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4.3 Monetary Studies

1. Monetary Theory

There were a great many changes in the circulation of money during Tang. At the beginning of the dynasty a natural economy predominated. During mid-Tang there occurred a severe monetary depreciation, followed by a deflation. Near the end of the dynasty there was to a certain extent regression back to a natural economy. As a consequence of all these changes, there were quite a few opinions expressed on money.

From the early years right down through the kaiyuan era, domestic peace was maintained, commerce underwent development, and the quantity of money was evidently inadequate. Particularly because of the chaotic state of the coinage of the Northern and Southern Dynasties period, the greater proportion of the coins at the beginning of Tang were of insufficient size.

The monetary reform of wude 4 [621] abolished the use of these old coins, and put in their place the new Inaugural Circulating Treasures. The supply of money was to be entirely dependent on the new coin. Since this rendered the number of coins still fewer, a natural economy flourished.

The conferring of furnaces for minting coins on privileged people had not then been given up as a way of supplementing coin production. Those who paid attention to monetary questions often advocated the minting of coins, many on the basis of a somewhat bullionist point of view.

Chen Zi'ang (661-702) is an example of such a view. In his "Matters for the Benefit of the State" he wrote:

In my opinion, the mountains of Jiannan [roughly, modern Sichuan] contain much copper ore. If this is taken to cast coins, it may enrich the state. Now the mountains are all shut off. The officials have nothing with which to cast. Revenues for the army and state have contracted. This causes the public offices to be empty, private dwellings to be impoverished and mean, and the precious things of Heaven and Earth to be abandoned without consideration.¹

In kaiyuan 20 [732] because of the small number of coins, the authorities ordered the merchants and people in general to not exclusively use coins, but to also employ fine smooth silk, gauze, heavy silk, plain cloth and other commodities as money. But use of commodities as money suffered from a num-

ber of inconveniences, and in kaiyuan 22 [734] Zhang Jiuling (673-740) drafted for Emperor Xuanzong an "Imperial Message Allowing Private Casting of Coins,"² which opposed commodity moneys and advocated free coinage:

Cloth cannot be exchanged by the foot or inch. Grain may not be traded by the spoonful. Hence, when the ancients made coins, they used them to circulate commodities. [This decree and the texts of the contributions made by Zhang, Liu Zhi *et al* to the debate it tripped off in 734 are fully translated in Penelope A. Herbert, "A Debate in T'ang China on the State Monopoly on Casting Coin," *T'oung Pao*, LXII, 4-5 (1973), 253-292. Cf. also the translation in W. Vissering, *On Chinese Currency*. Leiden: Brill, 1867, p. 107.]

The last two characters in this quotation, *huobi*, still referred to commodities in general, and not money. Zhang Jiuling not only considered a monetary economy to be better than a natural economy,

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he also believed that too small a quantity of money would cause prices to be too low, and that this would affect production. For this reason, to maintain production it was necessary to raise commodity prices, and so it was necessary to increase the minting of coins:

Not long ago, tilling and weaving were the sources of wealth. Then, cheaper prices harmed these fundamental activities. Polished and cast objects, because fewer in number, became more expensive. Now, though the officials cast coins, what comes in does not amount to much. Though it is a basic principle to economize on labor, the expense of wages has become great. Among both public and private sectors, needs are not supplied, and people continually speak of the abuses. How can we not change the medium of circulation?

His method of changing the medium of circulation was to let the people cast coins privately:

Formerly, at the time of Emperor Wen of Han, there were orders permitting coining. Though not approved by Jia Yi, these measures were not rescinded by a virtuous ruler. From antiquity to the present, times and circumstances have changed. How can principles remain fixed, if they contravene the tenets of righteousness? If matters are kept restricted to the end, there is certain to be an insufficiency for use. And so I desire to not forbid private coinage. The various officials can discuss in detail the principles involved and

¹Collected Works of Chen Boyu, 1.

²Collected Works of Duke Zhang Wenxian of Qujiang (woodblock edition of Guangxu year renchen [1892]).

the arguments for and against them. His Majesty can personally observe these arguments, and choose the good advice to follow.

Opponents of this view were, however, very numerous. Neither Pei Yueqing nor Li Linfu approved of private coinage. Liu Zhi raised five reasons why it would be unsuitable:

The Former Kings aimed to protect objects of value, to watch over human affairs, and pacify All Under Heaven. Those measures which they used to mandate these things were called measures or standards. Standards caused some objects to be high and some low, rather than all being the same. Hence their giving was in the hands of the sovereign. Their taking away was in the hands of the sovereign. Enrichment was in the hands of the sovereign. . . . The use of this technique was the sovereign power of the ruler. The coins of the present day are simply the lower money of the ancients. If Your Majesty simply gives them up, and entrusts them to the people, then there will be no way for the superior to guard the inferior, or for the inferior to serve the superior. This is the first objection.

When goods are cheap, agriculture is harmed. When coins are light, then trade is harmed. Hence, those who would do good for the state keep watch over the prices of goods and the weight of the coins. If goods are in heavy demand, then coins will be lightly demanded. Light demand for coins is owing to goods [This should read "coins"] being numerous. If numerous, then methods should be devised to draw them in and render them fewer in number. If fewer, they will be more heavily demanded. If heavily demanded, then methods should be devised to distribute them, and cause them to be more lightly demanded. The basis of lightness and heaviness of demand must lie in this. How can it be hypocritically put off onto the people? This is the second objection.

In casting coins, if they are not adulterated with lead and iron, then there will not be profit. If adulterated with lead and iron, they will be bad. If bad things are not strictly banned, then evil will not be chastised and stopped. Moreover, even though we now block off the road to private coining, people still risk death to transgress against it. If we open up the source of such activity, can we expect people to follow the orders issued concerning it? This would be to dig a pit, and then entice people to fall into it. This is the third objection.

When you permit people to cast coins, if it is without profit, then people will not do it. If it is profitable, then masses of people will leave the fields of the south. If masses leave the fields of the south, then the sod will not be broken, and as a consequence cold and hunger will approach. This is the fourth objection.

Some people's wealth will be excessive, and thus it will not be possible to exhort them through the prospect of rewards. Some will be poor and hungry, and thus it will not be possible to awe them with prohibitions. As a consequence,

the laws will not be observed, and human rationality will be disjointed by both wealth and poverty. If assent is given to their casting of coins, then the poor will not be able to get by, and I fear that they will become still poorer, and be reduced to the status of servants in the households of the rich. The rich households will take advantage of this to become still more licentious. . . . If one insists on consenting to private coinage, this will give men a sovereign right to profit, and to abandon the state's authority. This is the fifth objection.³ [Cf. Vissering, pp. 109-112.]

Liu Zhi's five objections are not at all novel, being for the most part drawn from the *Guan Zi* and the theories of the Han Dynasty Legalists. He does not derive his objections to private coinage from the need for a unified monetary system, but from the need to uphold the ruler's monopoly of sovereign power. He regards money as an instrument of the ruler, and in this respect he is even more congruent with the Legalists.

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Hence he goes on to say:

Money, the spring, flows from on high. It may be used to equalize lightness and heaviness of demand, and to secure sovereign control over the primary and secondary activities. The Chief Minister of Qi [Guan Zhong. EHK] obtained this technique, and his state secured the hegemony. King Jing of Zhou lost the Way, and the people's use of it fell into abuses.⁴

He links private coining with production, and says that private coining will cause the gap between poor and rich to grow ever greater, because the poor will generally cast coins on behalf of the rich. In this respect he displays some sympathy for the poor.

Liu Zhi was also a quantity theorist. He believed in controlling the quantity of money so as to stabilize prices. He also raised the connection between the value of money and population size, something which his predecessors had not discussed:

The reason coins are in heavy demand is that the number of people has steadily increased as compared to before, and the furnaces have not increased over the old number.⁵

That is to say, if the quantity of money is unchanged, and population keeps on increasing, then the value of the money would increase. This clearly explains why the private coining during the first

³ *Old Tang History*, "Treatise on Food and Money."

⁴ "Request for Prohibition of Private Casting of Coins," *Literary Fragments of the Tang*.

⁵ *Old Tang History*, "Treatise on Food and Money."

century of Tang did not cause a large-scale rise in prices. It was because during this century the number of households had more than doubled. During zhenguan [627-50] there were no more than 3 million households. By kaiyuan 20 [732], their number had increased to 7,861,236. Naturally production also increased, and so still more money was needed.

It is worthy of note that during Tang, when a natural economy predominated, not many people openly advocated objectivism. Evidently, since they were actually living under the circumstances of a natural economy, everyone was aware of its inconveniences, and everyone hoped to use coins.

Du You (735-812) displayed such an attitude. In the chapter on money in his *Universal Statutes* he wrote:

The significance of the original establishment of coinage was truly deep and truly far-reaching. Of all the myriad of things, there is none which is without its quantity. Since they have quantity, then it is necessary to establish one thing to be their master.

He seems also to have believed money to have been the creation of the monarchs. He considered money to be a unit of account or unit of value used to measure the multitude of things. The word "quantity" as he uses it must not refer to the quantity of things, but to the quantity of value or units of value, because different things cannot be compared in terms of the number of their units, but only in terms of their quantity of value.

The usefulness of money lies in its ability to transform the multitude of things into quantities of the common substance, value, so that they may be compared. With this insight, he had elucidated a basic function of money, its function as a measure of value. Of course he did not indicate what the basis of that value was. He merely saw the need for a standard measure

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to serve as a basis for comparing otherwise incommensurate things.

He went on to discuss why China did not use gold and silver or grain and cloth as moneys, and had to use coins.

Gold and silver are engrossed for the making of utensils and ornaments. Grain and cloth suffer from the burden of being carried about and broken up. Only coins may be traded and circulated without obstruction, like a spring of water. If grain and cloth are used for exchange in the market, not only would bad practices result from the burden of their transport and fragility, it would also be difficult to use them by the grain and ounce or foot and inch.

Here he is simultaneously setting forth in a forceful way the superiority of manufactured money over commodity moneys, and is touching on another of money's basic functions, its function as a medium of circulation.

He seems to not even approve of the use of gold and silver, but that is because at that time China did not mint gold and silver into coins. Grain and cloth are unsuitable for use as money simply because of their inconvenience. The five grains are inconvenient to carry, and cloth is inconvenient to subdivide:

Du You probably wrote these words during zhenyuan [785-805]. In zhenyuan 12 the authorities ordered that fine smooth silk, gauze, heavy silk, plain cloth and other goods be used jointly with coins in making market exchanges. It was possibly only after seeing the defects of this form of barter economy that he wrote those words. Actually, a decree of kaiyuan 22 [734], 3rd month had already stated that "cloth may not be exchanged by the foot or inch; grain may not be traded by the spoonful." Perhaps Du You was merely reiterating these two phrases.

In Emperor Dezong's jianzhong 1 (780), the Double Tax was instituted, and thereafter various taxes had to be paid in cash. This ought to have greatly promoted the advance of a monetary economy, but as the supply of coins was inadequate and most coins flowed into the state's treasuries and were not allowed to flow out again, prices fell.

Rich men struggled to hoard coins, causing the markets to become still more constricted. The peasantry were obliged to sell off still more agricultural products before they would be able to pay the same amount of money in as tax.

At that point a number of men concerned with economic questions advocated the substitution of cloth for ready cash as part of their opposition to the Double Tax. Lu Zhi, Han Yu, Yang Yuling and Li Ao all expressed this view.

Lu Zhi expressed his attitude toward money in his "Second Essay on Equalizing and Moderating Taxes to Relieve the Masses."⁶ To begin with, he considered money to have been established for a definite purpose by the monarchs:

The Former Kings, fearing a failure of equity in prices would hinder exchange among the people, set up the rules for currency so as to regulate lightness and heaviness suitably. Accumulation and dispersal, relaxation and tension in the markets, were necessarily all derived from this. This is the great instrument for guarding wealth, and profiting the sovereign power of the state. Its preservation is in the hands

⁶ *Collected Works of Duke Lu Xuan*, 22.

of the officials, and it is not to be delegated to those below. Thus, grain and cloth are made by the people; coins are made by the officials. That which is made by the people should be taken in taxes. That which is made by the officials should be the form in which revenues are dispersed. This is clearly the logic of affairs.

He also states:

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The Sages of ancient times took the stores of value of the mountains and marshes to make the round and spade coin forms of treasure. For this reason the state monopolizes the profit from these things, and does not give them over to the people.

His reference to failure of equity in prices may be explained by noting that if there is no basis for comparing values, there will be no standard for making exchanges, but it may even more likely refer to an inverse relationship between price and value. That is, a large value having a low price, and something of small value having a high price. This too would be a failure of equity.

[If so, Lu Zhi would have been alluding to the "paradox of value" --e.g. the apparent fact that diamonds have a higher price than bread-- that so puzzled Adam Smith, and was not resolved until the "marginal revolution" in economic theory of the late nineteenth century showed that the *first* unit of bread a person acquires is actually valued higher by him than his first unit of diamonds, but because bread is so abundant, later units of bread are soon valued lower than diamonds. The failure to resolve this paradox has tended to discredit markets as unfair, and thereby justify interventions in the market both in China and the West. EHK]

Hence Lu Zhi believes money's fundamental function is to serve as a measure of value, and that to make profitable use of this function to carry out government's pricing policies would demonstrate the sovereign power to guard wealth.

How would the nation use money to regulate prices? Lu Zhi holds that it would do so by increasing or decreasing the quantity of money:

Goods are cheap because coins are few. If few in number, they are heavily demanded. If they are heavily demanded, then increase the number minted and distribute them, causing them to become lightly demanded. If goods are expensive, it is owing to an abundance of coins. If abundant, they are lightly demanded. If they are lightly demanded, then work out methods for gathering them in, causing them to become heavily demanded. The prices of goods are linked to the numbers of coins. The number of coins depends on the officials' constrictive or expansionary policies.

If the officials lose control, the initiative will fall to the

people. If the people do not get to cast coins, but are constrained by edicts to pay them in taxes, this will cause the poor to lose their property, and falsely assign their wealth to rich households. If the rich store up commodities, and usurp the sovereign right to circulate light or heavy coins, then below men will be placed in difficulties, and above they will usurp the means to profit. What we now suffer from is precisely this.

His words are virtually a repetition of those of Liu Zhi, but his statement that the prices of goods are linked to the numbers of coins is a classic example of the quantity theory. No previous quantity theorist had stated things so clearly or fundamentally. This is why he advocated minting coins and banning copper utensils:

Exploitation of the mountains for making coins ought to be sincerely encouraged, and use of copper for utensils should be rigorously banned. If such arrangements are maintained, then coins will no longer be so heavily demanded.

Another practice he opposed was payment of taxes in cash:

Why if people are forbidden to cast coins, should taxes be paid in coins?

If carried to its logical conclusion, this sentence would result in adoption of a natural economy, with each using what he had to exchange for what he lacked, since if the people did not mint coins and could not use them to pay taxes, they could not use them to buy goods either. In that case, the coins minted by the government would only be issued, and never collected. How could such coins circulate anywhere but within the ruling class?

[The government could and did itself market those commodities it had collected as taxes, but then it incurred the uncertainty caused by changing prices. EHK]

Nevertheless, this statement is representative of the ideas of that time. A great many people supposed that since the people did not mint coins, this was a reason to oppose the monetization of taxes.

Han Yu (768-824), in his "Petition on the Heavy Demand for Coins and Light Demand for Goods," offered a policy proposal for dealing with the constriction of money in circulation. He proposed several methods for handling the situation:⁷

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First, with regard to tribute in local products: The five grains, plain cloth and silk are what the peasants are capable

⁷ *Collected Works of Mr. Changli*, 37.

of providing, and the laborers are capable of making. The people cannot mint coins, and to have them sell their cloth and grain so as to pay the officials is to make goods still more cheap and coins still more expensive. Now, villages which produce plain cloth should pay their taxes entirely in plain cloth. Places that produce silk and various other commodities should pay their taxes in those commodities.

Places a hundred *li* from the capital would all put out hay; those 300 *li* away would use grain; those within 500 *li* along the Yellow and Wei Rivers could use them to transport their tribute in hay or grain, as they preferred. Thereby the people will turn increasingly to agriculture, coins will be increasingly lightly demanded, and grain and cloth will be increasingly heavily demanded.

Obviously this passage is directed against the Double Tax, and is colored by objectivism, but Han Yu is not an objectivist. He simultaneously advocated the payment of taxes in kind and the continued use of money:

Second, with regard to stopping up the cracks and not causing leakages: Forbid men from using copper for utensils. Forbid the casting of copper into Buddhist images and bells. Order capital punishment without mercy for all those who hoard copper in excess of a given weight, and who recast coins into other objects. Forbid export of coins beyond the Five Mountain Ranges. Use silver for all purchases and sales. All those who illegally export coins and transgress against the edicts in doing business, should be put to death. Allow men to carry old coins [back?] from beyond the frontiers. If all these things are done, then coins are certain to become more lightly demanded.

The phrase "use silver for all purchases and sales" is not very clear. If he was truly advocating the use of silver, he would have been the first in China to have done so. However, he does not go on to elaborate on this statement, and his main point was about minting coins, which is in contradiction with this statement about "using silver for all purchases and sales." Probably silver was substituted for "coins" as a copyist's error, and his meaning was: Pay taxes with goods; in doing business solely use coins. [It is also possible that he meant that *foreign* trade should be financed with silver rather than copper cash. EHK] This is because he not only did not advocate the abolition of coinage, he even called for carrying out a monetary depreciation to overcome the shortage of coins:

Third, increase their face value, causing one coin to be equal to five, and keep using old coins along with the new. The expense of casting a thousand coins has also been a thousand. Now the casting of a thousand coins will yield coins worth 5,000, and so more can be turned out.

Fourth, brave the impediments to make certain the procedures are established. Any procedure is bound to have impediments when first established. Now, if people are obliged to send in their local goods in payment of taxes, the prefectures and districts will lack ready cash, and if that is the case, and if grain and cloth are no longer heavily demanded, then there will not be enough to meet expenses, and officials' monthly salaries will be reduced. If one-third [of income] is devoted to minting coins, and the new coins are increased five-fold in face value, demand and supply will be matched, and the difficulties brought to an end.

There are some differences between his currency depreciation scheme and the usual sort of exploitative depreciations. His aim was merely to restore the prices of agricultural products. But he did not realize that restoring such a price would be misleading, like someone covering his ears while he steals a bell. Moreover, it could not be carried out anyway. In his plan to have the old coins continue in use along with the new ones, he is, of course, referring to having the new face-value 5 coins and the existing standard coins simultaneously in circulation. Since the two coins would be the same weight, the phenomenon of bad money driving out good would be bound to appear.

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The old coins would be melted down and recast into other objects, driving them out of circulation.

Liu Zongyuan (773-819) called for a policy of lowering prices:

If money is in heavy demand, then there will be profit. It may be asked, will this not harm agriculture? I reply, taxes will not be paid in coin, and the quantity of cloth paid will be regulated. Thus, agriculture will not be harmed. If coins were used, then more cloth would have to be sold off, and then there would be harm.⁸

Obviously, he is taking the standpoint of the consumer, and at the same time he also wants to protect the profitability of the tax-paying peasant household. By establishing a fixed amount of cloth [and perhaps varying the amount according to price levels. EHK] as the tax payment, he would avoid having the burden become excessively heavy.

When Emperor Muzong ascended the throne (820), all still felt that hardship was being caused by insufficient demand for goods and excessive demand for coins. When Emperor Muzong ordered the officials to devise a plan to deal with this, they unanimously advocated a strict prohibition on the man-

⁸Collected Works of Liu Hedong, 44, "Words Against the State, first part, Large Coins."

ufacture of copper utensils. Yang Yuling (753-830) then advocated letting the people pay taxes in cloth and local products, and not insist on collecting cash. In passing, he discussed the origins and functions of money:

The kings regulated coins so as to exercise sovereign control over the multitude of goods, and so that trade could move things from those who had them to those who did not. Unceasing exchange caused goods to be neither too expensive nor too cheap. The skill involved was none other's than the ruler's.⁹

This is almost identical to Lu Zhi's position, and is in line with the views of the Legalists.

The account in the *Comprehensive Mirror for Illumination of the Prince* differs somewhat, and is rather more detailed. This discussion was directed against the Double Tax. Yang Yuling said:

Coins are used to exercise sovereign control over the multitude of commodities, and so that trade could move things from those who had them to those that did not. They ought to flow and be dispersed. They ought not to be gathered in and hoarded. Now, when the masses are taxed, coins are amassed in the public offices. Moreover, during the kaiyuan era, there were in the Empire more than seventy furnaces for casting coins, with an annual income of one million. Now, there are only a dozen or so mints, with annual income of 150,000. Cash piles up in the mansions of the merchants, and flows into the hands of the external barbarians.

Prior to dali, in the trade of Ziqing, Taiyuan and Weibo, iron and lead coins were used intermixed with the regular coins. In the Lingnan, gold, silver, cinnabar and elephant tusks were all used. Now, these places all use coins. Given these facts, how could coins not be heavily demanded? How could goods not be lightly demanded? (*Comprehensive Mirror for Illumination of the Prince*, 242, "Annals of Tang," 58, Emperor Muzong, changqing 1.)

This passage includes his opinion of money's functions. He evidently emphasises money's two most important functions: its role as a measure of value and as a medium of circulation. He also clearly states the reasons why money was in greater demand than goods, and gives a theoretical reason for keeping money in circulation rather than in hoards.

Li Ao's "Petition for a Change in the Tax Law" was also written during this time. He too opposed the Double Tax, and also advocated use of cloth in place of coins. He says that prices then were much lower than forty years previously, when the Double Tax was first established. As a consequence peasants

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had to sell several times more grain and cloth before they could pay the same amount of tax. Hence, though the amount of the tax had not changed, the peasantry's actual burden had increased threefold. He wrote:

We press the fundamental activity into malpractices because we enforce excessive demand for coins on that which the masses depend upon for their livelihood. Coins are cast by the official bureaus. Grain and cloth are what the farmers put forth. Now we cause the farmers to sell their grain and plain cloth cheaply in exchange for coins to pay in to the officials. Is this not to turn things upside down, and to take from those who have not? Because of this, the rich households and great merchants all accumulate coins so as to drive up demand. Hence the farmers daily grow more straitened, and those who take up secondary occupations daily increase in number. . .

Now, it should be proclaimed to the Empire that, no matter how far or near, all are ordered not to use coins, and all are to pay [taxes] in cloth. All official bureaus in their payments and collections should be allowed to use plain cloth and silk of breadth not to exceed one *chi* nine *cun*, and of length no greater than forty *chi*. This would be a *chi* greater than at the beginning of the Double Tax.¹⁰

The thesis that because the masses did not cast coins they ought not to pay taxes in coin was quite current at that time. Bo Juyi (774-846) said the same thing. This phrase was often used as a pretext for opposing the use of coins, but in principle it cannot stand scrutiny. Its use merely proves that these people did not understand monetary questions.

They did not realize that under the circumstances of those times they ought to have reduced the tax rates rather than have reverted to a natural economy. Because they did not understand monetary questions, we cannot say that they were objectivists. They did not intend to abolish money except for the purpose of paying taxes. They advocated use of cloth as a temporary measure, as an expedient.

Pi Rixiu, who lived during the last half of the ninth century, was a nominalist. In his view, a good's price had nothing to do with its own nature, but was determined by the subjective will of the monarch, or by a law determined by this subjective will. In his "The Original Treasure"¹¹ he states:

The most precious goods are gold and jade. What men are most urgently in need of are grain and cloth. When a people

⁹New Tang History, "Treatise on Food and Money."

¹⁰Collected Works of Duke Li Wen (Library of Mao Jin edition), 9.

¹¹Master Pi's Anthology (Japanese edition of 1427), 3.

is starving, it requires grain to fill its stomachs. When a people is cold, it requires cloth to warm it. I have not heard of gold being able to cure famine, or of white jade being able to relieve cold. The people do not perversely make these expensive. Then from whence comes the preciousness of gold and jade? It is said that gold and jade were made precious by the Sage Kings of antiquity.

If we speak of them in such terms, then gold and jade are what the kings use. If those who make policy sent down their orders, saying: Gold and jade are not to be hoarded in the people's households, and those who hoard them, will be subject to the criminal law, then the people will not hoard them. If the law is so arranged, then the people are certain to value grain and plain cloth, and gold and jade will disappear. Under these circumstances, even if you wished that the men would not plow and the women would not weave, how could you get them to abstain from these activities?

The word *huobi* apparently took on its modern meaning of "money" during Tang. In fact the two characters *huo* and *bi* were rarely used together as one word before Tang. When *huo* and *bi* first appeared, they had no definite meaning. Sometimes they referred to commodities, sometimes to money.

At the beginning of Tang, Zhang Jiuling [374]

wrote "the ancients made coins to circulate *huobi*." Here *huobi* evidently still alludes to commodities, but the two characters were already being used together as a noun.

By the ninth century, Yuan Zhen (779-831) said "from the mountain ranges south, they use gold and silver as *huobi*."¹² Here *huobi* had taken on its modern meaning. This noun's evolution clearly illustrates the evolution of money itself. It shows that money evolved out of commodities.

Because of the monetary contraction of the yuanhe period [806-21], and the hoarding of coins by rich families, people were deeply impressed with the necessity of keeping money in circulation. They understood that money in dead storage did not produce any effect. The prohibition on storing up coins during Emperor Xianzong's time was determined on the basis of this understanding. In yuanhe 3 (808), an edict stated:

The law of money and goods requires that they circulate. If coins are stopped up, then goods must become increasingly cheap.¹³

In yuanhe 12, there was another edict:

In recent days, cloth has become lightly demanded, and coins have gradually lessened in number. They have all been drawn in and stopped up, and have not gotten to circulate.¹⁴

The principle which underlay these edicts was that money's usefulness only appeared when it was in circulation. If a piece of money was in dead storage in a household, for all practical purposes this money did not exist. If it circulated a number of times, that was the equivalent of having rather more money.

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2. Monetary History

The *Sui History* and *Jin History*, which were compiled at the beginning of Tang, each contained a "Treatise on Food and Money." The one in the *Jin History* consisted of one *juan* divided into three subsections. The first two subsections discuss general economic questions, including monetary matters. The third subsection is solely devoted to monetary history.

It takes up where Ban Gu's "Treatise on Food and Money" leaves off, beginning with Gongsun Shu [d. 36 A.D.] and continuing right up to the Eastern Jin Emperor An's yuanxing period [402].

In all, however, it only contains 1,792 characters. It includes the comments of Zhang Lin, Liu Tao and Kong Linzhi, but there is very little historical material truly concerned with money. There is hardly a word about the monetary system of Western Jin. It merely mentions that Jin used the Five-grainer set up by Emperor Ming of Wei. For Eastern Jin, it simply records that the old coins of the Sun dynasty of Wu were used, and that coins of three denominations of weight were used.

The "Treatise on Food and Money" in the *Sui History* has three subsections dealing with money, for a total of 1,200-1,300 characters. It deals with the Northern and Southern Dynasties as well as with Sui, but is not complete. Of the Southern Dynasties, it deals only with Liang and Chen, and of the Northern Dynasties, only with Northern Qi and Northern Zhou. This method of composition is very odd. There is something to be said for its omission of Northern Wei, because there is a *Wei History*, but its omission of Song and Qi among the Southern Dynasties constitutes a real gap, particularly since the *Jin History* was written at about the same time,

¹²Mr. Yuan's *Changqing Collection*, 34, "Recommendations on Coins and Goods."

¹³*Old Tang History*, "Treatise on Food and Money."

¹⁴*Old Tang History*, "Treatise on Food and Money."

and the *Sui History* logically ought to have taken up where the *Jin History* left off.

The *Jin History* and *Sui History* aimed at restoring the *Historical Records* and *Han History* tradition of making the treatise on food and money a part of history, and including within it monetary history, but they were only able to remain in the old rut. They were unable to develop the genre further, and their contents were too abbreviated.

Du You's (735-812) *Universal Statutes* was the first work to evolve further. Previous histories had been narratives focusing on individual men. The various systems of statutes had all been associated with particular men. This caused later generations of scholars specializing in history considerable trouble to correct. Du You created a new form of history, one which took systems of statutes as their subject, and gathered historical materials of similar nature into one place. This undoubtedly performed a great work of organization for later historians.

The "Food and Money" section of the *Universal Statutes* has twelve *juan*. "Coins" occupies two *juan*, totaling 13-14,000 characters. The first *juan* is divided into seven sections: 1. General discussion, 2. The Zhou System, 3. The Qin System, 4. Former Han, 5. Latter Han, 6.

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Wei, 7. Jin. The second *juan* is divided into nine sections: 1. Song, 2. Qi, 3. Liang, 4. Chen, 5. Latter Wei, 6. Northern Qi, 7. Latter Zhou, 8. Sui, 9. Tang.

It should be pointed out that the title "Coins" refers to money in general, and not to the way the word coin is used in the Chinese word for numismatics [literally "study of coins." EHK], since the author was basing his account on documentary materials, and not on the actual coins themselves. The work goes from the origin of coins to the Tang Dynasty Qianyuan Heavy Treasure coins.

Obviously it is a comprehensive history, and is China's first organized and relatively complete monetary history. For the period prior to Qin and Han it borrows its material entirely from the "Treatise on Food and Money" in the *Han History*, including the Nine Offices Round System of Duke Tai and the Large Coin Treasure Money of King Jing of Zhou. It also quotes the *Guan Zi* on the casting of money by Tang and Yu, and the *Historical Records* on the story of King Zhuang of Chu changing small coins into large coins. All of this material is suspect.

For the monetary history of Qin and Han, it bases itself on the *Han History*'s "Treatise on Food and Money," but with some supplementary material taken from the "Basic Annals" and "Biographies" sections of the *Han History*. For example, the Eight-grainer of year 2 of Empress Gao and the Five-fen

of her year 6 are not mentioned in the "Treatise on Food and Money" of the *Han History*, but the *Universal Statutes* includes both.

Materials on the Latter Han, Wei and Jin are copied from the *Jin History* "Treatise on Food and Money." Material on Liu-Song and Xiao-Qi were taken over from the *Liu-Song History* and *Qi History* biographies sections. Northern Wei material comes from the *Wei History*, and the rest from the *Sui History*, "Treatise on Food and Money." Only the material on Tang is original.

Therefore, Du You's contribution lay in assembling past materials concerning monetary history, editing them, and arranging them chronologically by dynasty. His work can only be said to be a compendium of historical materials, rather than a work of original composition.

It is unreasonable for later historians to judge the *Historical Records* and *Han History* solely as universal and particular period histories. Given the limitations of the the chronological narrative style of history prevalent during ancient times, if all historians had written universal histories, their work would have had little value if they had not copied material from their predecessors.

Liu Xun [?] (887-946) of Latter Jin had a two *juan* "Treatise on Food and Money" in his *Tang History*. Included within it was a subsection on the history of the Tang Dynasty's money, totaling 5,277 characters. It begins with the abolition of the Five-grainer and its replacement by the Inaugural Circulating Treasure in wude 4, 7th month [621] and stops with the new Inaugural coins of huichang 6 [846]. It is somewhat more detailed than the *Universal Statutes*.

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3. Numismatics

There were no notable accomplishments in numismatics during the Tang Dynasty. It was not until the Five Dynasties that much of importance was written, but unfortunately none of those works have survived.

The undeveloped state of numismatics during the Tang is easily explainable as a consequence of the extreme simplicity of the Tang Dynasty monetary system. Except during the period of the An-Shi disorders, the Inaugural coins were in use from beginning to end of the dynasty, and so coins were unable to evoke people's interest.

There were only two works on money during Tang. One is Zhang Yue's (667-730) *Coin Compen-*

dium in two *juan*, mentioned without description of its contents in *Universal Record*, "Outline of Literature. The other is Feng Yan's *Coin Catalog Continued* in one *juan*, mentioned in the *New Tang History*'s "Treatise on Literary Works." It was supposed to be a continuation of *Gu Xuan's Coin Catalog*.

Feng Yan was a metropolitan graduate of the last part of the tianbao period [742-56], and was a district magistrate during the dali period [766-80]. During the reign of Emperor Dezong he achieved the position of Palace Assistant Imperial Secretary.¹ The *Coin Catalog Continued* is no longer extant. Hong Zun's *Record of Coins* quotes someone named Feng, and this might be Feng Yan, but the *Record of Coins* only cites five items from him:

One is a Three-grainer, actually one of the variant forms of the Half-ouncer. He says the character *liang* (ounce) follows the numeral ten and not the character for man; that below the hole are three perpendicular strokes; and that it weighed 3 grains. Obviously this Mr. Feng had never seen a genuine Three-grainer coin.

The second is a *yao*^a coin, with an inscription reading "value ten." This is one of Wang Mang's Spring coins.

The third is a Value-hundred Five-grainer, and is classified among those of unknown date.

The fourth is what *Gu Xuan's Coin Catalog* calls a "Center King Coin" from among the Palace Vestment Repository coins. Probably this is a market town treasury coin or a coin commemorating the opening of a mint.

The fifth is the so-called Lord Prefect's Hundred Furnaces cash. In the notes to Luo Bi's *History of the Circuits*, Feng Yan is quoted on the so-called Gaoyang money as saying that the obverse bears tadpole script.² From this we may judge that Feng's knowledge of coins was not broad, nor was his research deep.

Hong Zun's *Record of Coins* refers to two other men: One named Xu, and a Dun Su. Since the coins they cite are all Tang or pre-Tang coins, they must have been men of the Tang era. No details about them can be discovered.

There was a Xu Xuan (916-991),³ and the *Record of Coins* cites Xu Xuan's *Investigation of Spirits Record*, but I do not know if they are the same per-

son. However, the person cited under the family name Xu in the *Record of Coins* deals almost entirely with foreign coins, aside from a Bright Moon coin, a Large Money Six-grainer, a Yongguang and a Five-metal. The entries are very vague, as for example references to the coins of countries like He,^b Kang,^c Bahan,^d Wutuo^e and Tufan.^f Much the same is true of Dun Su, but he mentions a Two-zi (erroneously written

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[] instead of [],^h and a *yuan* ([],ⁱ erroneously written as [j]). Previous writers had not mentioned these.

By Five Dynasties times, coinage systems had become more complex, which provided a profitable precondition for the development of numismatics.

Zhang Tai's *Register of Coins* in one *juan*⁴ is a relatively important work. The old histories say Zhang Tai lived during Tang, but as he refers to the Hunan Ma Chu coins, he must date to the Five Dynasties. The *Record of Coins* cites 28 items from him. He had personally examined coins from as early as pre-Qin spade coins down to the Tianci Fubao of Ma Yin of Chu, and the great majority of them were coins in formal use. Though he did not understand some of the inscriptions, he transcribed them faithfully.

For example, there is an unusual spade coin, the inscription on the back of which can be determined from his transcription to read "An-city Two-ax." He was able to fix the origin of the Value-hundred Five-grainer from the region where they had been discovered. He wrote "This coin is now most frequently found from Ba and Shu down to the Xiang and Han region. There can be no doubt that this reflects their place of origin." This shows that his methods were scientific. His *Register of Coins* must have been illustrated, because in the item on Han knives (i.e. the Gold-inlaid-knife) he writes "I have a coin like this illustration." He provides a comprehensive discussion of the various Five-grainers.

In addition, he was the first to mention the dali and jianzhong coins, and to recognize that the jianzhong coins had not been put into circulation. He also thought these were the tutenag large coins that Zhao Zan had devised, though he was in error on this point.

The largest number of items cited by Hong Zun's *Record of Coins*, more than sixty items, are from an old catalog, the name of which is not given. Hong Zun refers to Mr. Feng and Dun Su by name, so this old catalog cannot be one of their coin catalogs. On these occasions he must, therefore, be

¹Lu Jianceng, preface to *Notes of Things Seen and Heard* by Mr. Feng.

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²*History of the Circuits*, latter record, 8 (Sibu beiyao edition from the Zhonghua shuju), p. 102.

³Cf. *Complete Investigation of Monetary Springs*.

⁴Cf. *Song History*, "Treatise on Literary Works."

referring to some other work.

The material cited from it ranges from pre-Qin knife and spade coins, and ring coins down to the Tang Dynasty Xiantong Mysterious Treasure. This is the earliest citation of the Xiantong coins, which are not mentioned in the general histories. It also gives a very detailed account of the Huichang Inaugurals, calling them the new Inaugural coins. It does not avoid the Tang taboo words, so its author did not live during Tang times, but rather during Five Dynasties.⁵

This old catalog puts especially heavy emphasis on the inscriptions on and weights of coins, and these are the two most important points for numismatics. Concerning the Two-grainer, however, it says "the inscription reads 2 grains," which shows that it is relying on hearsay about that coin. All the other descriptions seem to be based on personal inspections of the coins, as, for example the one-*wen* coin (i.e. the character *yuan*¹ ring coin) and the four curved line coins and knife and spade coins. Though he could not identify these coins, he had actually handled them. The old catalog also seems to have been illustrated.⁶

⁵*Dong You's Coin Catalog*, in its "Spade Coins" section, quotes a Mr. Shi^k saying something nearly identical to the statements Hong Zun's *Record of Coins* attributes to the old catalog. Perhaps the old catalog was the one written by Shi.

⁶Cf. *Record of Coins*, "Large-spring-equals-thousand" item.

2 么 b 何 c 康 d 拔汗 e 屋馬犬
 f 吐蕃 g 魯 h 益 i 垣 j 一文
 k 石