Zhang Han’s “On Merchants”  
*(Shanggu ji 商賈記)*

Zhang Han 張瀚 (1511-1593), a native of Hangzhou, passed the jinshi examination in 1535, and went on to have a distinguished official career as a governor and high court official. But throughout his career Zhang—whose grandfather had been worked as a weaver in Hangzhou, the most renowned center of the silk industry—expressed keen interest in the world of commerce. In his first official post Zhang was responsible for supervising the government shipyards at Nanjing, and in this capacity he first acquired an appreciation of the difficulties merchants faced under Ming regulations. While serving in Fujian, he became acquainted with envoys from Ryukyu who arrived on embassies to the Ming court, and wrote a detailed description of the ships used in overseas voyages.

Zhang retired from his government career in 1577 and spent his remaining years at home in Hangzhou. In his memoirs (completed shortly before his death in 1593) he composed essays on the four occupational classes (gentlemen, farmers, artisans, and merchants). In his essay on artisans he laments the moral decay that resulted from the flight of labor from farming to handicrafts, but in his essay on merchants he advocates that the Ming court promote commerce by opening China to foreign trade and lowering tolls on trade.

Most of “On Merchants” is devoted to detailing the commercial products and market conditions in different regions of China. We will read the more general essays (parts 1-3, 18-20). The “Comments” on Zhang’s essays were composed by the translator, Timothy Brook.
1. The Profit Motive (16b-17a)

How important to people are wealth and profit! Human disposition is such that people pursue what is profitable to them, and with this profit in mind they will even face harm. They gallop in pursuit of it day and night, never satisfied with what they have, though it wears down their spirits and exhausts them physically. Profit is what people covet. Since all covet it, they rush after it like torrents pouring into a valley: they come and go without end, never resting day or night, never reaching the point at which the raging floods within them subside such that they finally come to rest. Thus it is written: “The people come in droves, and it’s all for profit that they come; the people go in droves, and it’s all for profit that they go”. They use up all their energy chasing after the most negligible profits, and become forgetful of their diurnal exhaustion. How is this any different from thinking the hair’s tip big and the mountain small? It isn’t that the hair’s tip is in fact big and the mountain in fact small; rather, they see only the hair’s tip, and do not see the mountain. It is as though they were being led on by the nose and pushed from behind.

Comment: Zhang Han plagiarizes Sima Qian’s Shi Ji for his images of the pursuit of profit. Like Sima Qian, his psychology of commercial activity is premised on the belief that “wealth is what untutored human emotions and human nature desire” (Shi Ji, p. 3271). Zhang uses the word “profit” here in the general sense of advantage that may be gained, though elsewhere in the essay he will use it in the more technical sense of percentage gain over investment.

2. Merchants (17a)

Thus it has come to be that the children of merchants may take pleasure in their food and clothing. Their ornamented stallions are harnessed into teams, their carriages stretch on one after the other like bolts of cloth across the land or like ripples across a river; flying dust falls from the sky and mud-caked sweat pours like rain. Crafty, clever men latch on to their wealth and power, flattering them and scurrying about at their disposal. The young women of Yan and the girls of Zhao
play on string and reed instruments, perform on zithers, dangle long sleeves and trip about in pointed slippers, vying for beauty and currying favour.

The merchants boast that their knowledge and ability are sufficient to get them anything they want. They set their minds on monopolizing the operations of change in the natural world and scheme to exploit the natural transformations of man and animal. They shift with the times; when they offer their goods for sale, they control the prices. Tallying it all up, they do not let a hundredth part slip by. Yet they are unembarrassed by the pettiness of this knowledge and ability. Doesn’t the saying, “Great knowledge is expansive, petty knowledge is finicky”, describe this?

Comment: Zhang Han expresses the social and economic power of the merchants of his day through Sima Qian’s images of Han merchant wealth. One of the signs of the social power of Ming merchants is the defiance of sumptuary regulations which Zhang implies. Angela Hsi has documented this defiance, noting that conspicuous consumption was carried to great degrees but almost always away from home and the critical stases of local society (p. 169). Like many Western counterparts, Zhang Han roots the personal success of merchants in their commercial intelligence, discovering possibilities for profit in market speculation and price manipulation, and carefully accounting every bit of wealth. As in section 1, Zhang rounds out his observations with a derogatory quote from Zhuang Zi.

3. A History of State Merchant Policy (17a-18a)

In ancient times the sage kings treated the primary sector as important and placed restrictions on the secondary sector; they valued agriculture and depreciated commerce. Hence the commercial taxes were double the agricultural taxes. From the time that Emperor Wu of the Han adopted Sang Hongyang’s policies, setting up the Office of Price Adjustment and Transportation, monopolizing all commodities in the empire, and selling them when they were dear and buying them when they were cheap, merchants had no way to realize profits and the
prices of goods remained stable. This was called the System of Equalization and Standards. He further decreed that merchants could not wear silk, ride in carriages, serve at court, or become officials. He increased their taxes and duties, and thereby disgraced them with misfortune. From this time on, those who pursued this profession saw their possessions exhausted because of this severity. On several occasions, when the Xiongnu barbarians encroached on the border, the supply of grain in the border regions for the great number of people stationed there for defense was not enough. Therefore, people were conscripted to transport grain. Those who made it to the border were bestowed with rank or else excused from former crimes. The merchant laws were relaxed, and they were ordered to help the country in a time of trouble. But as the merchants became increasingly wealthy, the state's resources became more and more inadequate. Therefore the emperor used Bu Shi and promulgated the String Cash Law, and used the Covert Slander Laws of Zhang Tang and Du Zhou to tax the people. Those who taxed most successfully became honoured officials. Thereafter, most merchant families of middle fortunes went bankrupt and had their goods confiscated, with nothing left for themselves. Local traders were also in great difficulties.

At the beginning of the Tang dynasty, the Grain Tax-Corvee-Cloth Tax system was initiated; beyond these no other exactions were made. The legal structure became rather lax. With the setting up of the Ever Normal Granaries system, both officials and private individuals could accumulate goods, selling them off when they were dear and buying them up when they were cheap. Further, a palace market using courtiers was set up, where several hundred people were ordered to pretend that they were buying things. The government forced down the prices on merchants’ goods, which was purchasing in name but confiscation in fact.

The Song dynasty forestalled the corrupt practices of the Tang. The Office of Miscellaneous Purchasing was established, engaging capital officials and eunuchs to run it jointly, lest there be incursions into the profits. When the state storehouses were sufficiently provided for, they
were ordered to discontinue purchasing. Then there was “harmonious purchasing”, by which the officials were ordered to extend state funds solely for the purpose of getting people to buy. When Wang Anshi took control of the government, he put the Green Sprouts and Equitable Transport laws into effect, that made funds available in the spring that were collected in the autumn. He concentrated entirely on enriching the state. The rich and powerful merchants were all suspicious and uneasy, watching this but not daring to act, and so the whole point of trading was gone. This is the danger in taking the primary sector as unimportant and the secondary as important, for they were unable to maintain the overemphasized secondary sector.

The Ming dynasty set up prohibitions concerning border markets. It has been more meticulous than previous dynasties. Transport is supervised by the Customs Houses under the jurisdiction of the Ministry of Revenue. Wood products are supervised by the Office of Produce Levies under the jurisdiction of the Ministry of Works. The salt taxation system has both Distribution Commissions and Distribution Superintendancies; as well, there are censors to review it. The administration of the tea tax is also handled in this way. The rest is controlled by the Ministry of Revenue. Thus the laws for exactions on merchants are precise and comprehensive.

Comment: Zhang’s history of government policy toward merchants is written as a continuous conflict between the centralized state and private commerce, dating from the Han. To a major extent he sympathizes with the efforts of the state to guarantee the livelihood of the people as independent agricultural producers, which could be threatened by (among other influences) production for the market and merchant speculation. This traditional and somewhat naive economic philosophy was popular among the more legalist-minded officials in Chinese history, many of whom Zhang cites with approval. Sang Hongyang (152-80 B.C.) was the chief spokesman for centralist state policies in the Salt and Iron Talks in 81 B.C., and advocated state monopolies and the state supervision of the economy. The merchants who prospered, like Bu Shi, protected themselves by gaining high office through donations of
considerable funds to state border defenses or public welfare projects. The less wealthy had to put up with a two-percent specie levy imposed under the String Cash Law, and occasionally faced arbitrary fines such as those handed out by Zhang Tang on the indefinable (and indefensible) charge of “covert slander”. Zhang Han also praises Wang Anshi (1021–1086) for attempting to take the work of merchants into state hands by extending a state-controlled money economy into the rural areas. His chief mechanism for doing this was the Green Sprouts Law which provided low interest loans (at 20%, they were still at lower interest than private usury) to the peasants in the spring when they were short, then collected after the autumn harvest. A result which Wang did not foresee was that the exploitation which the peasants faced at the hands of private credit was transferred to the lower officials who put the Green Sprouts Law into practice. By arresting capitalization in the hands of the merchants, Wang dealt a blow to the money economy he thought to create.

Zhang Han’s admiration of these efforts by state officials to restrict private commerce comes primarily from his belief that exploitation should be kept at customary levels, levels which private merchants could not be expected to observe when opportunities for profit arose. It does not derive from an anti-mercantile philosophy. Merchants were necessary in a healthy economy, but should not be given a free hand at the expense of the peasants’ economy or the state’s revenues.

4. *North Zhili (18a-18b)*

I have had occasion to travel on official business all over the country, and have gathered reports on the fortunes of merchants. In the capital the merchants’ task is heavy. It is flat land, facing mountains. The area offers rich profits in millet, grain, donkeys, horses, fruits, and vegetables. As well, goods from all over the country collect in the markets of the larger cities and then are brought here on carts or carried on shoulders. What is displayed and bartered here goes beyond just the fruits of the land or the necessities of clothing. The larger objects clutter up rooms and the precious curios fill trunks, and all are costly in the extreme.
heavy proscriptions against non-imperial trading in gems with the local people).

17. Guizhou (22a)

From Yunnan prefecture one can take the route to Guiyang. The major town after Guiyang is Sinan, second to it are Zhanyuan and Shiqian, and second to these are Duyun, Tongren, and Sizhou. The regional and town officials include all manner of people, and the locals are mostly minorities. The soil does not hold water and so the land is not productive. The yearly supplies for officials and soldiers is entirely dependent on other provinces. So how could merchants have any strong motivation to come thousands of li?

Comment: Guizhou was the least economically developed province in the Ming. In the Qing, however, Sinan became a significant cotton producer.

18. Internal Trade (22a-22b)

I have had occasion to survey the general outline of profitable trade. Profits in the southeast are greatest in gauze (lo), Han damask (qi), tabby-weave silk (juan), and ramie, and the best place for these is the Suzhou region. My ancestors rose up by means of the loom, and now there are a great many from the region who have become extremely wealthy through textiles. Profits in the northwest are greatest in wool, serge, felt, and fur, and the best place for these is Shaanxi. A certain family surnamed Zhang has for many generations followed the occupation of sheep-rearing, and claims to have ten thousand head of sheep. The wealthiest people in the northwest are from Shaanxi; the wealthy are also numerous in Shandong, Henan, North Zhili, and Shanxi. Merchants who are after rich profits either go west into Sichuan or else south into Guangdong and Guangxi, making on pearls, glittering stones, and timber a profit sometimes fivefold, sometimes tenfold, sometimes even a hundredfold or more, quite beyond computation.

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35) The involvement of eunuchs in this trade is mentioned in the biography of Wang Shu in the Dictionary of Ming Biography.
But the profits on salt and tea are greatest. Those who aren’t big merchants cannot take on these trades. Yet the trading laws impose restrictions on tea in the northwest and on salt in the southeast. It is forbidden for tea to reach the barbarians in the northwest. Since most of it is produced in the southeast, this law has been observed for a long time. It is forbidden for salt to go beyond the regions where it is marketed, yet it is everywhere, so this law has been notoriously difficult to enforce. The profit from tea when provided to the people or sold to the state is ten or twenty percent. The profit from salt when provided to the people or sold to the state is seventy or eighty percent. Hence, “if the sources are great then wealth will be abundant, and if the sources are small then the wealth will be scarce. On one hand the state will be enriched and on the other the people will also be enriched; ... the clever have a surplus and the stupid are lacking”. This is the general pattern. Most of the wealthy from my home province of Zhejiang have built that wealth through salt, though a certain merchant surnamed Jia in Hangzhou created his wealth by selling tea, and after several generations that wealth has not been exhausted. “The Book of Zhou says: ‘If peasants do not go out to farm there will be a dearth of food. If artisans do not go out to work there will be a scarcity of objects. If merchants do not go out to barter there will be a cutting off of the three treasures ... These are the sources from which the people are clothed and fed’”.

Comment: Zhang divides China’s commodities into three groups: textiles, luxury goods, and the monopolized salt and tea, in order of increasing profit. The long quotations from the Shi Ji (p. 5255) which follow this categorization express, within classical authority, Zhang’s belief in the positive benefits which society gains from commercial activity. The first quote in particular suggests that merchants do not only redistribute wealth but actually participate in its creation, a concept which lies outside a more orthodox Confucian economic theory.

19. External Trade (22b-23b)

As for the border markets in the northwest and the maritime markets in the southeast, we should compare their profits and losses, and their
advantages and disadvantages, for the national economy and the livelihood of the people. This is not a black and white issue. Those who compute in favour of the state recognize the profits of the border markets but not those of the maritime markets. There is a major failure in their logic. The markets on the border began by dealing in silks adulterated with ramie, but today they deal in brocades. Horses are all that the tribal chieftains trade in return. I think that if China exchanges adulterated silk for broken horses, the profit is still on our side. They carry it off and no harm comes of it. Today however we sell our brocaded silk. Once they take the gold thread and go, they never return it. When the tribesmen get the silk worn in China for useless hacks, doesn't that go against common sense? The avarice of the tribal chieftains becomes harder to control, and their appetites are never satisfied. The country has now used up the reserves of the Ministry of Agriculture. Every year we give them over a million, yet still we are not spared their harsh demands. Suppose one day they go back on their treaties and charge over into our borderlands? Their ambitions are not hard to fathom. Who can control them? If we want to preserve peace for a hundred years, I can't believe that this is the way to do it.

In the southeast, the various foreigners gain profits from our Chinese goods, and China also gains profits from the foreigners' goods. Trading what we have for what we lack is China's intention in trade. Originally we called it "tribute", and thus China's stature received greater honour and the foreigners became more compliant. In fact, a lot goes out and little comes back. The payment of tribute doesn't amount to one-tenthousandth of what is transacted in trade. Besides, their minds are set on getting their profit through trade, not through imperial gifts. Even if their tribute were greater and our gifts more meagre, they would still want to trade. We should store this wealth with the people. Why shrink from doing so? You might say, "The foreigners frequently invade; the situation is such that we cannot do business with them". But you don't understand that the foreigners will not do without their profits from China, just as we cannot do without our profits from them. Prohibit this, keep them from contact, and how can you avoid their
turning to piracy? I maintain that once the maritime markets are opened, the aggressors will cease of their own accord. They are certainly not as unfathomable as the northern barbarians. What is paid out through the border markets is entirely the precious reserves of the state or the wealth of the rich. What is traded in the maritime market is entirely goods produced among the people, of no consequence to the finances of the state. The border markets operate at a loss and no gain results, whereas the maritime markets could operate at a profit and no harm would ensue. Why don't the government planners think of this?

Comment: Zhang Han seeks to apply a purely economic logic to foreign trade, which should be conducted as commercial exchange rather than as tribute submission. Free trade, by doing away with the economic disadvantages imposed by political imperatives, would solve the border problems which such disadvantages spawned. Zhang's view is supported by the contrast in precious metal flows: gold was draining out the northwest, whereas by 1600 the southeast trade was attracting 200,000 kilograms of silver annually). Although Zhang does not mention the silver, its value to China was clearly recognized by a contemporary official in Fujian, Guo Zaoqing, who argued that China would do very well trading north Zhejiang silks, Jiangxi ceramics, and Fujian candy and fruits for silver from the Philippines. Gu Yanwu in the next century quotes with approval Guo's argument that China would benefit both from the silver and from the end of the piracy). Zhang buttresses his plea for an economic logic by citing the traditional concept of storing the wealth of the nation with the people rather than concentrating it in the coffers of the state. He uses the same argument in "Baigong Ji" (4: 9a-9b).

20. Commercial Taxes

As for taxes on China's merchants, even though they do contribute to the government's revenue, they are exacted through too many chan-

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37) Rawski (1972), p. 76.
38) Guo Zaoqing, "Fang Min Shan Kou Yi" (Preventing mountain bandits in Fujian), quoted in Gu Yanwu, Tianxia Junguo Libing Shu (Advantages and disadvantages of the various regions of the empire), 96: 33b-38a (1879 ed.).
nels. This must be stopped. At every point where a merchant passes a customs house or a ford, the officials there either insist on unloading the carts or docking the boats and checking through the sacks and crates, or just overestimate the value and collect excessive payment. What has passed the customs house or ford has already been taxed, yet the markets then tax it again. One piece of merchandise should be subject to one taxing. There are the institutionalized surtax and the regular tax. The merchants cannot bear the interference caused by the further demands of constables and the exactions of sub-officials. How can merchants who have to pay double what they should not feel heavily afflicted?

I held office as Bureau Secretary in the Ministry of Works in Nanjing, and was responsible for customs duties in upper and lower Longjiang. At the time I was working together with Associate Censor Fang Keyong. I said to him: “In ancient times, ‘at the passes and in the markets outsiders were inspected but their goods were not taxed’. The taxation of merchants was not what the dynasties of the sage emperors thought fitting to impose. Whether it has been imposed or not has depended on individual officials. How can we let people say that in the present they lack benevolent government?” Fang agreed with me, and together we rescinded merchants’ taxes by twenty percent. From this time on, merchants delighted in coming, their boats sculling in like spokes to a hub. The state tax revenue when compared with before actually increased by fifty percent. From this it can be seen that people’s minds are moved by the government’s benevolence.

Comment: Zhang’s argument for a successful lightening of commercial taxes comes from Mencius, who said in an interview with King Xuan of Qi that the benign non-interference of kingly government in ancient times was extended to trade. (See Mencius 1b: 5). His argument for a lightening of taxes is backed by his own experience that it strengthens the economic power of the state. In general, such arguments had little appeal for Ming officials who believed, and not without reason, that the freer operation of the commercial economy was in contradiction with the maintenance of the traditional political order of pre-modern China.