exemplified by Tang and Wu. The inferior method was the erroneous approach of oppressing the people and forcibly extorting wealth. He employed the example of Koyaemon

Masuya's administration of the Sendai domain's finances to demonstrate the positive effects of the superior method of profit generation. In essence, this was an adroit method of discreetly concentrating resources and revitalizing finances through financialized rice substitutes, disguised within the samurai-approved "rice stipend" format. This constituted a paradigmatic practical instance of Kaiho Seiryō's so-called "superior method of generating profit."

Seiryō's profit-generation strategy consistently adhered to the principle of the "superior method": not exploiting the people for wealth, but utilizing financial instruments, material control, and commercial laws, accommodating the profit-seeking aspirations of the people and samurai, while exploiting regional commercial differentials to amplify returns, aiming to achieve multiple objectives: rendering domain finances solvent, liberating the people from debt, and preventing daimyo from remaining indebted. Building upon the theory of profit generation, Seiryō implemented integrated governance targeting samurai and popular livelihoods, with secret rewards as the core mechanism. Toward samurai, secret rewards awakened their consciousness of crisis, guiding them to participate in craft innovation and household subsidiary occupations, transforming them from a parasitic stratum into participants in domain profit generation. Toward popular livelihoods, agricultural rewards precisely incentivized agricultural production, mobilizing popular forces to participate in domain affairs, while simultaneously combining samurai subsidiary occupations with the cultivation of local specialty products, ultimately achieving a triple-win situation of samurai having occupations, people possessing property, and domain wealth increasing. This represented the concentrated implementation of his "superior method of generating profit" at the level of social governance. This blueprint for integrated governance aimed at achieving a "triple win" was by no means a mere policy conception, but rather the thorough actualization of his core idea combining "profit" and "principle" in the political and social spheres. "Secret rewards" and "agricultural rewards" precisely embodied the complete contractualization and commercialization of relationships between lord and retainer, official and people. The lord provided opportunities and rewards ("profit"), while retainers and people provided labor and loyalty ("effort"), with both parties obtaining what they needed in the "marketplace". This simultaneously deconstructed the feudal relationships based on moral favor and status loyalty that Sorai had championed, confirming the intellectual transition within the Sorai school from "governance" to "economy."

Within his intellectual construction of "profit" and "principle," Seiryō's perspectives on commerce and merchants were likewise affirmative. In *Funri-dan* (Talks on Destroying Principle), he declared directly, "If one cannot profit through commerce and trade, people cannot survive for a single day," regarding commerce as the foundational logic of Edo period social operation, rejecting the traditional cognition that "commerce is a marginal occupation." He pointed out that neither ordinary people, the samurai class, nor domains and daimyo could survive apart from commercial activities; the pervasiveness of the commodity economy was an inevitable trend of the era. Unlike Sorai's "returning warriors to agriculture" policy of emphasizing agriculture and

suppressing commerce, Seiryō clearly perceived the power of the merchant class. He observed the class reversal during the feudal decline—wealthy merchants in Osaka could readily produce ten thousand ryō of silver to raise funds, while feudal lords had to borrow extensively merely to scrape together two hundred ryō; merchants held the core discursive power in gold and silver circulation. "Those who truly understand samurai minds are the townspeople." Samurai, conversely, occupied a passive position in lending and commerce; traditional status hierarchy lost significance in the face of economic reality. Simultaneously, he felt profound regret regarding the samurai's arrogant attitude of "relying on status and disparaging merchants." Seiryō incisively noted that merchants could strike at the samurai's vital point simply by "providing capital and implementing lending methods." Their pragmatic commercial means and grasp of economic laws far surpassed those of samurai who indulged in empty discourse about status.

Beneath Seiryō's exploration of the core concepts of "profit" and "principle" lay his profound and prescient comprehension of social wealth reality. In *Kikkotan*, Volume 4, Seiryō proposed the theory of unequal wealth accumulation, which remarkably coincided with the "Matthew Effect" propounded by modern sociologist Robert K. Merton in the mid-twentieth century—namely, "the rich get richer, and the poor get poorer." Taking coastal areas such as Kaga and Echizen as examples, Seiryō observed that a small number of wealthy fishermen possessed large quantities of productive means such as boats and nets; even with attrition, they could sustain their wealth. Meanwhile, the impoverished underclass could only survive by borrowing at usurious rates, eventually becoming dependent on the wealthy, forming a stark contrast of "one household wealthy, many people impoverished." This polarization existed not only in coastal fisheries but constituted a widespread phenomenon of wealth distribution imbalance within the feudal system following the development of the commodity economy in the Edo period. Seiryō maintained that awareness of the realities of his own era was a fact worthy of attention.

Kaiho Seiryō, through his thoroughgoing rationalism and profit-oriented mercantilist thought, accomplished the decisive reconstruction of the Sorai school's statecraft tradition. By demonstrating the pursuit of "profit" as inviolable "heavenly principle," he overturned at a stroke the moral constraints that Confucian ethics had imposed on economic activities, clearing intellectual obstacles for the development of the commodity economy. Seiryō's keen insight into the phenomenon of unequal wealth accumulation not only revealed the inherent "Matthew Effect" in the development of the commodity economy but also demonstrated that his thought had engaged the core contradictions of early capitalist society. At this juncture, the "governance" learning within Confucianism, through Sorai's foundation and Shundai's transition, finally transformed in Seiryō into the "economic" learning with "principle" and "profit" as its core.

5. Conclusion

From Ogyū Sorai through Dazai Shundai to Kaiho Seiryō, the economic thought within the Sorai school underwent a

profound and systematic “paradigm revolution.” This evolutionary trajectory clearly delineates how early modern Japanese thought, confronted with the impact of the commodity economy, gradually transformed from the moral ideal of traditional Confucian “governing the world and aiding the people” into modern “economic” rationality centered on empirical calculation and the pursuit of profit.

Ogyū Sorai, with “order” and “foundation” at his core, constructed a classical statecraft system in which politics governed economics. In his view, economic policy was an instrument for reconstructing the feudal order of rites and music, with “suppressing commerce” and “emphasizing agriculture” aimed at maintaining a static, moral ideal of an agrarian society. Dazai Shundai, with “equilibrium” and “preservation” at his core, achieved the crucial transition of the Sorai school’s economic thought from “governance” to “economy.” Through state regulation, he pursued social equilibrium; the essence of his “neutrality” lay in maximizing pragmatic adjustments within the feudal framework, both acknowledging economic realities and resolutely safeguarding institutional foundations. With Kaiho Seiryō, the displacement of “rites” by “principle” and the reconstruction of “righteousness” by “profit” were completely accomplished. He elevated the laws of the commodity economy to universal “heavenly principle,” demonstrating the pursuit of profit as conforming to the “Way of Heaven,” thereby liberating the economy from its subordination to politics and making it value itself. Through his theory of the “ruler-minister market principle,” he thoroughly reconstructed social relations. Kaiho Seiryō’s profit-oriented mercantilist thought represented the trend of the times and also reflected the internal tensions and inevitable direction of Japanese society’s transition from pre-modern to modern times.

From the “governing the world and aiding the people” ideology of emphasizing agriculture and suppressing commerce to the “unity of principle and profit” ideology of profit-oriented mercantilism, this intellectual current ultimately breached the millennial dikes of Confucian ethics, completely liberating economic activity from the close supervision of moral politics. This signified not only the self-transcendence of a single school but also symbolized a fundamental shift in the value coordinates of early modern Japanese society. When “profit-seeking” was demonstrated as “heavenly principle,” and when “contract” was elevated as a new “rite and law,” a new order oriented toward modernity, centered on wealth growth and efficiency, quietly emerged amidst the ruins of feudal ideology. This constituted both the terminus of the Sorai school’s statecraft thought and the starting point of the self-awareness of modern Japanese economic thought.

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