The other major figure in the Japanese invention of economics was Kaiho Seiryo (1755-1817), an itinerant wanderer from a warrior class family. It is from his wanderings that Kaiho developed his economic ideas; the entire system is based on the idea that government should regulate the production and distribution of goods. If the government fails to do this, famine, overproduction, robbery, strife, and so on, would be the natural consequences. Like the European economists, Kaiho believed that non-productive classes of people, such as literature professors and priests, should be strictly regulated, for an overpopulation of economically useless people would spell disaster. In this, we have one of the first theories of the nature of a "leisure class," though the idea originates with the Chinese Legalists of the second century B.C., who felt that all unproductive classes should be entirely eliminated. But for Kaiho, no-one was exempted from economic laws; all of society depended on human productive labor and the mercantile distribution of goods, all of society was founded on the exchange of goods and services. This latter idea, you may remember, is at the center of Smithian economics and the rationalist economics of Europe.

However, there are several important differences between Kaiho and Adam Smith. First, Kaiho did not believe that individual human beings, left to their own devices and looking out for their own interests, could successfully sustain a society; government regulation and enforcement—strict and merciless enforcement—was necessary. Second, both Kaiho and Smith believed that the production and distribution of goods followed "natural" laws, but the natural law animating Smith's argument is a kind of biological and morally neutral law. The "natural" law behind Kaiho's thought was the Confucian moral law that governed heaven and earth. In other words, labor, production, mercantile activity, etc. reflected and reproduced the moral law of heaven which governed the material world and the world of humans:

The realization of rice from the rice fields is no different from the realization of profit from gold. The realization of timber from mountain land, the realization of fish and salt from the sea, and the realization of profit from gold and rice are the natural principle of heaven and earth. 1 (Keikoden [Lessons from the Past], page 11)