

## 2.3 Monetary Studies

### 1. Monetary Theory

After the Qin-Han unification, those who discussed money concentrated on the privilege of coining money. During Warring States times, coins were mostly manufactured locally. Qin and Han were centralized governments under which coinage could have been unified under government control, but in fact such laws could not be implemented, and local government minting was probably tolerated.

In other countries the minting of coins was also transformed from dispersed local manufacture to a royal or government monopoly. In such places, however, mainly gold and silver coins were involved. Royalty had not much interest in bronze coins, and most often allowed local government to produce them. Both Persia and Macedon considered bronze coins to be a secondary money not worth minting by the central government, and delegated most of the responsibility for them to local government. This was not the case for Rome, because like China, Rome had all along used bronze [199] coins, and their minting had always been a national prerogative.

During Han, the debate over the right to mint coins involved a clash between the Confucians and the Legalists. Emperor Wen's policy of non-interference shows that the Confucian policy had the upper hand then. We can discern this by quoting a passage from the *Debates on Salt and Iron*. In this work, the Literati Faction may be taken as representing the Confucian philosophy.

The Literati said. . . If there were proper laws about coining bad money, the goodness or badness of coins would neither help nor harm government, but if coins are discriminated against, then goods will stagnate, and the employment of men will be especially harmed.

The *Spring and Autumn Annals* says that it will not do to not take the barbarians into account. Hence outside the true king does not restrict the use of the seas and marshes for the sake of the people; and within he does not ban the knife coins, so as to confer benefit upon the people. [Cf. a somewhat different translation in E.M. Gale (tr.), *Discourses on Salt and Iron* (Leiden: Brill, 1931-34), p. 29.]

The meaning of this passage is not entirely clear. Superficially, the Literati are acknowledging the government's prohibition of privately minted coins. They merely do not approve of discriminating against such coins, as they consider that the badness or goodness of coins is of no concern. This is close to a Nominalist position. However, their avowal of

a policy of not prohibiting knife coins in fact represents opposition to a government monopoly.

There were a great many people who advanced a Legalist point of view. For example, Jia Yi (200-168 B.C.), Jia Shan, Chao Cuo, and Sang Hongyang. They all opposed tolerance of free coinage.

When Emperor Wen rescinded the edict against illegal coinage, Jia Yi's opposition was most vehement. He said:

The law allows people of the Empire to hire labor and pay a tax to be allowed to cast copper and tin into coins. Those who dare to adulterate these coins with lead and iron are to be punished by having their faces tattooed. Nevertheless, the circumstances of the minting trade are such that if such debasement is not carried out, there is no advantage, and even a slight debasement yields a generous profit. . .

Furthermore, coins which the people are using vary by province and county. Some use coins so light that a certain number must be added to each hundred, or use coins so heavy that they can not be balanced against the standard coins.

Laws about coins have not been upheld. Should officers hastily improvise such standards? That will greatly vex the people, and they will lack the strength to overcome such obstacles. Should the officials be lenient and not reproach men for such offenses? If that is done, the markets will all use different coins, and monetary units will fall into great confusion. If proper methods are not used, to where can one turn for a solution?

Now agriculture is being abandoned, and those who gather copper are multiplying by the day. They have dropped their plows and hoes; they smelt, make coin-molds and blow upon charcoal. Counterfeit coins increase daily, while the Five Grains do not. (*Han History*, "Treatise on Food and Money.") [Translation adapted from Swann, *Food and Money in Ancient China*, pp. 233-236.]

He advocated making copper a state monopoly, and put forward seven advantages for doing so, the so-called "seven blessings":

If the throne collects copper, prohibiting its dissemination, then the people will no longer cast coins, and face-tattooing penalties will not accumulate. This is the first.

False coins will not multiply, and the people will no longer be suspicious of each other. This is the second.

Those gathering copper to cast coins will return to plowing the fields. This is the third.

If all the copper reverts to the throne, the throne will regulate the accumulation of copper with the aim of controlling the light and the heavy. When coins are light, then techniques should aim at gathering them in; when they are heavy, then techniques should aim at dispersing them.

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will then be stabilized. This is the fourth.

Let it be used for weapons, for distinguished ministers, with quantities regulated so that the noble and the base are differentiated. This is the fifth.

By this means the myriad of goods will be allocated so that fullness and emptiness are compensated, unusual excesses are collected to make up for deficiencies, and so officials may be rendered solid, and people in the secondary occupations will be straitened. This is the sixth.

This will restore our abandoned wealth, and allow us to contest for their people with the Xiongnu, so that our enemies are ruined. This is the seventh. (*Han History*, "Treatise on Food and Money.") [Translation adapted from Swann, pp. 238-239.]

This 519-character "Memorial Admonishing Against Letting the People Have Private Coinage" by Jia Yi may be said to have been China's --and perhaps the world's-- earliest monograph on monetary problems. Before this scholars had only displayed an oblique interest in such problems. The Greek, Aristotle, speaks of money only briefly in his *Politics*. The Roman Paulus's statement on money's origins cannot be treated as a monographic essay.

Jia Yi's memorial is, however, merely an essay on government policy, without a strong theoretical component, and so is not comparable even to the fragmentary discussions in the *Guan Zi*. The fourth of Jia's seven blessings: "When coins are light, then techniques should aim at gathering them in; when they are heavy, then techniques should aim at dispersing them," assumes the viewpoint of the quantity theory of money in the form first put forward by the *Guan Zi*.

The Lord Grand Secretary's faction in the *Debates on Salt and Iron* represents the opinions of Sang Hongyang and his followers:

The Lord Grand Secretary said: In the time of Emperor Wen, the people were permitted to cast coins, smelt iron and evaporate salt. But the Prince of Wu [the founder's nephew] monopolized the sea and marshes, and [the courtier] Deng Tong monopolized the Western Mountain, whereupon all the rogues from east of the mountains congregated in Wu and Qin, Yong, Han and Shu came to depend on Deng. The coins of Wu and Deng spread through the Empire.

Hence the laws against coining. With these, dishonesty will cease. When dishonesty has ceased, then the people will no longer hope for wrongful gain, and each will devote himself to his proper task. If this is not a return to fundamental principles, then what is it?

Therefore, if the coinage is unified, the people will not resort to double dealing. If the coinage proceeds from above, then those below will not be in doubt. ("Discordant Currencies," number 4.) [Translation slightly changed from

Gale, pp. 28-29.]

This faction advocated strengthening the nation's power to regulate and monopolize: "If the hills and marshes are not put under control, then ruler and ministers will both aim at profit; if knife coins are not prohibited, then both counterfeit and genuine will circulate." [Translation adapted from Gale, p. 27.]

The so-called free coinage of ancient China differed from what is now called free coinage. In ancient China, free coinage meant free illicit minting. The people not only used their own metal, they employed their own facilities and techniques, and even their own standards of weight and purity of metal.

Unification of the coinage was needed, and theories and measures for fulfilling this need should be considered progressive. Without unification of the coinage, the circulation of commodities and the livelihood of the people would be very hard to improve. Viewed from this perspective, the Literati faction's opposition to the government monopoly over coinage and their approval of popular free coinage were not in accord with that age's

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needs. However, what they were expounding was not a theory of free coinage. Instead, they were blaming the lack of unification of the coinage on the government's rapid changes in policy, which made for variations in the thickness and weight of coins and stimulated speculation by the merchants. They said:

In former times there were many coins, wealth circulated, and the people were happy. But afterwards, as the old coins were gradually replaced, and the Tortoise and Dragon White Metal were circulated, many of the people encountered new coins. As changes in the coinage multiplied, the people became increasingly suspicious.

Then, all the coins of the Empire were abolished, and sole authority to issue them was lodged in the Three Ducal Offices of the Shuiheng. Officials and commoners competed to make a profit, and coins did not meet the standard. Hence there are variations in thickness and weight.

The peasants are not experienced in making comparisons among such things. They have faith in the old and suspect the new. They do not know the false from the genuine. The merchants barter the bad for the good; for half make an exchange for double the amount. If he buys, the peasant loses value; if he sells, then he loses his good principles. Suspicion spreads widely. [Adapted from Gale, p.29.]

From this debate on the authority to mint coins, one may discern something of the attitude of the ancients toward money as such. In this respect, China's Legalists were very close to the position of



the modern national sovereignty school.

In opposing Emperor Wen's lifting of the prohibition on illicit coining in 175 B.C., Jia Shan said:

Money is a useless commodity, but it may be exchanged for items of great value. These items of great value are that over which the ruler exercises authority. To allow the people to make coins is to have the ruler share his authority with them. This cannot be done for long. (*Han History*, "Biography of Jia Shan.")

This passage may be divided into two parts. The latter part deals with the impropriety of free coinage. The first sentence, which states that money is of no value in itself, and only has value in exchange, corresponds almost exactly to the words of Adam Smith, founder of the English classical school of later times. The modern Nominalists also make a special point of denying the value of money. [Nb. The Austrian School, however, insists that historically money's value in exchange always originally grows out of some aboriginal money's value as a commodity. EHK]

Chao Cuo's (? -154 B.C.) position was still closer to the national sovereignty theory. In Emperor Wen's year 12, he said to the Emperor:

Now pearls, jade, gold and silver can neither be eaten when one is famished nor worn when cold. Nevertheless, there are those among the masses for whom they are precious because they are used by the superior. (*Han History*, "Treatise on Food and Money.") [Adapted from Swann, p. 161.]

By superior, he means the monarch. He supposes that people consider money important because the monarch uses it. The meaning of this is the same as the passage in the *Guan Zi* which reads "if you take hold of it, there is nothing there to warm you; if you eat it, there is nothing there to fill you up."

Somewhat before this, when Carthage's Hannibal was attacking Rome, Rome established the *Lex Flaminia*, which treated money as a kind of notation. This practice was based on Nominalism. The national sovereignty theorists who further developed this idea in later times supposed that money was created by the nation through fiat. If the government [202]

accepted it at the given price, its face value could be preserved.

Hence the Chinese Legalists' monetary theory was a nominalist monetary theory. Chao Cuo was in part a nominalist, but he also was something of an objectivist. He said that an enlightened ruler would value the five grains and despise gold and jade. His aim was to use an economy of barter to restrain the peasantry from leaving their native places and cross-

ing frontiers. Money, however, was something the ruler could not control. Money would enable the bureaucracy to oppose its masters, and allow the peasants and slaves to go far and fly high. He said:

They (meaning pearls, jade, gold and silver) are light and small articles, easily hidden. Having them in his grasp, a person can travel everywhere within the peripheral seas without suffering from hunger or cold. This causes ministers to despise their ruler, and the commoners to easily leave their native townships. [Translation adapted from Swann, p.161.]

He was absolutely sure that money's convenience was derived solely from its political origins, and that is why he opposed it. This is a reactionary point of view.

There is, however, a slight difference between China's ancient nominalists and the German Nominalists of later centuries. The modern Nominalists say that money has no intrinsic value because they separate the concept of money from the actual goods, like gold and silver, which represent money. That is why they can say money is an abstraction.

China's ancient nominalists were more direct. They said that the actual goods standing for money were themselves of no value. By value, they did not merely mean value in use, but simply the goods' use for eating or wearing. In fact, they might not have denied that gold and silver had use value as materials for the manufacture of objects of art, but they merely considered that such use value was not as high as would be gained by employing these materials as money.

What was the view of the Legalists' opponents, the Confucians, on the nature of money? This is not at all clear. They opposed a government monopoly over the right to mint coins, and advocated free coinage. Evidently they did not hold to the quantity theory. Were they bullionists? Apparently not, because they did not believe it made any difference if coins were good or bad. This is not congruent with bullionism, but rather is a form of nominalism. They differed from the Legalists only over the right to mint coins. [One might also argue that these Han Confucians were at least implicitly closer to the subjective value theory of the modern Austrian School than to either the ancient or modern forms of nominalism. EHK]

Han Dynasty Legalists' monetary theory had a positive effect at that time, because their aim was the unification of the coinage and centralization of the right to mint coins, and this caused China to move from being a decentralized feudal society to becoming a centralized feudal nation.

At another level, however, this doctrine merely



camouflaged the debasement of the currency. There were drastic changes in the value of coins during Han. Nominalists blamed these on private coining, but did not expose the government's practice of lightening its coins. At the very least they must accept a certain amount of responsibility for the lightening of the coinage during Emperor Wu's reign.

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The Legalists expressed no direct opinions on the origins of money, but somewhat ambiguously conceived of it as having been formed by law or government or the by monarchs, as in Chao Cuo's statement "because they are used by the superior." Sima Qian (145-? B.C.) evidently disagreed with this position. He wrote:

Paths of exchange between farmers, craftsmen and merchants opened, and such moneys as tortoise, cowry, gold, coins, knives and spades arose. (*Historical Records*, "Treatise on the Balanced Standard.")

He linked money's origins to the exchange of commodities.

Because the two depreciations of the means of exchange during Western Han had a bad effect on the people's livelihood, some people became suspicious of a money economy, and thought of reverting to a natural economy. During the reign of Emperor Yuan, Gong Yu (123-44 B.C.) held this position. He wrote:

In ancient times, metal coins were not used as money. Attention was paid solely to agriculture. Hence if a man did not plow, he would certainly starve. . . .

Since the appearance of the Five-grainer coin, it has been over seventy years. There have been many people found guilty of illicit coining and punished. The rich hoard hundreds of coins, and yet they are never satisfied that they have enough. The hearts of the people are restless and vacillating. The merchants seek profit. To all points of the compass, each uses his knowledge and guile to obtain good clothing and fine food. In a year there is a profit of twelvefold. . . .

Though you give land to poor people, they must still sell cheaply to the merchant, and become impoverished, causing them to take to the life of bandits.

Why is this? It is the deepening pursuit of the secondary occupations and the coveting of money. That is why evil cannot be banned. It arises entirely from money. (*Han History*, "Biography of Gong Yu.") [Translation slightly changed from Swann, p. 322.]

This represents one aspect of the landlords' viewpoint. Landlords have grain and cloth, but not ready cash. When they sell grain and cloth for cash, it is hard for them to avoid being fleeced by merchants.

Hence he advocates the abolition of money in favor of grain and cloth. He states:

Those who are anxious about the secondary are cut off from the fundamental. The offices in charge of gathering pearls and jade, gold and silver, and of casting coins ought to be abolished. Let these no longer be regarded as money. Nor should they be sold any longer in the markets. Repeal the taxes levied in units of money. All taxes on land and contributions should be in rolls of cloth and in grain. This will cause the commoners to return to agriculture: (*Han History*, "Biography of Gong Yu.") [Translation slightly changed from Swann, pp. 322-323.]

But by that time the monetary economy was very well developed, and the power of the merchants was not inconsiderable. The merchants and their spokesmen believed that money was genuinely necessary for the exchange of goods. If cloth were to be used, differences in lengths would cause great inconvenience. And so Gong Yu's advice was not taken.

Objectivists of this sort frequently appeared within China's feudal or semi-feudal society. Shi Dan, of the time of Emperor Ai, is another example of the type. Someone sent up a petition then stating that in ancient times tortoise shell and cowry had been used, but that now coins were being used instead, and this was impoverishing the people. The writer advocated abolishing coins.

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Emperor Ai asked Shi Dan about this, and the latter agreed with the proposal. In the end there was opposition, and the proposal failed of adoption.<sup>1</sup>

Ban Gu (32-92 A.D.) expressed an opinion on the function of money:

Metals, knives, tortoise shells and cowry are used for the division of wealth and the distribution of benefits, so that people may exchange that which they have for that which they lack. (*Han History*, "Treatise on Food and Money.") [Translation adapted from Swann, p. 110.]

In modern terms, division of wealth and distribution of benefits would seem to refer to money's function as a measure of value, but I suspect that Ban Gu intended to go further and was alluding to money's use as an instrument for redistributing wealth.

That idea was overtly present then. Jia Shan's statements that "it [money] may be exchanged for items of great value" and "items of great value are those over which the ruler exercises authority" also have this meaning. Ban Gu's phrase "may exchange that which they have for that which they lack" refers

<sup>1</sup> *Han History*, "Biography of Shi Dan."



to an instrument for circulation or an intermediary of exchange.

Aside from Jia Yi, very few people during Western Han brought up the quantity theory of money. It was not until Eastern Han that people raised the issue of the link between the value of money and prices. During the reign of Emperor Zhang (76-89), the price of grain rose, and government revenues were insufficient to cover expenses.

On the basis of the quantity theory of money, Zhang Lin considered the quantity of money in circulation to be too large, and wanted to withdraw some of it from circulation:

Nowadays, not only is grain expensive, but so too are all kinds of goods. This is because of the cheapness of money. It ought to be ordered that the land tax be entirely paid in cloth; that purchases in the market be entirely in cloth, and that coins be entirely blocked from issue. If this is done, then money will be reduced in quantity, and goods will all become cheap. (*Jin History*, "Treatise on Food and Money.")

Zhang advocated return to a barter economy, not just reduction in the quantity of money. At the same time he advocated sale of salt by the government as another method for constricting the money supply.

During the reign of Emperor Huan [147-168], government finances were in disarray because of the years of war with the Western Qiang. Some wished to carry out a debasement of the coinage. Using the pretext that the problems were caused by a light and thin coinage, they advocated minting a large coin.

This evoked the opposition of Liu Tao. He argued that the problem then was a lack of goods, and not the weight or thickness of the coins.

In my humble view, for successive years the good young shoots have all entered the mouths of locusts and caterpillars. The looms are empty in the face of public and private needs. What is urgent is the provision of meals morning and evening. What causes suffering is waste and sloth. How can one speak of the thickness of coins or of their weight?

Even if we now transmute sand and gravel into southern gold, change tiles and stone into jade, if the masses thirst, they will still have nothing to drink, if they hunger, they will have nothing to eat.

Though there be a ruler with the pure virtue of a Fuxi or the wisdom of a Tang, he will still be unable to preserve life within the walls. The people can go a century without money, but may not endure starvation for a single morning. Hence food is of the greatest urgency. (*Latter Han History*, 87, "Biography of Liu Tao.")

This is a self-evident statement, needing no ex-

planation or paraphrase. We do not know the nature of the large coin recoinage of that time. If it involved a large denomination coin, there is some reason behind Liu Tao's words.

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If it involved an increase in the weight of the coins, then Liu Tao ought not to have opposed it. A scarcity of goods can, of course, cause prices to increase, but if a depreciation of the circulatory medium also takes place, the price increases will be still more severe. If on this occasion the weight of the coins was increased, it should have moderated the inflation of prices.

Xun Yue (148-209), of the last years of Eastern Han, expressed his opinions on money. Unlike other Han writers he opposed the theory that money was useless and also the objectivist view. He held the title Attendant Gentleman at the Yellow Gate during the reign of Emperor Xian, just after Dong Zhuo abolished the Five-grainer to remint it into the Small-cash, and when political power was gradually falling into the hands of Cao Cao.

Regularization of the coinage was becoming an urgent question. Xun advocated restoration of the Five-grainer. Some said that the Five-grainers had been dispersed to the four corners of the Empire, leaving few of them in the Capital Districts. If the Five-grainers were to be restored, this would merely cause other places to employ useless coins to come up and buy useful goods. Would not that cause shortages nearby and abundance at a distance? Xun replied:

What the officials are in urgent need of is grain. The limitations of oxen and horses prevent them from going out further than a hundred *li*. As for other goods, one uses coins to obtain them on the left, and then one uses them on the right. Goods are exchanged and transported to supply deficiencies from surpluses. In their use and transport, all within the seas constitute one family. Of what harm is this? (*Expositions and Observations*, 2.)

Though he does not explicitly state that money is a useful object, he clearly acknowledges money's importance in the exchange of goods. He stresses money's function as a medium of exchange, but since a large part of the supply of Five-grainers had been melted down by Dong Zhuo, there might not be a sufficient quantity of money after that coin's restoration. He deemed it appropriate for the government then to mint more coins to supplement the supply. He also opposed collecting coins from among the people for use in the capital, believing that would cause much confusion.

Because Xun Yue believed money's value lay in supplying deficiencies of one area from the surplus



of another, naturally he opposed objectivism and the abolition of coins:

Coins are a true convenience in life. The people are happy to circulate them, and to ban them would be difficult. If we now take on such a difficult task and ban something so convenient and pleasing to the people, it would not be a cause for prosperity. (*Expositions and Observations*, 2.)

Cao Cao's restoration of the Five-grainer may have been done under the influence of Xun Yue.

Sima Zhi of the time of Emperor Ming of Wei [227-240] also seems to have expressed some ideas about money. The histories say that during the time of Emperor Ming coins had long since been abolished in favor of grain, but severe punishments could not stop the expedients of dampening grain and thinning out silk which existed among the people. Sima Zhi strongly advised the court that "use of coins will not only enrich the state, it can also reduce the need for punishments."<sup>2</sup>

Most people suppose

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these were Sima Zhi's words. Actually, the reference to reducing punishments resembles his style, but the statement about enriching the state does not much resemble what he says elsewhere, since he normally put his emphasis on agriculture and on the repression of merchants:

"The requirements of the state are solely grain and cloth." He also says: "What merchants seek, though they double their profit in gaining it . . . is not as good as the return from opening an additional *mu* of land," and "we ought not to return to the chaos of commerce, but solely use agriculture to make plans for what is convenient for the state."<sup>3</sup>

Such a man would seem to have been very much of an objectivist. For him to have advocated the use of coins, and to have said that the minting of coins could enrich the state, would really be hard to explain. Perhaps on that occasion he was merely approving of minting coins for the limited purpose of reducing crime, and the statement about minting coins enriching the state was probably made by some other bullionist.

<sup>2</sup>*Jin History*, "Treatise on Food and Money."

<sup>3</sup>*Record of the Three Kingdoms*, "Record of Wei," 12, "Biography of Sima Zhi."

## 2. Monetary History

Each era has its own standards and principles for writing its history. In ancient times, all records of events which had already occurred fell within the realm of history. There were even people who supposed the Six Classics were all historical. To define it succinctly, however, history is mainly the clear statement of the facts, as distinguished from philosophy's discussion of principles. Of course the facts of history must be discussed in conformity with principles, and principles can be generalized out of the historical facts, but history's most fundamental characteristic is its narrative of events.

The sprouts of monetary history already existed in pre-Qin writings, as in this passage from the "Power to Regulate the Mountains" in the *Guan Zi*:

Under Tang [the first king of the Shang Dynasty, traditionally 1766 B.C.] the country suffered a seven-year drought. Yu [Yu the Great, of the Xia Dynasty, traditionally 2205 B.C.] suffered five years of floods. The people had no food and some were forced to sell their children. Tang made use of the metal of Zhuang Mountain to cast coins and redeem the children who had been sold for lack of food.

Yu made use of the metal of Li Mountain to cast coins to redeem the children who had been sold for lack of food. [Translation slightly modified from Lewis Maverick, *et al*, *Economic Dialogues in Ancient China: Selections from the Kuan Tzu* (Carbondale, Ill., 1954), p. 127.]

This passage not only cannot be taken seriously as history, it cannot even be considered as an historical source, because its truth is suspect, and we can be all but absolutely certain that it is not true. Nevertheless, in form it is written as

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an historical narrative. It goes on to say:

Jade was secured from the distant mountains of the herder clans; gold from the muck on the right side of the Ru and Han Rivers; pearls from the edge of the wilds of Chi. Each of these places was 7,800 *li* from Zhou. The journey was long, and it was difficult to reach these places. Hence the ancient kings made use of the heavy demand for them.

Pearls and jade were the superior money, gold was the medial money, and knives and spades the lower money. (*Guan Zi*, "Productivity of the Earth.") [Translation modified from Maverick, p. 147.]

For the most part, this corresponds to the facts.

In addition to this, there is the casting of large coins by King Jing of Zhou spoken of in the *Dialogues of the States*. Though this account cannot be confirmed, it is also cast in the form of an historical narrative. Both of these are, however, merely short



fragments, at most only records of isolated events, and cannot be said to constitute monetary history.

Sima Qian's "Treatise on the Balanced Standard" in his *Historical Records* must be considered the earliest piece of writing to be concerned with monetary history. The "Treatise on the Balanced Standard" is not purely monetary history, because it does not solely deal with money. Less than a fifth of it deals directly with money. The rest of it is concerned with fiscal policy, agriculture, transportation and even warfare. Though these are topics with which monetary history ought to be linked, they are not so linked in the "Treatise," and so they cannot be said to have been parts of the monetary history section.

The "Treatise on the Balanced Standard" only narrates the monetary history of Western Han, and so it is a history of a single period. For the pre-Han period there are only a few general statements in the concluding section under the rubric "The Grand Historian Says." He states that money originated before the time of Emperor Gaoxin [traditionally 2435-2365 B.C.], and that in the money of Xia there were three grades of gold or metal. That was probably a Warring States Era tradition, and of course no evidence for it was given. Sima Qian himself says "records are lacking." In this concluding section he also discusses the coinage after the First Emperor of Qin's unification of China as the earliest for which records exist.

His account of Western Han's money is for the most part well attested, but it is somewhat sketchy, because the "Treatise" is only around five thousand characters long altogether, of which less than a thousand deal directly with money. It contains nothing at all about exactly what coins were minted at the beginning of Han, and simply does not mention Empress Lü's Eight-grainer. Nor does it clearly handle Emperor Wu's Three-grainer. So it would not be correct to say that Sima Qian was a monetary historian. He was merely a historian who recognized the importance of monetary questions.

The next piece of writing after Sima Qian to deal with monetary history was the "Treatise on Food and Money" in the *Han History*. It was not solely concerned with monetary history either. The word "food" in its title referred to farmers' planting of edible grains, and "money" [*huo*] might well be translated as "commodities" since it referred to

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hemp and silk for clothing, as well as gold, knives, tortoise shell and cowry used to distribute wealth, give profit, and provide for lacks from surpluses. Only the latter of these --gold, knives, tortoise shell and cowry-- were money. Evidently money was only one of the three problems with which the

"Treatise on Food and Money" was concerned.

The "Treatise" is divided into two parts. The first part discusses only the cultivation of edible grains. It is a history of the agricultural economy. Only the latter part resembles Sima Qian's "Treatise on the Balanced Standard" in being a history of the monetary economy. In that section money occupies a larger part and is infused more deeply into the narrative. The *Han History* is itself a history of one period, but its section on money is a universal history. This is the opposite of what was the case with the *Historical Records*.

Of course Ban Gu was not a specialist in monetary history. He was merely a compiler of historical materials. Concerning events prior to Xia and Shang, in the tradition of empirical verification, he honestly acknowledges that "the details are not recorded," but then goes on to commit a number of errors himself.

The first error concerns the matter of Duke Tai setting up the Nine Offices Round System for Zhou. Obviously he was copying out another writer's narrative, but this passage has been accepted as true history by historians of later ages.

The second was the story about the minting of large coins by King Jing of Zhou. This was copied from the *Dialogues of the States*, but though that work did not state which coin this large coin was, Ban Gu says that "its inscription read 'treasure money.'" One presumes that this sentence was not copied out from some other document, but was fabricated by Ban Gu. Perhaps he had seen or heard about the *yihuo* coin, and read the character *yi* for the somewhat similar character *bao*, meaning treasure.

The third was his statement that "when Han arose, because Qin's coins were heavy and hard to use, they had the people cast Pod-cash." The Pod-cash were the result of lightening of coins, and their name arose among the people. The government would never have told the people to mint Pod-cash. The "Treatise on the Balanced Standard" merely states that the people were ordered to cast coins, which is rather more accurate. There are numerous other errors.

The "Treatise on Food and Money" is also too sketchy in its history of Western Han's coinage. It does not mention the Eight-grainer, nor does it handle the Three-grainer clearly. It also contains internal inconsistencies. Nevertheless it is full of historical material for the period from Emperor Wu on down, especially on the various schemes adopted by Wang Mang. These several extraordinarily complex monetary reforms occurred close to the author's time. Otherwise he would not have been able to handle them so clearly. Nevertheless he does not

handle Wang Mang's Spade-spring clearly, nor does he specify just how the Spade-spring was issued.

The "Treatise on Food and Money" represented an advance on the "Treatise on the Balanced Standard" in its tendency toward the division of labor and greater specialization through its separation of monetary history from agricultural economic history.

Whatever the virtues of the two treatises, they did not collect in one place all the knowledge about money and the materials which had been gathered by their authors. These two treatises by themselves could not provide enough material for later students of money. It has also been necessary to consult the Basic Annals and Biographies sections as well as the other Monographs and the Chronological Tables, which is very inconvenient.

#### [209]

Despite these limitations, Sima Qian and Ban Gu established monetary history as an important part of historiography, and included within monetary history commodity production and circulation as well as such other factors influencing money's purchasing power as fiscal policy, natural disasters and warfare. This created a fine tradition within Chinese historiography.

Previous historians have mostly classified the

authors of these two works as having been within the tradition of the Agrarians, since clothing and food both depend on agriculture, and concentrating on these fits the point of view of the school which emphasized agriculture. Agriculture, however, is merely one portion of the economy, and the study of money is a synthesizing discipline.

Though the Legalists said that money cannot feed you if you are hungry or clothe you when you are cold, it nevertheless has a value in its own right. It is value's crystalization. With it you can obtain any commodity, and so for a society based on a commodity economy, money inevitably becomes the heart in the center of the economy.

In fact, in both Treatises, money is the thread linking together the other subjects. From a scholar's point of view, commodities must in the end be consumed. Unless there are detailed records, the circumstances of commodity production down through the ages are not very easily studied. Money is always either kept in circulation, or is buried in the ground. Since this money is for the most part a reflection of the circulation of commodities, the implication is that the study of money's circulation is easier to use to explain the production and circulation of commodities over time than is the study of these commodities themselves.