Managing a Multicurrency System in Tang China: The View from the Centre

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(Translated by HELEN WANG)

When the Tang dynasty took power in 618, it inherited the multicurrency system of earlier dynasties. The *zuyongdiao* tax system, in effect from the start of the dynasty, required each taxpayer to submit taxes in grain, labour and cloth. At the same time, the government also minted coins, which constituted some 10 per cent of the total money supply. A persistent shortage of copper limited the number of minted coins the government could issue. Accordingly, officials tried to ensure that sufficient coins and textiles circulated so that both forms of money remained in use. They displayed no consistent preference for one form of money over the other but devised policies to encourage the use of whichever form was then in short supply.

Officials had two ways to regulate currency. They could issue regulations for the payment of taxes, stipulating whether in coins or in textiles, and these policies in turn affected the general economy. In addition, officials issued other directives aimed specifically at the marketplace, hoping to change the behaviour of official and private purchasers and sellers alike.

At the time of the dynasty's founding, the central government implemented policies encouraging the simultaneous use of both textiles and coins, and both were used for tax payments and in the market. When, in the early 700s, coins slowly gained in popularity, the government introduced measures to encourage the use of textiles and restore the original balance. In 780, following the disastrous An Lushan Rebellion and a dramatic reduction in income, the central government formally abandoned the *zuyongdiao* tax system (already de facto given up in 755, when the rebellion broke out) and implemented the two-tax system, which required that all taxes be paid in coins. Some officials, particularly after the introduction of the two-tax system in 780, favoured coins over textiles, but others continued to argue for the advantages of textiles. Many Tang dynasty observers noted that there were several advantages to using textiles as money: the peasants were able to produce them, they were convenient for exchange among commoners, they had a higher value than bronze coins and were thus appropriate for use in large denomination payments.

In any case, the total number of coins in circulation was too small for everyone to pay taxes in coins, and, starting in the 800s, the central government issued multiple directives allowing the two taxes to be paid in textiles and other commodities as well as in coins. Several sources from the ninth century indicate that coins and textiles continued to circulate together.

This article examines the different currency policies of the central government during the Tang dynasty, with a particular focus on the thinking of certain officials. Although the

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advantages of a coin system may seem obvious to modern readers today, thoughtful officials raised many objections. Foremost among them was their concern for ordinary people, who were capable of raising grain, weaving cloth and contributing labour – all required by the earlier *zuyongdiao* tax system – but who could not mint their own coins. Both the Han and Song dynasties used monetary systems that used coins for small transactions and gold and silver for larger ones.[1] But the officials of the Tang never did so because they were convinced that a multicurrency system that balanced coins with textiles could function if appropriately administered.

The Tang currency system is worth close examination because it illustrates how a sophisticated economy, certainly at the time one of the world's most advanced – if not the most advanced – functioned using coins and textiles simultaneously. In 1964, Li Yan's path-breaking article characterised the currency policies of the entire Tang as the "concurrent circulation of coins and textiles" (*qianbo jianxing* 錢帛兼行), and few scholars have explored the topic since. This article focuses on the policies of distinct time periods in order to demonstrate how the Tang authorities managed and manipulated their currency system.[2]

The First Century of Tang Dynasty Rule

In 621, just three years after its founding, the Tang dynasty declared the *wuzhu* coins of the Sui dynasty, and all other coins, obsolete, and created a new unified coinage and put it into circulation. These new, cast bronze coins had the inscription *Kaiyuan tongbao* 開元通寶, which literally means "Circulating Treasure [coin] of the New Beginning". But there were not enough coins to support all purchases and sales. Accordingly, the authorities recognised another physical form of money, namely silk, as a legal currency. The Tang laws recorded in the *Tang Liudian* [Compendium of administrative law of the six divisions of the Tang bureaucracy, subsequently referred to as the *Compendium*], which was composed in 738, required officials and private individuals to use silk for their private purchases:

> 諸官私互市唯得用帛練、蕃彩, 自外並不得交易
> All officials and private individuals in their exchanges at the market are permitted to use only *bolian* and *fancai* [plain and coloured silk]. They may not use anything else in transactions.[3]

This system, in which both coins and textiles functioned as currency, continued the practice of earlier periods.

In the previous Six Dynasties period (220–589), hemp cloth and grain circulated most frequently, but in the Sui dynasty (589–618) their use diminished drastically as silks rose to prominence. Regional differences in economic development shaped which forms of money circulated in different regions. The dynastic history of the Sui (*Suishu*), completed by Wei

[1]Obviously the conditions of the Han and Song dynasties also differed. In the Han dynasty many exchanges in daily life employed grain and textiles, while in the Song there was less exchange of actual goods.

[2]Li Yan 李埏, "Lüelun Tangdai de 'qian bo jianxing'" 略論唐代的"錢帛兼行 [A study and discussion of the "concurrent circulation of coins and textiles"], first published in *Lishi yanjiu* 歷史研究 (1964,) No. 1 pp. 169–190, with a revised version in his collected works entitled *Buzi xiaozhai wencun*不自小斋文存 (Kunming, 2001), pp. 236–272. Also available at: http://www.guoxue.com/wk/000426.htm.

[3]Li Linfu *et al.* 李林甫 [Tang dynasty]; Chen Zhongfu 陳仲夫 (ed.), *Tang Liudian* 唐六典 [Compendium of administrative law of the six divisions of the Tang bureaucracy, (Beijing, 1992), 3.82.

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Zheng 魏徵 between 629 and 636, records that under one of the Southern Dynasties, the Liang (502–557):

> 唯京師及三吳、荊、郢、江、湘、梁、益用錢。其餘州郡, 則雜以穀帛交易。交、廣之域, 全以金銀為貨
>
> Only in the capital [Nanjing] and the Three Wu districts [Suzhou and the surrounding towns], Jing [Hunan region], Ying [north-west Hubei], Jiang [the Yangzi River Valley], Xiang [Dawu county, Hubei], Liang [Dangshan county, Anhui] and Yi [Chengdu, Sichuan] prefectures, are coins used. In all the other prefectures a variety of grain and silk is exchanged. The territories of Jiao [northern Vietnam] and Guang [parts of Guangdong and Guangxi provinces] use only gold and silver as money.[4]

The coin-using regions were mostly located in the lower reaches of the Yellow (Huang he) and Yangzi Rivers and along the Grand Canal, and formed an area with a well-developed commodity economy and water transport system. Bronze coins circulated largely in urban areas, particularly in the Central Plains area. Small individual bronze coins were well suited for use among producers in the cities who were buying and selling on a small scale.

But in the countryside, men ploughed and women wove, and they produced grain and cloth. Anything surplus to their own requirements would be taken to market, to exchange for essential items, such as meat, salt and farming tools. They directly exchanged the textiles that they had produced themselves for other goods, and there was no need to use coins as a medium of value. Because very few coins circulated in rural areas, it would have been extremely difficult in such places to exchange textiles for coins.

The formation of the Tang dynasty multiple currency system must be seen as part of how the Tang central government controlled and managed state affairs. It is important to consider the laws relating to the production of bronze coins. The central government sought to maintain uniformity of the Kaiyuan tongbao coins, in terms of their weight, form, metal alloy composition, style of calligraphy and design:

> 徑八分, 重二銖四累, 積十文重一兩, 一千文重六斤四兩
>
> [Each coin to have a] diameter of 8 tenths of an inch, to weigh 2 tenths of an ounce (*zhu*) and 4 hundredths of an ounce (*lei*). Ten coins are to weigh 1 ounce (*liang),* 1,000 coins are to weigh 6 pounds (*jin*) 4 ounces.[5]
>
> 每鑄約用銅二萬一千二百二十斤, 白鑞三千七百九斤, 黑錫五百四十斤
>
> Each casting to use 21,220 pounds of copper, 3,790 pounds of lead, and 540 pounds of black tin.[6]

This ratio worked out to an alloy of 83.32 per cent copper, 14.56 per cent lead and 2.12 per cent black tin.

With the issue in 621 of the new Kaiyuan coinage, all previous coins were declared obsolete. This served to unify the coinage but created new problems. Even though the government was unable to cast more coins, because of the shortage of copper, the demand for coins continued to increase as the exchange of goods increased throughout the recently

[4]Wei Zheng 魏徵 (580–643), *Sui shu* 隋書 [Sui history] (Beijing, 1973), 24.689.
[5]Liu Xu 劉昫 (887–946), *Jiu Tangshu* 旧唐書 [Old Tang history] (Beijing, 1975), 48.2094.
[6]Du You 杜佑 (735–812), Wang Wenjin 王文錦 *et al.* (eds) *Tongdian* 通典 [Encyclopaedic history of institutions] (Beijing, 1988), 9.203.

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unified empire. The government did not forbid private mining, and some individuals mined copper, increasing the availability of the metal.

The Kaiyuan tongbao was the main coin type issued during the Tang dynasty. It had a value of one, and remained the standard throughout the dynasty. Various attempts were made to introduce coins with a higher value (the *Qianfeng quanbao* 乾封泉寶 had a value of 10, the *Qianyuan zhongbao* 乾元重寶 was initially issued with a value of 10) but these were not sustainable.[7]

Some officials advocated minting more coins. For example, during the reign of the female Emperor Wu Zetian (690–705), Chen Zi'ang 陳子昂 (ca. 661–702), in his "Memorial on Measures to Benefit the State, part 1", proposed opening up copper mines in the mountains in Jiannan circuit to increase the amount of raw copper available and thus enrich the state treasury.[8] Surviving sources do not indicate whether the proposal was implemented.

The topic of minting coins, though briefly covered in the economy monograph (*shihuo zhi*) of the *New Tang History*, has not received that much attention from historians.[9] Ouyang Xiu quotes the estimate of the Head of the Treasury (Hubu Shangshu 戶部尚書) Yang Wuling 杨於陵 that the annual coin production in the mid-Kaiyuan period (720s and 730s) from 70-plus mines totalled more than 1,000,000 strings.[10] This marked the peak of coin production during the Tang dynasty. Still, Ouyang gives a different, and overall much lower, estimate for a four-decade period from 713 and 755:

> 《新唐書》卷五四《食貨四》記開元天寶年間: "天下爐九十九:絳州三十, 揚、潤、宣、鄂、蔚皆十, 益、郴皆五, 洋州三, 定州一。每爐歲鑄錢三千三百緡, 役丁匠三十, 費銅二萬一千二百斤、鑞三千七百斤、錫五百斤。每千錢費錢 七百五十。天下歲鑄三十二萬七千緡。"
>
> There were 99 furnaces in the empire. Jiangzhou [south-western Jiang county Shanxi] had 30, Yangzhou [Jiangsu], Runzhou [Zhenjiang, Jiangsu], Xuanzhou [Xuancheng, Anhui], Ezhou [Echeng country, Hubei] and Weizhou [Wei county, Hebei] each had 10 mines. Yizhou [Chengdu, Sichuan] and Chenzhou [Chen country, Hunan] had 5. Yangzhou [Xixiang county, Shanxi] had 3 and Dingzhou [Dingxian, Hebei] had one.[11] Each furnace minted 3,300 strings each year, employing 30 metal workers, and expending 21,200 pounds of copper, 3,700 pounds of an alloy of tin and lead (*la* 鑞) and 500 pounds of tin. Each string of coins had 750 coins. The annual production throughout the empire was 327,000 strings.[12]

By the early ninth century, between 806 and 820, output had fallen to 135,000 strings annually.[13] It recovered slightly, reaching 150,000 strings in Emperor Muzong's reign (821–

[7]Xu Dongsheng 徐东升, "Tangdai zhuqian sanlun" 唐代铸钱散论 [Notes on minting coins in the Tang period), *Zhongguo shehui jingjishi yanjiu* (2007) Vol. 2, pp. 13–19.

[8]Dong Gao 董誥 (1740–1818) *Quan Tangwen* 全唐文 [Complete writings of the Tang] (Beijing, 1983), 211.2134.

[9]For two important exceptions, see Xu Dongsheng, "Tangdai zhuqian sanlun"; also Zhong Xinglong 钟兴龙, "Tangdai zhubi liangkao" 唐代铸币量考 [A study of the quantity of coins minted in the Tang period], *Zhongguo jingjishi yanjiu* (2010) Vol. 3, pp. 76–81.

[10]Ouyang Xiu 歐陽修 (1007–1072), *Xin Tangshu* 新唐書 [New Tang history] (Beijing, 1975), 52.1360.

[11]The modern places given in brackets are for the convenience of the western reader who may not know the locations of these various prefectures in the Tang period. They are only approximate since there is not a one-to-one correspondence between modern and historical place names. The modern equivalent given here is the prefectural seat, yet the area of many of these prefectures was quite large.

[12]*Xin Tangshu*, 54.1386.

[13]*Xin Tangshu*, 54.1389.

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824),[14] and 184,230 strings between 847 and 860,[15] but it never attained the level of coin production before the An Lushan Rebellion.

Just as it closely scrutinised the production of coins, so too did the Tang government also try to attain uniformity in the production of woven silk textiles, by standardising the names, forms, production and processing. A section of the government supervised silk production, with the highest office, the Weaving and Dyeing Office (*Ranzhi shu* 染織署) coming directly under the Directorate for Imperial Manufactures (*Shaofu jian* 少府監). According to the laws in the *Compendium*, the silk woven under the supervision of the Weaving and Dyeing Office was arranged in the following categories:

> 凡織紝之作有十, 注:一曰布, 二曰絹, 三曰絁, 四曰紗, 五曰綾, 六曰羅, 七曰錦, 八曰綺, 九曰 紬, 十曰褐
>
> There are 10 categories of woven items, itemised as (1) *bu*-hemp, (2) *juan*-silk, (3) *shi*-silk, (4) *sha-silk*, (5) *ling*-twill, (6) *luo*-gauze, (7) *jin*-brocade, (8) *qi*-twill, (9) *jian*-silk, (10) *he*-woollens.[16]

The specific dimensions of particular textiles are given in the *Tongdian* [Encyclopaedic history of institutions]:

> 布帛皆闊尺八寸、長四丈為匹, 布五丈為端, 綿六兩為屯, 絲五兩為絢, 麻三 斤為綟
>
> All hemp cloth and silk have a width of 8 inches (*cun*). Lengths of 4 decafeet (*zhang*) make 1 bolt (*pi*). Five decafeet of hemp cloth make 1 bolt (*duan*). Six ounces (*liang*) of silk floss make 1 bundle (*tun*). Five ounces of silk thread make one hank (*xun*). Three pounds (*jin*) of hemp make 1 bundle (*li*).[17]

and in the *Compendium*:

> 凡縑、帛之類, 必定其長短廣狹之制, 端、匹、屯、綟之差焉。注:羅、錦、綾、絹、紗、縠、絁、紬之屬, 以四丈為匹, 布則五丈為端, 綿則六兩為屯, 絲則 五兩為絢, 麻乃三斤為綟
>
> All categories of *jian* and *bo* must be made according to the fixed lengths and widths: *duan*, *pi*, *tun*, *li*. Note: the categories of *luo*-gauze, *jin*-brocade, *ling*-twill, *-juan*-silk, *sha*-silk, *hu*-silk, *shi*-silk, and *chou*-silk are measured at 4 decafeet to the bolt (*pi*); hemp cloth at 5 decafeet to the bolt (*duan*), silk floss at 6 *liang* to the bundle (*tun*), silk thread at 5 ounces to the hank (*xuan* 绚), and hemp at 3 pounds to the bundle (*li* 綟).[18]

In order for woven silks and hemp cloth to have value and to circulate as currency over such a large area, they needed to be as standardised as possible on a national scale.

But there were always differences in the finished products from different regions, owing to variations in the raw materials and the processing, and there were always differences in quality. Measuring length and width is quite straightforward, but it is much more difficult

[14] Yang Wuling's memorial as quoted in *Xin Tangshu* 52.1360.

[15] Lü Xiaqing 呂夏卿 (1015–1068), *Tangshu zhibi* 唐書直筆[Notes on the Tang history], Wenyuan ge Siku quanshu edition (Taipei, 1986), 4.685,737; Zhong Xinglong, "Tangdai zhubi liangkao", p. 80.

[16] *Tang Liudian*, 22.576.

[17] *Tongdian*, 6.108.

[18] *Tang Liudian*, 22.576; compare Denis Twitchett, *Financial Administration under the T'ang Dynasty* (Cambridge, 1970), p. 140.

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to measure quality: for example, to distinguish between 'fine' (acceptable) and 'sparse' (not acceptable), a point that Angela Sheng makes her in contribution to this issue. To solve this problem, the government devised a system of grading according to geographical location. The *Compendium* records:

> 凡絹、布出有方土, 類有精粗。絹分為八等, 布分為九等, 所以遷有無, 和利用也.
> Plain-weave silk and hemp cloth come from different regions: they can be categorised according to how fine or how coarse they are. There are eight grades for plain-weave silk, and nine grades for hemp cloth. Thus, the government can adjust the taxation of textiles in different regions based on what they have and do not have, and so make the best use of everything.

For example,

> 宋、亳之絹, 復州之紵, 宣、潤、沔之火麻, 黃州之貲, 並第一等.[19]
> Plain-weave silk from Songzhou [southern Shangqiu, Henan] and Bozhou [Anhui]; ramie cloth from Fuzhou [south-west Mianyang, Hubei]; nettle cloth from Xuanzhou [Xuancheng, Anhui], Runzhou [Zhenjiang, Jiangsu] and Mianzhou [Wuhan, Hubei]; *zi*-hemp cloth from Huangzhou [Xinzhou, Hubei]; these are all grade one items.

A system of legal requirements was also established to ensure that *juan* and *bo* were woven to the approved standard:

> 諸造器用之物及絹布之屬, 有行濫、短狹而賣者, 各杖六十;注:不牢謂之行, 不 真謂之濫。即造橫刀及箭鏃用柔鐵者, 亦為濫。[疏] 議曰:凡造器用之物, 謂供 公私用, 及絹、布、綾、綺之屬, ' 行濫' , 謂器用之物不牢、不真;' 短狹' , 謂絹疋 不充四十尺, 布端不滿五十尺, 幅闊不充一尺八寸之屬而賣:各杖六十.[20]
> Any persons found to be selling utensils, articles for use, and silk and hempen cloth that are defective (*lan* 濫), too short or too narrow, will receive 60 blows with a heavy stick.
>
> Commentary: "defective" refers to goods that do not function as they are supposed to, or that are not the genuine item. Knives and arrowheads made of soft iron fit this description.
> Subcommentary: All utensils and articles for use, whether intended for public or private use, including *juan* plain silk, hemp, *ling* silk twill, *qi* warp-faced tabby with twill; 'defective' means unreliable or not genuine. "'Insufficient length or width' means a bolt of *juan* that does not measure a full 40 feet (*chi*), or a piece of hemp cloth that does not measure a full 50 feet, or where the width does not measure a full 1 foot 8 inches (*cun*). Any persons found to be selling such goods of "insufficient length or width" will receive 60 beatings.

This example shows that there were penalties for those who were found trying to sell silk and hemp cloth of substandard quality and insufficient lengths or widths.

Since high-quality silks produced using more complex technology could not be exchanged using these rates, the Tang government took a very cautious attitude towards them.

[19] *Tang Liudian,* 20.541. See also the table "Tang military expenditures by region (according to Du You)" in Masaharu Arakawa's 荒川正晴 article in this issue.

[20] Liu Junwen 劉俊文, *Tanglü shuyi jianjie* 唐律疏議箋解 [An annotated edition of the Tang Code] (Beijing, 1996) 26.1860. Compare Wallace Johnson, *The Tang Code volume II, Specific Articles* (Princeton, 1997) 26.480.

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Documents P.3078 and S.4637 are two parts of a single document entitled《神龍散頒刑部格殘卷》[Regulations of the Board of Justice], dated between 705 and 707, that specify the treatment for anyone who made silk that contravened sumptuary laws then in effect:[21]

110 一私造違樣綾錦, 勘當得實, 先決杖一百。造意
111 者徒三年;同造及挑文客織, 並居停主人, 並
112 徒二年半:總不得官當、蔭贖。踏錐人及村正、
113 坊正、里正, 各決杖八十。毛褐作文者, 不得服用、
114 買賣, 違者物並沒官。有人糺者, 物入糺人, 官
115 與市取。其敕賜者, 聽與應服用人。如管内
116 □(有)□(犯)者, 官司量事貶附

110–116
For those who have been investigated and found guilty of unauthorised manufacture of *ling* twill and *jin* silks with rank-inappropriate patterns, 100 beatings each;
For the designer of the pattern, three years exile;
For itinerant weavers who cooperated in the weaving and set up the pattern on the loom, and the resident master [owner of the workshop], two and half years exile; the rules of redemption for officials and those with shadow privilege do not apply;
For the treadle operators and village, ward and village-sector heads, 80 beatings each; Those who make patterns on wool are not permitted to use, sell or buy the cloth, and the clothes will be confiscated by officials. If someone reports the illegal goods to an official, then the goods will go to the informer. In addition, officials will go to the market and purchase any remaining illegal goods there. If the silk was granted to someone by an imperial order, give the silk to the person as granted. If someone under their jurisdiction violates these regulations, the officials should consider the matter and determine the punishment.

Those who participated in the different stages of the process – the designer, the accomplice, the itinerant weaver (who participated in the weaving and the inappropriate preparation of designs on *ling*-twills and *jin*-brocades on the looms), the head of the household (who had provided the premises), the treadle operators (who had provided the labour) – would receive further punishment in the form of imprisonment or beatings depending on the extent of their participation. Note that the heaviest punishment was reserved for the person held to be most responsible, the pattern designer.

The minimum of 100 beatings prescribed for anyone who participated in such private manufacture is similar to a subsequent order issued in 714 restricting the use of elaborate textiles. The order prohibited the use of pearls, jade, *jin*-silk and embroidery because the production of these intricate and elaborate items required extensive labour and was thought to damage the traditional way of life:

[21] T. Yamamoto *et al.* (eds), *Tun-huang and Turfan Documents Concerning Social and Economic History, Supplement*, I Legal Texts (Tokyo, 1978), (A), p. 35; (B), p. 69; also Liu Junwen 劉俊文, *Dunhuang Tulufan Tangdai fazhi wenshu kaoshi* 敦煌吐魯番唐代法制文書考釋 (Beijing, 1989), pp. 253–254.

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其已有錦繡衣服, 聽染為皂, 成段者官為市取.

For those who have existing clothes made of embroidered and brocaded silk, let them dye their clothes black. For those who have bolts of brocaded silk, the government will buy the silk from them.[22]

The weaving of twill and brocade silks with more complex patterns was done by local brocade-weaving households and workshops that were specially set up to supply the officials. They made whatever the officials asked for, and were not permitted to sell privately the goods that they produced. Anyone found making strips of brocade silks or embroidered bands (that were used to adorn clothing) for their own personal use, or who added a dragon, phoenix, wild animal or other designs to *ling*-twills, *qi*-twills or *luo*-gauzes, would be punished with 100 beatings, and demoted by one rank. The craftsmen who were hired to make these embroidered bands were to be punished with a punishment one degree lower.[23]

As these examples demonstrate, the state used laws and regulations to punish those who had participated in any of the stages of illicit production of silk, with the severity of the punishment dependent on the extent of their participation. The details of the relevant regulations demonstrate the consistent effort extended by the central government to maintain uniformity and transparency in the exchange value of silk goods throughout the empire. Silk was used as money in everyday transactions, and the main reason for its influence was the broad power of the state.

In addition to the various measures described above that regulated the composition of coins and the quality of textiles, the government attempted to manage the dual currency system by collecting taxes in different currencies. The *zuyongdiao* tax system implemented by the Tang dynasty required payment in three different forms: grain, textiles and various types of labour service. Even during Emperor Gaozu's reign (618–626) it was already the case that one could pay tax cloth in lieu of labour service, and the practice of commutation became common.

The monograph on the economy in the *New Tang History* provides the following overview of the *zuyongdiao* tax system:

凡授田者, 丁歲輸粟二斛, 稻三斛, 謂之租。丁隨鄉所出, 歲輸絹二匹, 綾、絁二丈, 布加五之一, 綿三兩, 麻三斤, 非蠶鄉則輸銀十四兩, 謂之調。用人之力, 歲二十日, 閏加二日, 不役者日為絹三尺, 謂之庸。有事而加役二十五日者免調, 三十日者租、調皆免。通正役不過五十日。

In all households who received land, all able-bodied males were to pay 2 piculs of millet or three of rice; this was the *zu* grain tax. Depending on what was produced in each locality, each able-bodied male paid annually two bolts of silk, two decafeet of *ling* silk twill or *shi* plain-weave silk. Those paying hemp added an additional fifth to pay 25 feet. Those who paid silk cloth added an additional 3 Chinese ounces of silk floss, while those paying hemp added 3 pounds of hemp yarn. Those cantons that did not produce silk paid 14 ounces of silver. These were all called the *diao* tax. The requirement for labour was for 20 days each year, with two additional days in leap years; those who did not labour gave three Chinese feet of silk. This was called the *yong* tax. On

[22] *Quan Tangwen*, 26.300.
[23] *Quan Tangwen*, 26.300.

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some occasions the labour service tax rose to 25 days, and the *diao* tax was waived. If it rose to 30 days, then both the *zu* and *diao* taxes were cancelled. The number of labour days could not exceed 50 days.[24]

Even in the early Tang dynasty, taxpayers could pay with silk to cover their labour obligation, at a rate of one day of labour service being equal to 3 feet of plain silk, or 3 feet $7^{1}/_{2}$ inches of hemp (20 per cent more than the required amount of silk). Although one could use cloth to pay off one's labour obligation, these early laws still maintain the distinction between the *yong* tax paid in labour and the *diao* taxes paid in cloth.

In the early Tang, the central government also accepted coins as an equally valid form of tax payment. While most people paid taxes in goods, some groups paid coins as an exemption tax (*zike* 資課) and did not perform labour service. These groups included officials who had prestige titles (*sanguan* 散官) or merit titles (*xunguan* 勳官), younger brothers or sons of rank (*pinzi* 品子), those already in a certain position who had to wait until they were officially appointed (*zhuse ren* 諸色人) and soldiers. The *ke* and *zi* taxes were not a major source of revenue for the dynasty, especially in the early years, but they grew in importance over time.[25]

In actuality, however, both labour and cloth taxes were often paid with yet other items, and this was called 'commuting the payment' (*zhe'na* 折納). For example, The *Compendium* states:

金銀、寶貨、綾羅之屬, 皆折庸、調以造焉.
Gold and silver, valuable goods, *ling* silk twills and *luo* silk gauzes, can all be used to commute the payment of *yong* and *diao* taxes.[26]

In the early Tang, commuting the payment of *yong* and *diao* taxes varied according to the state's requirements, local produce, availability of transport and other factors, and was very complex as a result. The monograph on the economy in the *New Tang History* summarises the situation empire-wide:

先是楊州租、調以錢, 嶺南以米, 安南以絲, 益州以羅、綢、綾、絹供春彩.
First, for the *zu* and *diao* taxes, Yangzhou [Jiangsu] pays in coins, Lingnan [Guangdong and Guangxi provinces] in rice, Annan [south-west Luoding county, Guangdong] in silk thread, Yizhou [Chengdu, Sichuan] in *luo* silk gauze, *chou* silk woven in tabby, *ling* silk twill and *juan* plain silk in the spring.[27]

The payments were commuted in coins, rice, silk and other textiles, a rich variety of goods, which were quite different from the items specified for *yongdiao* payments. Clearly, there was a great deal of flexibility, as we can see in a rare surviving source, a copy of a 678 memorial (*zouchao* 奏抄) from the Department of Public Revenue (*Hubu duzhi si* 戶部度支司, which

[24] *Xin Tangshu* 51.1342–1343. See also Twitchett's comprehensive investigation of this system in his *Financial Administration Under the T'ang Dynasty*, pp. 24–25, and his translation of a related statute on pp. 140–141.

[25] For further information about the *zi* and *ke* taxes, see Li Chunrun 李春润, "Lüelun Tangdai de zike" 略論唐代的資課 [A discussion of the *zi* and *ke* taxes of the Tang dynasty], *Zhonghua wenshi luncong* no. 2 (1983) pp. 66–76; Zhang Zexian 张泽咸, *Tang Wudai fuyi shicao* 唐五代賦役史草 [Draft history of the taxation and corvée system of the Tang dynasty and Five Dynasties)] (Beijing, 1986), pp. 100–104, 361–364.

[26] *Tang Liudian*, 3.80.

[27] *Xin Tangshu*, 51.1342.

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records the plans the department made for the coming year for the commutation of tax payments.[28] The following excerpt vividly conveys the diversity of taxes paid by different localities:

H'9 諸州庸調, 折納米粟者, 若當州應須官物

10 給用, 約准一年須數, 先以庸物支留, 然後折

11 □米粟。無米粟處, 任取部?□〔内?〕所?堪久貯之物。

H'9–11: In all prefectures that convert the labour tax paid in tax textiles into rice *(mi)* and grain, if the prefecture submits goods in official storehouses, they must be counted once a year. First, keep the goods to which the prefecture is entitled and convert the rest into rice and grain. Those prefectures that do not grow rice or grain may submit a different local product, but it must be one that can be stored for a long time.

H4 諸州庸調, 先是布鄉兼有絲綿者, 有□〔百姓?〕

5 情願輸綿絹絁者聽。不得官人州縣公廨典及

6 富強之家, 僦勾代輸。

H4–6: For prefectures submitting tax textiles in place of labour service taxes, it is preferable to pay in cloth or silk floss, but it is permissible if the commoners [meaning uncertain because of a gap in text] wish to submit brocaded *jin*-silk, plain *juan*-silk or plain weave *shi*-silk. It is not permitted for officials or rich local households to hire anyone to ship the goods from the storehouses [they should use Shipment Overseers].

Although the system of commuting *yongdiao* payments was complicated, there was an order that we can follow, as scholars such as Hino Kaisaburō[29] and Li Jinxiu[30] have demonstrated in their detailed research on the quantities of commuted payments. They discovered that there was a fixed ratio of commutation among some items commonly used in tax payments: 1 pound of hemp = 1 ounce of silk floss = 1 peck of grain = 5 feet of hemp cloth = 4 feet of *juan* plain silk.

No matter how much the rates of conversion changed, and which additional items were accepted as payment, silk and hemp always retained their importance as the items most often presented as payment. Prior to the Tang different taxes evolved, whether as land tax or household taxes, and these were sometimes collected in coins or grain, but the authorities always accepted textiles as payment, too. The institutional historian Du You (735–812)

[28]This document, Ōtani #2597, is transcribed in Ōtsu Tōru 大津透, "Tō ritsuryō kokka no yosan ni tsuite: Gihō sannen takushi sōshō Yonen kinbu shifu shishaku"[唐律令国家の予算について – 唐儀鳳三年度支奏抄·四年金部旨符試釈 –][The Tang code state budget: study of a copy of a memorial dated the third year of the Yifeng period of the Tang – a Finance Bureau tally of the fourth year], *Shigaku zasshi* [史学雑誌] Vol. 95, No. 12 (1986), pp. 10–11; Oda Yoshihisa (ed.) 小田義久責任編集, *Ōtani Monjo Shūsei* [大谷文書集成][Collected Ōtani documents] (Kyoto, 1984–2003), vol. 1, p. 98, fig. 25. Chinese translation in Liu Junwen 刘俊文 (ed.-in-chief), *Riben zhongqingnian xuezhe lun Zhongguo shi (Liuchao SuiTang juan)* 日本中青年学者论中国史(六朝隋唐卷)(Shanghai, 1995), pp. 433–449.

[29]Hino Kaisaburō日野开三郎, *Tōdai sochōyō no kenkyū, Part I, Shikigaku hen* 唐代租调庸の研究I色额篇 [Study of the *zuyongdiao* of the Tang period, Part I, various quotas] (Kurume, published by the author, 1974), pp. 443–462.

[30]Li Jinxiu 李锦绣, *Tangdai caizheng shigao* 唐代财政史稿 [Draft history of Tang finance] (Beijing, 1995), vol.1, p. 435.

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recorded the total revenues of the Tang state between 742 and 755 in his *Encyclopaedic History of Institutions* (*Tongdian* 通典): 25 million piculs of grain, 27 million pieces of cloth (including 16 million pieces of hemp, 7.4 million bolts of silk and 1.85 million hanks of silk floss), and 2 million strings of coins.[31] These figures underline the importance of textile revenue to the Tang state.

The Early Eighth Century: the Peak of Tang Power, 713–755

In the Kaiyuan reign period (713–741), the original *zu*, *yong* and *diao* tax system became simpler, as we can see from the regulations about labour service (*fuyi ling* 賦役令) issued in 737 and preserved in the *Encyclopaedic History of Institutions*:

> (開元)二十五年, 定令:" 諸課戶一丁租調, 准武德二年之制。其調絹絁布, 並隨鄉土所出, 絹絁各二丈, 布則二丈五尺。輸絹絁者綿三兩, 輸布者麻三斤。其絹絁為疋, 布為端, 綿為屯, 麻為綟。若當戶不成疋端屯綟者, 皆隨近合成。其調麻每年支料有餘, 折一斤輸粟一斗, 與租同受。其江南諸州租, 並回造納布。准令, 布帛皆闊尺八寸、長四丈為匹, 布五丈為端, 綿六兩為屯, 絲五兩為絇, 麻三斤為綟。
>
> Each household paying *zu* and *diao* taxes should follow the regulations of 620. Those paying the *diao* tax in *juan*-silk, *shi*-silk or hemp cloth should pay depending on what was produced in each locality. The tax is 2 decafeet of the *juan*- and *shi*-silk and 2 decafeet, 5 feet of hemp cloth. Those paying silk should also pay an additional 3 Chinese ounces of silk floss, while those paying hemp should add 3 pounds of hemp yarn. The correct unit for the *juan*- and *shi*-silk is *pi* bolts, for hemp is *duan* bolts, for silk floss the *tun* bundle and for hemp the *li* bundle. If a household does not have enough for a full bolt or bundle, then it can combine its payment with another household. If those households paying hemp cloth have a surplus of grain, they can substitute a peck of millet for a pound of hemp yarn and pay it with the *zu* tax. The prefectures in Jiangnan who pay the *zu* tax can also pay in hemp.
>
> According to this order, a bolt of silk should be 1 foot 8 inches in width and 4 decafeet long. A bolt of hemp should be 5 decafeet long. A bundle of silk floss should weigh 6 ounces, a hank of silk thread should weigh 5 ounces and a bundle of hemp should weigh 3 pounds.[32]

Although the labour-service tax sections do not survive, we know that the *yong* tax could replace the labour-service tax, and at this time it was already being paid together with the *diao* tax as one tariff. In effect, by 737, the three different taxes of the early Tang government had been reduced to two types of tax, one paid in grain, the other in cloth.

The *diao* cloth tax was paid in local produce, mainly in hemp cloth and silk items. The tax requirement of 2 decafeet of silk plus 3 ounces of silk floss, or 2 decafeet, 5 feet of hemp cloth plus 3 pounds of hemp, recorded in the *New Tang History,* is quite clear. The account in the *Maps and Gazetteer of the Provinces and Counties in the Yuanhe Reign Period, 806–814* (*Yuanhe junxian tuzhi)* describes the taxes paid during the Kaiyuan reign and classifies tax goods into nine groups – the plain-weave silks, *juan*-silk, *ling*-twill, *lian*-degummed silk, *chou*-silk, silk

[31] Du You, *Tongdian*, 6.110–111; Twitchett, *Financial Administration*, pp. 153–156 translates and explicates the document.

[32] *Tongdian* 通典, 6.108.

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floss, hemp cloth, hemp and grain. As Li Jinxiu points out, the items most often used to pay the *diao* taxes were usually *juan*-silk and hemp cloth. Although grain appears on this list, it was not the major form in which the taxes were paid.[33] The discovery in the Astana cemetery, Turfan, of early Tang-dynasty hemp cloths that had been used in payment of *yongdiao* taxes (the subject of Wang Binghua's article in this issue) suggests that the system described existed in at least some localities.

As a currency though, silk had some drawbacks. In the early eighth century, as some observers pointed out, unlike coined metal money, textiles could lose value if damaged. In the process of transport and exchange, there was a risk of silk becoming marked, stained, torn or faded, and when used in low-value transactions, bolts of silk would have to be cut into smaller pieces which greatly reduced their value. Writing in the Kaiyuan reign period (713–741), the Chief Minister Zhang Jiuling 張九齡 recognised the disadvantages of grain and textiles as money:

> 布帛不可以尺寸為交易, 菽粟不可以杪勺貿有無。故古之為錢, 將以通貨幣, 蓋人所作, 非天寶生.
>
> Textiles cannot be traded by the foot and the inch. Grain cannot be traded by the spoon or the ladle. It was for these reasons that the ancients made coins, so that they could circulate as money. They are made by man; they are not naturally valuable.[34]

He also realised that the quantity of coins in circulation was too small, and that this affected the value of the commodities. When the price of commodities fell too low, it caused the minting of coins to slow down, too. Thus, he pressed for the production of coins to be increased. In an edict he drafted on behalf of the emperor, he also recommended that the government allow the private casting of coins. These recommendations reveal Zhang Jiuling's concerns about the quantity of coins in circulation, and the need to avoid a shortage of coins.

Chief Minister Zhang had studied the expansion of coinage during Emperor Wendi's reign (180–157 BCE) in the Western Han, and knew that although there had been opposition from Jia Yi and other ministers at the Han court, allowing the private minting of coins had yielded good results. He argued therefore that during the flourishing Kaiyuan reign (713–741), the government should implement policies to expand the coinage, and encourage people to cast coins themselves.[35]

But other officials, including Liu Zhi 劉秩, in 734, raised objections:

> 今之錢, 古之下幣也。若舍之任人, 則上無以禦下, 下無以事上, 不可一也。物 賤傷農, 錢輕傷賈, 物重則錢輕, 錢輕由乎物多, 多則作法收之使少, 物少則作 法布之使輕, 奈何假人?不可二也.
>
> Today's coins were, in ancient times, an inferior form of money. If we entrust [the production of] coinage to the people, then the sovereign will have no means to govern its subjects, and its subjects will have no means of serving the sovereign. This is the first reason [for my opposition].

[33] Li Jinxiu, *Tangdai caizheng shigao*, Vol. 1, pp. 424–428.
[34] *Xin Tangshu,* 54.1382.
[35] *Quan Tangwen*, 284.2881–2882.

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> When commodities are cheap, it harms agriculture. When coins are plentiful, it harms commerce. When commodities are in short supply, then coins are plentiful. When coins are plentiful, then commodities will be in short supply. If commodities are in short supply, then implement a measure that collects them and reduces their quantity. When commodities run short then make a law that distributes them and makes them plentiful. Why allow the populace to mint coins?[36]

There is no original thinking in Liu Zhi's words; he simply presents the viewpoint of the ruling authorities. He rejects the notion of allowing private casting of coins because he views coinage as the responsibility of the ruling authority. The emperor rejected Zhang Jiuling's proposal and accepted Liu Zhi's.

In actuality, the early 700s saw an increase in the use of coins. The government had originally collected the household (*hu*) and exemption (*kezi*) taxes in coins, but in small amounts. After 700 it began to collect them in larger amounts and always in coins. Coin production increased dramatically, peaking at 327,000 strings per year in the period 713–755, as noted above.

The Tang central government did carry out corrective measures to restore the balance between coins and textiles. For example, in 732, it stipulated that coins and goods could both be used:

> 綾羅絹布雜貨等, 交易皆合通用。如關市肆, 必須見錢, 深非道理。自今已後, 與錢貨兼用, 違法者准法罪之
>
> *Ling* silk twill, *luo* silk gauze, *juan* silk, *bu* hemp and various goods can all be used together when exchanging goods. If market and border officials insist on the exclusive use of coins, this is deeply unreasonable. From now on, coins and goods are to be used together, and anyone found violating this will be charged in accordance with the law.[37]

And in 734, an edict specified:

> 貨物兼通, 將以利用, 而布帛為本, 錢刀是末, 賤本貴末, 為弊則深, 法教之間, 宜有變革。自今已後, 所有莊宅口馬交易, 並先用絹、布、綾、羅、絲、綿 等, 其餘市價至一千以上, 亦令錢物兼用, 違者科罪
>
> When coins and different goods are used at the same time, this can be very profitable, but textiles, like the root of a tree, are the basis, and coins (*qiandao*)[38] are the non-essential branches. The problem of preferring coins to textiles is serious . . . The law must be changed so that everyone can learn.
>
> From now on, all transactions on residential property, slaves and horses are to be paid in silk, hemp, *ling* silk twills, *luo* silk gauzes, silk thread or silk floss (*mian*). Any other market prices that are in excess of 1,000 [coins] should be paid for in a mixture of coins and goods. Violators of this law will be punished.[39]

Clearly, the government sought to maintain the notion that textiles were the major form of money, and thus to increase the use of textiles. But the reality was that everyday transactions

[36] *Xin Tangshu* 54.1385; Xu Dongsheng, "Tangdai zhuqian sanlun", p. 16.
[37] *Tongdian*, 9.201.
[38] *Qiandao* is a general historical term meaning "coin".
[39] *Quan Tangwen*, 35.386.

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were made primarily in coins. The central government put a great deal of effort into maintaining the earlier dual system of currency using coins and textiles. As coins and textiles both had their own characteristics, with one appropriate for smaller transactions and the other for larger transactions, they worked together in different ways. If textiles were to disappear from circulation for a short while, with nothing to take their place for larger transactions, chaos and inconvenience would result.

The Sudden Reversal of Monetary Policy during the Reigns of the Emperors Suzong and Daizong (756–779)

The extent to which coins and textiles were used in areas of finance and taxation and the market depended on the central government's policies relating to finance and taxation. The overall trend was that, as coins became more established, *juan*- and *bo*-silks disappeared from circulation. The central government's chief concern was to maintain the currency system that was in use and keep a balance between the status of coins and silk in that system. At times this meant adjusting monetary policy, a point neglected by many previous scholars. The government took different approaches to this issue during and immediately after the An Lushan Rebellion in the mid-eighth century.

In 755 the sudden outbreak of the An Lushan Rebellion prompted a reversal in monetary policy because of the damage that occurred to the economy: farming and weaving came to a halt in the rural areas, and natural disasters caused a dramatic decrease in the amount of grain, hemp and silk that was produced. Shortages in the market resulted. At the same time, the government's military expenses were huge, and as finances reached crisis point, the government was forced to sell official titles and ordination certificates, and issue large denomination coins with token values – all to raise revenues.

When An Lushan's rebel army in Luoyang over-issued coins in the 750s, the value of coins fell, and the value of grain and textiles soared. The price of rice shot up from less than 100 coins per peck in the Kaiyuan and Tianbao reigns (713–756) to 7,000 coins per peck. The price of salt rose too, but not as much, from 10 coins per peck in the Tianbao and Zhide reigns (742–758) to 110 coins per peck.

The examiner Yuan Jie 元結 wrote the following description of this inflationary period as part of the question he set for the regular civil service examinations administered in Tongzhou [modern Dazhou city, Sichuan] in 766:

> 往年粟一斛, 估錢四百猶貴;近年粟一斛, 估錢五百尚賤。往年帛一匹, 估錢五百猶貴;近年帛一匹, 估錢二千尚賤。. . . . . 曩時粟帛至賤, 衣食至易;今日粟制至貴, 衣食至難."
>
> In the past, 1 picul (*hu*) of grain priced at 400 coins was very expensive; in recent years 1 picul of grain priced at 500 coins was very cheap. In the past, 1 bolt of silk priced at 500 coins was very expensive; in recent years 1 bolt of silk priced at 2000 coins was very cheap. . . . In the past, when grain and textiles were cheap, it was easy to clothe and feed [oneself]; now grain is expensive, and it is difficult to clothe and feed [oneself].[40]

[40] *Quan Tangwen,* 380.3860.

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During this period of rampant inflation, the central government implemented a whole series of measures with multiple goals: to stimulate production, assist the recovery of agriculture and reform the tax system, collect new taxes, reduce government expenses and encourage frugality.[41] The value of coins had fallen so low that they became known as "empty coins" (*xuqian* 虛錢), and they stopped circulating. Meanwhile, textiles had become the preferred currency, the main media of exchange. This was the exact opposite of the situation just a few decades earlier during the Kaiyuan reign (713–742).

In order to maintain the dual currency system, the government took action to promote the circulation of bronze coins, and to restore their position in the currency system. It put a great deal of effort into increasing the official production of coins, launching them on to the market and stabilising the value of coins. For example, in 769:

> 關內道鑄錢等使、戶部侍郎第五琦上言, 請於絳州汾陽、銅原兩監, 增置五爐鑄錢, 許之.[42]
>
> Diwu Qi, the official in charge of casting coins in Guannei circuit [modern northern Shaanxi, southern Inner Mongolia and parts of Ningxia and Gansu provinces] and the vice-president of the Board of Finance, submitted a proposal, requesting that the two mints of Fenyang and Tongyuan, in Jiangzhou [south-western Jiang county, Shanxi] might add another five furnaces to cast coins. Approval was granted.

In 772, the government issued a nationwide prohibition on casting bronze items, and then in the Dali reign period (766–779) under Emperor Daizong, coin production reached around 100,000 strings per annum.[43] This was far short of production levels in the early eighth century but a significant improvement since the An Lushan Rebellion.[44]

Rescue and Collapse: the Dual Currency System of Coins and Textiles under the Two-Tax System, 780–907

Only in Emperor Dezong's reign (780–805) was inflation brought under effective control, and there was a noticeable fall in the price of grain, textiles and other everyday items. At the same time, the use of silks in everyday exchange increased. As in the early Tang, textiles were the main items used to pay taxes, with coins coming second. But in 780 (the first year of the Jianzhong reign) a new tax system was implemented – the two-tax system. This new tax system replaced the previous *zuyongdiao* taxes which had been paid mainly in grain and textiles, with a household tax (*hushui*) and land tax (*dishui*), both to be paid in coins two times a year: hence the name of the new tax.

The *zi* and *ke* taxes, originally a means by which certain privileged groups paid to avoid performing labour service, continued to exist, but their fundamental nature changed. No longer were they a payment that substituted for labour service. Instead, after 780, they

[41] Ning Ke 宁可, *Zhonghuo jingji tongshi – Sui Tang Wudai jingji juan* 中国经济通史·隋唐五代经济 [A survey of Chinese economic history: the economy of the Sui and Tang dynasties and the Five Dynasties period] (Beijing, Jing ribao, 1998), pp. 477–482.

[42] *Jiu Tangshu*, 48.2102.

[43] Coins issued during the Dali reign period probably had Kaiyuan or Qianyuan inscriptions, not the Dali inscriptions which were used only in Xinjiang.

[44] Zhong Xinglong, "Tangdai zhubi liangkao", p. 78.

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became a payment by the government to those who performed corvée labour, and these payments became a major government expense. This was part of a major shift in how the government treated labour service obligations.

According to the assessment of Lu Zhi 陸贄 (754–805), in the two-tax system, 定税之數, 皆計緡錢 "the specified amount of tax was reckoned in strings and coins".[45]

From this period on, all taxes on commerce and on tea and salt were supposed to be collected in bronze coins.[46] Many scholars and officials articulated their opposition, pointing out that small peasant households could not produce bronze coins but had the capacity to weave their own cloth, grow their own grain and perform labour service, the requirements under the previous *zuyongdiao* tax system.

In 794, Lu Zhi memorialised the throne, essentially highlighting contradictions in the new two-tax system. In the old tax system, in which *zu* was paid in grain and *yong* in textiles, the commoners could produce both grain and textiles. In the new two-tax system, however, there was an insistence on payment in coins, and yet commoners were prohibited from casting coins. Lu Zhi argued that the new system was therefore no different from the currency measures of the Western Han dynasty (206 BCE–9 CE), referring to the hardship caused by Emperor Wudi's prohibition on minting coins by the people.[47] Earlier Han-dynasty emperors had allowed commoners to mint coins, but Emperor Wudi did not, causing much hardship to the people.

Qi Kang 齊抗, Governor of Henan, shared Lu Zhi's views. In 796, he sent a memorial to the emperor, saying:

> 今兩税出於農人, 農人所有, 唯布帛而已。用布帛處多, 用錢處少, 又有鼓鑄以助國計, 何必取于農人哉?
>
> With regard to the two-tax System of today, the peasants have textiles and nothing else. Textiles are used in many places, coins are used in few places. More coins are being cast to help the state balance its books, so why must you take them [coins] from the peasants?[48]

Lu Zhi and Qi Kang were the most famous critics of the new two-tax system, foreseeing problems ahead.

Another famous critic who concurred with their assessment was Bai Juyi 白居易 (772–846), who, having just passed the presented scholar (*jinshi* 进士) examinations with great success, also described the difficult situation that the peasants faced around the year 800:

> 量桑地以出租, 計夫家以出庸, 租庸者, 穀帛而已。今則穀帛之外, 又責之以錢。錢者, 桑地不生銅, 私家不敢鑄, 業于農者, 何從得知?"
>
> They [the peasants] measured their mulberry land and paid the *zu* tax accordingly, they calculated the number of able-bodied men in the household and paid the *yong* tax accordingly. The *zu* and the *yong* taxes were paid in grain and textiles. Now, in addition to grain and textiles, they are

[45] *Quan Tangwen*, 465.4748.

[46] Scholars call this the second monetisation of taxation in China; the first being the Reckoned Contribution, Mouth Cash and Reckoned String Taxes of the Qin and Han dynasties. Peng Xinwei 彭信威, *Zhongguo huobi shi* 中國貨幣史 (Shanghai, 1965) p. 346; Peng Xinwei, *A Monetary History of China*, translated by Edward H. Kaplan (Bellingham, 1994), p. 293.

[47] *Quan Tangwen*, 465.4748.

[48] *Xin Tangshu*, 52.1358.

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required to use coins. But mulberry lands do not produce copper, and ordinary homes do not cast metal. A peasant's business is farming, so how is he to learn how to do this?[49]

Han Yu 韓愈 (768–824) raised similar objections to the new tax system. In order to change the situation in which commodities were cheap and coins expensive, he advised:

今使出布之鄉, 租賦悉以布;出綿絲百貨之鄉, 租賦悉以綿絲百貨;去京百里, 悉出草;三百里以粟;五百里之內, 及河渭可漕入, 願以草粟租賦, 悉以聽之。則人益農, 錢益輕, 谷米布帛益重.

Now [we should] make the cantons that produce hemp cloth pay their taxes in hemp cloth, and the cantons that produce silk floss and silk thread pay their *zu* and *fu* taxes in those products. At 100 third-miles (*li*) distant from the capital, they all pay in hay, at 300 third-miles in grain and within 500 third-miles and to be transported by water, if they wish to pay *zu* and *fu* taxes in grass and grain, then we should allow this. In this way, the people will farm well, coins will become more plentiful and grain and textiles will gain in value.

Han Yu advocated that taxes should be paid in whatever the local products were.

At the same time, Han Yu also stressed the importance of coins and suggested several policies that would increase the number of coins:

禁人無得以銅為器皿, 禁鑄銅為浮屠佛像鐘磬者。蓄銅過若干斤者, 鑄錢以為他物者, 皆罪死不赦。禁錢不得出五嶺, 買賣一以銀, 盜以錢出嶺, 及違令以買賣者, 皆坐死。五嶺舊錢, 聽人載出, 如此則錢必輕矣.

Prohibit people from using copper to make vessels, and prohibit the casting of bronze into bronze Buddha statues, bells and chimes. Those who hoard countless pounds of copper, and melt them down into other goods should all be sentenced to death without pardon. We should prohibit coins from leaving [China] through the five mountain ranges, where they are sold for silver. Those who smuggle coins out and break the law about trading in them should also be given the death penalty. We hear that people carry old coins out in cartloads at the five passes. If these proposals are followed, then coins will become plentiful.[50]

Han Yu wished to adopt all kinds of measures to increase production and circulation of coins and wanted coins to be the medium of exchange in everyday transactions and trade. Still, he did not fully support the requirement that the two taxes be paid in coins, believing that the requirement was the main reason causing coins to be in short supply and commodities to be plentiful.

Not everyone, however, agreed that collecting taxes in coins placed an undue burden on ordinary farmers. Writing in 801, Du You compared the advantages and disadvantages of coins and commodity money, and advocated the use of coins in commerce:

其金銀則滯於為器為飾, 穀帛又苦於荷擔斷裂, 唯錢可貿易流注, 不住如泉。若穀帛為市, 非獨提挈斷裂之弊, 且難乎銖兩分寸之用.

Now gold and silver are removed [from circulation] for making objects and jewellery, and grain and textiles are awkward to carry and easily damaged. Only coins can be traded and circulate, flowing endlessly like water. When grain and textiles are used in payments, it is not only that the

[49] *Quan Tangwen*, 670.6833.
[50] *Quan Tangwen*, 549.5561–5562.

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act of cutting them into smaller units damages them but also that it is difficult to use the smaller units such as the *zhu*, *liang*, *fen*, and *cun*.

Du You believed that grain and textiles and other commodities all had permanent flaws when used as money, whereas coins did not:

原夫立錢之意, 誠深誠遠。凡萬物不可以無其數, 既有數, 乃須設一物而主之.
The original idea behind coins was that they should be trusted deep and far. Any object that should be counted or measured can be counted or measured in these units.[51]

Du You recognised that one of the functions of money is to serve as a measure of value. He expressed this as being one of the main differences between coins and commodities. His was, however, the minority view among Tang-dynasty officials.

In fact, there were not enough coins in circulation to allow tax payers to pay the two taxes in coins alone. The shortage of coins was of very serious concern; indeed it was referred to as "a coin famine", exacerbated by problems of both supply and demand. On the supply side, the high cost of metal and labour, and the continuing shortage of copper led to a decline in the quantity of coins that were minted. On the demand side, as the areas of circulation continued to increase, there was a continuous demand for coins.

A few decades later, during Emperor Muzong's reign (821–824), the Head of the Treasury Yang Wuling memorialised about the shortage of coins, saying:

昔行之于中原, 今泄之于邊裔。. . . . . 大曆以前, 淄青、太原、魏博雜鉛鐵以通時用, 嶺南雜以金、銀、丹砂、象齒, 今一用泉貨, 故錢不足。
In the past, coins circulated in the Central Plains, and today they are spilling over the borders . . . Before the Dali reign period (766–779), lead and iron were used as money in Ziqing [Yidu, Shandong], Taiyuan [Shanxi] and Weibo [north-east Daming county, Hebei], and gold, silver, cinnabar and ivory were used in Lingnan [Fujian]. Now there is unity of the currency, and for this reason there is a shortage of coins.[52]

To address the shortage of coins, the government issued a series of regulations explicitly authorising the use of textiles alongside coins. It acknowledged the inconvenience of requiring tax payments made in coin, and allowed people to pay some taxes in textiles.[53] Although expressed as a measure to alleviate hardship for the populace, the government was trying to prop up the use of silk as currency.

The government's reluctance to move to coins as the sole determinant for measuring value is made manifest in an edict dated 809:

敕旨:自今已後, 送省及留使匹段, 不得剝征折估錢。其供軍醬菜等價直, 合以留州、使錢充者, 亦令見錢匹段均納.
Edict: From this day forth, when the bolts of silk and hemp are either to be sent to the circuit or kept back in the locality, it is forbidden to calculate their value in coins. The cost of supplying the

[51] *Tongdian*, 8.167–168.
[52] *Xin Tangshu,* 52.1360.
[53] For the measure passed in 804, see *Xin Tangshu*, 54.1385; in 811, Wang Pu 王溥 (922–982), *Tang Huiyao* 唐會要 [Important documents of the Tang] (Shanghai, 1991), 83.1821–1823, 89.1933–1934; in 813 and 816, *Tang huiyao* 83.1823; in 817, *Jiu Tangshu*, 48.2103; in 822, *Xin Tangshu,* 52.1358; in 830, *Xin Tangshu* 54.1387.

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army with assorted pickles and vegetables should be paid with money kept back in the locality. Accept both coins and textiles as payment.[54]

In order to stabilise the price of silks, a series of measures were put into effect, and in 813 (eighth year of the Yuanhe reign), Emperor Xianzong announced further measures to stabilise prices in the capital:

以錢重貨輕, 出内庫錢五十萬貫, 令兩市收市布帛, 每端匹估加十之一.
Because coins are in short supply and goods are plentiful, take 500,000 strings of coins from the Imperial Treasury, and order the two markets to buy up textiles, paying an extra 10 per cent for each bolt of silk or hemp.[55]

In short, the Tang government maintained the price of textiles through government purchasing, making adjustments as necessary. Although these measures alleviated the deflation of the mid- and late-Tang, they were not sufficient to save the dual currency system of coins and textiles.

The effect of the measures implemented by the Tang government in the early ninth century was detrimental to both coins and textiles. Yuan Zhen 元稹 gave a fair evaluation of the outcome of these measures, explaining that since the Yuanhe reign (806–820):

銅器備列于公私, 錢帛不兼於賣鬻, 積錢不出於牆垣, 欺濫遍行於市井.
Bronze vessels are being made for public and private use, coins and textiles are not being used together in sales, hoards of coins are not being taken out of [their hiding places in] walls and substandard goods circulate widely in the marketplace.[56]

As Yang Wuling noted, between 821 and 824, the annual output of coins had fallen to 150,000 strings – in contrast to a million in the period 713–741. An imbalance between coins and textiles, the two legal currencies, had gradually been developing, largely prompted by the shortage of coins.

Some valuable descriptions of the actual marketplace survive, offering a glimpse of how people used coins and textiles together. In the 820s, Wei Chuhou 韋處厚 described the situation in Shannan circuit, where coins were not circulating in the villages, noting that in Xingyuan [the Hanzhong region, Shaanxi]:

不用見錢。山谷貧人, 隨土交易。布帛既少, 食物隨時, 市鹽者或一斤麻, 或一兩絲, 或蠟或漆, 或魚或雞, 瑣細叢雜, 皆因所便
There is no need for coins. The poor people of the mountains and valleys exchange the produce of the land. Textiles are rare, and they eat what is available each season. Those who buy salt pay with 1 pound of hemp, or 1 ounce of silk, or wax or lacquer, or fish or chicken, or a mixture of different things, whatever is convenient.[57]

Thus, hemp, silk, wax, lacquer, fish and other natural produce, all functioned as media of exchange. The evidence from miscellaneous notes and other Tang-dynasty writings shows that cloth and other commodities continued to circulate as money in the countryside.

[54] *Tang Huiyao*, 83.1539.
[55] *Jiu Tangshu* 48.2103.
[56] *Quan Tangwen*, 651.6621.
[57] Wang Pu, *Tang huiyao*, 59.1194.

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The most widely circulating item in the early ninth century was probably silk. There is a very interesting story in *Supplementary Notes for the History of the Tang Dynasty*, by Li Zhao (806–820) that illustrates how quickly people could convert between coins and silk:

> 澠池道中, 有車載瓦甕, 塞于隘路。屬天寒, 冰雪峻滑, 進退不得。日向暮, 官私客旅群隊, 鈴鐸數千, 羅擁在後, 無可奈何。有客劉頗者, 揚鞭而至, 問曰:“ 車中甕直幾錢?” 答曰: “七八千。” 頗遂開囊取縑, 立償之, 命僮僕登車, 斷其結絡, 悉推甕於崖下。須臾, 車輕得進, 群噪而前.
>
> On the road to Mianchi, (Henan province), there was a cart laden with pottery tiles and jars, trying to pass along a narrow road. It was wintertime, there was ice and snow, and it was slippery. The cart could not move forwards or go backwards. As the evening drew close, a large caravan of people – officials and commoners – gathered behind them, thousands of bells tinkling away. But there was nothing to be done. Then, one traveller, a certain Liu Po, came forward, his whip in his hand, and asked: "How much are the jars on the cart worth?" The answer was "7,000 to 8,000 coins", at which Liu Po opened his bags, took out some degummed *lian*-silk, paid the price, ordered his servant to climb on to the cart, loosen the ropes, and push the jars over the cliff. Moments later, the lightened cart could move forward. The crowd cheered and continued on their way.[58]

This passage tells us that commercial travellers had silk with them, that they could ask the price in coins and immediately convert that value into silk. The speed at which the transaction was completed shows that converting between silk and coins was a generally accepted practice at the time and a skill which much of the populace possessed. Even in the early ninth century, well after the imposition of the two-tax system, silk functioned as a measure of value.

In the late 830s, peasants also used silk as money, even for small transactions, as a collection of miscellaneous notes (*biji*) from the tenth century records:

> 開成中, 物價至微。村落買魚肉者, 俗人買以胡絹半尺.
>
> In the Kaicheng reign [836–840], prices fell very low. When buying fish and meat in the villages, the commoners would pay with half a foot of foreign silk.[59]

These two passages show that although there was a dual currency system in the Tang dynasty, the use of one currency over another varied according to location. As we might expect, there appears to have been a greater use of coins in the urban areas, and a greater use of textiles in remoter rural areas.

The shortage of coins continued right through to the end of the Tang dynasty. Although coin circulation expanded (as Yang Wuling observed), the quantity of coins in circulation was never enough to meet demand.

There was a brief period of improvement during the Huichang suppression of Buddhism in 845 when the emperor ordered the melting down of bronze images and bells to make coins, and thus metal entered the treasury. Kaiyuan tongbao coins issued in 845/846 have a single character on the reverse identifying the prefectures that produced them.[60]

[58] Li Zhao, 李肇 (fl. 806–820), *Tang guo shi bu* 唐國史補 (Shanghai, 1979), 1.24–25.
[59] Feng Zhi, *Yunxian zaji*, 4.27.
[60] These coins are known as Huichang Kaiyuan.

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The shortage of metal eased slightly, and the price of silk and textiles returned to a higher level. Officials who had paid taxes in cloth shifted to paying them in coins. But the period in which the new coins circulated was very brief, and the number of coins minted was small. The new coins did not solve the on-going problem of coins being scarce, and therefore expensive, and commodities being plentiful, and therefore cheap.

The low rate of production of new coins and the resulting rampant deflation persisted until the end of the dynasty. During the reign of Emperor Xizong (874–888), the empire suffered repeated rebellions. From 881 to 885, when the rebel Huang Chao 黃巢 occupied the Tang capital of Chang'an, the price of rice rose to 30 strings per peck, prompting the poet Wei Zhuang to say in his poem "The Ballad of the Lady of Qin", "A peck of gold [is the same as], a peck of millet".[61] The inflation of the 880s was caused by war and rebellion, not by the dynasty's policies.

Conclusion

In many ways the story of the Tang currency system is one of little change: the dynasty began with a dual currency system using both coins and textiles, and the same system continued for 300 years. Taxes could be paid in both currencies, and both circulated in the marketplace. In the first century of Tang rule textiles were more frequently used to pay taxes than were coins. The minting of coins peaked in the period between 713 and 755. Although estimates of the annual output at various times during the dynasty range from 327,000 strings (Ouyang Xiu) to 1,000,000 strings (Yang Wuling), there were never enough coins to replace textiles completely, as some officials and scholars wished.

The advantages of coins over textiles may seem obvious today, but all the evidence from the Tang shows the opposite. Textiles had real advantages over coins. Most important, peasant households could make textiles from readily available materials, while government mints faced a persistent shortage of copper throughout the dynasty. Tang officials returned to this theme repeatedly: the *zuyongdiao* tax system of the dynasty's early years required payment in grain, labour and textiles, items all available to peasants. Twenty-five years after the outbreak of the An Lushan Rebellion, in 780, when the government instituted the two-tax system, it required taxpayers to use coins – an item that they could not themselves produce – to pay taxes.

The continuing shortage of coins made it impossible to comply. The government was forced to issue new regulations allowing the substitution of textiles for coins, and it did so continuously between 800 and 840. Living in the capital cities of Chang'an and Luoyang may have skewed the perception of high officials: coins circulated in those two cities and their markets, prompting them to pass the two-tax policy in 780. But coins did not circulate to the same extent in the countryside, as Li Zhao's tale about the merchant using cloth to buy the jars from the immobilised cart vividly shows, and the government was forced to retreat

[61] Wei Zhuang 韋庄, "Qinfu yin" 秦婦吟, in Nie Anfu (ed.) 聶安福, *Wei Zhuang ji jianzhu* 韋庄集箋注 [The collected papers of Wei Zhuang, with annotations] (Shanghai, 2002), p. 317.

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from its support of an all-coin tax system and allow peasants to pay taxes in cloth, too. Even in 780 it was impossible to designate coins as the only permissible currency for paying taxes: textiles played too important a role in the Tang economy, and they continued to do so until the fall of the dynasty in 907. Hwang@britishmuseum.org and reireilili@yahoo.com.cn

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