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THE DEBATE ON SALT AND IRON

Even if Confucians were given honored positions in the Han government from Emperor Wu's time on, they rarely were entirely satisfied with how the government was run. Emperor Wu, in particular, pursued activist policies which they believed deleterious. To generate revenue to pay for his military campaigns, he manipulated coinage, confiscated the lands of nobles, sold offices and titles, and increased taxes. He also established government monopolies in the production of iron, salt, and liquor, enterprises that had previously been sources of great profit for private entrepreneurs. Large-scale grain dealing had also been a profitable business, which the government now took over under the name of the system of equitable marketing. Grain was to be bought where it was plentiful and its price low and either stored in granaries or transported to areas of scarcity. This procedure was supposed to eliminate speculation in grain, provide more constant prices, and bring profit to the government.

From the start these fiscal ventures were controversial. Confucians questioned their morality and their effect on the livelihood of the people. They thought that farming was an essential or "root" activity but that trade and crafts produced little of real value and were to be discouraged. Although the government claimed that it was protecting the people from the exploitation of merchants, its critics argued that it was teaching people mercantile tricks by setting itself up in commerce. In 81 B.C., after Emperor Wu's death, Confucian scholars who opposed the fiscal policies he had instituted were invited by the new emperor to argue their case with the chief minister, the man who had been instrumental in establishing them. A record was made of their debate in twenty-four chapters, the first of which is given below.

In 81 B.C. an imperial edict directed the chancellor and chief minister to confer with a group of wise and learned men about the people's hardships.

The learned men responded: We have heard that the way to rule lies in preventing frivolity while encouraging morality, in suppressing the pursuit of profit while opening the way for benevolence

and duty. When profit is not emphasized, civilization flourishes and the customs of the people improve.

Recently, a system of salt and iron monopolies, a liquor excise tax, and an equitable marketing system have been established throughout the country. These represent financial competition with the people which undermines their native honesty and promotes selfishness. As a result, few among the people take up the fundamental pursuits [agriculture] while many flock to the secondary [trade and industry]. When artificiality thrives, simplicity declines; when the secondary flourishes, the basic decays. Stress on the secondary makes the people decadent; emphasis on the basic keeps them unsophisticated. When the people are unsophisticated, wealth abounds; when they are extravagant, cold and hunger ensue.

We desire that the salt, iron, and liquor monopolies and the system of equitable marketing be abolished. In that way the basic pursuits will be encouraged, and the people will be deterred from entering secondary occupations. Agriculture will then greatly prosper. This would be expedient.

The minister: The Xiongnu rebel against our authority and frequently raid the frontier settlements. To guard against this requires the effort of the nation's soldiers. If we take no action, these attacks and raids will never cease. The late emperor had sympathy for the long-suffering of the frontier settlers who live in fear of capture by the barbarians. As defensive measures, he therefore built forts and beacon relay stations and set up garrisons. When the revenue for the defense of the frontier fell short, he established the salt and iron monopolies, the liquor excise tax, and the system of equitable marketing. Wealth increased and was used to furnish the frontier expenses.

Now our critics wish to abolish these measures. They would have the treasury depleted and the border deprived of funds for its defense. They would expose our soldiers who defend the frontier passes and walls to hunger and cold, since there is no other way to supply them. Abolition is not expedient.

The learned men: Confucius observed, "The ruler of a kingdom or head of a family does not worry about his people's being poor, only about their being unevenly distributed. He does not worry about their being few, only about their being dissatisfied." Thus, the emperor should not talk of much and little, nor the feudal lords of advantage and harm, nor the ministers of gain and loss. Instead they all should set examples of benevolence and duty and virtuously care for people, for then those nearby will flock to them and those far away will joyfully submit to their authority. Indeed, the master conqueror need not fight, the expert warrior needs no soldiers, and the great commander need not array his troops.

If you foster high standards in the temple and courtroom, you need only make a bold show and bring home your troops, for the king who practices benevolent government has no enemies anywhere. What need can he then have for expense funds?

The minister: The Xiongnu are savage and cunning. They brazenly push through the frontier passes and harass the interior, killing provincial officials and military officers at the border. Although they have long deserved punishment for their lawless rebellion, Your Majesty has taken pity on the financial exigencies of the people and has not wished to expose his officers to the wilderness. Still, we cherish the goal of raising a great army and driving the Xiongnu back north.

I again assert that to do away with the salt and iron monopolies and equitable marketing system would bring havoc to our frontier military policies and would be heartless toward those on the frontier. Therefore this proposal is inexpedient.

The learned men: The ancients honored the use of virtue and discredited the use of arms. Confucius said, "If the people of far-off lands do not submit, then the ruler must attract them by enhancing his refinement and virtue. When they have been attracted, he gives them peace."

At present, morality is discarded and reliance is placed on military force. Troops are raised for

campaigns and garrisons are stationed for defense. It is the long-drawn-out campaigns and the ceaseless transportation of provisions that burden our people at home and cause our frontier soldiers to suffer from hunger and cold.

The establishment of the salt and iron monopolies and the appointment of financial officers to supply the army were meant to be temporary measures. Therefore, it is expedient that they now be abolished.

The minister: The ancient founders of our country laid the groundwork for both basic and secondary occupations. They facilitated the circulation of goods and provided markets and courts to harmonize the various demands. People of all classes gathered and goods of all sorts were assembled, so that farmers, merchants, and workers could all obtain what they needed. When the exchange of goods was complete, everyone went home. The *Book of Changes* says, "Facilitate exchange so that the people will not be overworked." This is because farmers are deprived of tools, and without merchants, desired commodities are unavailable. When farmers lack tools, grain is not planted, just as when valued goods are unavailable, wealth is exhausted.

The salt and iron monopolies and the equitable marketing system are intended to circulate accumulated wealth and to regulate consumption according to the urgency of need. It is inexpedient to abolish them.

The learned men: If virtue is used to lead the people, they will return to honesty, but if they are enticed with gain, they will become vulgar. Vulgar habits lead them to shun duty. Vulgar habits lead them to shun duty and chase profit; soon they throng the roads and markets. Laozi said, "A poor country will appear to have a surplus." It is not that it possesses abundance, but that when wishes multiply the people become restive. Hence, a true king promotes the basic and discourages the secondary. He restrains the people's desires through the principles of ritual and duty and arranges to have grain exchanged for other goods. In his mar-

kets merchants do not circulate worthless goods nor artisans make worthless implements.

The purpose of merchants is circulation and the purpose of artisans is making tools. These matters should not become a major concern of the government.

The minister: Guanzi* said: "If a country possesses fertile land and yet its people are underfed, the reason is that there are not enough tools. If it possesses rich natural resources in its mountains and seas and yet the people are poor, the reason is that there are not enough artisans and merchants." The scarlet lacquer and pennant feathers from the kingdoms of Long and Shu; the leather goods, bone, and ivory from Jing and Yang; the cedar, catalpa, bamboo, and reeds from Jiangnan; the fish, salt, felt, and furs from Yan and Qi; the silk yarn, linen, and hemp cloth from Yan and You—all are needed to maintain our lives or be used in our funerals. We depend upon merchants for their distribution and on artisans for their production. For such reasons the ancient sages built boats and bridges to cross rivers; they domesticated cattle and horses to travel over mountains and plains. By penetrating to remote areas, they were able to exchange all kinds of goods for the benefit of the people.

Thus, the former emperor set up iron officials to meet the farmers' needs and started the equitable marketing system to assure the people adequate goods. The bulk of the people look to the salt and iron monopolies and the equitable marketing system as their source of supply. To abolish them would not be expedient.

The learned men: If a country possesses a wealth of fertile land and yet its people are underfed, the reason is that merchants and workers have prospered while agriculture has been neglected. Likewise, if a country possesses rich natural resources in its mountains and seas and yet its people are poor, the reason is that the people's necessities

* I.e., Guan Zhong, a famous minister of the seventh century B.C. noted for his economic policies.

have not been attended to while luxuries have multiplied. A spring cannot fill a leaking cup; the mountains and seas cannot satisfy unlimited desires. This is why [the ancient emperor] Pan Geng practiced communal living, [the ancient emperor] Shun concealed the gold, and [the Han dynasty founder] Gaozu prohibited merchants and shopkeepers from becoming officials. Their purpose was to discourage habits of greed and to strengthen the spirit of sincerity. Now, even with all of the discriminations against commerce, people still do evil. How much worse it would be if the ruler himself were to pursue profit!

The *Zuo Chronicle* says: "When the feudal lords take delight in profit, the officers become petty; when the officers are petty, the gentlemen become greedy; when the gentlemen are greedy, the common people steal." Thus to open the way for profit is to provide a ladder for the people to become criminals!

The minister: Formerly the feudal lords in the commanderies and kingdoms sent in the products of their respective regions as tribute. Transportation was troublesome and disorganized and the goods often of such bad quality as not to be worth the transport cost. Therefore, transport officers were appointed in every commandery and kingdom to assist in speeding the delivery of tribute and taxes from distant regions. This was called the equable marketing system. A receiving bureau was established at the capital for all the commodities. Because goods were bought when prices were low and sold when prices were high, the government suffered no loss and the merchants could not speculate for profit. This was called the balancing standard.

The balancing standard safeguards the people from unemployment; the equable marketing sys-

tem distributes their work fairly. Both of these measures are intended to even out goods and be a convenience for the people. They do not provide a ladder for the people to become criminals by opening the way to profit!

The learned men: The ancients in placing levies and taxes on the people would look for what they could provide. Thus farmers contributed their harvest and the weaving women the products of their skill. At present the government ignores what people have and exacts what they lack. The common people then must sell their products cheaply to satisfy the demands of the government. Recently, some commanderies and kingdoms ordered the people to weave cloth. The officials caused the producers various difficulties and then traded with them. They requisitioned not only the silk from Qi and Tao and the broadcloth from Shu and Han, but also the ordinary cloth people make. These were then nefariously sold at "equable" prices. Thus the farmers suffered twice over and the weavers were doubly taxed. Where is the equability in this marketing?

The government officers busy themselves with gaining control of the market and cornering commodities. With the commodities cornered, prices soar and merchants make private deals and speculate. The officers connive with the cunning merchants who are hoarding commodities against future need. Quick traders and unscrupulous officials buy when goods are cheap in order to make high profits. Where is the balance in this standard?

The equable marketing system of antiquity aimed at bringing about fair division of labor and facilitating transportation of tribute. It was surely not for profit or commodity trade.

Translated by Patricia Ebrey