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3.4 Credit And Credit Institutions

There were no particularly novel developments in the credit trade during Jin, or at least none that can be detected from the documents. Credit accommodation was entirely dependent on private loans.¹ The government may have made loans as one type of relief measure, and also made grants of plows and oxen.²

During the Northern and Southern Dynasties, the credit trade enjoyed considerable progress, both its deposit and loan-granting aspects becoming more developed than previously.

In ancient times deposit was a most undeveloped aspect of the credit business. By deposit is meant a type of savings from which the supplier of funds makes a profit. There had been savings in China since antiquity, but never for-profit, because the officials and rich men of feudal era China kept their wealth entirely secret, and would not lightly inform others of it, so that at times even their own families did not know that it existed.³ Hence we cannot call

such hoards genuine deposits, nor can we say there was a credit trade in existence then.

Prior to the Northern and Southern Dynasties, the main form of savings by Chinese officials and men of wealth was the hoard,⁴ sometimes buried in the earth, sometimes hidden inside walls. The *Huainan Zi* contains the statement, "families which excavate hoards must suffer calamity."⁵ In addition, people also employed money boxes. This method was similar to burying wealth, and as the quantities involved were so small, it has very little importance in the history of credit development.

By the time of the Northern and Southern Dynasties, there are instances of wealth in coin being lodged with relatives and friends. This deposit or consignment⁶ sometimes resembled a trust, and the person receiving it could not use it for his own profit. Its mere preservation was a moral obligation.⁷ Since there was no question of taking interest or of charging for storage, we cannot say that this was a proper business. If the man who received it could have taken this sum and put it to profitable use, then it would have become a genuine deposit.

The histories say that Tao Yuanming would often place ready cash on deposit at a wine shop, and then from time to time go and take it out in the form of wine.⁸ This is very nearly like the modern lay-away account.

¹*New Words for the Generation*, "Frugality, 29": "Wang Rong's daughter was marrying Pei Wei, to whom Wang loaned several tens of thousands of cash. When the daughter returned on a visit, Rong displayed his displeasure, and she hurriedly repaid the coins and made her excuses." This story is also in the *Jin History*, 43, "Biography of Wang Rong." Cf. subsection 3.2.1, note 15 of the present work. *Record of Qi Jokes*, "Wu Daozong of Dongyang Commandery": "In yixi 4, in Dongyang Commandery's Taimo District, Wu Daozong had lost his father in youth and lived alone with his mother, having never married. On one occasion Daozong was off collecting debts when the neighbors heard clattering noises from inside his house. They could not find his mother, but there was a black-spotted tiger in her room."

²*Jin History*, 47, "Biography of Fu Xuan": "In taishi 4 . . . he sent up a message saying . . . old soldiers holding official oxen, obtained 60 percent from [?] officials and 40 percent from gentry. Those who held private oxen paid the same as those who obtained them from the officials. Not long after such grants were made, the hearts of the masses were pacified. Now there has suddenly been a reduction [in subsidy?], so that those who receive government oxen, do so at 80 percent from officials and 20 percent from gentry. From those with private oxen and without oxen, the officials get 70 percent and gentry 30 percent. People are losing their homes, and must be unhappy. In my view, tenant soldiers holding official oxen should pay 40 percent from officials and holders of private oxen should pay the same as those who get them from officials. This the soldiers of the Empire would welcome with joy, happily produce grain, and the harm from land abandonment will be obviated."

³Cf. subsection 3.1.2, note 18 of the present work, which

quotes an example from the *Jin History*, 95, "Biography of Wei Zhao."

⁴*Jin History*, 99, "Biography of Yin Zhongwen": "Emperor Xuan was defeated by Liu Gu, and he accompanied Xuan's flight to the west. He buried all his precious goods in the earth, but all of them turned into dirt."

⁵*Huainan Zi*, 18, "Instructions Among the People."

⁶*Southern History*, 5, "Basic Annals of Qi," latter part: "Lady Pan's licentiousness was known far and near. Her father, Baoqing, indulged in lewd pleasures along with his children. The rich all accused them of crimes. Fields, houses and wealth, were all coveted by them. It was even said that they hoarded funds consigned to them, and did not repay them."

⁷*Chen History*, 9, "Biography of Ouyang Wei": "When Shizu succeeded to the throne . . . at first the Inspector of Jiaozhou, Yuan Tanyuan, secretly sent 500 ounces of gold to Wei, ordering him to give 100 ounces to the Hepu Grand Administrator, Gong Wei, and 400 ounces to his son Zhiju. No one else knew about this. Wei was subsequently defeated by Xiao Bo, and all his wealth was exhausted. Only the gold which he had been sent remained. Danyuan also subsequently died. Wei then nevertheless delivered the gold as he had promised. Everyone then sighed with admiration that he took his promises as seriously as this."

⁸*Liu-Song History*, 93, "Biographies of Recluses: Biography of Tao Qian."

As for lending, among the people the practice of borrowing was known as putting-out obligation [*chuze*]⁹ or as raising a loan [*judai*]¹⁰ Such borrowing [287]

had always been based on personal credit, secured only with a tally or receipt. Once the receipt was destroyed, the obligation to repay was ended. There was also purchase on credit, which seems to have been rather common, especially in Liu-Song times.¹¹

The temples and monasteries of the Northern and Southern Dynasties were important sources of cred-

⁹*Liu-Song History*, 81, "Biography of Gu Kaizhi": "Chuo's private wealth was very abundant. Most of the people in the township were in debt to him. Whenever Kaizhi attempted to forbid this, he was unable to halt it. Later, in charge of Wu Commandery, he admonished Chuo, saying 'I have often forbidden you to put out obligations [*chuze*]. You must give thought to how the poor will have no place to live. There are several things people have not exhausted in their intercourse with you, and when I am in the commandery I will inspect them for you. In the future, how can you obtain them? Where are all the receipts?' Chuo was greatly pleased, and brought out all the receipts in a large chest to give to Kaizhi. Kaizhi burned them all up. Word spread far and near that those who had incurred obligations to the Third Lord need not repay them, because all the receipts had been burned. Chuo was full of remorse and sighed for days."

Northern Qi History, 11, "Biographies of the Six Princes of Emperor Wenxiang": "Prince Wu of Lanling, Changgong . . . was rewarded for his military accomplishments. He commissioned Jia Huwei to buy twenty concubines. Just one of them bore an obligation receipt for a thousand in gold. When near death, he burned them all."

¹⁰*Northern Qi History*, 22, "Biography of Li Yuanzhong": "His nature was humane and benevolent. . . His home was plain, and his wealth in real things. The people of his family had frequently engaged in raising loans [*judai*] in the township to seek profit. Yuanzhong burned each of the tallies, and excused people from their obligations. The people of the township much venerated him."

¹¹*Liu-Song History*, 61, "Biography of Yigong, Prince Wenxian of Jiangxia": "During the damping period, contributions of wealth were abundant, but often still insufficient to match expenditures. The masses' goods were bought on credit [*sheshi*]. If they lacked coins to make repayment, there were those among the people who made excuses for those who had sought coins. After they stated their case, they would revert to the original text."

Liu-Song History, 81, "Biography of Liu Xiuzhi": "Xiuzhi followed his uncle, Muzhi, to Danyang. . . He then bought goods from commoners on credit. When he did not return the coins, he was cursed on the streets."

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it. Most of the rulers and the members of the governing class then were Buddhists, and the temples and monasteries were not only numerous but prosperous. At first, because the ruling classes believed in Buddhism, their members used a wide variety of methods to support the temples and monks and nuns, so as to assure their good fortune in the future life. The monks and nuns received the privilege of avoiding taxes and labor service. This made it impossible for most people to compete with them, and allowed them to accumulate wealth easily.

Second, everyone from emperors and princes to commoners made contributions to the temples and monasteries.¹² Such contributions were sometimes in land and sometimes in coin.

For example, when the Northern Wei Emperor Xiaowen established the Dazhongxing Temple, he gave it 100 *qing* of paddy fields.¹³ Emperor Wu of Liang enslaved himself to the Tongtai Temple several times, and each time was ransomed by his high officials for 100 million cash.¹⁴ As a consequence

¹²*Southern Dynasties Buddhist Temples Record*, "The Ayu-wang Temple Buddhist Temple": "From the tatong era of Liang . . . to Emperor Xiaowu's taiyuan 9 . . . for sixteen years, Emperor Xiaowu raised the monks' temple by three stories. This had been begun by Emperor Wu of Liang. They first bored into the earth for four feet to obtain a dragon cave and the gold and silver bracelets, hairpins and various other precious articles which former men had given as alms. These were present to a depth of nine feet."

Southern Qi History, 38, "Biography of Ying Zhou": "The monks of the temples of Changsha were prosperous. They cast gold into the shape of dragons, and buried several thousand ounces in the earth. The story was handed down over time under the title of the yellow iron below, but no one had seen them until these dragons were taken to meet military expenses."

Southern Qi History, 41, "Biography of Zhang Rong": "Emperor Xiaowu began the Xin'an Temple. Officials gave many coins and much cloth to it as alms. Rong alone contributed 100 cash."

Southern Qi History, 53, "Biography of Yu Yuan": "Emperor Ming . . . used an old residence for the Xianggong Temple. The expense was great, and there was much extravagance. . . When the Grand Administrator of Xin'an, Chao Shangzhi, was dismissed from his commandery and returned to have audience, the Emperor said, 'Have you gone to the Xianggong Temple? I set up this temple as a way to gain great merit.' Turning aside, Yuan said 'Your Majesty founded this temple with the coins obtained by the masses through selling their children and making servants of their wives. If the Buddha were to learn of this, he would lament exceedingly. The guilt for this is as high as the Buddha's image. What merit can there be in it?'"

¹³*Mr. Shi's Comprehensive Mirror*, 5.

¹⁴*Liang History*, 3, "Emperor Wu," contains under datong

the temples and monasteries became great landlords and masters of wealth.

It is not hard to understand how the temples, having accumulated so much wealth, should have used it to make loans for profit. In ancient times, the temples of Babylon¹⁵ and Europe¹⁶ also engaged in this sort of activity. The power of the Church in Europe during the Middle Ages was sometimes greater than that of the state. It not only received voluntary contributions from all sides, it openly collected a tithe --a tax of one-tenth-- from the people. As a consequence the Church in Europe was a great landlord and master of wealth.

Third, the wealth of the temples and monasteries and their authority as creditors were extremely secure and dependable. The monks and nuns had proclaimed in many ways that their temples were places too holy to suffer intrusions, so that superstitious people would dare not pillage them of their wealth.

Nor would people dare repudiate their debts to the monks, since they believed that anyone who stole from a temple or repudiated a debt to it for as long as a day and a night would have to pay interest of 37 percent, that by the end of the next day and night interest would have to be paid on the accumulated interest as well as the principle, and that in his next incarnation he would become an ox or horse in retribution.¹⁷ One day as an ox would require 8 *wen*, one day as a horse would require 7 *wen*.

1: "The Imperial Carriage visited the Tongtai Temple where a great conclave was being held. There he enslaved himself, and the high officials used 100 million cash to redeem him." *Ibid.*, taqing 1, "3rd month, day gengzi. Emperor Gaozu visited the Tongtai Temple, where a great conclave was being held, and enslaved himself. The high officials paid 100 million cash to ransom him."

¹⁵Two thousand years B.C. the temples of Babylon engaged in the banking trade. A surviving clay tablet records a loan made by a female temple attendant. This tablet served as a kind of promissory note.

¹⁶The temples of ancient Rome carried on the gold smelting trade on behalf of private individuals. During the Middle Ages people in Europe frequently entrusted money to the church for safekeeping. Some of this money was in the form of deposits which could be withdrawn at any time. During the twelfth and thirteenth centuries the Order of Templars became a kind of churchly bank, carrying on a variety of banking activities.

¹⁷Chu Jiaxuan, *Firm Gourd Continued Collection*, 4, "Thieves Frequently Taking Coins": "Zhuang Chun said: If a thief keeps even a single cash for one day and one night, the interest is 37 percent. By the night of the second day, interest will begin to be taken on the interest, and in his next incarnation he will pay by becoming an ox or horse. Therefore it is said that one lifetime's ease causes ten-thousand *kalpas* of anguish. If you

Usury in goods had appeared even before Northern Wei had begun to mint coins. This was the result of the so-called monks'-peace grain. During the reign of Emperor Wencheng (452-465) people who contributed 60 *hu* of grain annually to the monks were permitted to become monks'-peace households, and the grain they contributed was called monks'-peace grain.

During bad years it was used for famine relief, and sometimes was put out at loan, to be repaid during years of good harvest. Later, however, these loans turned into a form of usury. Once loaned out, such money had to be repaid regardless of flood or drought. Sometimes the interest exceeded the principal, or it was transformed into receipt-certified indebtedness.¹⁸ This became a form of exploitation of debtors. Northern Wei temples and monks also safeguarded valuables for rich men.¹⁹

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Since the monetary economy of the Southern Dynasties was well developed, temple loans must have been very numerous.

Southern Dynasties temples have a special significance in the history of Chinese credit. They were the inventors of pawnbroking. Pawnbrokerage was China's earliest credit institution. Pawnbrokers extended credit to people in return for pledged collateral.

Though we cannot prove that temples were the creators of pawnbroking, the two earliest known pawnbrokers were both temples. One was Southern Qi's Zhaoti Temple. Chu Cheng once spent 11,000 cash at that temple to redeem Chu Yuan's white sable coverlet, which Emperor Taizu had given him.²⁰

yield up one *wen* of cash to the temple, one day and one night's length of good fortune are yours. The scriptures say that rebirth as an ox for a day repays 8 *wen*, as a horse for a day repays 7 *wen*."

¹⁸*Wei History*, 114, "Treatise on Relief for the Aged."

¹⁹*Ibid.*: "Prior to this, within a temple in Chang'an a monk was growing wheat, and an imperial attendant was pasturing his horses in the wheat. The Emperor [Taiwu] came in to observe the horses. The monk drank official wine, and followed the official into his residence, where the official saw a large bow, arrows and shield. Coming out, he memorialized on this. The Emperor angrily said that these were not things for a monk to use . . . and had his property inspected. Substantial wine-brewing vessels were found and goods deposited by local officials and rich men amounting to tens of thousands."

²⁰*Southern Qi History*, 23, "Biography of Chu Cheng": "At Yuan's death, Cheng took 11,000 cash to the Zhaoti Temple to redeem the white sable coverlet Emperor Taizu had given Yuan. The fur and its ribbons were ruined. He also redeemed Yuan's

The other was Southern Liang's Changsha Temple. A man once brought a bundle of ramie grass to that temple's treasury as collateral-pledge for a cash loan. When the time for redemption of the loan came, 5 ounces of gold were found inside the ramie bundle. This gold had also been pawned at that treasury by someone.²¹

We can see from this story that goods as expensive as gold garments and as cheap as bundles of ramie could serve as pledges, a very broad range. Perhaps pawnbroking arose before the Northern Dynasties, or was an imported institution, one which was brought in along with Buddhism.

Although pawnbroking has been excoriated down through the ages as exploitation of the poor, its practitioners have frequently advertised themselves as performing a charity. Even during later ages which openly took up the worship of money, and when ordinary shops could undisturbedly hang out signs reading "ten-thousand in profit," pawnshops still used elegant and stately expressions like "broad aid" or "generous peace" as part of their names.

During an age when Buddhism was flourishing, like the Northern and Southern Dynasties, it was natural to believe that pawnbroking had as its goal the relief of the poor. During the latter part of the European Middle Ages, the Church also carried on the loan-making business. Christianity nominally opposed making loans at interest, but churchmen engaged in various forms of surreptitious lending, lending grain, livestock and money. They claimed to be performing charity, saying that such loans enabled the poor to gain credit at low interest. In actuality, they were also displaying the spirit of usurious capitalist competition.

Sui unified the nation. With the Empire pacified, trade burgeoned. A variety of credit businesses spontaneously arose and flourished. According to the documentary sources, in addition to private lending²² there were also government organizations

which engaged in the extension of loans. These activities included the lending of funds held by public offices, or making loans at interest, or engaging in other activities to supplement the funds used by governmental organizations to make expenditures.²³

These loans differed in nature from the credit extended by Wang Mang. Wang Mang's credit operations and the lending of seeds and plow oxen to the people by governments down through the centuries were basically all relief measures. Though interest was sometimes charged, the government's goal was not to obtain a profit. The practice of taking interest for use of cash from public offices was, on the contrary, directed exclusively toward making a profit, and payment of salaries was dependent on the receipt of interest payments.

In kaihuang 14 (594)

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this practice was banned, but in 597 permission was again given to make loans with public funds, but not to do so for interest.²⁴

Emperor Wen: The Prince of Qinxiao, Jun": "[During the time of Emperor Gaozu] his heir, Jun, turned profligate, and broke the regulations. He put out money at interest, and the people and officials suffered from this."

²³*Sui History*, 46, "Biography of Su Xiaoci": "Prior to this, because there was not enough to meet expenses of the officials, a palace office was set up to receive interest on money. Xiaoci believed that competition between officials and people was not the way to prosperity, and sent up a request to abolish this office. He requested that officials be given office lands in proportion to their ranks. The Ruler approved of this." *Northern History*, 75, "Biography of Su Xiaoci" contains the same story.

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²⁴*Sui History*, 24, "Treatise on Food and Money": Kaihuang 8 ". . . Prior to this, capital officials and the prefectures were given public office cash. Upon its repayment, interest was taken to meet public needs. In kaihuang 14, 6th month, the Board of Works Master of Writing and the lord of Anping Commandery, Su Xiaozhi, suggested that in following this policy the officials were, as in the past, using public office cash to raise their own standard of living, and were only seeking after profit. They were disturbing the masses, and harming public morals. . . Thereupon he memorialized that all should be given land to farm, and that all taking of interest be banned. In kaihuang 17, 11th month, an edict allowed offices in the capital and external bureaus to use public office cash in the market, and for repayments to be used to raise living standards. Only the taking of interest was banned."

armored headdress and rhinoceros hide, and the yellow ox Yuan often rode."

²¹*Southern History*, 70, "Biography of Zhen Fachong": "A bundle of ramie had been brought to the Changsha Temple treasury as pledge for cash. Later, when the ramie was redeemed, inside the bundle was found 5 ounces of gold wrapped inside a handkerchief. Bin returned it to the temple treasury. Agitated, the monk said that recently a man had pledged this gold for cash, and at the proper time something had kept him from returning to redeem it. Because the customer had found and returned it, he was offered half the gold as reward. Though repeatedly urged to accept it, Bin stoutly refused to do so."

²²*Sui History*, 45, "Biographies of the Four Sons of