

*Routledge Studies in the History of Economics*

# **THE POLITICAL ECONOMY OF THE HAN DYNASTY AND ITS LEGACY**

Edited by  
Cheng Lin, Terry Peach and Wang Fang



# The Political Economy of the Han Dynasty and Its Legacy

It has been claimed that the Han Dynasty (206–9 BCE and 25–220 CE) was China's most successful empire. This book contains original essays on various aspects of the Han's political economy and its legacy, written by leading Chinese and Western scholars whose collective expertise spans economic history, history of economic thought and sinology. It offers refreshingly diverse interpretations of major events, policies and ideas that were current in what was arguably the most formative and influential period of China's history.

Topics covered in the book include the following: the identification, possible influences and evolution of various "schools" of thought (notably "Confucianism", "Legalism" and "Daoism"); monetary and fiscal thought and policy; ideas surrounding "war economy" in the early ("Western") Han; the treatment of land issues and their remarkable enduring legacy; a Western perspective on the famous "Discourses on Salt and Iron" (*Yantie lun*); and a reappraisal of the "economic" ideas of Han's celebrated contemporary historian, Sima Qian.

The book will be of interest to not only specialist economic historians and historians of economic thought but also historians of any stripe who are concerned with this remarkable period of China's history. Through its provision of explanatory and contextualising material, both in the Introduction and elsewhere, the book will also be accessible to non-specialist readers, with or without a background in China studies.

**Cheng Lin** is Professor and Dean of the Department of Economic History at Shanghai University of Finance and Economics, and Vice-President of the Society of the History of Chinese Economic Thought. His main research area is the history of Chinese economic thought with a particular focus on nineteenth- and early twentieth-century thought.

**Terry Peach** is Professor of Economics at Shanghai University of Finance and Economics and Chair of the UK History of Economic Thought Society. He has previously taught at the Universities of Manchester and Oxford. His research and publications fall within the area of history of economic thought, recently extended to include ancient Chinese and Greek thought.

**Wang Fang** is Professor of Economics at Shanghai University of Finance and Economics. Her main research field is the history of Chinese economic thought from ancient times to the present, with particular attention to ideas concerning land issues.

## **Routledge Studies in the History of Economics**

### **A Contemporary Historiography of Economics**

*Edited by Till Düppe and Roy E. Weintraub*

### **Money, Finance and Crises in Economic History**

The Long-Term Impact of Economic Ideas

*Edited by Annalisa Rosselli, Nerio Naldi and Eleonora Sanfilippo*

### **Macroeconomic Theory and the Eurozone Crisis**

*Edited by Alain Alcouffe, Maurice Baslé and Monika Poettinger*

### **The Economic Thought of Friedrich List**

*Edited by Harald Hagemann, Stephan Seiter and Eugen Wendler*

### **Economic Crisis and Economic Thought**

Alternative Theoretical Perspectives on the Economic Crisis

*Edited by Tommaso Gabellini, Simone Gasperin and Alessio Moneta*

### **Schumpeter's Capitalism, Socialism and Democracy**

A Twenty First Century Agenda

*Edited by Leonardo Burlamaqui and Rainer Kattel*

### **Divine Providence in Early Modern Economic Thought**

*Joost Hengstmengel*

### **Macroeconomics Without the Errors of Keynes**

The Quantity Theory of Money, Saving, and Policy

*James C.W. Ahiakpor*

### **The Political Economy of the Han Dynasty and Its Legacy**

*Edited by Cheng Lin, Terry Peach and Wang Fang*

For more information about this series, please visit: [www.routledge.com/series/SE0341](http://www.routledge.com/series/SE0341)

# **The Political Economy of the Han Dynasty and Its Legacy**

**Edited by Cheng Lin, Terry Peach  
and Wang Fang**

First published 2019  
by Routledge  
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

and by Routledge  
52 Vanderbilt Avenue, New York, NY 10017

*Routledge is an imprint of the Taylor & Francis Group, an informa business*

© 2019 selection and editorial matter, Cheng Lin, Terry Peach and Wang Fang; individual chapters, the contributors

The right of Cheng Lin, Terry Peach and Wang Fang to be identified as the authors of the editorial material, and of the authors for their individual chapters, has been asserted in accordance with sections 77 and 78 of the Copyright, Designs and Patents Act 1988.

All rights reserved. No part of this book may be reprinted or reproduced or utilised in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publishers.

*Trademark notice:* Product or corporate names may be trademarks or registered trademarks, and are used only for identification and explanation without intent to infringe.

*British Library Cataloguing-in-Publication Data*

A catalogue record for this book is available from the British Library

*Library of Congress Cataloging-in-Publication Data*

A catalog record for this book has been requested

ISBN: 978-1-138-06075-3 (hbk)

ISBN: 978-1-315-16291-1 (ebk)

Typeset in Times New Roman  
by Apex CoVantage, LLC

# Contents

<i>List of contributors</i>	vii
<i>Acknowledgements</i>	x
<b>1 The political economy of the Han: introduction</b>	1
TERRY PEACH	
<b>2 From contention to unification: transformation of economic thought in the Han Dynasty and its heritage</b>	31
CHENG LIN AND ZHANG SHEN	
<b>3 Dong Zhongshu and Confucian economic thought as state ideology in the Western Han Dynasty</b>	51
ZHONG XIANGCAI	
<b>4 The monetary and fiscal system of the Western and Eastern Han Dynasties</b>	67
MA TAO AND LI WEI	
<b>5 Monetary thought in the Han Dynasty and Three Kingdoms period (220–280 BCE)</b>	86
GAVIN S.H. CHIU AND S.C. KWAN	
<b>6 The system of tribute equalisation in the Han</b>	101
LI CHAOMIN	
<b>7 War economy during the Western Han Dynasty</b>	115
ELISA LEVI SABATTINI	
<b>8 The “land quota” system in the Han Dynasty and its historical influence</b>	132
WANG FANG	

vi *Contents*

**9 A Western perspective on the *Yantie lun*** 153

BERTRAM SCHEFOLD

**10 Sima Qian and *laissez-faire*: satire on a “discordant  
and degenerate age”** 175

TERRY PEACH

*Index* 195

# Contributors

**Cheng Lin** is Professor and Dean of the Department of Economic History at Shanghai University of Finance and Economics and Vice-President of the Society of the History of Chinese Economic Thought. Publications include *Banking in China, 1859–1949* (SUFU Press, 1999); *Western Development in China, 1840–1949* (with Wang Fang and Zhang Wei) (Shanghai Peoples Press: 2007); Cheng, Peach and Wang (eds.), *The History of Ancient Chinese Economic Thought* (Routledge, 2014); “The Historical Status of Chinese Economic Thought” (with Zhang Shen and Chen Xudong) (*Research in Chinese Economic History*, 2016: 3); “The Spread of Western Economics in China: Features and Influence, 1840–1949” (with Zhang Shen) (*Frontiers of Economics in China*, 2017: 12); “Choice and Innovation: Localisation of Western Economics in Modern China” (with Zhang Shen and Chen Xudong) (*Economic Research Journal*, 2018: 7)

**Gavin S.H. Chiu** is Associate Professor, Jao Tsung-I Institute of Culture Studies, Shenzhen University. His research interests are in the economic history of China and history of Chinese economic thought. Publications include *Pioneer of the Free Economy in Chinese History: The Economic Thought of Sima Qian* (Taipei: Wan Juan Lou Books, 2017), *A Case Study of the History of Chinese Political Economy* (with Cheung W.P.) (Fujian: Xiamen University Press, 2010) and *The Economic Depression in the Mid-Qing Dynasty* (with Sung X.W.) (Hong Kong: Shu Yan University Press, 2004).

**S.C. Kwan** is Assistant Professor in the School of Humanities and Languages, Caritas Institute of Higher Education (Hong Kong). His research interests are in Chinese philosophy.

**Li Chaomin** is Research Fellow at Shanghai University of Finance and Economics. Publications include *A History of Defence Economics* (Shanghai: Sanlian Bookstore, 2010), *Approaches to War Finance in China (1931–1945)* (Shanghai: China Oriental Publishing Centre, 2011) and “The Influence of Ancient Chinese Thought on the Ever-Normal Granary of Henry A. Wallace”, in Cheng, Peach and Wang (eds.) *The History of Ancient Chinese Economic Thought* (Routledge, 2014).

**Li Wei** recently obtained his PhD from Fudan University and is researching the comparison between monetary and fiscal systems in China and the West.

**Ma Tao** is Professor in the Department of Economics, Fudan University. Major publications include *The Confucian Tradition and the Modern Market Economy* (Fudan University Press, 2000), *A History of Economic Thought*, Volume 1 (Economic Science Press, 2013) and “Paradigm and Development of Western Economics” (*Social Sciences in China*, 2014: 10).

**Terry Peach** is Professor of Economics at Shanghai University of Finance and Economics. Publications include *Interpreting Ricardo* (Cambridge University Press, 1993; paperback edition 2009), *David Ricardo: Critical Responses*, vols. i–iv (ed.) (London: Routledge, 2003) and *The History of Ancient Chinese Economic Thought* (co-ed.) (London: Routledge, 2014), as well as articles in journals including the *Economic Journal*, *Cambridge Journal of Economics*, *History of Political Economy* and *Oxford Economic Papers*.

**Elisa Levi Sabattini** is Associate Professor of Chinese Philology at L’Orientale University of Naples and affiliated Research Fellow at the Frieberg Centre for Asian Studies at the Hebrew University of Jerusalem. Her research focuses on the intellectual history of early China, and she has published in journals including *Oriens Extremus*, *Extrême-Orient-Extrême-Occident*, *Frontiers of Philosophy in China* and *Monumenta Serica*. She is currently co-editing a book with Christian Schwermann on *Between Command and Market: Economic Thought and Practice in Early China* (Brill, *forthcoming*) and co-translating (with Paul R. Goldin) *Xinyu* by Lu Jia.

**Bertram Schefold** is Professor of Economics at Johann Wolfgang Goethe-University. He has held visiting positions at numerous institutions including the Universities of Cambridge (Trinity College), Rome, St. Petersburg and Stanford. Publications include more than 40 books and 250 articles. He was President of the European Society for the History of Economic Thought in 2000–2002 and has held the position of Honorary President of the Society thereafter.

**Wang Fang** is Professor of Economics at Shanghai University of Finance and Economics. Publications include Wang Fang, Yan Hongzhong and Gao Yu, “A Study of the Development of Regional Currency Markets in Late Qing China” (*Historical Research* 2016: 3); Wang Fang and Xiong Jin-wu, “The Relationship Between Economic Thought and System in the Transition Period of Modern China: A Case Study of the Evolution of the Land System” (*Research in Chinese Economic History*, 2015: 12); Wang Fang, Miao Degang and He Xiaobo, “Did Civilian Granaries Affect Social Stability? Empirical Evidence from the Qing Dynasty (1817–1856)” (*Frontiers of Economics in China*, 2015: 3); Zhao and Wang, *Development and Transformation – Changes in Chinese Economic Thought: 1978–2018* (Capital University of Economics and Business Press, 2018); Cheng, Peach and Wang (eds.), *The History of Ancient Chinese Economic Thought* (Routledge, 2014); and Wang Fang, *A Study of the*

*Rural Land Ownership and Land Tenure in Ancient China* (Fudan University Press, 2006).

**Zhang Shen** is Associate Research Fellow at Shanghai Academy of Social Sciences. Publications include “The Development of Chinese Theories of Industrialisation in Modern Times” (*Journal of Finance and Economics*, 2013: 12) and “The First Great Divergence of China and Western Economic Thought” (*Economic Sciences* 2017:1).

**Zhong Xiangcai** is Research Fellow at the Institute of Economics, Shanghai Academy of Social Sciences. Publications include *A History of Chinese Economic Thought* (Shanghai Academy of Social Sciences Press, 2016), *Ideas of Economic Reform in Modern China* (Shanghai Academy of Social Sciences Press, 2016) and *A History of Chinese Agricultural Thought* (Shanghai Jiao Tong University Press, 2017).

# Acknowledgements

Among the many people who have provided assistance and support in the genesis of this book, we should like to thank our partners, colleagues, students and friends as well as our university for the generous funding of the international workshop in 2016 at which several of the contributions were first presented. Our thanks are also due to our publishers for their commitment to our project and their patience in awaiting its completion. Finally, Wang Xiaobo deserves mention for her assistance to Terry Peach in the preparation of the final manuscript.

# 1 The political economy of the Han

## Introduction

*Terry Peach*

### Introduction

The Han Dynasty has come to be seen by some as “China’s most successful empire”:<sup>1</sup> one that “bequeathed to China an ideal and a concept of empire that survived basically intact for two thousand years”.<sup>2</sup> Included in the bequest was “the most persistent ideal of Chinese history”, namely, the “unity of China under one leader”,<sup>3</sup> as well as more mundane legacies “such as ‘Han characters’, meaning Chinese [written] characters, and the ‘Han race’, meaning people of northern China”.<sup>4</sup> Comprising a “former” or “Western” Han period (206–9 BCE), which followed on from the bloody demise of the first imperial empire of Qin (221–206 BCE), and a “later” or “Eastern” Han period (25–220 CE), with Wang Mang’s “New” (Xin) Dynasty in between, the Han has been revered for its development of an authoritarian system of governance, a self-justifying ideology (with “Confucian” characteristics) and a hierarchical structure of administrative controls, which were (mostly) successful in crushing internal dissent and ensuring territorial integrity over a vast land mass with a population of around 50 million. Not surprisingly, scholarly attention has been lavished on subjects including Han’s politics, philosophy, literature, international relations, sociology and scientific and non-scientific beliefs, but relatively little has been written on Han’s political economy and its legacy. This book is a contribution towards remedying that deficiency.

The content of the volume is previewed in the following section, and it may suffice here to note that the discussion of Han’s political economy extends not only to policies that were devised and implemented in areas relating to the state’s production, distribution and consumption of (material) wealth, but also to debates surrounding those policies, their relationship with various “schools of thought” and the articulation and advocacy of particular visions of economic activity (i.e. activity relating *to* the production, distribution and consumption of wealth). While there are some exceptions, it will become apparent that most of the discussion is focused on the Former Han, as is the case with other studies of the Han, for the simple reason that this is the period for which we possess the more detailed primary resources. Yet, notwithstanding this limitation, it should also become apparent that there is an

abundance of topics to discuss, and debate, arising from what was arguably the most formative and influential period of China's history.

### The contributions

The second chapter, "From contention to unification: Transformation of economic thought in the Han Dynasty and its heritage" by Cheng Lin and Zhang Shen, has the aim of tracing the development of economic thought from pre-Han times to what is identified as its "grand unification" in the reign of Emperor Zhao (87–74 BCE). According to the authors, the pre-Qin period (more specifically, 550–233 BCE) was characterised by a metaphorical "contention of a hundred schools of thought", the principle ones being "Confucianism", "Legalism" and "Daoism", followed by the dominance of one single "school" – that of "Legalism" – during the Qin itself (221–206 BCE).<sup>5</sup> Then, in the early years of Han during the reign of Emperor Gauzo (206/202–195 BCE), they allege the influence of "Huang-Lao" thought, a species of "Daoism" that is said to incorporate a non-interventionist approach to economic management combined with elements of "Confucianism". In the third phase identified by Cheng and Zhang, coinciding with the reign of Emperor Wu (141–87 BCE), we are introduced to the contributions of "two outstanding intellectuals", Dong Zhongshu (ca. 195–104 BCE)<sup>6</sup> and Sima Qian (ca. 145–89 BCE),<sup>7</sup> the former advancing his own variation on a "Confucian" theme, which is said to have exerted a great influence on economic thought and policy in later times, and the latter preparing "a solid theoretical foundation for *laissez-faire* thought" which, notwithstanding its solidity, was to exert very little influence. It was also during this third phase that "Legalism" staged a comeback under the direction of Sang Hongyang (ca. 152–80 BCE),<sup>8</sup> Sang presided over the implementation of policies including state monopolies in the production and sale of salt, iron implements and alcohol, together with the so-called equitable distribution and price equalisation systems involving the government purchase, storage and sale of commodities, including but not confined to basic necessities.

Cheng and Zhang's fourth stage of "grand unification" is dated as occurring under the reign of Emperor Zhao (87–74 BCE). As attested in the *Discourses on Salt and Iron (Yantie lun)*,<sup>9</sup> the conference held in 81 BCE and presided over by the 13-year old Emperor Zhao, this phase was marked by the rejection on the part of putative "Confucians" of Sang Hongyang's policies, leading thereafter to a synthesis of "Legalist", "Daoist", "Confucian" and popular mercantile thought, characteristics of which included a privileging of collective over individual interests; an emphasis on the "Confucian" values of "benevolence and righteousness" rather than benefit (or profit); stress on *ben* ("root" or "primary" economic activities, especially agriculture) rather than *mo* ("branch" or "secondary" activities, including commerce and the production of non-essential goods); encouragement of frugality; and a reduction in inequality. According to Cheng and Zhang, this "unified system" of economic thought was applied in the discussion of several topics of pressing concern, such as the ownership and distribution of land, currency, finance and governance; and, in this process, it underwent further development

and refinement. Over time, however, the privileged status that the “system” came to acquire resulted in turning what had been a mutable framework of economic thought into a fossilised orthodoxy that stifled further intellectual development until the Qing Dynasty, almost two millennia later.

The third chapter, “Dong Zhongshu and Confucian Economic Thought as State Ideology in the Western Han Dynasty” by Zhong Xiangcai, also traces the evolution of economic thought, in Zhong’s study from pre-Qin times to the reign of Wang Mang in the short-lived Xin (New) Dynasty (9 BCE–23 CE). He, too, discerns the triumph of a particular “school” of thought in the late Western Han, but rather than describing this “school” as a synthesis of previously distinct sets of ideas, Zhong awards the prize to a “Confucian school” and, more precisely, to a variant of “Confucianism” that had taken shape under the influence of Dong Zhongshu.

According to Zhong’s reconstruction, the “Confucianism” of pre-Qin times was characterised by a “*laissez-faire* dimension”, most evident in the teachings of Mencius (370–290 BCE), and an emphasis on “individualism”. This is said to have contrasted sharply with the pre-Qin “Legalism” espoused by Guan Zhong (ca. 723–645 BCE)<sup>10</sup> in the Spring and Autumn Period (770–480 BCE) and Shang Yang (390–338 BCE)<sup>11</sup> and Han Fei (280–233 BCE)<sup>12</sup> in the Warring States period (480–221 BCE), who had advocated state intervention and control of the economy, and had framed their arguments in terms of the interests of the state rather than the interests of individuals (described by Zhong as the methodology of “holism”). Dong Zhongshu’s contribution was to absorb those characteristics of “Legalism” *within* “Confucianism”. The “Confucianism” that was to become the official state ideology in the Later Han (according to Zhong) was therefore radically different from its pre-Qin namesake.

As the underlying rationale for Dong’s embrace of centralised state power, Zhong singles out a radically altered conception of the role and wisdom of the “Son of Heaven” (the emperor). In pre-Qin times, he argues, the infallibility of the ruler was not taken as given; hence, the role of senior advisors (gentlemen or *junzi*) was to provide necessary guidance towards finding, and following, the ideal “way” (*Dao*) of governance. But, in Dong’s revised scheme of things, the Son of Heaven is, in virtue of his paternity, *necessarily* omniscient: he alone has infallible knowledge of the “way” and of the policies required to get there. If that is true, however, it must follow that the ideal polity is one in which everything of any importance is determined centrally and *imposed* on the “little people” below.

On Zhong’s account, it is perhaps not surprising that Dong Zhongshu’s “revised Confucianism” should have attracted the attention of a ruler – Emperor Wu – who had himself overseen the creation of a centralised and authoritarian system of governance, nor is it surprising that Wu should have accepted Dong’s proposal to abolish all “schools” of thought except for this new variant of “Confucianism”: a move that calls to mind, and is strikingly similar to, Qin’s earlier proscription of all literature that might be used to criticise a “Legalist” state.<sup>13</sup> By Wang Mang’s time, Zhong reports that any distinction between “Confucian” and “Legalist” thought had evaporated, the shared objective being to pursue “national interest”

and an “ideal” social and economic order, as conceived by an all-powerful, central authority that had arrogated to itself the control over people’s lives and their thought. Such was the dubious legacy of Han “Confucianism”.

As with the previous two chapters, the following two – “The Monetary and Fiscal System of the Western and Eastern Han Dynasties” by Ma Tao and Li Wei, and “Monetary Thought in the Han Dynasty and Three Kingdoms Period (220–280 BCE)” by Gavin S.H. Chiu and S.C. Kwan – also share an overlapping focus. Ma Tao and Li Wei provide a detailed account of the evolution of monetary thought and policy and, regarding fiscal policy, of the demands on resources (which became particularly onerous during the reign of Emperor Wu), the various measures adopted to meet those demands (including poll tax, land tax, business tax, property tax, income from the state monopolies of salt, iron and alcohol and income from the employment of unfree, or *corvée*, labour) and the administrative machinery that was erected to oversee fiscal management.<sup>14</sup> At one level, the wide array of policies and, especially with the currency, the seemingly endless changes in policy may seem to preclude a generalised explanation. But, the authors argue, the fundamental driving force was always to meet the voracious demands of a central Han state that seemed incapable of reining in its own expenses, thus providing a legacy for future dynasties of constrained development of the private economy, long-term stagnation and a plundered population.

Among the many changes in monetary policy documented by Ma Tao and Li Wei, the principal ones concerned the physical properties of the (copper) coins that constituted the chosen medium of exchange, and the regulations governing private coinage, which varied between positively encouraging private individuals to engage in coinage and imposing a strict government monopoly, with infringements to be met (in principle, but often not in practice) by capital punishment. During the early Han, it was the more “liberal” policy on coinage that mostly prevailed, the rationale being (according to Ma and Li) that the inflation thereby engendered from excessive private minting would at least have the short-term beneficial consequence of stimulating economic activity following the ravages that had accompanied the overthrow of the Qin and the internecine strife thereafter. Under Emperor Wu, however, the emphasis was decidedly on the enforcement of a government monopoly, which after several abortive attempts eventually achieved a measure of success circa 113 BCE with the minting of a coin – the *Wu Zhu Qian* – the intricate design of which deterred all but the most skilled of counterfeiters and “criminal incorrigibles”, as they were described in the *Han shu*.<sup>15</sup> Nevertheless, by the reign of Emperor Yuan (48–33 BCE), monetary problems were again plaguing the empire, leading to (renewed) calls for the abolition of currency itself. It is the history of such “anti-monetary thought” that forms the subject matter of the fifth chapter by Chiu and Kwan.

Chiu and Kwan’s thesis is that the popularity and implementation of anti-monetary ideas depended on the coincidence (or “synergy”) between the articulation of those ideas and the outbreak of economic crises. People, including rulers, are *misled* into believing that the root cause of economic difficulties is the very existence

of monetary transactions, even though the actual cause may have been monetary mismanagement or a non-monetary phenomenon.

Chiu and Kwan point to instances of the airing of anti-monetary sentiment (by Jia Yi<sup>16</sup> and Chao Cuo,<sup>17</sup> who held office under the reigns of Emperors Wen (180–157 BCE) and Jing (157–141 BCE)) that failed to gain support precisely because the other condition for acceptance – economic distress – was wanting. By the later Western Han, they argue that economic circumstances had deteriorated, with the result that the proposal to abolish currency from Gong Yu (123–43 BCE), deputy Prime Minister in the reign of Emperor Cheng (33–7 BCE), received a much more sympathetic hearing, even though it was not implemented. Subsequently, after Wang Mang's disastrous attempts to reform the currency, followed later by the rampant inflation from monetary mismanagement in the reign of Emperor Huan (146–168 BCE), people were sufficiently receptive to the siren calls of anti-monetarism that “natural economy” became a prominent feature of economic life, and remained that way for the next 500 years. At least in the authors' opinion, this marked yet another baleful legacy of the Han: a crippling aversion to a fully monetised economy with its origins in the anti-monetary thought articulated at various times throughout the dynasty.

Returning to fiscal measures, the sixth chapter, “The System of Tribute Equalisation in the Han” by Li Chaomin, sets out to clarify the nature of the *junshu* policy (translated by Li as the “tribute equalisation” policy) introduced during the reign of Emperor Wu, as distinct from (according to Li) the *pingshun* or “balanced standard” policy with which, in Li's opinion, it has been misleadingly confounded.

The policies in question had been introduced over the period 120–110 BCE along with other expedients – including the salt and iron monopolies, sale of social ranks and government posts, payment of fees for the remission and mitigation of punishments and taxes on wealth, carts and boats – in an attempt to meet skyrocketing government expenditure on military campaigns and public works: expenditure that could not be covered by more traditional fiscal measures such as poll tax, land tax and produce tax. One problem identified at the time was, undoubtedly, the uneconomical collection of taxes-in-kind from distant regions, the value of which “often did not equal the cost of transportation”.<sup>18</sup> Hence the suggestion of Sang Hongyang, by now in control of the ministry of agriculture, that “local products commanding a high price, such as would ordinarily be carted away and sold by the traders in other regions, should be transported to the capital in lieu of taxes”.<sup>19</sup> This, according to Li Chaomin, was one of two aspects of the *junshu* policy.

The other aspect concerned the *amount* of tax that would be collected, the answer being found, according to Li, in the *Yugong* (“Fair Levies”) chapter of the Han mathematical textbook *Jiuzhang Suanshu* (*The Nine Chapters on the Mathematical Art*), where instruction is provided for the calculation of an equalised *net* burden of taxation, taking account of factors such as differences in distance (and therefore transportation costs) from the final collection point, and differences in the local costs of tribute (grain, mostly) and labour.

While Li Chaomin's conjecture is certainly plausible, it is also understandable that the many commentators excoriated by him for their interpretative shortcomings should have identified the "tribute equalisation" policy with the more general "balanced policy" system, because that is what we find in the surviving primary literature. To take Sima Qian's account, the goods dispatched to the centre as tribute would be stored in a "balanced standard office". However, the purpose of the office, and the scheme, was to give officials "complete control over *all* the goods in the empire, selling when prices were high and buying when they were low . . . and it would be impossible for *any* commodity to rise sharply in price";<sup>20</sup> this suggests that "tribute equalisation" was merged with the more general "balanced standard" policy of the purchase and sale of commodities (including grain) not limited to items of tribute: something effectively conceded by Li Chaomin in the fourth point of his conclusion.

Along with other fiscal measures, one purpose of the "balanced policy" system was to fund military expenditure, probably the greatest part of which was incurred with Han's numerous attempts to secure its borders against the attacks of the northern steppe confederacy of nomads, labelled by the Chinese as *Xiongnu* ("ferocious slaves"). According to Sima Qian's account, the *Xiongnu* had been "a source of constant worry and harm to China" ever since the Three Dynasties (Yu, Xia and Shang) of remote antiquity.<sup>21</sup> In more recent times, the first emperor of Qin had overruled the advice of his first minister, Li Si, and dispatched a force of 100,000 troops, led by General Meng Tian, to attack the *Xiongnu* and drive them back from the northern border. But the territorial gains from this hugely costly campaign were fully reversed after the collapse of Qin, the *Xiongnu* having reached "their peak of strength and size" under Maodun, their vigorous new leader (titled *Shanyu*).<sup>22</sup> Not long after, and also against ministerial advice, the first emperor of Han, Gaozu, launched another major attack on the *Xiongnu* (the "Pincheng campaign"), which turned out to be a spectacular failure. Thereafter, Gaozu instituted a tribute policy of sending "specified quantities of silk floss and cloth, grain, and other food stuffs each year", with an imperial princess thrown in for good measure (in the hope of subduing the *Shanyu* through ties of kinship).<sup>23</sup> The tribute policy is reported to have been successful to the extent that frontier raids became less frequent, and was continued under the reign of Emperor Hui and Empress Lü (195–180 BCE), possibly at an increasing cost to the Han treasury.<sup>24</sup>

This brings us to the seventh chapter, "War Economy during the Western Han Dynasty" by Elisa Levi Sabatini, in which Jia Yi (200–168 BCE)<sup>25</sup> takes centre-stage in proposing to Emperor Wu a cunning plan for the containment of the *Xiongnu*.

Jia Yi started from the premise that the Han state lacked the military techniques and resources to defeat the *Xiongnu* in steppe warfare. At the same time, he condemned the tributary arrangement as too expensive and as humiliating to the Han by suggesting that the *Xiongnu* had an equal if not superior status. He therefore devised a strategy – using "three models" and "five baits" – aimed at sowing dissension among the *Xiongnu* ranks, weakening the authority of the *Shanyu* and turning the *Xiongnu* into subjects of the Han who could then be used to defend the borders at the empire, all at a lower cost to the Han state.

The purpose of the “three models” was to persuade the Xiongnu people that “they can feel secure and appreciated under the Han political umbrella”; it was a form of brainwashing, to be achieved through the dissemination of state propaganda. Concurrently, the Xiongnu leaders, as distinct from the *Shanyu* himself, would be “baited” with Han produce, although on this model only *surplus* produce would be offered, thus minimising the cost to the empire.

It was an intriguing proposal, but, in the event, it was the old model of buying interludes of peace with tribute, interspersed with debilitatingly expensive military campaigns, that was followed during the reign of Emperor Wen and, with the emphasis decidedly on military force, in the reign of Emperor Wu. It was to take until the late first century CE before the Xiongnu threat was finally extinguished.

Yet another threat to the Han, this time of the internal variety, was perceived by some as the growing concentration of the ownership of land by rich families and merchants, and the resulting creation of an expropriated and impoverished rural peasantry. This phenomenon, the measures proposed to deal with it, and the extraordinary influence that the early Han discussions exerted on future generations up to the early years of the People’s Republic of China, are discussed in the eighth chapter, “The ‘Land Quota’ System in the Han Dynasty and Its Historical Influence” by Wang Fang.

In his address to Emperor Wen of 155 BCE, Chao Cuo<sup>26</sup> lamented the burden that government demands, and environmental disasters, were imposing on the rural population, who were often forced to take out loans “at one hundred per cent interest” in order to pay government levies. Then, “in many cases”, the result was that “fields and dwellings are sold, children and grandchildren are vended, in order to pay debts”.<sup>27</sup> In part, this dire state of affairs was said to have arisen as a result of policies introduced in the Qin state, which had “abolished the *jing-tian* ancient well-field system of land division”<sup>28</sup> and allowed the sale and purchase of land.

The *jing* (or “well-field”) system was one in which land would be divided into areas consisting of nine plots, as represented by “井”, the Chinese character for *jing*. Each outer plot would be assigned to and worked by one family, who would have the right to consume the plot’s produce and whatever they obtained in exchange for that produce. The eight families would work the central plot collectively, with the produce going to the state in full payment of the families’ tribute obligations. This system was advocated in *Mencius* (II.A.3) and was evidently taken by Dong Zhongshu (if not by later scholars) as an historical reality.

According to Dong, the Han followed the institutions of Qin without changing them. Although a return to the *jing* system would be his ideal solution, Dong acknowledged that “it would be difficult to act precipitately” by attempting a return to that system, hence his compromise suggestion that the “people’s ownership of land be limited”,<sup>29</sup> described by Wang Fang as the “land quota” proposal.

As documented by Wang Fang, discussions of the *jing* and land quota systems occurred repeatedly in the following centuries as scholars and politicians sought their own solutions to the seemingly perennial problems of land annexation and rural poverty. One arresting example is the attempt by Wang Mang during his

ill-fated Xin Dynasty actually to impose a *jing* (or *jing*-like) system, backed initially by harsh penalties on those who had the temerity “to speak evil of the sage [*jing*] institution”.<sup>30</sup> By the end of the Xin Dynasty both the *jing* system, and the associated “King’s fields system”<sup>31</sup> (which prohibited trade in land), had been relegated once again to the status of historical curiosities.

And that, in a sense, is how Dong Zhongshu’s proposals always remained: beguiling historical curiosities that attracted attention periodically but never provided successful practical solutions. But, if that is the case, why did they exert such a lasting influence? Wang Fang floats a number of possible reasons at the close of her chapter, to which it may be added that “archaism” – the desire to find historical precedents and solutions, genuine or counterfeit – has been a characteristic of Chinese intellectual life from time immemorial: something that applies with equal force to the inspiration for Dong’s own proposals.

One of those proposals – the *jing* system – was rehearsed shortly after Dong’s death at the *Yantie lun* (*Discourses on Salt and Iron*) conference held in 81 BCE (see above, p. 3 n.9). This fascinating debate is discussed in the ninth chapter of this collection, “A Western Perspective on the *Yantie lun*” by Bertram Schefold.

The debate was conducted in the main between, on one side, the “Capable and Good Literary Scholars”, titled “Literati and Worthies” in Essen M. Gale’s translation and often described (as in Schefold’s chapter) as “Confucians”, and, on the other side, Sang Hongyang, the “Lord Grand Secretary”, who had presided in the reign of Emperor Wu over the implementation of the monopolies, and the “equable marketing” and “balanced standard” policies that were also debated along with the state monopoly of coinage.<sup>32</sup>

The main thrust of the critics’ argument was, in brief, that government policies had legitimised profit-seeking behaviour, created a class of newly rich, wealth-flaunting government officials and robbed the people of traditional sources of employment (such as private coinage). The result had been to entice people from “primary” activities as they sought to emulate the rich, thereby destroying the idyllic rustic simplicity of fabled “Confucian” antiquity when, according to Ban Gu’s description, the

desires of the people were few and undertakings were limited. Their wealth was sufficient, and they did not vie with one another. Thereupon, those above the people guided them by means of virtue and normalised them through ceremonial rites. Hence the people had a sense of shame [and] respect; they highly esteemed rightness, but disesteemed profit.

(*Han shu* 91, in Swann 1950, p. 417)

In response, Sang Hongyang countered (*inter alia*) that the policies had generated desperately needed revenue to fund national defence, provided the means to care for the people in times of need and deterred the activities of private profit-seekers. The debate ended rancorously, with no compromise in sight.

In addition to providing a summary of the exchanges, Schefold takes the step of making comparisons with ancient Greek writings, including the pre-C2 BCE

pseudo-Aristotelian *Oeconomica*, and with Kaspar Klock's *De Aerario*, of 1651. He also directly confronts a question that has been mostly elided to this point: what *is* the "political economy" that forms the object of this book's enquiries (in Schefold's case, in the *Yantie lun*)?

One thing it is *not*, according to Schefold, is analytical or theoretical economics in the modern sense: for example, there are no theoretical "models", no theory of value, no analysis of growth paths and, more generally, no "recognition of the economy as an autonomous force", the workings of which can be investigated *independently* of political or any other influences. Rather, what we find are discussions of topics of a recognisably "economic" nature, such as development, production, market forms, employment, money, public finance and international trade. It is the discussions of topics such as these that form the corpus, and define the boundaries, of Han "economics" or "political economy".

Whether all scholars would agree with Schefold's judgement is another matter. Thus, in the opinion of some commentators, we do find a few instances of more sophisticated economic thinking in Han writings. Sima Qian's are a case in point, where allegedly we encounter an argument in favour of *laissez-faire* that entitles its author "to be regarded as the Chinese Adam Smith",<sup>33</sup> pre-dating the Scotsman's efforts by 1,600 years or so, and with the theoretical principles set out in less than half a page (in translation).

As I argue in the tenth chapter, "Sima Qian and *laissez-faire*: Satire on a 'Discordant and Degenerate Age'", there is no doubt that *Shiji* 129, "The Biographies of the Money-makers", does contain material that can be generously construed as giving (no more than) a very basic sketch of some aspects of a *laissez-faire* system.<sup>34</sup> However, the question I ask is not about the quality of that "analysis"; rather, it is whether Sima Qian was truly an *advocate* of such a profit-driven economic system – a question I answer in the negative. For although *Shiji* 30, taken in isolation and glossing over hints to the contrary, may suggest a pro-*laissez-faire* position, material elsewhere in the *Shiji* provides a quite different perspective, illuminating the chapter as a brilliant and cutting satire of an age that Sima Qian utterly despised. On my reading, the legacy here has been one of radical misunderstanding, although as I suggest in a Postscript to the chapter, those who have been taken in by Sima Qian's rhetorical skill could at least console themselves with the thought that they are part of a long and illustrious tradition, possibly begun by Ban Gu, the lead author of the *Han shu* (*Book of Han*).

Those are the contributions. In the following section, I offer some personal observations on the representation of Han political economy and, in particular, its identification with "schools" of thought.

### **Identifying the political economy of the Han: problems and perspectives**

For the purposes of this discussion, I adopt a general conception of "political economy" as ideas and policies relating to a state's production, distribution and consumption of wealth (material output), in pursuit of objectives that may include

(without exhausting the possibilities) the state's internal stability, territorial expansion, defence and the maintenance of a "ruling class", subject to possible influences from whatever systems of doctrine or belief ("schools of thought") are prevalent at the time. The main question I address is whether it is possible and meaningful to associate Han political economy with particular "schools of thought".

According to a much simplified version of received opinion, the political economy that was dominant in Han's predecessor dynasty, the Qin, was a form of "Legalism", which was replaced in the early Han – at some point between the founding reign of Emperor Gaozu and the reign of Emperor Wudi – with a "*laissez-faire*" approach that *may* have originated in "Huang-Lao" doctrine, incorporating elements of "Confucianism", "Legalism" and "Daoism". Then, during the reign of Wudi, "Legalism" returned with a raft of policies involving centralised state control, which was later to provoke the reversion to a "Confucian" political economy, or a political economy with a strong "Confucian" flavour, that endured for centuries thereafter. On this account, the "political economy of the Han" is a story of multiple and contending "schools of thought", of which the principal ones were "Legalism" and "Confucianism". I first consider the possibility of identifying and characterising the political economy of these two major "schools" in their pre-Han incarnations.

Of the two, pre-Qin "Legalism", as represented in the writings associated with Shang Yang (see above, p. 3 n.11) and Han Fei (see above, p. 3 n.12), is the less problematical to reconstruct.<sup>35</sup> A product of the autonomous evolution of individual states following the breakdown of the Western Zhou, "Legalism" was a system of disciplined central management (it is the "ruler alone" who should exercise "control of the wealth and resources of a state"<sup>36</sup>), with the state's directives enshrined in a comprehensive system of laws backed by harsh punishments. Within the "Legalist" state, the activities of the population would be mostly confined to agriculture and military service, where agriculture ("primary activity") is taken to include not only the production of food and raw materials but also the provision of *essential* material products, such as clothes, shelter, tools and weapons, and notably excluding "luxuries" (commodities *not* required for the conduct of agriculture or warfare).

Shang Yang and Han Fei were at pains to present themselves as "modernists" who had no wish to follow the (reputed) practices of antiquity. The proposed means of achieving their objectives was a variety of carrot-and-stick policies that would both incentivise people to pursue the state's goals and make it impossible for them to do otherwise. Thus, taking it as given that the "desire of people for riches and honour does not generally cease before their coffins are closed",<sup>37</sup> the state must control the "gates" through which people can satisfy those desires: agriculture must be made the sole profitable means to acquire (moderate) riches, and military achievement the sole means to obtain public honours. At the same time, the state must remove any temptation for people to emulate those who engage in other activities, notably merchants and traders, artisans who specialise in "non-essential" production and "wandering philosophers" who earn their subsistence

without performing any “useful” function and fill the heads of people with seditious ideas (that is, ideas that run counter to “Legalism”). All such people involved in “non-essential” or “secondary” activities – the “vermin of society”, to use Han Fei’s felicitous expression<sup>38</sup> – must be eradicated using both indirect measures (taxation, for example) and, if necessary, direct suppression.

With no temptation or possibility of doing anything other than fight or farm,<sup>39</sup> people would become “stupid” and “simple minded”,<sup>40</sup> as intended all along, and therefore fully compliant with the state’s directives. But they would not be mercilessly abused. In this latter regard, whether consciously or not, Shang Yang and Han Fei were following the advice on governance in the *Shang shu*: “A leader should be loved. Who should be feared? *The People*”.<sup>41</sup> The leader, and only the leader, would ensure, and would be seen as ensuring, that the people were cared for in times of famine<sup>42</sup> (by distributing supplies from state granaries<sup>43</sup>); state activity and expenditure would be controlled, so the people would not be overburdened by taxation or by demands for corvée labour; and “depraved officials” would be prevented from “gaining private profits at the expense of the people”.<sup>44</sup> In consequence, “the people will feel content”, and the state will be secure.

The political economy of “Legalism” emerges as a set of ideas and policies for the central control and management of what is produced (and obtained through foreign trade, which should be conducted only for strategically important reasons, never for obtaining luxury goods<sup>45</sup>), levels of consumption and the provision of “welfare”, in pursuit of objectives that include a docile, obedient and loyal population and, above all, a state that is primed for military engagement. But there is one further area that calls for attention: the means by which produce is distributed from where it is grown or made to where it is consumed.

Shang Yang and Han Fei were united in condemning merchants – the very people who *did* transport produce – on the grounds that the successful ones would beguile the people into seeking wealth from “secondary activities”. In Han Fei’s case, the answer was to “wipe them out” along with the other “vermin”, leaving unanswered the question of how, and by whom, distribution is to be accomplished in their absence. Shang Yang’s proposal was more nuanced: he advocated the replacement of private merchants by state-registered carters, whose activity would be limited to tasks that were authorised by the state (they would be prohibited from transporting private cargo).<sup>46</sup> As we shall see, it was not only “Legalists” who were challenged by adopting a critical view of merchants *and* accepting the necessity of the distributive function they performed.

Turning to the “Confucian” political economy that was, or may have been, bequeathed to the Han, it soon becomes jarringly apparent that we are heading into disputed territory. First, there is disagreement on the very existence and content of “Confucianism” in general, never mind as a doctrine of “political economy”.<sup>47</sup> And second, even among scholars who claim to have discerned elements of “Confucian” political economy, there is sometimes radical disagreement over what those elements might be.

Part of the problem is that pre-Han “Confucianism” came in several varieties, the principal ones being the version attributed to Confucius (ca. 551–479 BCE), a