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**Huan Kuan and Miura Baien: A Chinese and a Japanese Classic in a
Western Collection of Classics of Economic Thought**

Summary

The series "Klassiker der Nationalökonomie" (which I edited between 1991 and the conclusion of the series in 2002) was an attempt to present 100 classic texts of the history of economic thought in precious facsimile editions, each accompanied by a volume of commentaries written by some of the most renowned specialists of the subject matter concerned worldwide. The authors of the mercantilist and cameralist, physiocrat, classical, and neoclassical periods, of the historical school and of the early 20th century appeared as reproductions of the first editions in the original language. Authors of antiquity, and the Middle Ages and Arabic, Chinese and Japanese books appeared as reproductions of early manuscripts or early (e.g. humanist) prints; at least selective translations were then added in the companion volumes. The companion volumes were published (apart from quotations) entirely in German, i.e. the commentaries of the large international group of commentators (which included several Nobel Prize winners) were all translated into German for publication.

As managing editor of about three quarters of this series I made a special effort to find and include texts of antiquity and the Middle Ages in order to expose the cultural roots of economic theorising and of social thought in Europe, as reflected in philosophical, theological and juridical texts. But I regarded it as important to transcend the usual confinement of such a selection to the European and American tradition. There had been mutual influences of the pre-industrial Asian and European cultures for millenia. The sources of the economic thinking of each traditional non-European culture are published in Europe, if at all, only by specialists of the corresponding language and history. They also write the interpretations. This work is most valuable, indeed indispensable, but historians of economic thought do not study these materials except in very rare cases. In consequence, cross-cultural comparisons and investigations into the economic thought of a single culture, guided by the questions an economist would ask, are not made. I tried to help to open up this new territory by publishing an Arab, a Chinese and a Japanese text in the collection. Their selection cost much time and required the consultation of many international authorities. My reading of such texts in translations and even of the interpretations provided by the specialists remained inevitably amateurish and may in many details deserve much criticism. The claim made with regard to the introductions I wrote to those classics is not to contribute to oriental studies or to Sinology and Japanology, but to the history of economic thought understood in a broader sense than usually.

The Chinese text is the Debate on Salt and Iron of the year 81 B.C. It is essentially a debate between the imperial minister Sang Hongyang and a group of Confucian scholars from all parts of the realm. The minister is old, rich and proud, the scholars advocate modesty. The minister is known for having proposed an ambitious scheme for the redistribution of grains between regions and for storage-keeping so as to reduce the fluctuations of grain prices due to different harvest conditions in different parts of the country at different times. The minister here also defends the state monopolies for salt and iron (in particular the mines, the production of iron and all ironware and arms, and even the distribution of the iron products seems to have been controlled by the state completely). The minister is of the opinion that the revenues generated by the monopolies are indispensable to defend China, in particular its Northern borders. But he is not simply the planner, and the Confucians are not necessarily liberal, for, on the one hand, for Sang Hongyang recognises the advantages of the national and international division of labour and advocates trade in luxuries, while the Confucians, on the other hand, favour decentralisation, local production based on the exchange of goods and deliveries in kind. They want to see trade reduced, the power of traders diminished and traditional authorities strengthened. If people are virtuous, it will be less easy, but also less rewarding for the Northern Barbarians to plunder them, and the attacking tribes can be reconciled by means of gifts.

The debate covers several other issues such as taxation and monetary policy. The task is to explain the significance of these ideas in relation to the history

of Chinese economic thought, for which only few texts in Western languages are available, and to characterise the difference between this form of economic argument, which appears as embedded in a specific political discourse, and early forms of Western economic thought, antiquity here being more relevant than the Middle Ages.

The Japanese classic – Kagen by Miura Baien – belongs to the 18th century, hence to Japan's Tokugawa period in which the country was closed to the outside world, except for trade with China and a very small amount of trade with the Netherlands, closely controlled, at Nagasaki. There seems to have been a considerable amount of proto-capitalist development with the result that the standard of life in Japan at the beginning of the 19th century was higher than in China or India (though lower than in Western Europe and the United States); the Japanese had developed autonomously their forms of banking and exchange, of commercial law, and had a bureaucracy dealing with economic policy. On the other hand, there was a feudal administrative structure for the country as a whole, there was a class division of farmers, artisans, traders and Samurai, and there was the Confucian ethos permeating society as a whole.

Miura Baien, who lived in the middle of the Edo-period, stayed mostly in his home province Bungo in the South of Japan as physician, philosopher and also small landowner. Education, economics, anatomy, astronomy, religion, poetry were part of his scholarly teaching. The dominating theme of his Kagen is that of proletarianisation. If peasants lose their farm, they have to migrate to

the city and live in a money economy so that social bonds disintegrate. The growth of the money economy implies that the number of transactions in kind is reduced and that rent payments in kind are replaced by money rents. But this transformation is dangerous for the small farmers. It induces the feudal lord to spend his money on luxury goods and to neglect his duty of maintaining the storage of rice and other goods, by means of which he might help his dependents in bad times. This is clearly an old Confucian idea, present also in the Discourse on Salt and Iron. This appeal to the philosophical tradition is quite explicit in Baien and accompanied by a recourse to traditional proposals to control the economic process according to the old Chinese rule of favouring abundance in production, frugality in consumption. But if the lords spend more, the pressure on the peasants increases, the impoverished peasants abandon their lands and proletarianisation results. Baien interprets the actions of the lords in terms of private calculations, whereas it would be their duty to act in the interest of the community.

Another means to impoverish the people is to debase the coinage. A good government by contrast would aid agriculture and the artisans, it would be based on more saving and the promotion of morality. So the problem of the control of inflation is not simply that of controlling the amount of money in circulation. Baien does not see that what he regards as a process of decay may be progress if productivity rises. He regards only agriculture in its traditional form as a sustainable basis for development. He therefore praises rural life with its communality and the preservation of family ties. In the last analysis, his denunciation of the process resembles the analysis of

chrematistics by Aristotle: the monks sell Buddha, the scholars sell knowledge and the behaviour of the trader dominates everything.

Interesting extensions of Baien's analysis concern international trade and the loss of the precious metals. Its main interest lies in the ambiguity of a combination of Confucian ideas with the recognition and clear understanding of the dynamics of the money economy and in the tension between the radicalism of the traditional ideal and the modest and pragmatic character of the concrete reforms which he proposes.