

[535]

5.4 Credit and Credit Institutions

Most historians consider Song to have been clearly better developed than Tang in terms of both production and circulation of commodities. In actual fact, this would seem to have been the case. If we believe that the quantity of money is a reflection of the quantity of commodities in circulation, that would be further evidence for this conclusion.

Nevertheless, credit and credit institutions were not developed as well as other aspects of the Song economy. Song Dynasty credit and credit institutions were basically little changed from Tang's, except that the financial center moved from Chang'an to Bianjing [Kaifeng], and then to Lin'an [Hangzhou].

Loans were still divided into unsecured and secured categories. Unsecured loans were called loans-at-interest-cash [*daixiqian*],¹ putting-out-seed-capital [*chuzibenqian*],² credit sales [*shefang*],³ call loans [*chengdai*]⁴ and sometimes by the old term putting-

out-for-rise [*chuju*].⁵ Interest rates were generally lower than during Tang, and the amount of interest was not supposed to exceed the amount of the principle. This was mainly because the quantity of money during Song was large, and credit was easy to obtain.

The Market Exchange and Green Shoots systems established by Wang Anshi during Emperor Shen-zong's xining period [1068-78] were both government loan schemes.

Market Exchange was a kind of secured credit. When people took out a loan from the local authorities, they put up fields and houses or metal and cloth as security. If they could offer no security, they had to have three guarantors. Annual interest was 20 percent. If interest was not paid on time, there was a penalty of 2 percent per month. This was also called the Guaranteed Loan System [*baodai*].⁶

Within a few years, it had added up to 10,000."

Record of Barbarian Strength, Collection A, latter part,

"The Land of the Sage of Wealth": "A clerk of Kong Mu of Jianchang, a man named Fan Xun, was acquiring a wife for his son, and borrowed 10 Thousands from the Elder of the Sage of Wealth Temple. After 20 years, when the monk had died, Xun repaid the loan, and as a consequence forfeited his reward."

⁵*Song History*, 331, "Biography of Chen Shunyu." In xining 3 he sent up a communication impeaching himself, which said: "Among the people there is putting-out-at-rise of wealth and goods, for which interest heavier than double is taken. It is contracted to be repaid in strings of cash, but grain, cloth, fish, salt, firewood, plows and axes are also taken."

⁶*Song History*, 327, "Biography of Wang Anshi." *Song History*, 186, "Treatise on Food and Money," latter part, 8, "Market Exchange," xining 5: "If they wish to market it with the officials, then their security will be measured, and they will be loaned cash, with the responsibility to repay it within the term set. For half a year they pay interest of 10 percent, and twice this for a full year." In yuanfeng 3, "9th month, Wang Juqing then said there are three ways of handling Market Exchange: The first is to have a guarantor for the loan. The second is to put up gold or silver as security. The third is to sell off goods. Of the three, only the use of guarantors has long been practiced. Those bearing losses as a consequence have become increasingly numerous."

Song History, 355, "Biography of Lü Jiawen": "The next year, Anshi again served as chief minister . . . and those who spoke said that the harm from the Market Exchange regulations was being felt throughout the Empire. No thought was being paid to the 12 million strings of capital. The interest rate was 20 percent. During some 15 years, the interest should have multiplied the capital several fold, but now there was only the original amount of capital. When goods are bought by the officials, they are not resold, and they take the original interest payments as

¹*Jade Jar Informal History*, 5: "Wenjing Duke Li Hang was at first in charge of the system of grants. Emperor Taizong knew of his poverty, that he was much burdened by interest cash, and said 'When Hang first took over his post, his salary did not amount to much, not even enough to feed his family. How could I neglect to reward him?' He gave him a special reward of 1.3 million."

²*Record of Barbarian Strength*, Collection C, first part, "Xu Six the Good": "A townsman named Xu Six from the southern part of Huzhou originally made his living selling smartweed cakes. People called him Xu Embankment-cake. He made a rather handsome daily profit. Because he put out seed capital in the villages and hamlets to those who had emergency shortages of funds, he got more from interest than from his original business, and his family business gradually advanced. . . . In qiandao 6, he sickened and died."

³*Record of Barbarian Strength*, Collection H, first part, "The Daoist Zhang Eight's Dog": "Lord Zhang Eight . . . called himself a Daoist, and relied solely on credit sales of rice and millet to take interest for support of his family. Every year he would set up an account book, and when he made a loan, would write it down. When he was repaid, he would check it off. In nearby villages his rule was to lend 500 cash for 2 dou 5 sheng of wheat."

⁴*Record of Barbarian Strength*, Collection D, latter part, "The Woman Zhou of Jiancheng": "Amidst the jangling of traffic, I happened to run into Ge Wang's son. He had grown rich in finance. He lost extensively in gambling with Wu [Gongzuo]. Wu began with only a thousand cash, but won every throw of the dice. By curfew time he had won 700 strings, and Ge could not pay up. The next day they battled again, and within the twelve hours of the day, he got ten times more than before. At first, in a pawnshop, he took a call loan from an army soldier.

The Green Shoots regulations constituted a form of agricultural credit, with loans made in Spring, and repayment made in Autumn. The interest rate was 20 percent over the term of the loan, or 40 percent on an annual basis. The goals of the policy were first to mobilize agricultural finances, and second to increase government income, but the measure endured fierce attacks from the opposing faction. Han Qi said that the interest rate was twice the level specified in the *Rituals of Zhou*.⁷

their own reward."

Investigation of Literary Remains, "Investigation of Market Grain Purchases": "An edict of yuanfeng 2 proclaimed the old Market Exchange regulations, and allowed people to borrow cash using fields and houses or gold and silver as security. Those without security had to have three guarantors before being granted a loan. All loans had to pay interest of 20 percent. If not repaid by the deadline, a penalty of 2 percent per month over and above the interest was levied."

⁷*Song History*, 15, "Annals of Emperor Shenzong, 2," xining 3, 1st month: "There was an edict to the various circuits to distribute Green Shoots cash."

Wei Tai, *Eastern Porch Jottings*, 4: "When Duke Wang Jing was serving the state, he first recommended establishment of the Ever-Normal cash. The common people were tending to be impoverished during the time before the green shoots of the five grains could mature. If cash were lent to families jointly, it would be certain to yield interest of five fold. The officials thereupon extended their claws to request cash. Interest of 20 percent was charged. This would aid the poor commoners, and open the path to cooperation. The plan was popularly called Green Shoots Cash. Fan Zhen was a Hanlin Academician and in charge of the office for receiving silver. He reviled this policy, saying that, as during the jianzhong period, they were taxing the green shoots right in the fields."

Song History, 176, "Treatise on Food and Money," first part, 4, "Ever Normal and Righteous Granaries": "Su Che declined office from Daming and sent up a letter. He was called to audience . . . Anshi took out the Green Shoots regulations to show him. He said that 'to lend cash to the people at an interest rate of 20 percent is basically not profitable. During the interval between putting out the loans and collecting them, the clerks will engage in corrupt practices, and no matter what the regulations, it will not be possible to stop them. When the coins enter the people's hands, even though they may be good people, they will not be able to avoid unreasonable expenditures. When the time comes to repay the money, even though they be well-to-do, they will not be able to avoid missing the deadlines.'

"Han Qi said: 'Now they are lending Green Shoots cash. Every Spring they borrow 10 Thousands, and within half a year they are ordered to pay back 2 Thousands in interest, along with the original 10 Thousands in the Autumn. By the end of the year, they are ordered to pay another 2 Thousands in interest. Thus, someone who borrows 10,000 cash, whether he is close

Actually, the rate of interest among the people was even higher than this. In addition to generally well-off merchants, commoners who lent money quite commonly included monks, who were probably still rather wealthy then.

The Market Exchange regulations were still present during Southern Song, but their nature then was somewhat different. A Market Exchange Authority was reestablished in shaoxing 4, but only lent cash in the market at an interest rate of 30 percent.

The government's agricultural credit was not limited to Green Shoots cash. The garrison fields could also obtain agricultural

[536]

loans. All official fields or deserted fields were formed into manors of 5 *qing* in area. Common people were recruited as tenants, with 5 families, making up one *bao* unit, jointly renting one manor. Five oxen were granted to each manor, along with plows and harrows to go with them. In addition, 10 *mu* were assigned as garden plots. Seventy Thousands of cash were lent for five year terms. This occurred during shaoxing 6 [1136].⁸

For secured loans, there were only pawn shops. During Song these were still called *zhiku*,⁹ or *zhisi*.¹⁰ The pledging of an item was called mortgaging [*dian*] or mortgaging substance [*dianzhi*].¹¹ The

by or far away, must put out interest of 4,000 per year. The *Rituals of Zhou* states that even the most distant places were to pay only 2,000 in interest. The interest the Green Shoots is now taking is twice that specified by the *Rituals of Zhou*."

"Wen Yanbo also said several times that it would not do. the Emperor replied, 'We

[540]

sent two eunuchs to inquire among the people, and both said it was very suitable.' Yanbo rejoined, 'Han Qi, who served as minister during three reigns, you do not believe, and yet you believe two eunuchs?'

"Sima Guang said, 'The paying out of interest for Green Shoots, if done by commoners of middling status, is still capable of consuming their food. For households of lower status, it can drive them to starvation and flight. Moreover, will district officials observe the regulations?' . . . Ouyang Xiu added to Han Qi's remarks on the harm caused by the Green Shoots."

⁸*Song History*, 176, "Garrison Fields."

⁹*Flowery Dreams of the Eastern Capital*, 5, "Popular Customs": "Zhiku business involves taking in black shirts, horns, belts, hats not worn, etc." *Record of a Dream of Liang*, 18, "Popular Customs": "The *zhiku* business involves turbans, black shirts, horns and belts."

¹⁰Cf. note 4, first item.

¹¹*Record of Strengthening Barbarians*, Collection D, first part, "Wu Shengjiu": "In the Spring of shaoxing 2, a Zhuji commoner, Wu Shengjiu, was going to plant his paddy field. He

institution was also sometimes called release-treasury [*jieku*].¹² It is said that northerners called it *jieku* and southerners called it *zhiku*. Song writers say that this had been the case since the Southern Dynasties.¹³ Prior to Song, however, the word *jieku* is rarely encountered. Most of those run by temples were called long-life treasuries [*changshengku*].¹⁴ There were several dozen pawn shops [*zhiku*] in and outside of Hangzhou during Southern Song. Their receipts were reckoned in the tens of millions.¹⁵

borrowed from his mother the black silk long robe which she had embroidered, and said, "Tomorrow I must mortgage [*dian*] this for cash so as to hire and feed laborers to do the planting."

Record of Strengthening Barbarians, Collection E, first part, "Wang Yanmo's Wife": "In year shaoxing guihai, Liang Qidao was an Expectant Executive residing in Fanyang's Miaoguo Temple. He had a business relationship with Wang Yanmo. Those in charge put his wife and child in the back of the temple to serve as mortgage substance [*dianzhi*] for the interest."

¹²*Stories from the Newly Edited Five Dynasties History*: "Murong Sanlang, the Daoist, did not say much. There is a common saying that if you fall down, you gain some convenience; if you experience something, you extend your knowledge. In former times, he was degenerate, and was driven out by me. Now he seemed to have become reliable, and was different than previously. So I had him take this cash [30 strings] to pay for food, to see what he would do. If he could accomplish this task and return, I would give him 300 or 500 strings to open a *jieku* and get hold of some good food. How could he not have hurried." (*Stories from the Han History*.)

¹³Wu Ceng, *Loose Record of the Ability to Change Studio* (written during the shaoxing era), 1, "Putting Goods in Pawn for Cash in a *Jieku*": "Northerners call pawning goods for cash *jieku*. Southerners call it *zhiku*. This has been the case since the Southern Dynasties."

¹⁴*Record of Barbarian Strength*, Collection J, latter part, "The Man of Xuqian Mountain": "In the Lohan Hall of the Yongning Monastery, a group of youths gathered, assembled some capital, and began a *zhiku*. They saved their interest earnings to buy ordination certificates. They called it a *changshengku*. In various cities on the frontier, without considering the laws of abstinence, they all did this. In the course of their administration, the monks of the Hall selected acolytes who understood and enjoyed having such things pass through their hands. In qingyuan 3, 4th month, 29th day, they set up a monthly register to record the items obtained. Because of the loss of a single gold hairpin, they locked things up in a cupboard so they could not be gotten. They were overjoyed by poverty."

¹⁵*Record of a Dream of Liang*, 13, "Shop Mats: Understanding Ghosts: Zhou Bao": "During the chunxi period, a carpenter named Zhou Bao . . . was going around West Lake. As he passed Chi Mountain he saw a soldier trying to redeem his pawned clothing from a pawnshop. Of the required 10 strings of cash, he lacked 6 cash, but the proprietor insisted on the full

During Five Dynasties and early Song, 300-500 strings of cash were sufficient to open a pawnshop.¹⁶ As to whether unsecured loans were made as well as loans secured by pledges, we cannot tell, but for the proprietors of such establishments to have also made such loans would have been perfectly natural.¹⁷ The informal histories [i.e. collections of fictive stories. EHK] vividly describe business activities by Lin'an pawn shops which came very close to being business speculation.¹⁸

Deposit was still not very well developed. Particularly under the conditions imposed by Southern Song's wartime disorder and currency inflation, people not only were careful of their monetary wealth, they wanted even more to preserve its liquidity. Gold, silver and coins were mostly kept in hoards.¹⁹ When someone bought a house, if the grounds had not already been excavated, then in addition to the price of the house, the buyer also had to pay "excavation cash."²⁰ Evidently, hoards were quite common.

amount. The two were cursing each other. Bao was going to redeem it for the soldier, but when he looked in his purse, there were only 5 cash to give him, and the proprietor still insisted on getting that last single cash." (*Old Stories*, Collection D, 3.)

¹⁶Cf. note 12.

¹⁷Cf. note 4.

¹⁸*Record of Guests' Departures*, 9, quoting *Record of Barbarian Strength*, Collection E: "Pei Laozhi several times spoke of the great fires of shaoxing 10, 7th month in Lin'an, which burned up several tens of thousands of houses inside and outside of the city. In the ward where Pei lived he had pawnshops, gold and gem emporia. He paid no attention to these, but had his servants go down the river to Xu village, and himself went out the north gate. Wherever they encountered houses with bamboo, timber, bricks, tiles, reeds, beams and rafters, no matter what their number or size, they were to buy them at the normal price. The next day there was an edict removing the tax on bamboo and timber and other such materials. People inside the city rebuilding their houses took all the stuff off his hands, and Pei obtained a profit several times his losses in the fire."

¹⁹Hong Mai, *Five Pens of the Leisure Studio*. Li Zhong of Beizhou's ". . . wife asked what they had to live off, and he replied, 'I have a crow-black horse and also several tablets of silver buried under the east window. . . . When she examined the place, all was as he had said.'" This happened during the dazhong/xiangfu period. (*Old Stories*, Collection D, 4.)

²⁰Zhang Shinan, *Things Heard by a Travelling Eunuch*, "Zhang Wenxiao": "There was much buried in the house lots inside Luo. Anyone erecting a house on land which had not been dug up, paid out excavation cash. The Left Executive, Zhang Wenxiao, began by paying several thousand strings of cash to buy a big mansion in Luo. The price had already been fixed

Counting houses were still present during Song, but their nature remains hard to grasp. During Tang, the counting house was connected with the deposit of cash or its protection, but we cannot discern such a connection from the Song sources.

The text of an early Song edict of chunhua 2 [991], mentions the unreliable classes in the capital who gather broadly like rushes, who open counting houses, butcher cattle, horses, donkeys and dogs to eat, and recast coins into various utensils.²¹ It would

when a very great additional amount was demanded as excavation cash. Wenxiao insisted on obtaining the site. He repeatedly increased his offer until it reached more than a thousand strings. Everyone thought he was wasting his money senselessly. But when construction began, they found a box in the ground one picul in size. . . . and when they opened the box there were several hundred ounces of gold in it. The value of the gold was equal to the purchase price of the mansion. Even if one includes the excavation cash, he was not out a single cash."

[541]

²¹*Comprehensive Mirror for Illumination of the Prince, Long Draft, Continued*, 31, Emperor Taizong, chunhua 2, intercalated 2nd month, yichou, edict: "The class of those in the capital city who have nothing to depend on, gather broadly like rushes. They open counting houses, butcher cattle, horses, donkeys and dogs to eat, and melt down and recast copper coins into utensils for various uses. Kaifeng prefecture is ordered to guard the ward markets and arrest them. Perpetrators are to be executed if they do not take heed. Residents who rent quarters to evildoers to use as counting houses will be considered equally guilty."

Complete Collection of Household Necessities, Collection H, "Administering the Nine Requirements: Fifth Prohibition": "The district office has fixed on the following as activities which may be prohibited: gambling for cash and goods, persistently throwing dice, smashing and buying demons, double-six, elephant chess, reeds, digging boards, opening and inspecting counting houses, helping idlers, smashing good people's homes and turning bandit because of extreme poverty."

Zhou Mi, *Old Times in Wulin* (written during qiandao and chunxi, and providing a detailed account of the customs and morés of Lin'an), 6, "Loafers": "In fertile regions, people are very wasteful. Loafers and evil and crafty fellows multiply and gain followers. There are so-called beauties' residences [The original note reads: They use superior women as concubines to entice youths.], counting houses, gambling houses [Original note: Using gambler's methods to cheat people of their cash.], water-labor virtue houses, among other things."

Mister Zhizhai's *Collected Works*, 44: "There was an order to those who had opened counting houses requiring them to cease gambling in wealth and goods. Those who had stopped entering army camps in neighboring prefectures were returned to their original cities. Informers were welcomed. People who go to the outskirts of the city to inspect the garrisons and fail in their

appear from this that counting houses specialized in illegal activities, and that those who operated them were all wicked young men, and that they rented quarters from residents to open counting houses.

Later, Su Shi said that in Dingzhou more than a hundred counting houses had been established, and that they openly displayed their signs to attract soldiers and others to come in to gamble.²² Evidently the counting house had a particular relationship to gambling. The text of a Southern Song edict of shaoxing 3 [1133] also mentions the sons and younger brothers of the aristocracy as mostly earning their livings brewing illicit stillbeer and opening counting houses.²³

Aside from this, there appear to have been people in Yiwuxian, Wuzhou, who opened counting houses to weave silk privately so as to escape taxes. The government authorities arrested all the denizens of eight such households, and confiscated the cloth they had woven to pay the tax owed to the officials. This evoked popular

[537]

dissatisfaction until in qiandao 4 [1168] an edict came down allowing the trade to continue so long as the legally set taxes were paid.²⁴ This activity had nothing to do with the credit trade.

During the shaoxing [1131-63] period, the commoners of Guiyangjun were warned of the punishments for hiding things in cabinets [*guitou*, perhaps a diminutive for *guifang* --counting house. EHK].²⁵ This continued the connection between counting houses and gambling.

Zhou Mi's *Old Times in Wulin*²⁶ also links counting houses to such things as beauty offices (which used beautiful women as prostitutes to entice young men), gambling offices (which used various forms of gambling to cheat people of their money) and water-labor virtue offices.

The *Laws of Qingyuan* also links the running of counting houses to gambling.²⁷ It also links them to

tasks are to be whipped 80 strokes (shaoxi period, year geng-wu)."

²²*Su Dongpo's Collected Memorials*, 14, "Petition Requesting the Sending Down of Ordination Certificates to Repair the Dingzhou Garrison Buildings."

²³*Song Collected Statutes Compiled Draft*, "Punishments," 2, latter part, "Prohibitions."

²⁴*Song Collected Statutes Compiled Draft*, "Food and Money: Miscellaneous Records on Commercial Taxes," 18.4.

²⁵Mister Zhizhai's *Collected Works*, 44.

²⁶*Old Times in Wulin*, 6, "Loafers." Cf. note 21.

²⁷*Laws of Qingyuan*, 80, "Miscellaneous: Miscellaneous Orders on Gambling": "Those running counting houses who halt gambling will be turned over to a neighboring prefecture for

tea houses, wine shops, brothels, restaurants, horse-teeth, pawnshops [*jieku*], silver shops and hotels.²⁸ Here the counting house is listed alongside pawn shops and silver shops, and so it could have been a type of credit institution.

Ordinary shops also kept deposits.²⁹ Checks

management. Those who leave the military garrisons will be returned to their original cities. Informing is also permitted. Intendants making inspections of the suburbs and garrisons who fail to discover them are to be given eighty strokes in punishment." *Laws of Qingyuan*, "Rewards": "Those who inform on people running counting houses, or who go out of army garrisons to halt gambling shall have given to them all of the goods so obtained." *Laws of Qingyuan*, "Reward Regulations: Various Categories of People": "Those who inform so that counting houses halt gambling, or those who go out of army garrisons to halt it, are to obtain 10 strings of cash."

²⁸*Laws of Qingyuan*, "Things Administered, Number 8": "When the district chief takes office and investigates wickedness and the details of banditry, conspiracies to do evil and failure to disclose public matters, he must confidentially interrogate the three types of young woman and six types of old lady, and look into the tea houses, stillbeer emporia, brothels, restaurants, counting houses, horse brokers, pawnshops, silver shops and hotels. In each the transients and old inhabitants are to be established, and the goods possessed by and names of all are to be determined. Many details must be obtained and secretly reported, so that nothing remains unknown."

²⁹*Record of Barbarian Strength*, Collection A, latter part, "Monk Zhang": "The monk Zhang Yanwen was an elder of the Great Sutra. A Buyi [Buyei ethnic group] got on well with the priest Zhaoguang of the Jianchang Jingde Temple. Later . . . Zhaoguang died in the township . . . and it was requested that a Buddhist mass be said to smooth the dark path for him. They remembered to have an acolyte carry an ounce of gold to the monk's place, and 20 Thousands in cash was brought to a certain firm in the market. If they kept and used it, they could obtain merit."

Record of Barbarian Strength, Collection C, latter part, "Two Youths and the Li Family": "Li Yuanzuo was from Zainancheng. He once helped his family travel to Magu Mountain. His sons were still young, and so two youths helped them climb up to the Qiyun Pavilion. . . . The youths entered still deeper into the woods, and for a long time did not return. . . . After more than a month, the children saw the youths. . . . They began by saying, 'Before this, while catching a butterfly we encountered a Daoist . . . He threw something to us, and when we caught it, it turned out to be of silver. When we looked back, both man and building had disappeared. . . . We took the silver and sold it at a shop in the market. It weighed 10 ounces, and we obtained 12 Thousands of cash for it, which we then deposited in the shop. From time to time we withdraw some of it to use for food and clothing expenses.' The sons did not believe this, but when they checked at the various shops, it turned out to be true.

were used to withdraw money.³⁰ Of course counting houses could also have carried on this sort of business, especially if they maintained a close connection with gambling. Not only could they have safeguarded money for gamblers, but these deposits could also have provided the basis for developing a loan trade.

Protecting cash being forwarded to friends and relations was even more common. Some people feared that such wealth would not be paid over, and so sent it out under cover.³¹

The year was year *guiyou* of the *shaoxing* era."

³⁰Ye Shaoweng, *Record of Things Seen and Heard During Four Reigns*, "The Identical Alternate Names of Yang and Wang": "Yang and Wang Qinzong lived outside the suburbs. They registered the same alternate names. . . . the paper previously registered had entered on it 5 million strings of cash, along with the seal normally used. The one carrying it was ordered to bring it to the office the next day to withdraw the money. The next day, carrying Wang's certificate, he said to the clerk in the office, 'Wang has given me the certificate to collect the 5 million cash.' The clerk was used to dealing with Wang, took the certificate and examined it carefully, and then said, 'Who are you to dare to come and take our cash with a forged seal of Wang's?'"

Wu Ceng, *Loose Record of the Ability to Change Studio*, 18, "Fifth Student [542]

Encounters Five Spirits": "During the *jiayou* period, Wu Eighteen of Linchuan entered Bianjing with good clothes and fine hats. He set up a stall in front of the house of the township chief, Yan Yuanxian, to sell his goods. One day he went to the Baokang Gate where he encountered five youths kicking an air-filled ball. Student Wu had also practiced this, and he began to kick the ball along with the youths. The youths saw how well Wu did this, and so exchanged a few drinks with him. In time the sun descended in the west, and the five youths were about to leave . . . They hurried Student Wu up into a building for the drinks, and he spent 4 *jiao*. They asked him everything about himself, and when they had finished their drinks, took up a pen and wrote out a check to give to him, saying 'Take this to the House of Guo in the Comb Bazaar to withdraw 10 Thousands in cash. We are giving you this to carry on your business.' The student put it inside his belt . . . and when daylight came . . . carried the check to the House of Guo to withdraw the cash. Guo gave him the amount indicated."

³¹*Annals of Things Heard During Jingkan*, 12th month, 12th day, "A Poster in Kaifeng": "Individuals and families are to list their households' gold and silver, and then pay all of it over to the prefecture. If any dare to bury it, persons of any station may inform on them. . . . If any have knowledge of a household which is hoarding or sending off its wealth, they may receive that wealth if they inform on it."

Jingkan Essential Record, *jingkan* 1, 1st month, 20th day,

The Song Dynasty's money exchange institutions were better developed than Tang's. This was because though in the use of gold, Tang and Song were not far apart, the position of silver had become much more important by Song times. It was almost more important than gold had been during Western Han, and it was circulated more widely.

Management of the money exchange trade would naturally have remained mainly in the hands of the gold and silver shops which had come down from Tang times,³² or the silver shops.³³ During

Sagely Decree: "Remaining gentry and commoners of various ranks are to hand in to the officials the gold and silver which they possess within two days. If any amount is secreted or sent away and not handed over, any quality of person may receive such funds as reward for informing."

Zhou Mi, *Miscellaneous Knowledge of the Year Guixin*, continued collection, latter part: "Downstream there was a great merchant who had returned from the southern frontiers of the Buddhist and Muslim lands. His family name was Pu, and his given name Xu. His house was extremely rich. He had in all 80 vessels to send out to sea. In the year guisi he died, leaving behind only young daughters and no sons. The officials confiscated his family property. . . . In the ministry there was a poster permitting people to inform on those who might be convicted for sending off wealth surreptitiously." [This may be a reference to the family of Pu Shougeng, a descendant of merchants from Persia who eventually went over to the Mongols. EHK]

³²*Flowery Dreams of the Eastern Capital*, 2, "The Official Residence of the Ministry in Front of the Xuanhe Tower": "Southeast of the main street leading from the South Gate was the House of Tang Gold and Silver Shop, the Wenzhou Lacquerware and Sundries Shop and the Daxiangguo Temple. . . ."

Investigation of Literary Remains, "Investigation of Coins," quoting the *State History Supplement*: "In daguan 3, Duke Lu was dismissed and the court was advised to change [the 10-cash coin] to a 3-cash. . . . The high officials hastened to sell their coins for gold. The gold and silver shops in the capital did not know of this impending change. In less than two months the order came down, and those who promulgated it sneered and laughed."

Annals of Things Heard During Jingkan, 1st year, 12th month, 14th day: "Those among the elite and masses who paid in metal and cloth were numerous. The court then ordered Kaifeng Prefecture to send officials to the pawnshops and gold and silver and cloth shops, to each and every one of them, to check over their books. As much as 10 million ounces were gotten from one shop."

³³*Record of Barbarian Strength*, "Qin and Chu Cai": "During zhenghe, Qin and Chu Cai were sent into the capital from Jiankan . . . and agreed to lodge overnight together, and then go out. They met a Daoist with a tattooed face carrying a small basket. Bowing to Qin, he said, 'Gold has been accumulating for

Southern Song these were sometimes called gold and silver exchange voucher shops,³⁴ or gold, silver, cash exchange shops,³⁵ or gold, silver, salt note voucher exchange shops,³⁶ or simply exchange voucher shops.³⁷

In addition to gold and silver exchange, there was also trade in various kinds of notes and vouchers during Song. These notes and vouchers were special sales permit certificates. Merchants received tea vouchers or salt notes when they paid tolls and excises on the way to the capital, and only afterward could these be brought to the tea or salt warehouses to be redeemed.

Sales of tea and salt were both very profitable activities then, and so tea vouchers and salt notes became commodities themselves, and were bought

some three centuries . . . None has been used to reward you.' Reaching into the basket, he took out a piece of white metal, and handed it to him, saying, 'I'll see you again another day.' . . . They were going to sell it to buy food and drinks. When the man in the shop saw the metal, he blew out his breath and fidgeted with his hands, and asked how many coins they required. The reply was, 'Pay whatever the market price is.' The shopkeeper rejoined, 'My family has run silver shops for generations, but we have never seen an article like this.'

³⁴*Record of a Dream of Liang*, 13, "Shop Mats": "The market stalls in Hang city . . . ever since the chunyou years had famous traditional places like . . . the Shen and Zhang gold and silver exchange voucher shops, the Liu, Lü and Chen brocade shops . . . the Deng gold and silver shop at Dr. Li Bridge, the Wang gold and paper shop . . . the Ma and Song gold fragment melting down shops . . ."

³⁵Tao Zongyi, *On the Suburbs* excerpt from *Capital City Record of Victory*: "From the Five Room Pavillion north to Official Alley and south to Capital Street, most are local people. There are only a hundred gold, silver, and cash exchange shops. Inside are laid out gold and silver, and one can see heaps of coins."

³⁶*Record of a Dream of Liang*, 13, "Shop Mats": "On the main street of Hangzhou . . . from the Five Room Pavilion north to Five Officials Alley and South Street, two quarters were mostly made up of gold, silver, and salt note and voucher exchange shops. In front of them are set out utensils of gold and silver and ready cash. It is said one could see mounds of coins. These coins were kept as reserve for goods and to exchange for salt notes and vouchers. Enormous numbers were also broken up for the furnace as well."

³⁷*Essential Record of the Years Since Jianyan*, 69, shaoxing 3, 10th month, jihai: "No matter how little a customer pays out, he is obliged to go to the exchange voucher shop. When he paid in coins the previous time, he was given a note with the name left blank. On the day when he is obliged to make a payment, he inserts the family and given name of the payee, and it is paid out without it being made public."

and sold in the gold and silver shops. They could also be exchanged for paper money.

Gold and silver shops were very numerous in Bianjing during Northern Song times. They had names like the House of Tang Gold and Silver Shop or the House of Wang Gold and Silver Shop. Their buildings were imposing, with wide gates framing interiors the many columns of which made them look like forests. Their every exchange involved tens of millions.³⁸ This sounds just like modern banking districts.

Actually, the term gold and silver guild [the Chinese term *yinhang* here translated as "silver guild" has since late Qing times been used to designate western-style banks. EHK] was already present by Tang times, but it then referred to the gold and silver district or trade, and had the same meaning as gold and silver market.³⁹ It was a vague term.

During Southern Song there were more than a hundred gold, silver and cash exchange shops in the Five-room Pavillion district of Hangzhou. Among the largest

[538]

were the House of Shen and House of Zhang Gold and Silver Exchange Voucher Shops, and the House of Deng Gold and Silver Shop.

The money exchange trade is far less important in the history of Chinese money and credit than was the case in Europe. This divergence was determined by the specific circumstances of the two places.

Europe was a collection of a great many nations, with an extraordinarily large number of different currencies. Their units of issue differed, the materials of which they were made differed, even the same raw material was found in a variety of degrees of fineness, and the same type of money came in different weights.

³⁸*Flowery Dreams of the Eastern Capital*, 2, "East Horn Pavilion Streets and Alleys": "To the south it joins an alley called Boundary Body, which is the location of the gold, silver and dyed silk exchange business. The buildings are imposing, with broad gates, inside which things look like a forest. Every one of their exchanges involves tens of millions. People are amazed at what they see and hear."

Flowery Dreams of the Eastern Capital, 3, "Streets and Alleys Outside the Dana West Gate's Right Side": "As you cross to the north side of the street, there is the old Yicheng Pavilion. Just west of here are Jinliang Bridge Street, the Western Avenue Jingkuangr Drug Shop and the House of Zi Wang Gold and Silver Shop."

³⁹*The Old Man of West Lake's Record of Many Victories*: "The various streets [*hang*] and markets include the market for Sichuan and Guangdong produced medicines, the market for ivory and hats, and the gold and silver market."

These differences in weight and fineness were relatively unimportant in China, where precious metals were relatively little used, but they were very important in Europe, which used gold and silver coins.

These multifarious coins circulated through Europe without regard to national boundaries. Merchants frequently needed to exchange one kind of coin for another, and so the European money exchange trade had always flourished, whether during Greek antiquity, Roman antiquity or Medieval times.

The situation in China was different: China was a large, unified state. Foreign trade had never occupied a very great part of the whole nation's economy. Basically, foreign coins were not used. The native coinage was limited to copper coins. Precious metals were not minted into coins for circulation. Though there was lack of uniformity in the size of coins and in fineness of metal used to make them, since their intrinsic value was low, copper coins generally all circulated at the same value.

By Song times, the situation had changed somewhat. Circulation of money during Song was to a degree regionalized. Different coins were used in each region. In addition to paper money, there were also copper and iron coins, both of which came in large and small versions. These large and small coins were not the result of non-uniform minting standards. Nor were they produced by wear and tear or clipping. They were coins with different face values. These were all preconditions for the development of a money exchange trade.

Song had what were called exchange shops [*dui-fang*],⁴⁰ but there are no detailed accounts of their

[543]

⁴⁰*Nine Essentials for Administration*, 5, "Banning of Shops": "The following should be closed: firms which receive stolen goods, inferior butchers, impoverished shops, stillbeer shops, tea shops, bathhouses, exchange shops, whorehouses, inns, dens of enticement, nunneries, army inns and soldier houses and sailor market houses. As for labor-service abolishing bowman protectors, temple paupers and armed paupers, if you know men of these types, do not let even one in ten-thousand of them get away. Only this will be enough to pacify the people."

Nine Essentials for Administration, "The district authorities put down bankrupt households and dissolute lower officials who frequently slip in to build salt, wine and noodle stalls, kill and butcher cattle and horses, open exchange shops, harbor thieves and bandits, set up competing gangs which distribute wine and food, and have no respect for the state's regulations. All these must be strictly banned so that a long-enduring peace may come about."

Water Margin Chronicle, chapter 39: "There outside the

nature. They were probably a late Song or post-Song type of emporium. When exchange shops are mentioned in the written sources it is seemingly as being used to supplement the activities of or to fill the vacuum left by the counting houses. Perhaps during Song the counting houses had been renamed exchange shops.

The Song Dynasty's money forwarding business was still managed by the government during the early years of the dynasty, in a way much like that used during the time of the Tang Emperor Xianzong. A number of people in the capital were permitted to place ready money in the Left Treasury, and withdraw cash in various prefectures. This was called convenient exchange.

In kaibao 3 (970), the government set up a Convenient Exchange Authority to specialize in handling this trade. At the same time the prefectural authorities were ordered to pay off any merchant who came bearing such certificates on the day he presented them. There was to be no delay.

At the end of zhidaoyuan (997), the amount so forwarded had reached over 1.7 million strings per annum. By the end of tianxi (1021) it had reached a level of 2.8-2.9 million strings.⁴¹

Later, paper money proved to be more convenient to handle, and could itself be used

[539]

to forward money. As a consequence the specialized Convenient Exchange Authority probably fell into decay.⁴²

Eastern Gate was a market at a place called Living Grove, which was the place where guest merchants from Shandong and Hebei all came to buy and sell. There were a hundred plus a dozen or so large guest emporia, and two or three dozen gambling shops and exchange shops."

⁴¹*Song History*, 180, "Treatise on Food and Money," latter part, 2, "Coins."

⁴²*Sageety Government of the Two Reigns of the Dynastic Revival of Imperial Song*, 9, shaoxing 1, 10th month, the Department of Ministries said: "The convenient cash regulations have been in effect in the various circuits since the time of the founders, and both public and private interests have benefitted thereby. In recent years, the authorities have not honored their obligations over long periods, causing loss of credibility among among the people."