

A Record of the Debate on Salt and Iron, 81 B.C.E.

In 81 B.C.E. the Han emperor Zhao held a debate on the economic policies of the preceding Emperor Wu. The debate centered on the question of whether or not the previous emperor's government monopolies, in salt, iron, and liquor, should be continued or abolished. Those in favor of continuing government control were the Legalists, represented by the Imperial Secretary Sang Hongyang. Those in favor of returning the production and distribution of these products to private hands were the Confucians, called the Literati. The following document records the debates between these two sides. What were the arguments in favor of government monopoly? What were the arguments against? In what ways was this also a debate about empire?

THINKING HISTORICALLY

The question of the proper role of government in the economy has been debated down to the present day. How was this salt and iron debate similar to, and different from, recent debates about the role of government in the American or European economy?

In the sixth year of the era Shiyuan (81 B.C.), an imperial edict was issued directing the chancellor and the imperial secretaries to confer with the worthies and literati who had been recommended to the government and to inquire into the grievances and hardships of the people.

The literati responded: We have heard that the way to govern men is to prevent evil and error at their source, to broaden the beginnings of morality, to discourage secondary occupations, and open the way for the exercise of humaneness and rightness. Never should material profit appear as a motive of government. Only then can moral instruction succeed and the customs of the people be reformed. But now in the provinces the salt, iron, and liquor monopolies, and the system of equitable marketing have been established to compete with the people for profit, dispelling rustic generosity and teaching the people greed. Therefore those who pursue primary occupations [farming] have grown few and those following secondary occupations [trading] numerous. As artifice increases, basic simplicity declines; and as the secondary occupations flourish, those that are primary suffer. When the secondary is practiced the people grow decadent, but when the primary is practiced they are simple and sincere. When the people are sincere then there will be sufficient wealth and goods, but when they become extravagant then famine and cold will follow. We recommend that the salt, iron, and liquor monopolies and the system of equitable marketing be abolished so that primary pursuits may be advanced and secondary ones suppressed. This will have the advantage of increasing the profitability of agriculture.

His Lordship [the Imperial Secretary Sang Hongyang] replied: The Xiongnu have frequently revolted against our sovereignty and pillaged our borders. If we are to defend ourselves, then it means the hardships of war for the soldiers of China, but if we do not defend ourselves properly, then their incursions cannot be stopped. The former emperor [Wu] took pity upon the people of the border areas who for so long had suffered disaster and hardship and had been carried off as captives. Therefore he set up defense stations, established a system of warning beacons, and garrisoned the outlying areas to ensure their protection. But the resources of these areas were insufficient, and so he established the salt, iron, and liquor monopolies and the system of equitable marketing in order to raise more funds for expenditures at the borders. Now our critics, who desire that these measures be abolished, would empty the treasuries and deplete the funds used for defense. They would have the men who are defending our passes and patrolling our walls suffer hunger and cold. How else can we provide for them? Abolition of these measures is not expedient!

His Lordship stated: In former times the peers residing in the provinces sent in their respective products as tribute, but there was much confusion and trouble in transporting them and the goods were often of such poor quality that they were not worth the cost of transportation.

For this reason transportation offices have been set up in each district to handle delivery and shipping and to facilitate the presentation of tribute from outlying areas. Therefore the system is called "equitable marketing." Warehouses have been opened in the capital for the storing of goods, buying when prices are low and selling when they are high. Thereby the government suffers no loss and the merchants cannot speculate for profit. Therefore this is called the "balanced level" [stabilization]. With the balanced level the people are protected from unemployment, and with equitable marketing the burden of labor service is equalized. Thus these measures are designed to ensure an equal distribution of goods and to benefit the people and are not intended to open the way to profit or provide the people with a ladder to crime.

The literati replied: In ancient times taxes and levies took from the people what they were skilled in producing and did not demand what they were poor at. Thus the husbandmen sent in their harvests and the weaving women their goods. Nowadays the government disregards what people have and requires of them what they have not, so that they are forced to sell their goods at a cheap price in order to meet the demands from above. . . . The farmers suffer double hardships and the weaving women are taxed twice. We have not seen that this kind of marketing is "equitable." The government officials go about recklessly opening closed doors and buying everything at will so they can corner all the goods. With goods cornered prices soar, and when prices soar the merchants make their own deals for profit. The officials wink at powerful racketeers, and the rich merchants hoard commodities and wait for an emergency. With slick merchants and corrupt officials buying cheap and selling dear we have not seen that your level is "balanced." The system of equitable marketing of ancient times was designed to equalize the burden of labor upon the people and facilitate the transporting of tribute. It did not mean dealing in all kinds of commodities for the sake of profit.

The Literati Attack Legalist Philosophy

The literati spoke: He who is good with a chisel can shape a round hole without difficulty; he who is good at laying foundations can build to a great height without danger of collapse. The statesman Yi Yin made the ways of Yao and Shun the foundation of the Yin dynasty, and its heirs succeeded to the throne for a hundred generations without break. But Shang Yang made heavy penalties and harsh laws the foundation of the Qin state and with the Second Emperor it was destroyed. Not satisfied with the severity of the laws, he instituted the system of mutual responsibility, made it a crime to criticize the government, and increased corporal punishments until the people were so terrified they did not

know where to put their hands and feet. Not content with the manifold taxes and levies, he prohibited the people from using the resources of forests and rivers and made a hundredfold profit on the storage of commodities, while the people were given no chance to voice the slightest objection. Such worship of profit and slight of what is right, such exaltation of power and achievement, lent, it is true, to expansion of land and acquisition of territory. Yet it was like pouring more water upon people who are already suffering from flood and only increasing their distress. You see how Shang Yang opened the way to imperial rule for the Qin but you fail to see how he also opened for the Qin the road to ruin!

Confucian Literati Ridiculed

His Excellency spoke: . . . Now we have with us over sixty worthy merchants and literati who cherish the ways of the Six Confucian Arts, fleet in thought and exhaustive in argument. It is proper, gentlemen, that you should pour forth your light and dispel our ignorance. And yet you put all your faith in the past and turn your backs upon the present, tell us of antiquity and give us no thought to the state of the times. Perhaps we are not capable of recognizing true scholars. Yet do you really presume with your fancy phrases and attacks upon men of ability to pervert the truth in this manner?

See them [the Confucians] now present us with nothingness and consider it substance, with emptiness and call it plenty! In their coarse gowns and worn shoes they walk gravely along, sunk in meditation as though they had lost something. These are not men who can do great deeds and win fame. They do not even rise above the vulgar masses.