The prices of everyday goods are rising. Some economists have attributed this to the sharp growth in consumer demand resulting from the government’s extension of pandemic economic assistance. Prominent politicians have used this claim to attack efforts to deliver additional public assistance. On the other side, advocates argue that sweeping government actions are necessary despite their potential effect on the market because many workers are still struggling to remain in or rejoin the labor force as the omicron variant of the coronavirus surges.

The deeper problem, however, may be the country’s propensity to narrowly frame the available policy options as a mutually exclusive choice between denying much-needed help and facing price instability. This forecloses other possibilities, including more targeted economic interventions. And the framing of the discussion betrays a political ecosystem that serves the interests of a few stakeholders at the expense of the broader public.

This governing tactic was more apparent in pre-modern times when formal class distinctions made the state’s protection of entitlements more obvious. Pre-modern Japan presents a good case study of privileged members of society narrowly framing the policy conversation to safeguard their interests. In the 1700s, its military government presented taxes and minimum price mandates as the only available options to counterbalance market instability. While both policies were harmful to common people, the state precluded alternatives because they posed a threat to the social and political hierarchy.

After a long civil war between clans of Japan’s feudal warrior class (the samurai), Tokugawa Ieyasu brought the whole country under the rule of a hereditary military dictator called the shogun in 1603. The resulting political stability led to economic growth and a flourishing of the arts for the next hundred years. The country’s population growth revealed the dividends of peace, rising from around 12 million in 1600 to about 28 million by 1700.

Rice acted as the critical economic lever in this social order. No longer fighting on the battlefield, the samurai were attached to feudal domains as civil servants and received a fixed stipend in grain. They sold what they did not directly consume in private markets to buy other life necessities. These stipends came from a share of harvest collected as taxes from rural peasants, who made up most of the population. Tradesmen and artisans in Japan’s growing urban centers represented another crucial underclass, supporting the samurai by providing them with goods and services. In turn, they bought rice with their incomes.

Low rice prices threatened the livelihood of samurai because they received a fixed stipend in this commodity. The government could raise the wages of samurai when rice prices were low, but this required higher taxation on peasants. But when rice prices were high, the warrior class enjoyed higher living standards at the expense of townspeople who purchased grain. Consequently, the drastic movement of rice prices in either direction severely affected the social order.

In the early 18th century, natural disasters ravaged Japan’s agrarian economy and upset the rice market. Most spectacularly, the eruption of Mount Fuji in the winter of 1707-08 wrecked farmland near the shogun’s capital and triggered heavy flooding.

Reduced tax collection and the heavy cost of reconstruction led to a fiscal crisis, which reached a peak in 1721 when the salary of the shogun’s own retinue had to be deferred to meet debt payments.
At this moment, Japan had a capable administrator at the helm. Before succeeding his childless predecessor as shogun in 1716, Tokugawa Yoshimune had reversed the fragile balance sheet of the feudal domain that he had inherited. As lord of the entire country, he planned to replicate his success nationwide and safeguard the shogun's credibility.

The reforms began with austerity. Yoshimune famously dismissed hundreds of courtiers who lived in the shogun's castle at the public's expense. He increased public investments in the cultivation of new rice fields. To maximize profit from these ventures, Yoshimune raised taxes on the peasantry's rice harvest to 50 percent in 1727 — almost double what it had been at the start of the century. Through disciplined spending and onerous impositions on Japan's toiling classes, the government finally restored fiscal solvency in 1728.

But success came with its own costs. In 1730, the overabundance of rice lowered grain prices by 45 percent compared with where they were in 1723. Now the warrior class could afford only about half of what it had been able to purchase on its fixed rice stipend. To mollify this class, Yoshimune first used the hard-won budget surplus to buy rice from the open market in an attempt to raise grain prices. When that proved ineffectual, he mandated a price minimum on rice in 1735.

The result was the deepening of inequality in an already-unequal society. To guarantee a baseline lifestyle for the samurai, taxes on the peasantry remained high while the townspeople were forced to pay a premium for foodstuffs.

Endemic uprisings came in response. According to historian Koji Aoki, heavy taxation was the direct cause of 497 revolts during the Tokugawa shoguns' 265-year rule over Japan. This eroded the regime's legitimacy and contributed to the transfer of political authority to the imperial court in 1868.

Did leaders have other options? Absolutely. Two immediate alternatives were possible: the liberalization of foreign trade and the monetization of the samurai stipend. Notably, contemporary England navigated food shortages by lowering tariffs on grain imports and allowing merchants to purchase more food from abroad. However, Japan imposed restrictions on international trade because the shoguns feared that the country's outer-lying maritime provinces would upstage the central government if they were allowed to profit from commerce. Therefore, Japan lacked an external market that could help stabilize the domestic market by purchasing surplus rice in bumper years or selling its grain in leaner years.

Switching the salary of the samurai from rice to money also might have alleviated the pressure to maintain a price minimum. However, doing so would have transferred economic power from samurai nobility who commanded land (via hereditary feudal domains) and labor (via lordship over peasants) to merchants, who were increasingly becoming masters of capital.

Prioritizing the state's desire to project political authority and safeguard class hierarchy, the Tokugawa shoguns determined that the peasants and townspeople would have to bear the economic consequences of the status quo.

Put simply, the question of whether the price of rice should be higher or lower was secondary to the larger focus of conserving the existing political and social order.

The resulting repression was justified by the ruling elite's casual callousness toward the toil of everyday people. Kamio Haruhide, an 18th-century government official, infamously summed up this attitude: “Peasants are like sesame seeds. The more you squeeze them, the more oil you get.”

Despite these shortcomings, Yoshimune is remembered as a respected ruler in popular history. This is not entirely unfounded. His administration actively promoted the cultivation of sweet potatoes to help alleviate rural poverty. The government also abolished penalties for peasants who had the temerity to directly petition the shogun for redress. And unlike many of his predecessors or successors, he approached the economic crisis in a concerted and disciplined manner.

These accomplishments notwithstanding, Yoshimune never undid the constraints at the heart of the economic instability: the safeguarding of samurai privileges. Even a well-intentioned administrator will fall short if they operate under the uncompromising precept that the welfare of one class is the state's top priority.

What does this say about the challenges facing governance in the United States today?
While austerity is framed by many self-described policy experts as the only prudent public policy response to inflation, the causes of price instability extend beyond excess consumer demand from the stimulus. Supply-chain constraints and labor shortages also are playing a role — and there are spaces for the government to do more to protect everyday individuals. However, the expansion of the state’s role in regulating the market may run counter to the interests of large businesses and a financial sector that has long benefited from public institutions’ inability to enforce existing laws, let alone proactively tackle emerging issues.

In these and myriad other instances, the American people would benefit from asking who profits from the way policy questions are framed. It may tell us uncomfortable but important truths about who our political system privileges and who are seen as more dispensable.

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