

MERCHANT, TRADE AND GOVERNMENT IN LATE T'ANG

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The period from about 750 to 1000 A.D. is one in which Chinese society underwent a fundamental transformation. However one is to describe this process of change, and the interpretations which have been put upon it have been as various as the scholars who have written upon the period, it is common ground that it marks a watershed in the history of political institutions, in economic organization and in the basic structure of Chinese society. One of the most striking features of this great social transformation is the enormous expansion of trade, and accompanying this the growing complexity of commercial organization, the emergence of a solid money economy, progressive urbanization, and the emergence of an identifiable urban class with its own sub-culture. These changes were accompanied by an almost equally radical change in official policy towards commercial activity and the merchant community, and a fundamental re-alignment of government financial policy, which mark off the ninth century as the end of an era in economic theory and practice.

To work on any question concerning merchants and trade in pre-modern China confronts the historian squarely with a very difficult methodological problem. The modern scholar working on the period prior to about 1000 A.D. is almost completely dependent upon the products of the highly sophisticated tradition of official historiography, written deliberately for the record. Even when we are able to confront this historical record with independent contemporary literary material, this surviving literature too derives almost entirely from the same closely-knit élite of literati from amongst whom the official historians were recruited, and who shared with them a common ideology and common social attitudes. Although the intellectual conformity of the T'ang literati can be greatly exaggerated, and although the official "Confucian" ideology allowed for a very wide spectrum of acceptable views on many questions, on some broad fields the official orthodox ideology and commonplace élite attitudes were almost invariable. One of these areas of near unanimity is the antipathy shown towards those social groups who were potential rivals to the established ruling group of scholar-official bureaucrats. In government the eunuchs, operating from a totally different power-base, the financial specialists whose concept of government was based on the account-book rather than on the ethical

precepts of Confucian ideology, and the military élite, were all despised and their achievements consistently played down. The official histories, written by bureaucrats for bureaucrats, and concerned above all with the activities of the bureaucracy and with the exercise of political power and authority, systematically underplay their importance, and particularly in the case of the eunuchs almost always deal with them from a hostile viewpoint. The merchant community fared even worse at the official historian's hand. Eunuch, finance minister and general were at least all engaged in the affairs of government, the career towards which all élite education was aimed, the only avocation which provided a completely acceptable social ambition. The merchant, on the other hand, played no active role in politics or government, and appears in the histories only as the passive object of official policy, or as an offender against the authority of the State.

What information we have about merchants is then not to be found tidily arranged and systematically presented in the T'ang histories and other official compilations. We are thrown back upon casual information contained in literary texts, upon Ch'uan-ch'i fiction dealing with social themes, and above all, upon early ninth century poetry. This material shares much of the anti-mercantile "Mandarin" outlook of the historians and presents additional interpretative problems of its own, for such literature had its own stereotypes and descriptive formulae, even more complex and difficult to evaluate than those of the histories. But for the historian its principal shortcoming is that it almost all derives from a very short period, roughly 780-845, and it thus gives little opportunity to detect secular change.

The official attitude towards merchants had already been formulated, even before the emergence of the first unified empire, in the theory of the "Four Social Classes", which was still, in T'ang times a millennium later, embodied in a clause of Statute law.¹ Society comprised the scholar officials, whose business it was to rule; the farmers, the artisans and the merchants, all of whom were to be ruled. Among these latter however, the profession of

¹ See TLT 3, p. 31a-b: "They should distinguish between the four classes (*ssu-jen* 四人; *jen* is a taboo substitute for the classical *min*) of the empire, causing them each to specialize in their own profession. Those who practise learning, both civil and military, are the scholar-officials (*shih*). Those who exhaust their strength in ploughing and in sericulture are farmers (*nung*). Those who make goods and exchange them are artisans (*kung*). Those who are butchers and wine-sellers and traffic in goods are merchants (*shang*). [Artisans and merchants are all those whose families specialize in such professions in search of profit. It does not include "weaving fabrics, ribbons or cords" (i.e. domestic weaving; - the phrase 織紵組紃 is a quotation from the Nei-tse section of *Li-chi*).] The families of artisans and merchants must not associate with the officials. The people who live on official emoluments must not rob the inferiors of their profits." See also the shorter passage in *CTS* 48 p. 3b, and an almost identical passage (but omitting the commentary) in *CTS* 43, p. 7a; c.f. also Niida Noboru, *Tōryō shūi* 唐令拾遺, p. 244-5 for a related quotation from *Ryō-no-shūie* and other passages.

agriculture was looked upon as the "fundamental" productive occupation, whereas the artisan producing luxuries and the merchant living by trading in the products of other men's hands were classed as "secondary" professions.

This theory, like so many of the ideas on social and economic matters current during the T'ang period can be traced back to the "Legalist" writers of the Warring States period for whom the object of official policy was to evolve a rigidly regimented society completely subservient to an all-powerful state apparatus.

For such a state, a stable and passive peasantry, who would both produce abundant revenue in time of peace, and provide ample manpower for military purposes, was a prime necessity. This conception of a rural population organized in such a way that they would provide regular revenues and at the same time be readily mobilized in time of war, remained a powerful motif in Chinese political thought. In T'ang times it was embodied in the *Fu-ping* militia organization, which was the basic military institution during the seventh century. The whole system of land allocation and taxation which was developed between late Han and early T'ang times was also built on the same premise that the prime objective of state policy was a settled, stable and contented peasant population, carefully registered and controlled, which would provide regular and ample taxation in kind, and be readily available for labour service or military service when required.²

In such a society, the merchant was conceived of as a disturbing factor, and as a potential danger to the established order. Not only did he convert to his own profit much of the peasantry's surplus production, which might rather have gone to swell the Imperial revenues. Not only was he the advocate of a materialist attitude diametrically opposed to and fundamentally repugnant to the ethical precepts of Confucianism, with its stress upon government by moral precept and persuasion, upon personal ethical cultivation, and its de-emphasis of material rewards. He also provided the population with a model of a possible means of social advancement based purely on the acquisition of wealth, which was an alternative to the officially acceptable ladder of advancement through military or civil services to the State. Moreover, he was an unstable element in society, and very difficult to control effectively. He was lumped together by the early legalist authors with travelling politicians, unemployed intellectuals, and professional knights-errant, disturbing elements in society "who can carry all their personal capital around to any house on earth".³

Nonetheless, for all that the merchant and artisan were lowly esteemed, and considered as unproductive and potentially disruptive social elements,

² This aspect of the land system of T'ang and pre-T'ang times is very extensively studied by Ho Ch'ang-ch'ün 賀昌元 in his excellent *Han-T'ang chien feng-chien t'u-ti suo-yu-chih hsing-shih yen-chiu* 漢唐間封建土地所有制形式研究 Shanghai, 1964.

³ *Shang-chün-shu* 6, p. 6a, Duyvendak, *The Book of Lord Shang*, p. 220.

it was recognized that they fulfilled an essential function in society; "Making near and far come into touch, communicating between those who have and those who have not". The question for government was not how to eliminate them, but how to ensure that they carried on their business under strict supervision.⁴ Some pre-Ch'in Legalist writers advocated that in an ideal society merchants should live in separate hereditary communities, partly to preserve their own stability and social identity, but mainly to prevent the primary producers, the peasants, becoming envious of their superior conditions of life since:

"Today, those who follow the secondary pursuits can earn enough in a day to live on for five days, while the farmer labours ceaselessly throughout the year and still cannot obtain enough to maintain himself."⁵

The merchants then, from the time of the first unified empires of Ch'in and Han, were accepted in Society on sufferance, as a necessary evil and as a group morally inferior to the peasantry. They were nonetheless recognized to be indispensable and were accorded free (*liang* 良) legal status. Their social position should not be confused with that of the various types of bondsmen (*chien-min* 賤民), or with the members of such "untouchable" professions as beggars, butchers, prostitutes etc. The main concern of the state was to contain them, to prevent their disrupting the fabric of rural society, and to ensure that they could not become so powerful by the exercise of their wealth that they could menace the prestige and authority of the official ruling class.

To fulfil these purposes, the government during the Han Dynasty and later periods down to and including the T'ang employed two distinct sets of policies towards merchants. The first was designed to ensure that their social status and condition of life were permanently depressed to prevent their forming an élite based upon wealth which would rival the established political élite of officials and scholars. They were thus subjected to certain legal disabilities, and to strict sumptuary laws designed to prevent their openly displaying their wealth in flagrant ostentation. The second set of policies attempted to restrict their commercial activities and to keep these under strict official control. Seeking justification in the belief that "whenever trade flourished the peasant producer suffered," the government attempted to restrict trade to officially controlled markets, subjected the travelling merchant to close and continual surveillance, and spasmodically imposed various types of tax and levy upon his commercial transactions.

The sumptuary regulations affecting the merchant were only a part of the immensely complex system of regulations which distinguished the manner

⁴ See for example *Kuan tzu* I, 5, v, Wu shih shih, I, 5, vi, Shih nung kung shang, XV, 48, Chih kuo, etc.

⁵ *Kuan tzu*, VIII, 20, Hsiao k'uang, *Kuo Yü* 6, Ch'i yü.

of life of the various status groups making up society.⁶ There was a most marked and rigid distinction between the forms of dress, carriages and riding animals, houses, furniture, personal adornment, ceremonial and religious observances, permitted to the commoners on the one hand and to the holders of official rank, on the other; for it was the maintenance of the superior prestige, social position and way of life of the official class which was the prime object of the whole system. Merchants, however, were subjected to even more rigorous restrictions than were the ordinary commoners. Under the Han and later they were forbidden to dress in fine silk and furs, to ride in carriages or on horseback, or to carry arms.⁷ Like all commoners they were not permitted to wear ornaments of gold, silver, jade or precious stones.⁸ Under the Sui they were even forced to dress in black, as were butchers and members of other degraded professions, to set them apart from the commoners who wore white.⁹ Their houses were restricted in size and decoration¹⁰, their weddings and funerals and other ceremonials were supposed to be conducted frugally and simply. As with all social groups their style of life was expected to conform to their legal status, and they were forbidden to employ their wealth in maintaining a standard of luxury and ostentation reserved for the officials.

Such laws remained in force in China until the end of the Manchu dynasty, but must always have been difficult to enforce according to the strict letter of the law. They were certainly flouted even in periods of strong government power, and were disregarded quite openly by the 8th century.¹¹ A much more real disability for the merchant lay in the legal restrictions arising from his status. Under the Ch'in and the Han, for example, registered merchants and the descendants of merchants were among the groups to be called up first in case of military conscription or corvée duty.¹² Merchants who wished to use the official markets had to be specially entered on a "market register" (*shih-chi* 市籍), and to pay the authorities a rent for their shop or stall.¹³ Under the T'ang, artisans and merchants did

⁶ There is no good account of the sumptuary regulations of T'ang times. Ch'ü T'ung-tsu, *Law and Society in Traditional China* (La Haye 1961), pp. 135-154 gives the best general description of this type of restriction.

⁷ See *Han shu* 1B, p. 13a, Dubs, *History of the Former Han Dynasty*, vol. I, p. 120, *Han shu* 24B, p. 3b, Swann, *Food and Money in Ancient China*, p. 231, and the discussion on pp. 24-5.

⁸ See *TT* 61, p. 350a-b, *THY* 31, p. 569, *CTS* 45, p. 13a, *HTS* 24, p. 9a.

⁹ See *CTS* 45, p. 13a. Under the T'ang commoners wore either white or yellow. See *CTS*, loc. cit., *THY* 31, p. 569, *HTS* 24, p. 9a.

¹⁰ *THY* 31, p. 575, *TLT* 23, pp. 14b-15a. The rules on restrictions on size and style of buildings were incorporated in the *Statutes* (see Niida, *Tōryō shūi*, pp. 802-4) and this Statute was backed by a specific article of the *Code* 26, art. 15 which prescribed a penalty of a flogging of 100 strokes for infringement of the sumptuary regulations.

¹¹ See the series of edicts issued after 827 and included in *THY* 31, p. 537 ff.

¹² See Swann, *Food and Money in Ancient China*, pp. 24-5, 50.

¹³ *Ibid.*, pp. 20, 115, 231.

not receive grants of land under the general system of allocation, except in areas where there was a surplus of vacant land and even there they received only half of an ordinary peasant's share.¹⁴ They were also subjected to heavy assessments under various supplementary taxes¹⁵ and were liable to various types of special duty.¹⁶

The greatest disability of all, however, was the denial to the merchant and to his sons and grandsons of the opportunity for official employment. This had already been the case under the Han when selection of officials was comparatively informal.¹⁷ During the third to the sixth centuries, when office was largely dependent on birth and China was ruled by a small aristocratic class, and society divided into caste-like status groups, the merchant was naturally excluded from official employment.¹⁸ When the Sui and T'ang set up their new systems of examinations designed to recruit able men for the civil service from a much broadened social background, merchants and artisans were again specifically excluded from entry, and from inclusion in the prefectural quotas of candidates.¹⁹ They were thus denied the opportunity of entry into the official class, and of acquiring in addition to their wealth, political power and the undisputed right to a superior mode of life, and social esteem.²⁰

In such ways, the merchant's status was more restricted than that of the ordinary peasant. But nonetheless, he remained a freeman commoner (*pai-ting* 白丁), and not a member of the "mean" bondsmen group.²¹ His

¹⁴ See *TT* 2, p. 16b; *TFYK* 495, p. 23b, Twitchett, *Financial administration under the T'ang dynasty*, p. 129.

¹⁵ See Twitchett, *op. cit.*, pp. 32, 38.

¹⁶ See Twitchett, "Local financial administration in the early T'ang", to appear in a forthcoming issue of the *Journal of Economic and Social History of the Orient*.

¹⁷ *Han shu* II, p. 3b, 24B, p. 3a-b.

¹⁸ See Miyakawa Hisayuki, *Rikuchō shi kenkyū* 宮川尚志: 六朝史研究 (1956), p. 194 ff.

¹⁹ See *TLT* 2, p. 26a; *PSLT* 24, p. 90a; *Code* 25, art. 9. Cf. Niida *Tōryō Shūi*, p. 294. For the ban upon entry to the examinations see *CTS* 43, p. 3b; p. 7a; *WHTK* 37, p. 347a; *HTS* 45, p. 1a (cf. des Rotours, *Le Traité des Examens*, p. 215). *TT* 14, p. 81a gives the same rule for Sui times.

²⁰ On the different standard of life permitted to officials and to commoners, see Ch'ü T'ung-tsu, *op. cit.*, pp. 135-69.

²¹ Niida Noboru 仁井田隆 *Shina mibun-hō shi* 支那身分法史 (1941), p. 560, points out that during the Northern Wei period members of ordinary commoner families (*shu-min* 庶民) were forbidden to intermarry with artisans, merchants, yamen runners or members of the 'mean' classes. He cites this as a case of 'group endogamy' among the common people analogous to the endogamy practised at a higher level by scholar official (*shih-ta-fu*) families and by a hierarchy of limited aristocratic groups. (See *Wei shu* 7A, p. 13a; 7B, p. 3a.) He also cites a rather similar rule from T'ang times, again grouping merchants with semi-servile groups, from the rather dubious 'Edict attributed to Kao Shih-lien' appended to the list of local eminent lineages, no. *wei* 67 of the Peking collection of Tun-huang MSS. Here artisans and merchants, *ying-men* 營門, *tsa-hu* 雜戶, *mu-jung* 墓容 and 'mean' (*chien*) persons who have been manumitted and become 'free' (*liang*), are forbidden to intermarry with ordinary

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household was registered for legal and fiscal purposes just like any other commoner household. The fact that he *also* appeared on a market register did not mean that he was considered a member of a class completely apart or as contracted out of normal social obligations, as for example were the separately registered Buddhist monks and Taoist priests.²²

To the average merchant the restrictions of social status and way of life which he suffered were perhaps less irksome than the various ways in which the government attempted to control commercial activity, for here government policy struck at his real strength, his wealth.

In T'ang times the most important form of government control was the system of official markets.²³ The origins of this system almost certainly antedate the unified empire of the Ch'in. It was already well established under the Han and it persisted, with many variations of nomenclature and of practice, until the end of T'ang times. Under this system the "central markets" of county towns and larger administrative centres, in which inter-regional and large-scale commerce was concentrated, were placed under strict government supervision. All commercial transactions were restricted to the market, held in a separate section of the city, and controlled by an official market supervisor with his own specialized staff. This market office was the only independent court of summary jurisdiction outside the local magistrate's court, and was not only entitled to exercise summary punishment for offences against public order within the market, but was also responsible for maintaining strict trading hours, supervising weights and

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commoner families, even if they possess a genealogy. Serious doubt has been cast on this document's authenticity, by Ikeda On 池田温 "Tōdai no gumbō-hyō - kyū, jū seiki no Tonkō shahon wo chūshin toshite" 唐代の郡望表—九十世紀の敦煌寫本を中心として *Tōyō gaku*, 42, iii (1959), pp. 59-95; 42, iv, pp. 40-58. Another slender piece of evidence of the same sort is to be found in Hu San-hsing's admittedly very late commentary to an Edict of 674, quoted by *TCTC* 202, p. 6373, which reads "Commoners (*shu-min*) should wear yellow, with girdle ornaments of bronze or iron. Those who are not *shu-min* are not permitted to wear yellow." Hu says that 'those who are not commoners' means 'artisans, merchants and *tsa-hu*' 非庶民謂工商雜戶. However, this evidence is far too slight to counterbalance the fact that merchants and artisans are *never once* mentioned as a legal status group in any T'ang legal text, and there is no specific statement anywhere, to my knowledge, that merchants were not free men (*liang*).

²² See Twitchett, *Financial administration*, p. 204, note 46, and "Monastic estates in T'ang China", *Asia Major* (n.s.) 5, ii (1956), pp. 123-46. See also Akitsuki Kan'ei 秋月觀暎 "Tōdai shūkyō keihō ni kansuru kanken" 唐代宗教判法に關する管見 *Tōhō shūkyō* 4/5 (1954), pp. 137-52.

²³ See Twitchett, "The T'ang market system", *Asia Major* (n.s.), 12, ii (1966) pp. 202-48, and the literature there cited. See also the article by Satō Taketoshi 佐藤武敏, "Tōdai no shisei to kō - toku ni Chōan wo chūshin toshite", 唐代の市制と行一とくに長安を中心として, *Tōyōshi kenkyū*, 25, 3 (1966), pp. 32-59, which appeared shortly after. Hino Kaisaburō 日野開三郎 "Tōdai no entai-sōshi no hattatsu" 唐代の堰埭草市の發達 *Tōhōgaku* 33 (1967), pp. 44-53 also adds something to our knowledge of the growth of small market towns by stressing the growth of rural markets around haulovers on canals and rivers.

measures and the quality of money in circulation, supervising the quality of goods on sale, issuing certificates of sale for such things as livestock, slaves or real estate, and preventing such unfair trading practices as cornering the market in commodities, unfair price fixing, or deceiving the public. The market office additionally had the difficult task of regularly reviewing prices, and fixing standard prices.²⁴

Even in the capital cities, the immensely complex metropolitan markets were administered by special offices under the Court of Treasury, which kept equally strict control over what were probably the busiest centres of commerce in the whole world at the time, where commodities from all parts of China and from as far afield as the Near East, Central Asia and the South Seas were sold to provide the needs of the teeming urban population and the great concentration of wealthy officials and ministers, the vast military garrisons, the innumerable monks and nuns of the great metropolitan temples, and the Imperial Household and its retinue numbering tens of thousands.

The government also exercised even more stringent control over the especially lucrative overseas trade. At the port of Canton, chief gateway for trade with South-east Asia and the Islands, and later also at Hanoi, there was a special customs office which exercised a virtual monopoly on imports, charging a very high duty on luxuries, and making compulsory purchases, at its own prices, of goods destined for the use of the Imperial Household. The same sort of monopolistic markets with the government as the chief, if not the only purchaser, were set up at the terminal points of trade routes on the land frontiers with Manchuria, the northern steppes and Tibet.

Besides this strict control over markets, the government also exercised very close surveillance over the movement of merchants. On the great trunk roads, which provided the government with its arteries of communication, the traveller had to pass frequent check points where his goods and papers were examined.²⁵ Nobody could travel without official credentials or documents issued by his county of origin.²⁶ These constant investigations

²⁴ See Twitchett, *loc. cit.* Very recently an extremely detailed and important new study of the system of official prices has been published by Ikeda On 池田温 "Chūgoku kodai bukka no ichi kōsatsu" 中國古代物價の一考察 *Shigaku zasshi* 77, i, pp. 1-45; 77, ii, pp. 45-64 (1968). This presents far better texts of the fragmentary price-schedules from Central Asia than the earlier study by Niida cited in my previous article. It also raises a number of highly interesting and controversial issues in economic history.

²⁵ On the control of travellers, see Aoyama Sadao 青山定雄 *Tōsō-jidai no kōshi to chishi chūru no kenkyū* 唐宋時代の交通と地誌地圖の研究 (1963), pp. 127-59, and Reischauer, *Ennin's travels in T'ang China* (1955), pp. 138-52.

²⁶ See, on this system, Niida Noboru, *Tō-Sō hōritsu monjo no kenkyū* 唐宋法律文書の研究 (1937), pp. 843-56, Komai Toshiaki 駒井義明 "Kōken to kasho" 公驗と通所 *Tōyō gakuho* 40 (1957), pp. 218-22. See also the classical study of Naitō Torajirō 内藤虎次郎 "Miidera shozō no Tō kasho ni tsuite" 三井寺所藏の唐通所に就て in *Kawabara Hakase kanreki-ninen Tōyōshi ronsō* (1931), pp. 1325-42. Several actual

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were of course not only a nuisance and source of irritation to the merchant, but also an opportunity for the officials or their underlings to extract transit fees, either legally, or in the form of barely concealed bribes.²⁷ These forms of surveillance were particularly strict in the case of aliens, who formed a large part of the mercantile community, particularly in early T'ang times.²⁸

The government also circumscribed the power of the merchants by the very close control which they exercised over the cities. The city in T'ang remained first and foremost the seat of administrative power, a fortified conurbation centred around the district offices of the prefect or magistrate in charge of the surrounding district. The city itself did not even form a separate administrative entity, and its citizens held no particular status. It was carefully policed, and rigidly divided up into small walled wards which were locked up and isolated at night. All trade was restricted to the enclosed market, which was opened only between set hours, and was directly supervised by officials. There was no participation in city administration by merchants or indeed by any other citizens. Guild-type associations existed, but remained relatively powerless.²⁹

Lastly, the early T'ang government pursued a whole complex of basic financial policies which, although not directly aimed at the merchant community, must nevertheless have had a strikingly inhibitory effect on trade. The basic forms of taxation, inherited from the rather primitive semi-barbarian dynasties who had ruled northern China in the two centuries before the T'ang, were taxes collected in kind - in grain and in cloth - from all adult males of taxable status.³⁰ Tax grain was used partly to build up strategic stockpiles to guard against famine, partly to provision the armies, but overwhelmingly to supply the needs of the great cities, especially the capital Ch'ang-an with its population of roughly a million, which was set down in a region of undependable climate, low productivity and declining rural population. The collection, transportation and eventual distribution of tax grain was conducted by the government, employing corvée labour and an extremely complex and enormously expensive transportation network. The size of this grain traffic grew rapidly during the early eighth century, when the self-supporting militia troops who had been the basic military

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T'ang travel documents issued to various Japanese monks survive in Japanese temple collections. A facsimile of one example was published by the Tōhō bunka gakuin (Tokyo) in 1935, under the title "Tō kasho" 唐通所 with an explanatory pamphlet based on Naitō's article.

²⁷ See for examples Aoyama, *loc. cit.*, and Hino Kaisaburō 日野鬮三郎 "Tōdai shōzei kō" 唐代商稅考 *Shakai-keizai shigaku* (1965), pp. 1-28.

²⁸ For the strict surveillance encountered by Ennin, see Reischauer, *loc. cit.*

²⁹ On the T'ang proto-guild organizations *hang* 行, see Katō Shigeshi 加藤繁 *Shina keizaiishi kōshō* 支那經濟史考證, Vol. 1, pp. 422-60, and for a more recent view Satō Taketoshi *op. cit.* note 23 above.

³⁰ For a general account of this system see Twitchett, *Financial administration* and the literature there cited.

force at the beginning of the dynasty, were replaced by huge standing armies stationed along the northern frontier. In the 730's the government was annually in receipt of grain revenues amounting to 25,000,000 *shih* (about 43,000,000 bushels) or nearly two million metric tons. The quantity transported to the capital alone was 4,000,000 *shih* (7,000,000 bushels) or 290,000 metric tons per annum, far greater than the biggest bulk grain trade in medieval Europe.³¹ The government also took, as taxation, in just the same way, a large part of the surplus production of textiles. Of a total annual revenue of some 7,400,000 lengths of silk and 16,000,000 lengths of hempen cloth, no less than 13,000,000 lengths were sent annually to the treasuries of Ch'ang-an.³²

Since rural productivity, in spite of some improvement, remained low, and surpluses above needs of subsistence were probably not great after taxation, the government was thus in effect itself handling the bulk of the long-distance inter-regional trade in the two basic commodities, grain and textiles. Taxation did not, of course, take off by any means all surplus production, so that there was a good deal of private trade, but merchants making massive fortunes by bulk trading in grain and textiles do not appear until money taxation had taken firm roots in late Sung times.³³ Government competition, employing cheap corvée labour for transportation, must have made trade in these staple commodities relatively unprofitable for the private merchant.

In addition the government, with immense stockpiles of grain at its disposal (about 7 million metric tons in 749), was able to employ these to avoid the worst extremes of price fluctuation, buying in grain at above the current price in times of glut, and selling their stocks at cheaper than market prices in times of shortage.³⁴ Such a policy obviously made speculation in grain very risky for the private merchant, since in some years such relief sales in Ch'ang-an alone amounted to 50,000 tons of grain.³⁵ It is perhaps significant that the only cases of successful large-scale speculation

³¹ See Twitchett, *Financial administration*, pp. 87-90. As an example of the vast scale of this traffic, in 751 the grain fleet, collected together at Shan-chou above the San-men rapids, was swept by a disastrous fire, which destroyed 215 official grain ships and a million *shih* of grain, together with a hundred private merchant vessels. See *CTS* 37, p. 13a.

³² See Twitchett, *op. cit.*, pp. 153-5.

³³ For an account of the development of the grain market in Sung times, see the extremely important new work of Shiba Yoshinobu 新波義信 *Sōdai shōgyōshi kenkyū* 宋代商業史研究 (1968), pp. 142-84, and the earlier study of the same author, "Nan-Sō kome-ichiba no bunseki" 南宋米市場の分析 *Tōyō gaku* 39, pp. 258-93 (1956). See also Sudō Yoshiyuki 周藤吉之 *Sōdai keizaiishi kenkyū* 宋代經濟史研究 (1962), pp. 74-320 for a very detailed account of the changes in technique and improved productivity of agriculture which were the background to this.

³⁴ On this policy, see Balázs "Beiträge zur Wirtschaftsgeschichte der T'ang-Zeit" *MSOS* 35 (1932), pp. 66-71.

³⁵ See *CTS* 49, p. 8a ff., *THY* 88, p. 1615 ff., *TFYK* 502, pp. 26a-28a for examples.

in grain which I know of in T'ang times involved not merchants, but local officials who could employ the machinery of government to fix prices favourable to themselves.³⁶

Another field in which government policy impinged heavily upon the whole field of commerce was that of currency. The T'ang government from a very early stage made a determined effort to provide a viable currency, such as had not existed since the Han period. However, the supply of copper coinage in circulation always lagged far behind the demands of commerce, while the standard copper cash was of such low value that copper coinage was impossibly cumbersome for any large transactions.³⁷ For large sums the normal medium of exchange was the standard-sized length of silk cloth, such as was paid in for taxes. Both in government accounting and in private transactions it was normal to employ this mixed currency of copper cash and silk cloth.³⁸ The government, with vast stocks of silk at its disposal, was able to maintain some measure of control over its market value, and over its standard quality.³⁹

In the period before 755, the government derived very little revenue directly from merchants. Under the standard system of head-taxes the merchant living in a city and holding no lands got off practically scot-free, being liable only to labour service and special duties. It was only under the household levy and land levy - supplementary taxes based upon a property assessment - that merchants actually paid tax to the local authorities.⁴⁰

The local authorities themselves made some use of the technical skills of merchants through the system of special corvée duties (*se-i* 色役). Control over the markets was largely exercised through minor market officials who were recruited from the trading community, working in collaboration with the *hang*, the guild-like associations of merchants of the same trade, who registered traders and assisted in fixing official prices.⁴¹ Other merchants were employed for special duties in connection with tax-transportation.⁴² Lastly, one of the principal sources of revenue for current expenditure in the provinces was the system known as *cho-ch'ien* 捉錢. Each local government office was endowed with capital funds which were to be loaned out at interest to produce a regular income. The *cho-ch'ien hu* were wealthy families, usually but not invariably merchants, to whom these moneys were

³⁶ See the examples collected by Fu An-hua 傅安華 "T'ang-tai kuan-liao ti-chu tishang-jen hua" 唐代官察地主的商人化 *Shih-huo* 1, vi (1935), pp. 66-83. For a case of speculation in rice at Yang-chou, about 788, see *T'ang yü-lin* 2, p. 44.

³⁷ See *Financial administration*, pp. 66-83.

³⁸ *Ibid.*, p. 70 ff.; Yang, *Money and Credit in China* (1952), p. 17, P'eng Hsin-wei 彭信威 *Chung-kuo huo-pi shih* 中國貨幣史 (1958), pp. 201-3, Ch'üan Han-sheng 全漢昇 "Chung-kuo tzu-jan ching-ch'i" 中古自然經濟 *CYYY* 10 (1948), pp. 75-176.

³⁹ See *THY* 83, p. 1532, *TFYK* 504, pp. 33b-34a.

⁴⁰ See *Financial administration*, p. 29 ff.

⁴¹ See Twitchett, "The T'ang market system", *Asia Major* 12, ii, pp. 209, 221.

⁴² See *Financial Administration*, p. 90.

entrusted for management. They were responsible for producing a set rate of interest, but were free to employ the capital sum entrusted to them in any way. Their profit was normally made by making short-term consumption loans at very high interest rates, loans of government monies having a higher permissible interest rate than purely private loans.⁴³

But these were exceptional practices limited to local finance, and the central financial administration took no notice of merchants or trade. To sum up, although the merchant escaped very lightly under direct taxation, and was subjected only occasionally to official exploitation through transit taxes or levies on specific commodities,⁴⁴ the government still maintained strict control over large-scale inter-regional commerce, and by its fiscal policies excluded the private merchant from certain large scale and profitable branches of trade.

All this was changed in 755 with the outbreak of the An Lu-shan rebellion. Where the early T'ang state had been a strongly centralized empire, with a powerful standardized administrative system reaching to the remotest provinces, the T'ang dynasty which survived the rebellion did so only by delegating much of its authority to the provinces. Some of these, particularly in the north-east, became virtually independent satrapies under hereditary ruling families, others became heavily garrisoned military commands. Only in the south and in the area immediately around the capital did civil administration survive more or less unchanged.

The seven years of bitter fighting which followed 755 was also accompanied by widespread destruction and social disturbance. Much of southern Hopei and Honan was devastated and virtually depopulated, many of the population fleeing to the Yangtse valley. The whole machinery of local government, the systems of detailed registration and of land tenure which had formed the basis of the old taxation system, and which were essential for any orderly collection of direct taxation, fell into chaotic disorder.

During the emergency years of the rebellion itself, the government was forced into various panic measures to raise revenues, many of which were directed against merchants and trade. Forced "loans" were levied on the great merchants of the Yangtse cities and of Szechuan, amounting to 20 per cent of their property.⁴⁵ Taxes were also imposed on sales of various commodities.⁴⁶

⁴³ On this very interesting system see my forthcoming article mentioned in note 16 above, also Yokoyama Hiroo 横山裕男 "Tōdai no sokusenken ni tsuite" 唐代の経緯戸に就いて *Tōyōshi kenkyū* 17, pp. 197-212 (1958).

⁴⁴ How reluctant traditionalist statesmen were to engage in policies involving trade taxes can be seen most clearly from a long memorial by Ts'ui Jung, dated 702, which is preserved in *CTS* 94, pp. 3b-6b; *T'ang Wen-t's'ui* 27, pp. 505-8; *CTW* 219, pp. 6a-10a; *TFYK* 504, pp. 17a-21a; and given in résumé form in *THY* 86, pp. 1578-9. See also Chū Ch'ing-yūan 瞿清遠 *T'ang-tai ts'ai-cheng shih* 唐代財政史 (1943), pp. 94-101, and the article of Hino cited in note 27 above.

⁴⁵ See *CTS* 48, p. 2a, *HTS* 51, p. 4b.

⁴⁶ See *CTS* 48, p. 2a.

Most of these new measures were only temporary expedients and soon abandoned, but one of them, the salt monopoly, was a resounding success, and remained a feature of Chinese financial administration until this century.⁴⁷ The salt monopoly was particularly attractive to the T'ang administrations after 760 since it enabled them to raise revenue even from areas where central control was tenuous. The regions remaining firmly in government hands happened to include almost all the centres of salt production. Production was placed under strict government control, and the salt was sold wholesale by government agencies to the merchants, who paid a very heavy surcharge which they then recovered from the consumers in all parts of China as part of the retail price. The system was far from foolproof, and there were constant complaints that much illegal salt traffic was evading tax, and that the merchants were taking most of the profit for themselves.⁴⁸ Certainly at the end of the century the salt merchants were recognized as an élite among the commercial community.⁴⁹ Even so, taxation of salt was by 780 producing a very large revenue accounted for and collected not in kind but in cash.⁵⁰

The years following 760 saw a great increase in the part played by money in government finance and taxation. New forms of land-tax were levied in cash, while the household levy, a progressive money tax based on a property assessment, was reformed and made a major item of revenue after 769.⁵¹ In its new form, this tax was directed especially towards the merchants and artisans, whose tax rates were considerably higher than those of ordinary families. The growth of money taxation reached its peak with the introduction in 780 of a totally new tax structure, the so-called Twice-yearly tax (*Liang-shui fa* 兩稅法). Under this system, the central government abandoned the ideal of a uniform rate of taxation throughout the empire, and instead negotiated with each province an annual tax quota, leaving every province and prefecture free to fix its own tax-rates and collect its own taxes. From this time onwards accounting in cash became the norm, and an ever increasing proportion of taxation was actually levied in cash.⁵²

The abandonment of the old system of taxation in kind had a serious effect upon the currency situation. The amount of copper cash in circulation was seriously insufficient to meet the new demands placed upon it. Most of

⁴⁷ On the salt monopoly, see Twitchett, *Financial Administration*, pp. 49-58. See also the very detailed study by Hino Kaisaburō "Government monopoly on salt in T'ang in the period before the enforcement of the Liang-shui fa", *Memoirs of the Research Department of the Tōyō Bunko* 22 (1963), pp. 1-55.

⁴⁸ See Hino, *loc. cit.*, p. 22 ff.

⁴⁹ See the various texts translated below. See also Yokoyama Hiroo 横山裕男, "Tōdai no enshō" 唐代の鹽商, *Shirin* 43 (1960) pp. 501-518.

⁵⁰ See *Financial Administration*, p. 58, Hino, *loc. cit.*, pp. 41-6.

⁵¹ See *CTS* 48, pp. 5a-b; *THY* 83, pp. 1534-5; *TFYK* 487, p. 22a.

⁵² See *Financial Administration*, p. 42 ff.

the government's stocks of silk were destroyed during the rebellion and further depleted during the 760s and 770s in purchasing cavalry horses from the Uighurs.⁵³ Moreover, Hopei and northern Honan, which had produced most of the empire's silk, and almost all of its high quality silk, were now semi-independent, and paid no taxes at all to the central government.⁵⁴ Rapidly in the private sector of the economy, and more gradually in the official sector, silver replaced silk as the normal medium for the payment of large sums. This involved a serious weakening of the government's control over the currency as a whole. Whereas the standard quality and size of silk cloth had been specified by government, which moreover could exercise some control over the amount in circulation, silver was never minted by the government into a coinage. The production of silver, which boomed in the last years of the eighth and early ninth centuries, was largely in the hands of private miners, working rich new silver strikes in the mountains of southern Kiangsi and Hunan.⁵⁵ It was circulated moreover in the form of ingots, which necessitated continual weighing and assaying. This was performed not by officials but by professional silversmiths.⁵⁶ The fluctuations of silver prices against the official copper coinage were beyond the control of the authorities. The period after 760 was marked by the rise of private banking institutions. The silversmiths also functioned as safe-deposit firms and as bankers, offering various credit facilities.⁵⁷ Their importance may be gauged from an attempt to raise a levy on the merchant community in Ch'ang-an, in 783-4, when more money was raised from safe-deposit firms and pawn-brokers than from all the regular traders of the markets.⁵⁸

The government took repeated measures to restore the use of the old mixed currency of silk and copper cash until well into the ninth century,⁵⁹ but it was doomed.

The increasing part played by money in the economy was by no means an isolated phenomenon. A whole complex of developments had caused a progressive growth in productivity and in the circulation of commodities after the beginning of the eighth century. New methods of culture, early and late ripening varieties of wheat and rice, improved irrigation machinery, the development of great landed estates, the opening up of the great areas of virgin lands in southern and central China, the shift of population to the

⁵³ See *HTS* 51, p. 5b. See also the material collected in Ts'en Chung-mien 岑仲勉 *Sui T'ang shih* 隋唐史 (1957), p. 299 ff.

⁵⁴ See Twitchett, "Provincial autonomy and central finance in late T'ang", *Asia Major* (n.s.) 11, 2 (1965), pp. 211-32.

⁵⁵ See Katō Shigeshi 加藤繁 *Tō-Sō jidai ni okeru kōgin no kenkyū* 唐宋時代に於ける金銀の研究 (1925), pp. 503-09.

⁵⁶ See Katō, *op. cit.*, pp. 574-613.

⁵⁷ See Katō Shigeshi, *Shina keizaishi kōshō*, Vol. I, pp. 485-509, Yang Lien-sheng, *Money and Credit in China*, pp. 78-9.

⁵⁸ See *TFYK* 510, pp. 6b-7a; *CTS* 12, p. 9b.

⁵⁹ See Ch'üan Han-sheng, "Chung-ku tzu-jan ching-chi" (note 38 above).

more fertile southern regions, all had their effect. Increased productivity led naturally to a considerable growth of trade.

This new commercial activity, however, was far more widely spread than had been the case in early T'ang times. The rise of the new semi-autonomous provinces did not simply mean the dispersal of political and military authority from the capital. The governors of the larger provinces had large establishments of civil officials and garrisons at their capital cities and kept court in considerable grandeur. There was a marked growth in the scale of these provincial cities, particularly those in the Yangtse area and along the canal route through Honan. Each of these became a market for luxury goods on a scale previously unprecedented outside the capital.⁶⁰

However, the economic development which had most effect on future urbanization was quite distinct from the growth of these regional metropolises and the increased activity of the central markets of the county towns. Official control of markets in the early T'ang had extended only down to this level, where local produce came into a regional pattern of distribution and circulation. The government did not interfere in any way with the pattern of rural periodical markets at a level below the county town. Such rural markets had already existed in pre-T'ang times, but under the T'ang they steadily became far more numerous and more highly organized. By the ninth century many had permanent shops, inns and facilities for travelling merchants, and there is evidence of various regional four-day and six-day market cycles.⁶¹

During the ninth and tenth centuries many of these rural markets were transformed into sizeable market towns, some of which became minor centres of local administration under the provincial governors.⁶² This proliferation of small towns of intermediate size, whose sole raison d'être was economic rather than administrative, transformed commerce. Although much of the business in such small country markets was conducted by barter, between local farmers and local specialist producers, they were increasingly frequented by travelling merchants and artisans, and gradually money began to play a more important part at this level of activity too.

While trade was being increasingly dispersed and diversified in the countryside, the larger administrative cities were also undergoing change. The rigid system of enclosed wards and enclosed markets began to break down, even in Ch'ang-an, and with it the strict curfew and police systems. By the ninth century trade was no longer entirely concentrated in the

⁶⁰ The most outstanding of these regional capitals was Yang-chou. See Ch'üan Han-sheng, "T'ang-Sung shih-tai Yang-chou ching-chi ching-k'uang ti fan-jung yü shuai-lo" 唐宋時代揚州經濟承況的繁榮與衰落 *CYYY* 11 (1947), pp. 149-76.

⁶¹ See Twitchett, "The T'ang Market system", p. 233 ff. and the secondary literature there cited.

⁶² See Sudō Yoshiyuki 周藤吉之 *Tō-Sō shakai-keizaishi kenkyū* 唐宋社會經濟史研究 (1965), pp. 783-866.

official market places, but small quarters of specialist dealers had sprung up elsewhere, and irregular night markets began to be held. By the middle of the ninth century the old system of strictly regulated official markets was decaying in the capital and on its way to being abandoned in the provinces.

With the gradual removal of these formal restrictions on trade, the wealth of individual merchants began to grow to an unprecedented degree. At the same time, the influence of the foreign traders who had dominated commerce in early T'ang began to wane, although they still played a considerable role. Even in early T'ang times there must have been some very large individual fortunes. In 734, for example, the property of Jen Ling-fang, 任令方 a great merchant of Chang-an amounting to 600,000 strings of cash was confiscated, either for some unspecified offence or because he had died intestate and without heirs.⁶⁴ This sum was almost equivalent to the annual revenue of Su-chou, one of the richest towns in the south-east, during the late ninth century.⁶⁵ But even this pales by comparison with the case of the property of a merchant from the great canal port of Pien-chou (汴州), the confiscation of which was dealt with early in the ninth century by the poet Yüan Chen 元稹, then serving as a Censor at Loyang. His fortune amounted to 10,000,000 strings of cash⁶⁶ a third of the total cash revenue of the whole empire at the end of the eighth century, and more than the entire annual revenue from the salt monopoly.⁶⁷ During the emergency at Ch'ang-an in 783-4 caused by the rebellion of the northeastern provinces, a scheme for exacting forced loans from the greater merchants was discussed. At that time it was assumed that in Ch'ang-an there were ten to twenty merchants who could pay a quarter of a million strings of cash or even more without being put out of business.⁶⁸

Trade boomed, and the merchants grew wealthy. It is hardly surprising that the government toyed with various schemes to exploit mercantile wealth as a source of revenue. The scheme for forced loans which I have just mentioned was only one item in a series of emergency measures enforced temporarily by Tu Yu 杜佑 and later by Chao Tsan 趙贊 in the years 783-4. These measures were dictated by the court's isolation in Ch'ang-an, cut off by the rebels from the normal agrarian-based sources of revenue.⁶⁹ The levy

on merchants was simply an emergency exaction, and merchants were again subjected to similar levies by later administrations in 844⁷⁰ and 878⁷¹. Other of Chao Tsan's measures, however, were perfectly viable forms of taxation and pointed the ways in which a government might derive regular revenue from an urban population. They included a tax on buildings, levied according to their size,⁷² taxes on various commodities such as tea, bamboo, timber and lacquer,⁷³ a state liquor monopoly⁷⁴ and a 20 per cent sales tax imposed on all sales in the markets.⁷⁵ The latter was collected through the *hang* association of the merchants and the brokers operating in the market, and, as in the case of the salt monopoly, it was found impossible to prevent their misappropriating a large part of the profit.

All Chao Tsan's emergency measures were withdrawn when the emperor was reestablished in Ch'ang-an in 785, and were bitterly attacked because of their mercantile bias both by the statesmen of his time and by later historians. The only one of his measures which survived was his monopoly tax on liquor, which proved almost impossible to enforce or to administer.

His tax on tea was also revived in 793 and remained a minor source of revenue until the end of the dynasty. The tea-merchants were an obvious target for predatory tax-collectors since with the rapid spread of the tea-drinking habit they had come to rival even the salt merchants in wealth. They were so powerful in fact that they were able to undertake the payment of the entire tax quotas for their native prefectures or provinces after selling their year's crop in Ch'ang-an, being later reimbursed by the provincial government on their return home.⁷⁶

Merchants and trade were not only subjected to the exploitation of the central government. Local officials also commonly levied taxes of their own. For example the governors of Yang-chou, the greatest commercial city of southern China, imposed a liquor monopoly of their own, a sales tax on all market transactions, and special levies on all sales of livestock and slaves.⁷⁷ Even more common were transit taxes and customs dues, which were often levied arbitrarily not only on merchants, but on other travellers in some

⁶³ See Twitchett, "The T'ang Market system", pp. 230-3.

⁶⁴ See CTS 8, p. 19b.

⁶⁵ See *Financial Administration*, pp. 163-4.

⁶⁶ See *Yüan-shih Ch'ang-ch'ing chi* 32, p. 1b.

⁶⁷ See *Financial Administration*, p. 58.

⁶⁸ See CTS 12, pp. 9a-b.

⁶⁹ On these measures, which deserve a special study, see CTS 12, pp. 9a-b; p. 10b; CTS 48, pp. 2a-b; CTS 49, pp. 8a-b, p. 9b, p. 11b; CTS 135, pp. 2a-b; THY 84, p. 1545; TFK 495, pp. 26b-27a; WHTK 21, p. 205c; THY 88, pp. 1614-5; WHTK 18, p. 173a; TFK 501, p. 12a; TFK 510, pp. 7a-b; TFK 494, p. 26b; TFK 502, pp. 26a-27a; TFK 504, pp. 7a-8a; HTS 52, pp. 1b-2a; HTS 53, p. 3b; HTS 54, pp. 7b-8a; HTS 223B, pp. 1b-2a; HTS 200, pp. 13b-14a; CTS 134, p. 5a.

⁷⁰ HTS 214, p. 8a; TCTC 248, p. 8005.

⁷¹ CTS 19B, p. 8a; TCTC 253, p. 8203. In this case the merchants from whom the loans were raised were granted official insignia as 'nominal' Censors. According to HTS 214, p. 7a, Li Shih-tao the governor of P'ing-lu province in modern Shantung also raised forced loans from merchants.

⁷² See CTS 12, pp. 9a-b; CTS 48, pp. 2a-b.

⁷³ See CTS 12, pp. 9a-b; THY 84, pp. 1545-6; CTS 49, p. 11b.

⁷⁴ On the beginning of the liquor monopoly see Marugame Kinsaku 丸龜金作 "Tōdai no sake no semba!" 唐代の酒の専賣 *Tōyō Gakuhō* 40, iii (1957), pp. 286-332; *Financial Administration*, pp. 59-62.

⁷⁵ See CTS 12, pp. 9a-b; CTS 49, pp. 8a-b.

⁷⁶ See *Financial Administration*, pp. 72-3, pp. 284-5.

⁷⁷ See TFK 504, p. 8b.

cases even upon officials travelling on duty. This type of abuse was most common along the canal and river routes of Honan and Huai-nan, where officials could easily extort heavy transit fees from merchants' ships using the haulovers between different sections of the waterways. A particularly notorious place was Ssu-k'ou, at the junction of Pien canal with the Huai river, where the local authorities taxed every item of gold, silver, grain, cattle, cash, silk, tea and salt in transit.⁷⁸ Other provincial governors set up special transit warehouses for tea and salt in which merchants were forced to deposit their goods, paying a heavy tax for the privilege.⁷⁹

In the north, the armies and semi-independent military governors imposed ever stricter and more complex taxes on trade, and set up their own branch offices for the taxation of trade (*shang-shui wu* 商稅務).⁸⁰ By 901 for instance Chu Ch'uan-chung 朱全忠 was drawing over 4,000,000 strings of cash per annum from taxes on trade in the single prefecture of Hua-chou to the east of Ch'ang-an.⁸¹ The merchant taxes which had been so important a source of revenue to the northern military governors came to play an even greater part in the finances of the kingdoms of the Five Dynasties period, which modelled their administration closely on late T'ang provincial models, and under the Sung the Trade Tax (*Shang-shui*) was firmly established as a major source of revenue.⁸²

While the government was thus gradually accustoming itself to bringing trade and the merchants into the net of the tax-collector, and accepting commerce as a source of revenue, there also grew up a realization that the old framework of ideas in which trade was considered as a necessary evil which had to be strictly controlled and kept within limits – an attitude which was embodied in the rigid closed market system – was no longer appropriate to real conditions.⁸³ It was now accepted that since trade could neither be suppressed nor adequately controlled, such control had best be abandoned, and commerce exploited as a source of revenue. As usual, however, orthodox theory was much slower to change than were the ideas of the practical statesmen, and social attitudes lagged far behind administrative practice. Lip service continued to be rendered to the primacy of agriculture as the "fundamental occupation", and to the conception that taxation of land and agriculture should remain the backbone of the state's fiscal apparatus. However, even the most orthodox writers on finance in the late eighth and ninth

⁷⁸ T'FYK 504, pp. 24a-b; THY 84, pp. 1547-8; CTS 49, p. 10a.

⁷⁹ See Katō Shigeshi, *Shina keizaishi kōshō*, Vol. I, pp. 461-88.

⁸⁰ See Aoyama Sadao, *Tō-Sō jidai no kōtsū to chishi chizu no kenkyū*, p. 134 ff.; Hino, "Tōdai shōzei kō" (see note 27 above).

⁸¹ T'CTC 262, p. 8562. For the taxes on merchants which had been arbitrarily imposed by units of the Shen-ts'e Armies and by branches of the Salt Commission, see the Act of Grace of 900, in *TTCLC* 5, p. 33.

⁸² See Katō Shigeshi, *Shina keizaishi kōshō*, Vol. II, pp. 176-221.

⁸³ An idea of the persistence of traditional attitudes towards trade may be gauged from the memorial of Ts'ui Jung in *CTS* 94, pp. 3b-6b, etc. (See note 44 above.)

centuries were forced to accept that changed circumstances had rendered the models of classical antiquity impracticable. Monopoly taxes on salt and other commodities, commodity taxes, transit levies, and sales taxes had come to stay.⁸⁴

The flourishing of trade and the growing wealth and power of the merchants excited much comment and interest among the writers of the period. The writers of the late eighth and early ninth century *ch'uan-ch'i* stories, which brought a new social realism into Chinese classical fiction, frequently mention merchants, trade and urban life. The poets involved in the contemporary revival of the *Yüeh-fu*, poetry of social protest, also took the rich merchant as one of their stock themes. Perhaps the most eloquent of these poems is that written by Yüan Chen about 810,⁸⁵ entitled "The pleasures of the travelling merchant".

The Travelling merchant has no real home,
Wherever profit is to be made he goes.
He goes out from the house to seek travelling companions,
And then returns to take leave of his father and brothers.

Father and elder brothers give him this advice:
"Go after profit, don't seek fame!
If you want reputation, some things you must avoid,
If you seek profit, you can make anything your business!"

He and his fellow merchants bind themselves with this oath;
"Sell the false, don't sell the true.
In all transactions, only deal false.
Care nought whether your own kin gain or lose!"

With this, off they go together,
Swearing not to change their resolve even unto death.
Though they pay good heed to their fellows in the market,
They feel nothing for their own home.

He knocks out bracelets from false blass stone,
Fakes up necklaces of stones from paste,

⁸⁴ For an example of this see the Edict ordering the officials to give counsel on the reduction of salt prices drafted by Lu Chih in 785/6, translated in Twitchett, "Lu Chih (754-805): Imperial Adviser and Court Official". Wright and Twitchett eds. *Confucian Personalities* (1963), p.p. 114-5.

⁸⁵ See Yüan-shih *ch'ang-ch'ing chi* 23, pp. 7b-8a. For a study of this poem, see Ishida Mikinosuke 石田幹之助 "Gen Shin no gakufu 'Ko-kaku raku' ni tsuite – Tōdai shōgyōshi no ichi shiryō toshite" 元稹の樂府 "估客樂" に就いて一唐代商業史の一史料として *Tōhō Gakkai sōritsu jūgo shūnen kinen Tōhōgaku ronshū* (1962), pp. 1-9.

And goes to hawk them round the villages,
Striking them and claiming they ring true as gold and jade.
The girls from the farmsteads
Dare not quibble about the price,
And with the hundred cash of their wasted savings
The merchant already has a ten-fold profit.

By now he looks sleek and well-groomed,
His food and drink are sweet and well spiced.
With interest and capital constantly breeding rich profit
Business daily growing at others' expense.

In search of pearls he will cross the blue ocean,
To collect jade go to the headwaters of the Ching and the Heng,
Buy horses from the Tanguts in the far north,
In the west snare parrots in Tibet.
Seek asbestos cloth among the isles of the South Seas,
Perfectly woven brocade from Szechuan,
Yüeh slave girls with sleek plump flesh,
Hsi boy slaves with bright eyes.

Though he strictly accounts for his food and dress,
He takes no count of how far he has to travel.
His journeys take him everywhere in the empire,
Until he ends up in Ch'ang-an.

In the Eastern and Western Markets of Ch'ang-an,
Men who have heard of him throng to meet him.
They greet him and explain to him
"Vast wealth like yours can gain the influence of powerful men!"

The merchant's mind has always been quick to see his chance,
But when he hears this he is really startled.
At first he seeks out some of the Emperor's courtier attendants
And then attends on the great ministers of state.

He frequents noblemen's houses, the residences of royal princesses,
Where all the furnishings are of the most elegant.
Returning home, for the first time he sits satisfied at ease
Knowing that his riches make him powerful as a prince.

The wine and meat he has bought for the market officers smell sweet,
The yamen runners build themselves houses from his bribes,

Not only do they watch what they say about him,
They run to carry out his orders.

His elder son deals in timber,
Expert in the forms for rafter and ridgepole.
His younger son goes into the salt trade,
And thus evades paying local taxes and dues.

For the rest of his life he bends down under his trading profits,
Darting out to make a killing like some great sea-cleaving whale.
The fish hook dares not descend near him,
And if it does, it meets his intractable serried teeth.

All your life savouring the pleasures of a merchant,
Plainly a life full of enjoyment,
Now you have two sons,
When will the battle for money ever end?

This incorporates most of the themes which run through contemporary writing about the merchants: he is a socially irresponsible wanderer, not a regular member of the community; he is unscrupulous, predatory, and dishonest; he makes his profit at the expense of the honest countryfolk; he employs his wealth to buy influence and bribe the officials, he becomes "powerful as a prince"; he establishes a merchant dynasty of his own to perpetuate his baleful power. Liu Yü-hsi 劉禹錫 also wrote a delightful short poem on the same theme, inspired, according to the preface, by the wealth of the salt merchants⁸⁶

The merchant travels on no fixed itinerary,
He goes only where profit can be gathered.
He confuses customs, makes no difference between good and bad,
But takes advantage of every situation to reap what profit can be had.

He lays his plans, reckoning to a hair's weight,
He jogs and twists to even up the hanging scales,
Not a scrap the size of an awl's point is thrown away,
Following the changes of the times, he daily grows more prosperous.

He goes to invoke good luck, praying to the gods of the waves,
Donates riches to religion and goes visiting temples.
His wife's arms encircled by chased gold bracelets,
His daughters wear necklets of strung pearls.

⁸⁶ See *Liu Meng-te chi* 21, p. 4b. "Chia-k'o Tz'u".

With wealth like that of an enfeffed prince,
Rarities like those of a favourite imperial minister,
He follows the vagaries of fashion like a hawk watching its prey,
And guards his hoarded money poised like a coiled dragon.

He cruises the rivers in his great ship,
From his tall dwelling he goes to stay at flag-decked inns.
Travelling or at rest, everywhere has its pleasures for him,
At bridge and custom house he pays no tolls.

Farmer, what are you doing with your life.
With bitter hardship serving the cold plough?

Liu Yü-hsi, who spent much of his career among the waterways of southern and central China, returns time and time again to the theme of travel and the floating population of the waterways, which plainly fascinated him. In a *chüeh-chü* quatrain of about the same date⁸⁷ he sums up in a few words the merchant's life: wealth, stylish living, superstition and insecurity;

From the towering hulk of a hundred foot merchantman,
The "new sound" of the *cheng* with its thirteen strings on their cramped
bridges.

The merchant's daughter from the market of Yang-chou
Comes to consult the fortune-teller about next month's weather up the river.

These same themes occur in a poem by Chang Chi 張籍 entitled "The pleasures of the travelling merchant"⁸⁸.

On the west bank opposite Chin-ling are many travelling merchants
Living out their lives on shipboard, enjoying their existence amid wind
and waves.

About to set sail, they move their ships near to the entrance into the
Yangtse
And on the ships' prows pray to the spirits and libate them with wine.

Putting down the cup they discuss together expectations for their distant
journey
Into Szechuan through the lands of the Man, a far-distant separation.
How they will amass much gold and become great merchants,
Sitting up late, night after night, to count their strings of cash.

⁸⁷ See *Liu Meng-te chi*, wai-chi 8, p. 11b. "Yeh wen shang-jen ch'uan-chung cheng".

⁸⁸ *Chang Ssu-yeh shih-chi* 1, p. 9a. "Chia-k'o lo".

On the autumn river, the new moon and the chattering of apes:
The lonely sail sets out by night from the bank of the Hsiao and Hsiang.
The sailors ply their sweeps to pull against the dark currents
Straight past the mountainous cliffs after the boat ahead.
Year after year, in search of profit he goes west and east again,
His name and surname are not to be found on any county's registers.
You, peasant, dragging out your life weighed down by heavy taxes,
You'd do better to give up your job and become another "old dealer in
treasures".

Chang Chi repeats this comparison of the life of farmer and merchant in his "Song of the old countryman"⁸⁹.

The old farmer's family is poor, living among the mountains,
Tilling and planting three or four *mou* of hill land.
The plants are sparse, but taxes so heavy that he cannot eat the grain,
It is paid into the official granary, where it rots into dust.

At the end of the year, his hoe and plough lean by the empty house;
He calls his children and they go up the mountain to gather acorns.
The merchants on the Western River, with their hundred bushels of pearls,
Keep dogs on their boats, which live on meat.

The richest of these river traders, who figure constantly in ninth century writing, were the tea-merchants from Kiangsi⁹⁰ and above all the salt merchants from Yang-chou. The salt merchants were singled out for special attention not merely because they were the richest, but also because their wealth derived from their status as subordinates of the Salt Commission and from their official connections. To the traditionalist thinker, whether he was orthodox Confucian or neo-Legalist, this whole system represented an unholy alliance of government with the merchants, and a major compromise of moral principle.

One of Po Chü-i's "New Yüeh-fu" ballads, dating from about 808, brings out these points very clearly.:

"The salt merchant's wife"⁹¹

The salt merchant's wife
Has gold and silk in plenty.
Yet she does not work in the fields or tend silkworms.
Wherever she goes, north, south, east or west, she never leaves her home.
Wind and waves are her village, her ship her mansion.

⁸⁹ *Chang Ssu-yeh shih-chi* 1, p. 3a. "Yeh lao k'o". On this poem see South, *Li Ho* (1967), p. 361.

⁹⁰ On the shipping of the Kiangsi merchants, see *T'ang kuo-shih pu*, hasia, p. 62.

⁹¹ *Po Hsiang-shan chi*, 4, xx, pp. ii, 51-2.

Originally she was the daughter of a small Yang-chou family,
But she was married to a great travelling merchant of Kiangsi.

Her raven hair bursts forth richly, pierced by many gold hairpins,
Her white wrists peep plumply out encircled with silver bracelets.
Before her she calls her menservants, behind scolds at her slavegirls.

I ask her how she came to live in such a style.

"My husband has been a salt merchant these fifteen years,
He is registered with no prefecture or county, but belongs to the emperor
himself.

Every year when the salt revenue is due to be paid to the government,
Little goes to the officials, and most goes into his own pocket.
The government's profit is little, private profits are great,
And the President of the Salt Commission is too far away to realize what is
going on.

Moreover, on the River fish and rice are cheap,
Red fish-mince, golden citron, and fragrant rice to eat."

Well fed, heavily made-up, she stands on the poop of their ship,
Her rouged cheeks like two buds about to burst into flower.

The salt merchant's wife,
Had the good fortune to marry a salt merchant,
Day in, day out, she eats the choicest food,
Year in, year out, she wears splendid clothes.

All that food and clothing must come from somewhere,
You, Sang Hung-yang, should be ashamed about this still!
Sang Hung-yang may be dead long ago,
But his evil did not cease with the Han. It continues to this day.

Po Chu-i lays the blame for the extravagant wealth of the salt merchants
squarely on the shoulders of the government, and like almost every con-
ventional political thinker of his time disapproved of the salt monopoly
although he cautiously blames Sang Hung-yang, its Han-time progenitor
rather than the government of his own day. In one of his "Model examina-
tion essays" (*Ts'e-lin* 策林) he again puts this position quite clearly⁹²

"I have also seen how, from Kuan-chung to the east the richer farmers
and the great merchants have all exchanged their wealth to become
salt-merchants. They have collected together vast private wealth and

⁹² *Po Hsiang-shan chi* 46, pp. vii, 48-9, 'Ts'e-lin' 23, "I yen-fa chih pi".

set up separate business as traders. They pay little of their profit to the
authorities, and accept the status of registered subordinates only in
name. Where they dwell they are subject neither to corvée nor to
military service, and when they travel they are exempt from monopoly
taxes, being protected by their being on the Salt Registers. Their
profits, nonetheless, all flow into their own families! This being so, it
is clear that below they are harmful both to agriculture and to trade,
while above they are of no real advantage to the official monopoly . . ."

There was certainly an enormous margin of profit to be made in the salt
trade, since the monopoly tax was almost ten times the actual wholesale price
of the salt, and the retail price bore little relation to the cost of production.⁹³

It is interesting to see however from this passage that Po Chü-i saw the
salt merchants not merely as a menace to the peasant producers, but also as
a danger to the ordinary legitimate merchants. As Professor Pulleyblank has
noticed,⁹⁴ in the early ninth century it was the more conservative "Con-
fucian" officials who were more ready to concede an acceptance of the
merchant's services to society, rather than the intellectually more "pro-
gressive" neo-Legalists. Lu Chih, 陸贄 the great Confucian minister of the
780's and 790's had protested against the salt monopoly, but in practical
terms had suggested reform of its operation, not that it should be abolished.⁹⁵
The new tea monopoly of 793 was imposed under his administration and
was the work of Chang P'ang, 張滂 one of his own disciples.⁹⁶ Again, when
in 822 Chang P'ing-shu suggested that the government should itself take
over dealings in salt, so as to cut out merchant participation, he was fiercely
attacked by Han Yü⁹⁷ and Wei Ch'u-hou 韋處厚,⁹⁸ both of them very
firmly at the Confucian-moralist end of the political spectrum, on the
grounds that the small trader was performing a legitimate and useful social
function and making a perfectly acceptable profit as a result. To them col-
laboration with the merchants was preferable to further proliferation of
direct involvement of government in commerce.

The neo-Legalists were generally more hostile to trade. Tu Yu, their
acknowledged leader, was himself responsible for a capital levy on merchants
in Ch'ang-an in 782-3.⁹⁹ His attitude to trade is also to be found repeated in
Liu Tsung-yüan 柳宗元, and in Liu Yü-hsi both of whom were closely
associated with him.

⁹³ See *Financial Administration*, p. 55.

⁹⁴ See Pulleyblank, "Neo-Confucianism and Neo-Legalism in T'ang intellectual
life", in Wright, ed., *The Confucian Persuasion*, p. 106.

⁹⁵ See note 86 above, *Lu-Hsüan-kung Han-yüan chi* 4, pp. 6a-7a; *TTCLC* 112, p. 584.

⁹⁶ See *Financial Administration*, p. 63.

⁹⁷ See *Han Ch'ang-li chi* 40, pp. vii, 55-60, and full translation in *Financial
Administration*, p. 165-72.

⁹⁸ See *TFYK* 493, pp. 23b-26b.

⁹⁹ See *TCTC* 227, pp. 7325-6; *CTS* 12, pp. 9a-b, etc.

Liu Tsung-yüan, in his charming essay on the benevolent yet nonetheless successful drug-dealer Sung Ch'ing suggests that trade, conducted with long-sighted humanity, can be beneficial and even morally acceptable. What is wrong with trade is the short-sighted petty acquisitiveness and competitive spirit of most traders. But these bad qualities, Liu asserts, are equally to be found among courtiers, officials, teachers and the local élite.¹⁰⁰ Yet in a letter to Prefect Yuan of Jao-chou, he again implies an inferior judgement on merchants and artisans.¹⁰¹

"The [local] rich families are like the mothers of the poor, and truly must not be destroyed or ruined. But it is equally impossible to allow them to enjoy especially favorable treatment, and impose all corvée duties only on the lower classes. You, my elder brother, say that you fear that the rich will flee and become artisans or merchants, useless vagrants. But, supposing such a policy as you suggest is carried out over-hastily, this is exactly what will happen . . ."

and states categorically that the idea of levying taxes on commerce is wrong. Liu Yü-hsi, who had been on Tu Yu's staff for some years early in life and who together with Liu Tsung-yüan suffered banishment after the failure of the Wang Shu-wen régime of Shun-tsung's reign, had an even more antipathetic attitude to merchants and trade. In a letter addressed to the same Prefect Yuan of Jao-chou, he describes the people of that prefecture, one of the great commercial centres of southern China, as follows:¹⁰²

"Now of the territories of the banks of the River, Jao is the greatest territory. It is the old land of the 'Lord of Fan'. It is still influenced by the customs handed down from Ou-yüeh. In Yü-kan there is land which produces one *chung* from every *mou*. In Wu-lin there is the timber from thousands of trees. Yet its people pit their strength against one another in striving for profit, and are accustomed to think little of violent and ruthless behaviour. Therefore they employ harsh and oppressive methods and get a great reputation thereby. As the mountains are densely covered with tea-shrubs, while of metals there is an abundance of the purest silver, the common folk constantly abandon their mattocks to go and cast metal, neglect silk thread and hemp to employ themselves in plucking and gathering [tea]. They take advantage of the times to fraudulently collect interest twice as great as the capital sum loaned . . ."

Liu Yü-hsi has also left us a description, written a few years before this letter, of the traders in a small town in southern China, which crystallizes the conventional scholar's view of the small traders who conducted the bulk

¹⁰⁰ See *Liu Ho-tung chi* 17, pp. 304-5, "Sung Ch'ing chuan".

¹⁰¹ See *Liu Ho-tung chi* 32, pp. 513-5 "Ta Yüan Jao-chou lun cheng shu".

¹⁰² See *Liu Meng-te chi* 14, pp. 9a-12a "Ta Jao-chou Yüan Shih-chün shu".

of the empire's business.¹⁰³ We are far now from the great salt merchants living in the utmost luxury and flourishing under official protection.

"There were seated hawkers sitting humbly and respectfully, walking pedlars hastening along. Hearts intent on profit are excited. Covetous eyes watch unblinkingly. Groups of merchants in charge of contracts, groups devoted to restricting trade to their own circle, conclude agreements between this one and that so as to push the prices up. Feigning to do good they cause trouble with their crafty words. Fair weight is ruined by crafty hands. They trade on the difference of the slightest amount in weight.

Evil gossip grates on the ear. Defamation and swindling thrive. Treacherous behaviour is everywhere to be seen. They raise a frightful hubbub, stir up the dust and dirt, emanate a rank stink like goats, pile together head-cloths and sandals. Snapping and gnawing at one another they congregate together, and what came to market different goes home the same. They set off to market, already wrangling, at cockcrow. At midday they throng together, ten-thousand feet led by the single thought that they all fear somebody else will forestall them. By the time their business is finished and they return to their homes the sun's glow has reached the west. All are intent only to act like scavenger dogs or carrion crows, delighted to get hold of some putrid left-overs . . ."

There is no doubt that this violently prejudiced view of the ruthlessly competitive world of the small trader would have found general acceptance, even with Confucianists like Han Yü. The conception of a livelihood based purely on profit, with cheating and sharp practice as accepted means to the end, remained abhorrent to all the educated scholar class.

There are, however, many signs that the merchant who was wealthy enough to live in fine style, ape the manners of the official class, and educate his family, was no longer considered to be completely socially unacceptable as had been the case in earlier times. The breakdown of the old rigidly compartmentalized city, the relaxation of the market system, and the relaxation of the sumptuary laws in the early ninth century removed many of the social restrictions which surrounded the merchant.¹⁰⁴ The first cracks began to appear also in the barriers against merchants' sons entering for the examinations and becoming officials.

Interesting evidence of this relaxation of social attitudes towards the families of merchants is to be found among Po Chü-i's "Model Judgements" (*P'an* 判). Readers of the late Arthur Waley's biography of Po Chü-i will remember with relish his delightful pastiche of one of these

¹⁰³ See *Liu Meng-te chi* 25, pp. 5b-7a "Kuan shih". This is translated in full in Twitchett, "The T'ang market system" (see note 23 above), pp. 229-30.

¹⁰⁴ On these developments see Twitchett, *op. cit.*, pp. 230-3.

judgements,¹⁰⁵ and will probably imagine that these hermetic literary exercises hold little historical interest. In reality, however, the two thousand odd surviving examples of this style of composition are an invaluable source for the T'ang historian.¹⁰⁶ Not only do the questions bring into focus a wide range of social problems and matters of practical administration, but the answers, which were expected to be cast in terms of Confucian ethic rather than in statute-book legal form, give us an invaluable glimpse of acceptable attitudes on many social topics, and offer incidentally many invaluable leads to potential areas of conflict between codified law and customary social usage. Po Chü-i's works in this form were written in 801-2 and sold to a bookseller as models for candidates preparing for the examinations. One would then hardly expect to find in them any too radically unconventional views. One of them is an answer to this question:¹⁰⁷

"When the Prefectures sent in their candidates for the examinations, these included a number who were sons and grandsons of merchants. These were queried by the Ministry (i.e. the Board of Rites) who reported claiming that the most talented members of the group were ineligible to sit the examinations under the 'standard regulations'."

Since the actual law of the time was crystal clear on this point, rigidly excluding descendants of merchants and artisans, one would expect Po to have endorsed the Ministry's decision, and to have backed this up with a string of appropriate classical tags on the merchants' lack of suitable ethical standards, their position as predatory social parasites and so forth. In fact, however, he takes exactly the opposite line:

"The examination system seeks to select only the wise and virtuous men. There is no question whether they come from base origins. How much more does this apply to the most accomplished of candidates. How should they be rejected! In the case of the candidates from this commandery, for anyone to claim that "They are listed on the market registers, they do not come from a lineage of our own kind" is like objecting to mixing together common artemesia with rare orchid. When all the candidates are known to one, how can one possibly reject the ones with the most outstanding talents. Since the only valid objection [to merchants] is that they are petty and low, how can you reject one of them who proves to be excellent and outstanding? If you found gold among gravel, you surely would not refuse to pick it up just because it

¹⁰⁵ See Waley, *The life and times of Po Chü-i* (1949), p. 28.

¹⁰⁶ There are two good general surveys of the surviving T'ang period examples of the *p'an*, Takigawa Masajirō 瀧川政次郎 "*Bun'en eika no 'han' ni tsuite*" 文苑英華の判について *Tōyō gakuho* 28, i (1940), pp. 1-35; 28, ii (1941), pp. 22-45, and more recently Ichihara Kōkichi 市原亨吉 "*Tōdai no 'han' ni tsuite*" 唐代の判について *Tōhō gakuho* (Kyoto) 33 (1963), pp. 119-98. The historical material contained in these documents has never been exploited systematically.

¹⁰⁷ *Po Hsiang-shan chi* 50, pp. viii, 10, "P'an" no. 86.

was found mixed up with worthless material? If you were cutting timber from a pine which had grown in a deep mountain ravine, would you throw it away because the place where it was found is lowly and humble?

One's only legitimate consideration should be lest the persons selected should prove to be lacking in virtue. A person cannot be discarded merely on the grounds of his lowly birth. Even more so when one remembers that Tu Kuan-shih was descended from a cow-doctor, yet nevertheless was perfectly accomplished in his administration. There is ample proof to be found in past experience that it is possible to select officials from among the children of mean traders. By what "standard regulation" can they be excluded thus?

The Prefecture was adequately justified in submitting these candidates for examination, and the Ministry quite wrong to question their doing so."

It seems clear from another of Po Chü-i's "judgements"¹⁰⁸ that the position of artisans was comparable, and that there was a practice of permitting the recruitment of persons whose kin were artisans after three years had elapsed from the time when they had given up the profession:

"Supposing Chia's close kindred are engaged in the profession of skilled artisans. The Bureau of Personnel (*Li-ts'ao*) therefore considers Chia ineligible to serve as an official. Chia claims that they have now changed their occupation. The Bureau of Personnel still insists that even after changing their profession he would only be allowed to serve after three years have elapsed. We do not know whether he is in fact eligible or not."

Once again, Po's answer comes down firmly in favour of the employment of a man of outstanding talent, even if this offends against the strict letter of the law.

"Among the means of livelihood there are the four social classes (*ssu-min*). But among the responsibilities of officials there is only a single form of service. If a certain person dwells among tradesmen, then he cannot attain to the gates of officialdom. Now Chia had close kindred who declared themselves to be artisans. They were still engaged in menial services on behalf of their superiors. Yet amongst them was this one who had set his ambition upon the emoluments of an official, who cherished a deep passion for the nine genres of literature. But although he himself desires to change his profession, the three year ban has not yet elapsed. How can he be "promoted equally among the great ministers"?

It is difficult to permit Chia to offend against the letter of the

¹⁰⁸ *Po Hsiang-shan chi* 50 pp., viii, 7, "P'an" no. 76.

statutes, and the limitation imposed by the Bureau of Personnel ought rightly to be preserved. If, however, it is a case of a man of extraordinary talents, far above the general run of the people, whose conduct is so exemplary as to make him stand out from the herd, how should one impose such a limit upon him by the standard rule?

He is himself capable of being raised to the greatest offices: this, and this alone, should be the grounds for considering the case. Who can say that this is not so?"

This attitude was not merely an idiosyncrasy of Po Chü-i. It depends upon the deeply rooted Confucian principle of employing officials on the grounds of ability. At least one "judgement" by another, anonymous, author survives¹⁰⁹ giving a similar answer to the question

"Yi, having performed meritorious service in the army is eligible for appointment to official rank. Somebody makes a complaint that since his kin are engaged in commerce, this cannot be done."

This judgement cites a string of precedents of men who rose to high rank from among the mercantile community on account of their native ability.

To Po Chü-i and his contemporaries, then, merchants and artisans as a class were lowly esteemed, but there was no question of their being thought a *caste* apart, upon whom the practice of trade had placed such an indelible moral stigma that they were unfit to associate with scholars and officials, as had undoubtedly been the case under the Sui, when they were classed as "untouchables" along with butchers etc. There is a certain amount of evidence from other sources too that during the early ninth century the bar on entry to the examinations for the sons of merchants was by no means rigorously applied. There was even one case of an Arab merchant's son taking the *chin-shih* examination.¹¹⁰ An essay of Han Yü, dated 803,¹¹¹ gives us the even more surprising information that not only the examinations but even the state universities (*T'ai hsüeh* 太學) were now largely filled by the children of rich merchants and artisans and other commoners, where in early T'ang times they had been the exclusive preserve of the children of the aristocracy and of the highest ranking officials.¹¹²

Although such things happened, however, they were still nevertheless considered as exceptions. When Han Yü, having after great difficulty succeeded in the *Chin-shih* examination and yet failed to receive an official appointment, wrote a pleading letter to the Chief Minister, he specifically stated that:

¹⁰⁹ WYYH 531, pp. 1b-2a.

¹¹⁰ See Schafer, *The Golden Peaches of Samarkand*, p. 23.

¹¹¹ *Han Ch'ang-li chi* 37, p. vii, 19.

¹¹² On the rules of eligibility for the State University in early T'ang see Des Rotours, *Le Traité des examens* (1932), pp. 36-40, Taka Akigorô 多賀秋五郎 *Tōdai kyōikushi no kenkyū* 唐代教育史の研究 (1953).

"My name is not registered in the lists of farmers, artisans, merchants or traders. My life is devoted to reading books and the composition of essays, to singing the praises of the way of conduct of Yao and Shun . . ."¹¹³

The merchant's son might squeeze through the net of the examination system, but only as an exception. The ban on official employment for merchants' sons remained on the statute book well beyond the end of the T'ang dynasty, and was adopted in turn both by the Sung and by the Khitan dynasty of Liao.¹¹⁴

However, the examination system was in late T'ang times still only one among several routes to official employment. There can be little doubt that among the large numbers of subordinate officials irregularly recruited both by Provincial Governors and by the Salt and Iron Commission, there were many of merchant origin, employed for their technical skills. Yüan Chieh 元結, writing in 766 during the chaotic aftermath of the An Lu-shan rising in a border district in southern China complained:¹¹⁵

"Nowadays merchants and traders, members of the mean classes (*chien-lei*), menial servants and the lowest ranking officials have, in the space of a few months, in the worst cases risen to defile whole ministries and directorates, at the least to bring shame to whole commanderies and counties . . ."

In the context of central government, Yüan Chieh was certainly exaggerating. But in the new provincial governments which arose after 755 the Governor had very wide powers to appoint his own subordinate staff. Such irregular recruitment into provincial government and into the new semi-independent specialized commissions which played an increasing part in central administration seems, in fact, likely to have done far more than the examination system, which in T'ang times probably never recruited more than a small élite within the bureaucracy anyway, to open the door for rapid official advancement to people of really lowly origins during the T'ang period.¹¹⁶

While merchants – or at least merchants' sons – were beginning to become officials, there is also much evidence of officials becoming merchants – or at least engaging in large-scale commercial activities. In theory of course, serving officials of more than moderate rank were forbidden even to enter

¹¹³ See *Han Ch'ang-li chi* 16, pp. iv, 50.

¹¹⁴ On the ban under the Sung see *WHTK* 30, p. 12b; *Sung shih* 155, p. 3a. On the ban under the Liao, see *Liao shih* 20, p. 4b; 27, p. 4b.

¹¹⁵ See *Yüan Tzu-shan wen chi* 7, p. 10a.

¹¹⁶ For evidence of the wide range of persons employed in provincial government in late T'ang times, see Sudō Yoshiyuki 周藤吉之 "Godai Setsudo-shi no shihai taisai", included in his *Sodai keizaishi kenkyū* (1962) 宋代經濟史研究, pp. 575-654. It is quite impossible to quantify this statement, or indeed almost any statement about social mobility in T'ang times, as a reasonable sample of cases can be assembled only in the case of the holders of the very highest offices.

the markets,¹¹⁷ while one of the most often quoted of all classical maxims on finance forbade them to "compete for profit with the common people", a dictum which was incorporated in the *Statutes*.¹¹⁸

This however was merely the theory. By the 780's many great local officials were investing their own fortunes and the officials funds entrusted to them in business, particularly in the great cities of the south.¹¹⁹ Yang-chou was packed with such official-owned enterprises, which were banned, unsuccessfully, in 780.¹²⁰ Military officers were particularly active in such enterprises, since army expenditure seems not to have been subject to strict accountability procedures, and even the soldiers set themselves up in small retail businesses. The main streets of Ch'ang-an and the main trunk roads leading to the city were lined with open stalls and shanties set up by members of the imperial guard, in open defiance of the market regulations.¹²¹ Members of the Shen-ts'e armies 神策軍, the élite troops officered by eunuch generals which formed the crack imperial force in the early ninth century, are constantly mentioned in connection with trade, and several of their generals are known to have grown immensely wealthy.¹²²

Officials invested in a wide variety of enterprises. Beside pure commerce, there are many cases of officials engaged in moneylending, pawnbroking, and various industrial enterprises. Other officials speculated in real estate in the capital on a huge scale.¹²³

Obviously, there was a rather widespread two-way inter-connection between merchant and official by the ninth century. But these relations remained furtive. Trade remained tainted, disreputable, socially unacceptable, and unthinkable as an open ambition for an educated man. One cannot imagine any T'ang scholar giving the advice which the late twelfth century writer Yüan Ts'ai 袁采 gave to his family:¹²⁴

"Those family members who are incapable of becoming scholars have open to them such careers as fortune-teller, doctor, Buddhist or Taoist priest, farmer, merchant or artisan, which will support them without casting shame on their ancestors."

¹¹⁷ See *THY* 86, p. 1581.

¹¹⁸ See *TLT* 3, p. 31b.

¹¹⁹ On this problem see Fu An-hua 傅安華 "T'ang-tai kuan-liao ti-chu ti shang-jen hua" 唐代官家地主的商人化 *Shih-huo* 1, vi (1935), pp. 15-8.

¹²⁰ See *THY* 86, p. 1582; *TFYK* 504, p. 22b.

¹²¹ See *THY* 86, p. 1576; *CTW* 32, p. 19b.

¹²² See *TCTC* 243, p. 7854.

¹²³ See for example the immensely wealthy Wang O, who made his fortune as governor of Canton. In 817 an Edict forbade the hoarding of cash, and he and a number of other provincial governors of exceptional wealth, the least of whom were said to possess half a million strings of actual cash, rushed to change this into real estate, buying up whole streets and wards, which they paid for 'with cash by the cart load'. See *CTS* 48, p. 12b; *CTS* 151, p. 5b.

¹²⁴ See *Yüan-shih shih-fan* 2, p. 40 (Ts'ung-shu chi-ch'eng edit).

Even in Sung times such an attitude was far from universal¹²⁵ and the old distrustful and antagonistic contempt for trade lingered on until our own time. But for it even to appear at all it was first necessary that the social transformation of the tenth and eleventh centuries, with the final disappearance of the old aristocracy, the breakdown of the rigid stratification of society, and the broadening both of the landowning class and of the social base of the bureaucracy, had to take place. Only then was it possible for a prosperous urban bourgeoisie with its own culture and way of life to emerge.

Under the T'ang however, the stage had already been set for these developments. The rapid growth and diversification of trade, the development towards a money economy with an adequate currency and credit institutions, the rapid decline of interest rates, the removal of the oppressive and restrictive control of the higher levels of markets, relaxation of urban control, the rapid proliferation of small market towns in rural areas, the increasing dependence of government on financial policies connected with trade, the employment of merchants to implement government policies, and the relaxation of the more extreme forms of social discrimination against merchants, were all trends which continued after the end of the T'ang and find fulfilment in the vast commercial and industrial revolution of Sung times. At the same time official attitudes and beliefs about commerce had already swung significantly away from the old rigid orthodoxy, so that when the time came the Sung government was to some degree prepared to deal with booming trade and urban prosperity. The oppressive and restrictive policies towards commerce which had been traditional since Han times were by the tenth century either dead or dying. A totally new period in the relationship between government and trade and a new orientation for state economic policies was the inevitable result of the developments of the eighth and ninth centuries.

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Abbreviations of the titles of sources, and editions used, conform to the model of Twitchett, *Financial Administration under the T'ang Dynasty* (Cambridge 1963).

¹²⁵ See for example Lu Yu's almost exactly contemporary *Fang-weng chia-hsün*, pp. 2a, 9b (Chih-pu-tsu chai ts'ung-shu edit.) which says that for descendants to become farmers is perfectly respectable, but that engaging in the petty dealings of the market place involved disgrace to the family.